

Zosano Pharma Corp  
Form DEF 14A  
April 30, 2018  
**Table of Contents**

**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 Pursuant to §240.14a-12

**ZOSANO PHARMA CORPORATION**  
**(Name of Registrant as Specified in its Charter)**

**Not Applicable**  
**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

Table of Contents

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**Table of Contents**

**ZOSANO PHARMA CORPORATION**

**34790 Ardentech Court**

**Fremont, California 94555**

**NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS**

Dear Stockholder:

We invite you to attend Zosano Pharma Corporation's 2018 Annual Meeting of Stockholders, which is being held as follows:

<b>Date:</b>	Thursday, May 31, 2018
<b>Time:</b>	8:30 a.m., Pacific time
<b>Location:</b>	Zosano Pharma Corporation 34790 Ardentech Court Fremont, CA 94555

At the annual meeting, we will ask our stockholders to:

elect as our Class I director, John P. Walker, to serve for a three-year term ending at our 2021 annual meeting of stockholders;

approve an amendment to our Amended and Restated 2014 Equity and Incentive Plan to increase the number of shares issuable thereunder;

approve an amendment to our Amended and Restated 2014 Equity and Incentive Plan to amend the provision that provides for an annual increase in the number of shares issuable thereunder;

ratify the appointment of Marcum LLP as our independent registered public accounting firm for fiscal year 2018; and

consider any other business properly presented at the meeting.

You may vote on these matters in person, by proxy or via the internet or telephone. Whether or not you plan to attend the annual meeting, we ask that you promptly complete and return the enclosed proxy card in the enclosed addressed, postage-paid envelope or vote via the internet or telephone, so that your shares will be represented and voted at the meeting in accordance with your wishes. If you attend the annual meeting, you may withdraw your proxy or internet or telephone vote and vote your shares in person. Only stockholders of record at the close of business on April 26, 2018 may vote at the meeting.

By order of the Board of Directors,

Jeffrey L. Quillen  
*Secretary*

April 30, 2018

**Table of Contents**

**PROXY STATEMENT**

**ZOSANO PHARMA CORPORATION**

**2018 ANNUAL MEETING OF STOCKHOLDERS**

**Table of Contents**

	<b>Page</b>
<b><u>INFORMATION ABOUT THE MEETING</u></b>	<b>1</b>
<u>The Meeting</u>	1
<u>This Proxy Solicitation</u>	1
<u>Who May Vote</u>	1
<u>How to Vote</u>	2
<u>Shares Held by Brokers or Nominees</u>	2
<u>Quorum Required to Transact Business</u>	3
<u>Householding of Annual Meeting Materials</u>	3
<u>Annual Report on Form 10-K</u>	3
<b><u>PROPOSAL 1: ELECTION OF DIRECTORS</u></b>	<b>4</b>
<b><u>PROPOSAL 2: AMENDMENT TO THE AMENDED AND RESTATED 2014 EQUITY AND INCENTIVE PLAN, FOR THE PURPOSE OF INCREASING THE NUMBER OF SHARES OF OUR COMMON STOCK RESERVED FOR ISSUANCE THEREUNDER</u></b>	<b>7</b>
<b><u>PROPOSAL 3: AMENDMENT TO THE AMENDED AND RESTATED 2014 EQUITY AND INCENTIVE PLAN, FOR THE PURPOSE OF AMENDING THE PROVISION THEREIN THAT PROVIDES FOR CERTAIN ANNUAL AUTOMATIC INCREASES IN THE SHARES OF OUR COMMON STOCK RESERVED FOR ISSUANCE THEREUNDER</u></b>	<b>14</b>
<b><u>PROPOSAL 4: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	<b>16</b>
<b><u>INFORMATION ABOUT OUR BOARD OF DIRECTORS AND MANAGEMENT</u></b>	<b>17</b>
<u>Board Composition</u>	17
<u>Board Role in Risk Oversight</u>	18
<u>Board Committees</u>	19
<u>Compensation Committee Interlocks and Insider Participation</u>	20
<u>Code of Business Conduct and Ethics; Corporate Governance Guidelines</u>	20
<u>Meetings of the Board of Directors</u>	20
<u>Policy Regarding Board Attendance</u>	20
<u>Director Candidates and Selection Process</u>	21
<u>Communications with our Board of Directors</u>	21
<u>Director Compensation</u>	22
<u>Our Management</u>	23
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>25</b>
<u>Executive Summary</u>	25
<u>Summary Compensation Table</u>	25

<u>Narrative Disclosure to Summary Compensation Table</u>	26
<u>Outstanding Equity Awards at Year End</u>	27
<u>Severance and Change in Control Arrangements</u>	28
<b><u>INFORMATION ABOUT COMMON STOCK OWNERSHIP</u></b>	29
<u>Stock Owned by Directors, Executive Officers and Greater-Than-5% Stockholders</u>	29
<u>Policy Regarding Hedging</u>	31
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	31

**Table of Contents**

**PROXY STATEMENT**

**ZOSANO PHARMA CORPORATION**

**2018 ANNUAL MEETING OF STOCKHOLDERS**

	<b>Page</b>
<b><u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u></b>	32
<u>Indemnification of Officers and Directors</u>	33
<u>Policies and Procedures for Related Person Transactions</u>	33
<b><u>INFORMATION ABOUT OUR AUDIT COMMITTEE AND AUDITOR</u></b>	34
<u>Audit Committee Report</u>	34
<u>Our Auditor</u>	34
<u>Fees for Professional Services</u>	35
<u>Pre-Approval Policies and Procedures</u>	35
<u>Whistleblower Procedures</u>	35
<b><u>OTHER MATTERS</u></b>	36
<u>Other Business</u>	36
<u>Stockholder Proposals for 2019 Annual Meeting</u>	36



**Table of Contents**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 31, 2018**

**This proxy statement and our 2017 Annual Report to Stockholders are also available for viewing, printing and downloading at [www.edocumentview.com/ZSAN](http://www.edocumentview.com/ZSAN).**

**INFORMATION ABOUT THE MEETING**

**The Meeting**

The 2018 Annual Meeting of Stockholders of Zosano Pharma Corporation will be held at 8:30 a.m., Pacific time, on Thursday, May 31, 2018 at the offices of Zosano Pharma Corporation, 34790 Ardentech Court, Fremont, CA 94555. At the meeting, stockholders of record on the record date for the meeting who are present or represented by proxy will have the opportunity to vote on the following matters:

to elect John P. Walker, as our Class I director, to serve for a three-year term ending at our 2021 annual meeting of stockholders;

to approve an amendment to our Amended and Restated 2014 Equity and Incentive Plan to increase the number of shares issuable thereunder;

to approve an amendment to our Amended and Restated 2014 Equity and Incentive Plan to amend the provision that provides for an annual increase in the number of shares issuable thereunder;

to ratify the appointment of Marcum LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018; and

any other business properly presented at the meeting.

**This Proxy Solicitation**

We have sent you this proxy statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at the meeting (including any adjournment or postponement of the meeting).

*This proxy statement* summarizes information about the proposals to be considered at the meeting and other information you may find useful in determining how to vote.

*The proxy card* is the means by which you actually authorize another person to vote your shares at the meeting in accordance with your instructions.

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We will pay the cost of soliciting proxies. Our directors, officers and employees may solicit proxies in person, by telephone or by other means. We will reimburse brokers and other nominee holders of shares for expenses they incur in forwarding proxy materials to the beneficial owners of those shares. We do not plan to retain the services of a proxy solicitation firm to assist us in this solicitation.

We will mail this proxy statement and the enclosed proxy card to stockholders for the first time on or about April 30, 2018. In this mailing, we will include a copy of our 2017 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2017 (as amended and excluding exhibits), as filed with the Securities and Exchange Commission, or SEC.

### **Who May Vote**

Holders of record of our common stock at the close of business on April 26, 2018 are entitled to one vote per share of common stock on each proposal properly brought before the annual meeting.

## **Table of Contents**

A list of stockholders entitled to vote will be available at the annual meeting. In addition, you may contact our President and Chief Executive Officer, John P. Walker, at our principal executive offices located at 34790 Ardentech Court, Fremont, California 94555, to make arrangements to review a copy of the stockholder list at those offices, between the hours of 9:00 a.m. and 5:30 p.m., Pacific time, on any business day from May 1, 2018 to the time of the annual meeting.

## **How to Vote**

You are entitled to one vote at the meeting for each share of common stock registered in your name at the close of business on April 26, 2018, the record date for the meeting. You may vote your shares at the meeting in person, by proxy, via the internet or via the toll-free number (for residents of the United States and Canada) listed on your proxy card.

*To vote in person*, you must attend the meeting, and then complete and submit the ballot provided at the meeting.

*To vote by proxy*, you must complete and return the enclosed proxy card. Your proxy card will be valid only if you sign, date and return it before the meeting. By completing and returning the proxy card, you will direct the persons named on the proxy card to vote your shares at the meeting in the manner you specify. If you complete all of the proxy card except the voting instructions, then the designated persons will vote your shares FOR the re-election of Mr. Walker as a Class I director, FOR the approval of amendment to our Amended and Restated 2014 Equity and Incentive Plan to increase the number of shares available for issuance thereunder, FOR the approval of amendment to our Amended and Restated 2014 Equity and Incentive Plan to change the reference date included in the provision that provides for an annual increase in the number of shares issuable thereunder and FOR the ratification of our independent registered public accounting firm. If any other business properly comes before the meeting, then the designated persons will have the discretion to vote in any manner they deem appropriate.

*To vote via the internet*, you must access the website for internet voting at [www.investorvote.com/ZSAN](http://www.investorvote.com/ZSAN). Please have the enclosed proxy card handy when you access the website, and then follow the on-screen instructions. Internet voting facilities for stockholders of record will be available 24 hours a day until 1:00 a.m. (Central time) on May 31, 2018. If you vote via the internet, you do not have to return your proxy card via mail.

*To vote via telephone*, use any touch-tone telephone and call 1-800-652-VOTE (8683) to transmit your voting instructions up until 1:00 a.m. (Central time) on May 31, 2018. Please have the enclosed proxy card handy when you call, and then follow the instructions. If you vote via telephone, you do not have to return your proxy card via mail.

If you vote by proxy or via the internet or telephone, you may revoke your vote at any time before it is exercised by taking one of the following actions:

sending written notice to our Secretary at our address set forth on the notice of meeting appearing on the cover of this proxy statement;

voting again by proxy or via the internet or telephone on a later date; or

attending the meeting, notifying our Secretary that you are present, and then voting in person.

**Shares Held by Brokers or Nominees**

If the shares you own are held in street name by a brokerage firm, your brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your brokerage firm provides to you. Many brokers also offer the option of providing voting instructions to them over the internet or by telephone, directions for which would be provided by your brokerage firm on your voting instruction form.

## **Table of Contents**

Under stock exchange rules applicable to most brokerage firms, if you do not give instructions to your broker, it is permitted to vote any shares it holds for your account in its discretion with respect to routine proposals, but it is not allowed to vote your shares with respect to certain non-routine proposals. **Proposal 1, regarding the election of directors, and Proposals 2 and 3, regarding amendments to the Amended and Restated 2014 Equity and Incentive Plan, are non-routine proposals. If you do not instruct your broker how to vote with respect to Proposals 1, 2 and 3, your broker will not vote on them and your shares will be recorded as broker non-votes and will not affect the outcome of the vote on Proposals 1, 2 and 3.** Broker non-votes are shares that are held in street name by a bank or brokerage firm that indicates on its proxy that, while voting in its discretion on one matter, it does not have or did not exercise discretionary authority to vote on another matter.

Proposal 4, the ratification of Marcum LLP as our independent registered public accounting firm, is considered to be a routine item under the applicable rules and your broker will be able to vote on that item even if it does not receive instructions from you, so long as it holds your shares in its name.

If a broker or nominee holds shares of our common stock in street name for your account, then this proxy statement may have been forwarded to you with a voting instruction card, which allows you to instruct the broker or nominee how to vote your shares on the proposals described herein. To vote by proxy or to instruct your broker how to vote, you should follow the directions provided with the voting instruction card. **In order to have your vote counted on Proposals 1, 2 and 3, you must either provide timely voting instructions to your broker or obtain a properly executed proxy from the broker or other record holder of the shares that authorizes you to act on behalf of the record holder with respect to the shares held for your account.**

## **Quorum Required to Transact Business**

At the close of business on April 26, 2018, 11,973,039 shares of our common stock were outstanding. Our Bylaws require that a majority of the outstanding shares of our common stock be represented, in person or by proxy, at the meeting in order to constitute the quorum we need to transact business at the meeting. We will count abstentions and broker non-votes as shares represented at the meeting in determining whether a quorum exists.

## **Householding of Annual Meeting Materials**

Some banks, brokers, and other nominee record holders may be householding our proxy statements and annual reports. This means that only one copy of our proxy statement and annual report to stockholders may have been sent to multiple stockholders in your household. We will promptly deliver a copy of either document to you if you call or write us at our principal executive offices, 34790 Ardentech Court, Fremont, California 94555, Attention: John P. Walker, President and Chief Executive Officer, telephone: (510) 745-1200. In the future, if you want to receive separate copies of the proxy statement or annual report to stockholders, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address and telephone number.

## **Annual Report on Form 10-K**

We will promptly deliver to you a copy of our Annual Report on Form 10-K for the year ended December 31, 2017, as amended, and additional copies of our proxy statement, without charge, if you call or write us at the following address or telephone number: Zosano Pharma Corporation, 34790 Ardentech Court, Fremont, California 94555, Attention: John P. Walker, President and Chief Executive Officer, telephone: (510) 745-1200.



**Table of Contents****PROPOSAL 1: ELECTION OF DIRECTORS**

The first proposal on the agenda for the annual meeting is the election of John P. Walker, to serve as a Class I director.

Our Board of Directors is divided into three classes:

John P. Walker is a Class I director whose terms end at our annual meeting of stockholders in 2018;

Kenneth R. Greathouse is a Class II director whose term ends at our annual meeting of stockholders in 2019;  
and

Joseph Jay P. Hagan, Troy Wilson, Ph.D., J.D. and Kleanthis G. Xanthopoulos, Ph.D. are Class III directors whose terms end at our annual meeting of stockholders in 2020.

At each annual meeting of stockholders, a Class of directors is elected for a three-year term to succeed the directors of the same Class whose terms are then expiring. The term of the Class I director elected at our 2018 annual meeting of stockholders will begin at the meeting and end at our 2021 annual meeting of stockholders, or, if later, when such director's successor has been elected and has qualified.

The following table sets forth certain information as of April 20, 2018 regarding our Class I director, who has been nominated for re-election, and each other director who will continue in office following the 2018 Annual Meeting of Stockholders.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
<i><u>Class I Director Nominee</u></i>		
John P. Walker	69	President, Chief Executive Officer and Chairman
<i><u>Continuing Directors</u></i>		
Joseph Jay P. Hagan (1) (2)	49	Director, Audit Committee Chair
Troy Wilson, Ph.D., J.D. (1) (2) (3)	49	Director, Nominating and Corporate Governance Committee Chair
Kleanthis G. Xanthopoulos, Ph.D. (2) (3)	60	Director, Compensation Committee Chair
Kenneth R. Greathouse (1) (3)	65	Director

(1) Member of the Audit Committee

(2) Member of the Nominating and Corporate Governance Committee

(3) Member of the Compensation Committee

***Class I Director Nominee***

**John P. Walker** has served as our President and Chief Executive Officer since August 2017 and as member of our Board of Directors since May 2016. Mr. Walker served as our Interim Chief Executive Officer from May 2017 until August 2017. Mr. Walker is currently the Chairman of Vizuri Health Sciences, LLC and served as a Managing Director of Four Oaks Partners, a life sciences transaction advisory firm, which he co-founded in March 2012, until

January 2015. As part of his activities with Four Oaks Partners, Mr. Walker served as the Chairman and Interim Chief Executive Officer of Neuraltus Pharmaceuticals, Inc., a privately held biopharmaceutical company, until October 2013. From February 2009 until July 2010, Mr. Walker was the Chief Executive Officer at iPierian Inc., a company focused on the use of inducible stem cells for drug discovery. From 2006 until 2009, Mr. Walker served as the Chairman and Chief Executive Officer of Novacea, Inc., a pharmaceutical company that merged with Trancept Pharmaceuticals, Inc. in 2009. Since 2001, Mr. Walker, acting as a consultant, was Chairman and Interim Chief Executive Officer at Kai Pharmaceuticals, Guava Technologies, Centaur Pharmaceuticals, Inc., and Chairman and Chief Executive Officer of Bayhill Therapeutics. From 1993 until 2001, Mr. Walker was the Chairman and Chief Executive Officer of Arris Pharmaceuticals Corporation and its successor, Axys Pharmaceuticals Inc. Mr. Walker previously served on the board of directors



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**Table of Contents**

of Geron Corporation and Evotec AG. He currently serves on the board of directors of Lucile Packard Children's Hospital at Stanford University and is the Chairman of Packard Children's Health Alliance. Mr. Walker is a graduate of the Advance Executive Program at the Kellogg School of Management at Northwestern University and holds a B.A. from the State University of New York at Buffalo. We believe Mr. Walker's 40 years in the life sciences industry and his experience as Chairman and Chief Executive Officer of a number of development and commercial stage companies, including his service as our President and Chief Executive Officer, qualify him to serve as a member of our Board of Directors.

***Continuing Directors***

***Kenneth R. Greathouse*** has served as a member of our Board of Directors since October 2017.

Mr. Greathouse co-founded and has served as President of Argent Development Group since 2004, co-founded and has served as Chief Executive Officer of Melbourne Laboratories since 2012, co-founded and has served as Chief Executive Officer of Valcrest Pharmaceuticals since 2015 and co-founded and has served as Chief Executive Officer of Hesperian BioPharma since 2015. Mr. Greathouse has served as a member of the board of directors of Grove Sleep Holdings since 2009 and as a member of the board of directors of The Zitter Group since 2000. Mr. Greathouse received a B.S. from the University of California. We believe that Mr. Greathouse's extensive experience in the pharmaceutical industry and as an executive officer of pharmaceutical and biotechnology companies qualifies him to serve as a member of our Board of Directors.

***Joseph Jay P. Hagan*** has served as a member of our Board of Directors since May 2015. Mr. Hagan has served as Regulus' Chief Executive Officer since May 2017. Previously, he served as Regulus' Chief Operating Officer, Principal Financial Officer and Principal Accounting Officer since January 2016. From 2011 to December 2015, Mr. Hagan served as Orexigen's Chief Business & Financial Officer. From May 2009 to June 2011, Mr. Hagan served as Orexigen's Senior Vice President, Corporate Development, Strategy and Communications. Prior to Orexigen, Mr. Hagan worked at Amgen, from September 1998 to April 2008, where he served in various senior business development roles, including founder and Managing Director of Amgen Ventures. Prior to starting the Amgen Ventures fund, Mr. Hagan was Head of Corporate Development at Amgen, leading such notable transactions as the acquisition of Immunex and Tularik and the spinouts of Novatrone and Relypsa, as well as numerous other business development efforts totaling over \$15 billion in value. Before joining Amgen, Mr. Hagan spent five years in the bioengineering labs at Genzyme and Advance Tissue Sciences. Mr. Hagan has served as a director of Aurinia Pharmaceuticals, a publicly traded biotech company, since March 2018. He received an M.B.A. from Northwestern University and a B.S. in Physiology and Neuroscience from the University of California, San Diego. We believe that Mr. Hagan's education and professional background in science and business management, and his work as a senior executive in the biotechnology industry qualify him to serve as a member of our Board of Directors.

***Troy Wilson, Ph.D., J.D.*** has served as a member of our Board of Directors since June 2014. Dr. Wilson has been President and Chief Executive Officer and a member of the board of directors of Kura Oncology, Inc., a public company, since August 2014. He has served as President and Chief Executive Officer and as a member of the board of managers of Avidity Biosciences LLC, a private biopharmaceutical company, since November 2012 and as President and Chief Executive Officer and as a member of the board of managers of Wellspring Biosciences LLC, a private biopharmaceutical company, since July 2012 and May 2012, respectively. Dr. Wilson has been a member of the board of directors of Puma Biotechnology, Inc., a public company, since October 2013. He has also been a member of the board of managers of Araxes Pharma LLC, a private biopharmaceutical company, since May 2012. Previously, Dr. Wilson served as President and Chief Executive Officer and a member of the board of directors of Intellikine, Inc., a private biopharmaceutical company, from April 2007 to January 2012 and from August 2007 to January 2012, respectively, until its acquisition by Takeda Pharmaceuticals. Dr. Wilson holds a J.D. from New York University and graduated with a Ph.D. in bioorganic chemistry and a B.A. in biophysics from the University of California, Berkeley.

We believe that Dr. Wilson's senior executive experience managing, leading and developing various biopharmaceutical companies and his

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**Table of Contents**

extensive industry knowledge and board-level experience in the biopharmaceutical industry qualify him to serve as a member of our Board of Directors.

***Kleanthis G. Xanthopoulos, Ph.D.*** has served as a member of our Board of Directors since April 2013. Dr. Xanthopoulos is an experienced and visionary leader in the biotechnology and pharmaceutical research industries, with a strong foundation in both operations and corporate development. He is currently President and CEO of IRRAS AB and he has been a Managing General Partner at Cerus DMCC, a life sciences investment company, since August 2015. From 2007 to June 2015, he was the President and Chief Executive Officer and a member of the board of directors of Regulus Therapeutics Inc. (RGLS). Prior to joining Regulus in 2007, Dr. Xanthopoulos was the Managing Director of Enterprise Partners Venture Capital. He co-founded Anadys Pharmaceuticals, Inc., served as their President and Chief Executive Officer from 2000 to 2006, and remained a director until its acquisition by Roche in 2011. Before that, Dr. Xanthopoulos was Vice President at Aurora Biosciences (acquired by Vertex Pharmaceuticals) from 1997 to 2000, and Section Head of the National Human Genome Research Institute from 1995 to 1997. Previously, he was an Associate Professor at the Karolinska Institute, Stockholm, Sweden. Dr. Xanthopoulos is chairman of the board of directors of Apricus Biosciences (Nasdaq: APRI) and he is a co-founder and a member of the board of directors of Sente, Inc. and Aspius Inc. Additionally, Dr. Xanthopoulos received the Ernst & Young Entrepreneur of the Year Award in Health Sciences in 2006 and was named Most Admired CEO by the San Diego Business Journal in 2013. An Onassis Foundation Scholar, Dr. Xanthopoulos received his B.Sc. in Biology with honors from Aristotle University of Thessaloniki, Greece, and his M.Sc. degree in Microbiology and Ph.D. degree in Molecular Biology from the University of Stockholm, Sweden, and a Postdoctoral Research Fellowship at The Rockefeller University, New York. We believe that Dr. Xanthopoulos' senior executive experience managing and developing a major biotechnology company and his extensive industry knowledge and leadership experience in the biotechnology industry qualify him to serve as a member of our Board of Directors.

If for any reason any of the nominees becomes unavailable for election, the persons designated in the proxy card may vote the shares represented by proxy for the election of a substitute nominated by the Board of Directors. The nominee has consented to serve as a director if elected, and we currently have no reason to believe that he will be unable to serve.

The nominee receiving the greatest numbers of votes cast will be elected as a Class I director. **Brokers may not vote shares they hold for you in the election of directors, unless they receive timely voting instructions from you.** We will not count abstentions or broker non-votes as having been cast for the election of a director.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RE-ELECTION OF MR. WALKER.**

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**Table of Contents**

**PROPOSAL 2: APPROVAL OF AN AMENDMENT TO THE AMENDED AND RESTATED 2014 EQUITY AND INCENTIVE PLAN, FOR THE PURPOSE OF INCREASING THE NUMBER OF SHARES OF OUR COMMON STOCK RESERVED FOR ISSUANCE THEREUNDER**

We are asking stockholders to approve an amendment to our Amended and Restated 2014 Equity and Incentive Plan, referred to as the 2014 Plan, to increase the number of shares of common stock approved for issuance under the plan by 1,200,000 shares. The 2014 Plan is an important part of our compensation program and we believe it is essential to our ability to attract and retain highly qualified employees in an extremely competitive environment in which employees view equity incentives as an important component of their compensation.

The closing price of our common stock on the Nasdaq Capital Market on April 27, 2018 was \$4.22 per share. The material terms of the 2014 Plan and a more detailed description of the proposed amendment are set forth below.

**General Description of 2014 Plan**

The purpose of the 2014 Plan is to (i) provide long-term incentives and rewards to those employees, officers, directors and other key persons (including consultants) of the Company and its subsidiaries who are in a position to contribute to the long-term success and growth of the Company and its subsidiaries, (ii) to assist the Company and its subsidiaries in attracting and retaining persons with the requisite experience and ability, and (iii) to more closely align the interests of such employees, officers, directors and other key persons with the interests of the Company's stockholders. The 2014 Plan permits us to grant cash and equity-based awards to our employees, officers, directors and key persons (including consultants and prospective employees), including incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units, unrestricted stock awards, performance share awards and dividend equivalent rights. To date, we have granted incentive stock options, non-statutory stock options, restricted stock and restricted stock units under the 2014 Plan. As of April 20, 2018, 51 employees were eligible to participate in the 2014 Plan. In addition, as of April 20, 2018, 148,173 shares of common stock are reserved for issuance under the 2014 Plan, of which 96,790 shares are subject to outstanding option awards, 2,589 shares have been issued and 48,794 shares remain available for future awards. Outstanding options have exercise prices ranging from \$10.60 to \$185.80. The weighted average exercise price of all outstanding options is \$23.36 per share. All options granted have a term of ten years. In addition to options, 3,450 shares of our common stock have been issued as restricted stock, of which 2,116 shares have vested and 1,334 shares have been cancelled and 473 restricted stock units, or RSUs, have been issued, of which all are vested and none have been cancelled.

The Compensation Committee has discretion with respect to the amount of any awards granted under the 2014 Plan and, therefore, total awards that may be granted during a fiscal year to our employees, including our executive officers, are not determinable until completion of the year. On April 16, 2018, the Compensation Committee and the Board of Directors granted a total of 948,700 conditional stock options to certain of our employees and executive officers as well as to our non-employee directors, which are subject to the approval of the amendment to the 2014 Plan set forth in this Proposal 2. If the amendment to the 2014 Plan is not approved, these conditional stock option grants will be cancelled. Each of our non-employee directors is awarded a stock option to purchase 1,500 shares of our common stock on January 1<sup>st</sup> of each year. These stock options vest in full on the first anniversary of the grant date, subject to continued service by the director. For more information, see [Director Compensation](#) below.

**Table of Contents**

The following table sets forth shares underlying awards granted under the 2014 Plan through April 20, 2018:

**Total Awards Under the 2014 Plan**

	<b>Number of Shares of Common Stock Underlying Options and Awards (1)</b>
Current executive officers:	
John P. Walker, President and Chief Executive Officer	316,840
Georgia Erbez, Chief Business Officer and Chief Financial Officer	0
Donald Kellerman, Pharm.D., Vice President, Clinical Development and Medical Affairs	111,849
Hayley Lewis, Vice President, Regulatory Affairs and Quality	111,849
Current executive officers as a group (4 persons)	540,538
Current non-executive officer directors as a group (4 persons)	113,850
Other Zosano employees as a group	389,927
<b>Total Awards through April 20, 2018</b>	<b>1,044,315</b>

(1) Includes 948,700 stock options granted to certain employees and executive officers as well as our non-employee directors that are conditioned upon the approval of the amendment to the 2014 Plan set forth in Proposal 2.

The following table provides information as of April 20, 2018 about the securities authorized for issuance under the 2014 Plan and our 2012 Stock Incentive Plan. In connection with the consummation of our initial public offering of common stock in January 2015, our board of directors terminated the 2012 Stock Incentive Plan effective as of January 27, 2015 and no further awards may be issued under the 2012 Stock Incentive Plan, except that the awards outstanding under the 2012 Stock Incentive Plan at the time of its termination continue to be governed by the terms of the 2012 Stock Incentive Plan. Our 2014 Plan was approved by our stockholders in July 2014 and our 2012 Stock Incentive Plan was approved by our stockholders in April 2012.

**Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options and rights (2)</b>	<b>Weighted average exercise price of outstanding options and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plan (3)</b>
Equity compensation plans approved by security holders <sup>(1)</sup> :	105,029	\$ 24.49	48,794

Equity compensation plans not approved by security holders:	968,050 (4)	\$	4.54	0
Totals:	1,073,079	\$	6.49	48,794

- (1) This table does not reflect the proposed increase in shares reserved for issuance under the 2014 Plan as set forth in Proposal 2 and includes shares issuable upon exercise of outstanding options under the 2012 Stock Incentive Plan.
- (2) As of April 20, 2018 options to purchase 96,790 shares of common stock were outstanding under the 2014 Plan. The weighted average remaining contractual life of these outstanding options as of April 20, 2018 was 8.60 years and the weighted average exercise price for such options was \$23.36.
- (3) Consists of 48,794 shares of common stock available for issuance under the 2014 Plan.
- (4) Represents (i) 948,700 stock options granted to certain employees and executive officers as well as our non-employee directors that are conditioned upon the approval of the amendment to the 2014 Plan set forth in Proposal 2 and (ii) nonstatutory stock options to purchase an aggregate of 19,350 shares granted as an inducement grant to certain of our employees (including our Chief Business Officer and Chief Financial Officer). Inducement grants were granted outside of the equity compensation plans approved by security holders.

## **Table of Contents**

### **Administration and Eligibility**

Awards are made by the Compensation Committee, which has been designated by our Board of Directors to administer the 2014 Plan. Subject to certain limitations, the Compensation Committee may delegate to our Chief Executive Officer (so long as our Chief Executive Officer is a member of the Board of Directors) or to one or more members of our Board of Directors the power to make awards to participants who are not subject to Section 16 of the Securities Exchange Act of 1934 or covered employees for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

The Compensation Committee administers the 2014 Plan and determines the terms and conditions of each award to our executive officers and directors, including the exercise price, the form of payment of the exercise price, the number of shares subject to the award and the time at which such options become exercisable. The exercise price of any stock option granted under the 2014 Plan may not, however, be less than the fair market value of the common stock on the date of grant and the term of any such option cannot be greater than 10 years.

### **Awards**

The 2014 Plan provides for the following categories of awards:

*Options.* Our 2014 Plan permits the granting of options to purchase common stock that are intended to qualify as incentive stock options under the Code, and options that do not qualify as incentive stock options, which are referred to as non-statutory stock options. We may grant non-qualified stock options to our employees, directors, officers, consultants or advisors in the discretion of our Compensation Committee. Incentive stock options will only be granted to our employees. The exercise price of each incentive stock option may not be less than 100% of the fair market value of shares of our common stock on the date of grant. If we grant incentive stock options to any person holding 10% or more of the outstanding voting stock of the Company, the exercise price may not be less than 110% of the fair market value of shares of our common stock on the date of grant. The exercise price of any non-qualified stock option will be determined by our Compensation Committee and may not be less than the fair market value of shares of our common stock.

The term of each option may not exceed 10 years from the date of grant, and no option shall be transferable by the optionee other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Compensation Committee, in its sole discretion, may provide in the award agreement regarding a given option, or may agree in writing with respect to an outstanding option, that the optionee may transfer their non-statutory stock options to members of their immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this plan and the applicable option.

In general, an optionee may pay the exercise price of an option by cash or, if so provided in the applicable option agreement, by tendering shares of our common stock, by a cashless exercise through a broker supported by an irrevocable instruction to such broker to deliver sufficient funds to pay the applicable exercise price, by reducing the number of shares otherwise issuable to the optionee upon exercise of the option by a number of shares having a fair market value equal to the aggregate exercise price of the options being exercised or by any other method permitted by the compensation committee.

*Stock appreciation rights.* Pursuant to the 2014 Plan, we may grant stock appreciation rights, or an award entitling the recipient to receive cash or shares of our common stock having a value on the date of exercise calculated as follows: (i) the exercise price of a share of common stock on the grant date is less the fair market value of the common stock

on the date of exercise and (ii) multiplied by the number of shares of stock with respect to which the stock appreciation right shall have been exercised. The exercise price of a stock appreciation right shall not be less than 100% of the fair market value of our common stock on the date of grant, and the terms and conditions of the stock appreciation rights shall be determined from time to time by the Compensation Committee.



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**Table of Contents**

*Restricted stock awards.* Pursuant to the 2014 Plan, we may grant restricted stock awards entitling the recipient to acquire, at such a price as determined by the Compensation Committee, shares of common stock subject to such restrictions and conditions as the Compensation Committee may determine at the time of grant. Conditions may be based on continuing employment or achievement of pre-established performance goals and objectives. A holder of a restricted stock award may exercise voting rights upon (i) execution of a written instrument setting forth the award and (ii) payment of any applicable purchase.

*Restricted stock units.* Pursuant to the 2014 Plan, we may grant restricted stock units which entitle the holder, upon vesting of the right, to a number of shares of common stock as determined in the award agreement. The Compensation Committee shall determine the restrictions and conditions applicable to each restricted stock unit at the time of grant, and a holder of a restricted stock unit shall only have exercisable rights as a stockholder upon settlement of restricted stock units. Unless otherwise provided in the award agreement, a holder's rights in all restricted stock units that have not vested shall automatically terminate immediately following the holder's termination of employment with the Company for any reason.

*Unrestricted stock awards.* Pursuant to the 2014 Plan, we may grant unrestricted awards of shares of common stock free of any restrictions under the plan. The right to receive shares of unrestricted stock awards on a deferred basis may not be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution.

*Performance share awards.* Pursuant to the 2014 Plan, we may grant performance share awards entitling the recipient to acquire shares of common stock upon the attainment of specified performance goals; provided, however, that the Compensation Committee, in its discretion, may provide either at the time of grant or at the time of settlement that a performance share award will be settled in cash. The period during which performance is to be measured for performance share awards shall not be less than one year, and such performance share awards, and all rights with respect to such awards, may not be sold, assigned, transferred, pledged or otherwise encumbered.

*Dividend equivalent rights.* Pursuant to the 2014 Plan, we may grant dividend equivalent rights entitling the recipient to receive credits based on cash dividends that would be paid on the shares of stock specified in the dividend equivalent right (or other award to which it relates). Dividend equivalent rights may be settled in cash or shares of stock or a combination thereof, in a single installment or installments. A dividend equivalent right granted as a component of another award may provide that such dividend equivalent right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such dividend equivalent right shall expire or be forfeited or annulled under the same conditions as such other award.

*Cash awards.* The Compensation Committee, in its discretion, may provide for cash payments to be made under the 2014 Plan. Such cash awards may be made subject to such terms, conditions and restrictions as the Compensation Committee considers necessary or advisable.

**Federal Income Tax Consequences Relating to Equity Awards.**

*Incentive Stock Options.* An optionee does not realize taxable income upon the grant or exercise of an incentive stock option, known as an ISO, under the 2014 Plan. If no disposition of shares issued to an optionee pursuant to the exercise of an ISO is made by the optionee within two years from the date of grant or within one year from the date of exercise, then (a) upon sale of such shares, any amount realized in excess of the option price (the amount paid for the shares) is taxed to the optionee as a capital gain and any loss sustained will be a capital loss and (b) no deduction is allowed to Zosano for Federal income tax purposes. The exercise of ISOs gives rise to an adjustment in computing alternative minimum taxable income that may result in alternative minimum tax liability for the optionee.

If shares of common stock acquired upon the exercise of an ISO are disposed of prior to the expiration of the two-year and one-year holding periods described above, referred to as a disqualifying disposition, then (a) the

## Table of Contents

optionee realizes ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares at exercise (or, if less, the amount realized on a sale of such shares) over the option price thereof and (b) Zosano is entitled to deduct this amount. Any further gain realized is taxed as a capital gain and does not result in any deduction to us. A disqualifying disposition in the year of exercise will generally avoid the alternative minimum tax consequences of the exercise of an ISO.

*Non-statutory Stock Options.* No income is realized by the optionee at the time a non-statutory option is granted. Upon exercise, (a) ordinary income is realized by the optionee in an amount equal to the difference between the option price and the fair market value of the shares on the date of exercise and (b) Zosano receives a tax deduction for the same amount. Upon disposition of the shares, appreciation or depreciation after the date of exercise is treated as a capital gain or loss and will not result in any deduction by Zosano.

*Restricted Stock.* Awards of restricted stock that are non-transferable and subject to forfeiture are generally not taxable to the recipient until the shares vest. When the shares vest, the recipient realizes compensation income equal to the difference between the amount paid for the shares and their fair market value at the time of the vesting, and we are entitled to a corresponding deduction. Appreciation in the value of the shares during the vesting period therefore increases the income subject to tax at ordinary income rates at the time of vesting as well as the corresponding deduction we are entitled to take at that time. The tax is payable for the year in which the vesting occurs, regardless of whether the shares are sold at that time. If the recipient is an employee, Zosano is required to withhold income and social security taxes from the compensation income (by withholding from shares, from other income of the employee or from a cash payment made by the employee to Zosano to cover the withholding taxes).

Instead of being taxed when the shares vest, a recipient may elect to be taxed in the year the shares are awarded by filing a Section 83(b) election with the Internal Revenue Service within 30 days after issuance of the restricted shares. The recipient then realizes compensation income in the year of the award equal to the difference between the amount paid for the shares and their fair market value at the time of issuance, and we are entitled to a corresponding deduction at that time.

*Unrestricted Stock.* Generally, a recipient will be taxed at the time of the grant of the award. The fair market value of the shares at that time will be treated as ordinary income. We receive a tax deduction for the amount reported as ordinary income to the recipient subject to the limitations of Internal Revenue Code Section 162(m). Upon disposition of the shares, any appreciation or depreciation after the taxable event is treated as short or long-term capital gain or loss and will not result in any further deduction by us.

*Restricted Stock Units.* A recipient does not realize taxable income upon the grant or vesting of a restricted stock unit. The recipient must include as ordinary income when an award is settled an amount equal to the excess of the fair market value over the exercise price.

and  
accessories for  
wear-to-work  
and casual  
lifestyles  
Polished,  
modern  
feminine  
classics for  
every

generation of  
working women

Modern,  
feminine and  
versatile

clothing for a  
wide range of  
women;

focuses on  
everyday  
fashion

Store Count

997

770

940

830

381

360

674

Pro forma for the acquisition, ascena's portfolio will have six \$1 billion differentiated brands

the largest and most diversified specialty apparel retail companies

selling transaction

ergy value creation

expected to generate significant cash flow, while both maintaining prudent levels of capital  
and enabling rapid deleveraging  
with significant equity value representing approximately 60% of pro forma capitalization  
total cost opportunities of \$235 million, including approximately \$150 million in ANN transaction  
\$35 million in ANN identified cost savings  
Achieve the transaction synergies are planned to be taken within 24 months after close  
and shared best practices support greater efficiency / performance  
Specialty apparel retail company focused exclusively on women provides enhanced access to best-  
and career opportunities  
based in North America with \$7.4 billion of combined LTM Net Sales and \$896 million of combined

associates, approximately 96% of whom are women  
mentary organizations and management teams

is a well-balanced and diversified portfolio of brands with minimal overlap  
and a strong shared-services platform capabilities and infrastructure investment  
and a deep omni-channel knowledge base  
Leading Specialty Apparel Retail

EBITDA reconciliation on page 57 for more detail.

se Procurement  
pelling Transaction  
otal Identified Cost Opportunities

identified cost  
all actions to be taken  
s after close and full  
l in third full year after

requires  
35-40 million of capital

g Initiatives expected to generate at least \$50 million in incremental annualized gross margin by December

Optimization Program is expected to generate ongoing annual savings of \$35 million by December 2016

ANN Transaction Synergies  
ANN Cost Savings



IN Transaction Synergies  
Identified Cost Synergies  
ascena contract rates across ANN volume  
sed volume at origin to drive full container shipment  
ing productivity through reduced cross dock

and consolidate suppliers across multiple areas, including IT  
s, facilities, marketing collateral, transportation contracts, and  
and supplies

se

ned supply base and leverage increased scale

, highly efficient e-commerce facility in Greencastle serving all

iness

delivery and increased allocation capability across ANN volume

ANN public company costs

uplicate functions and roles

practices across functional areas to minimize operating expenses

/ Overview



DAQ  
barn

Too (now  
d by  
C.

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cessor reporting  
Dress Barn, Inc.

ng

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Y  
ry

overview  
n Fashion Specialty Store  
x  
ions  
le apparel to 5-12 year old tween girls in an

ment  
leader in a \$7 billion+ addressable market  
the hottest tween fashions in jeans, shorts, dresses,  
and uniforms  
located in high traffic malls and strip centers  
in New Albany, OH

S:

overview  
and Key Operating Metrics  
promotional cadence focused on  
ing price points and narrow but powerful  
ions



ice items with  
t prices set equal to the out the door  
petitors  
w rotating promotional events across  
rtment  
ore and ecommerce channel  
ecting omni-channel operating  
unication strategy around value and trust

ne and Margin (\$ in millions)  
illions)  
obilization Activity  
e hired Brian Lynch, a turnaround veteran  
rs of industry experience at Ann Taylor and  
e new President of Justice  
s through 20%+ reduction in inventory and  
ate  
levels to new promotional strategy  
dise mix to increase focus on everyday and  
ortment  
embellishment to deliver key product  
(wash, quality) while reducing product cost  
ne includes fully allocated costs.



and Overview

x  
ions  
n ranging in age from 25 to 45 years old in sizes  
te labels Lane Bryant, Cacique, Livi Active,  
as designer collaborations  
ed brand name in women's specialty fashion  
udes intimate apparel, wear-to-work, casual  
ssories, select footwear and social occasion  
s activewear under its recently launched Livi  
ted in strip centers and high traffic malls  
n Columbus, OH

S:

and Overview  
and Key Operating Metrics

vers

i Active) and knits

es  
ge opportunities

ectiveness

enhance existing marketing programs

l equity in fashion, fit, and lifestyle

nopping between apparel customers  
mates while expanding and acquiring

oductivity through location repositioning  
el interaction

ne and Margin (\$ in millions)

illions)

he includes fully allocated costs.

Overview



x  
ions  
al, career and dressy fashion designed to appeal  
20-35 in missy and plus-size  
ore over 85%  
l covers casual clothing, career wear, dressy  
ear and accessories  
ted in smaller and metro fringe markets  
25,000 to 150,000 people)  
n Duluth, MN

S:

Overview  
and Key Operating Metrics

vers

at expansion  
ge opportunities

g penetration

product developed by the new  
product development teams  
enhance existing marketing programs

expansion strategy and refine  
ition models

eting, marketplace expansion, and  
ion initiatives to drive increased

illions)

he includes fully allocated costs.

ng income and margin exclude a \$13 million impairment charge taken in Q4 2014.





x  
ions  
bel and contemporary fashions at great value to  
mid-30s to mid-50s  
ng net promoter scores since 2013  
ate-to-better quality career, special occasion, casual  
, petites, and plus sizes  
rimarily in strip shopping centers in major trading and  
rkets, and in surrounding suburban areas  
n Mahwah, NJ  
Overview

Overview  
and Key Operating Metrics

vers

accelerate e-commerce

SBAR)

ge opportunities

g penetration

gement

t development

enhance existing marketing programs

SBAR launch

nt and retention through

eting

uctivity by optimizing existing fleet and

oll-out

illions)

he includes fully allocated costs.

ne and Margin (\$ in millions)





d Overview

x  
ions  
e apparel for all occasions for customers generally 45  
ing full range of plus sizes (16-

own for extended sizes (28-

nd updated apparel wardrobe options, covering  
al and wear-to-work needs; also carries a full line of  
, footwear, and accessories  
marily located in strip shopping centers  
n Bensalem, PA

S:

d Overview  
and Key Operating Metrics

illions)

vers / expanded assortment

ment through fashion execution and

tion store fleet

g activity on direct mail events and

bounceback coupons

ne and Margin (\$ in millions)

he includes fully allocated costs.



ding July. maurices acquired in January 2005, Justice acquired in November 2009, Lane Bryant and Catherines acquired in June 2012.  
s for FY12. Excludes ANN.

able sales.





netration

owth represents growth from YTD April 2014 to YTD April 2015.

penetration By Brand  
full year e-commerce  
1% is up ~300bp vs. FY  
dated ascena  
s to make investments to  
d class omni-channel

e ordering system

merce fulfillment

g brand site re-platform

r management

Overview



15. LOFT net sales and store count include Lou & Grey. Lou & Grey is an exploratory brand currently being incubated. More details on

History

New

or goes  
ANN)  
tions  
e year  
or  
k City

or  
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and

Γ.com

C.  
itive

ena

or

re  
ada.

or

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or LOFT  
ore

or



and Overview

inished, modern feminine classics with an iconic style point of view for every aspect of her life

cterizations

al year ends January. LTM period represents twelve months ended May 2, 2015.

nd Sales (\$ in millions)



es  
ory

erview  
modern, feminine and versatile clothing for a wide range of women  
cterizations  
al year ends January. LTM period represents twelve months ended May 2, 2015.

cludes 5 standalone Lou & Grey stores in 2014 and 6 standalone Lou & Grey stores in LTM April 2015.  
les (\$ in millions)



customers with a single, channel-agnostic view of inventory and customer-specific

atabase centrally stores online and  
ons, offering visibility into client transactions

channels

y management engine with capability to order  
from another store, buy online and ship from a  
anywhere and return anywhere

and LOFT stores now have endless aisle capability,  
omers seamless access to online inventory from the

e capability launched at both brands in the third quarter of fiscal 2014 drove ~50%  
le conversion rates  
c analytical models allow for segmentations of client file highlighting paths to maximize ROI

and prospect high-value customers and optimize marketing acquisition, cultivation, and  
ms

ce clients propensity to purchase certain categories, quantify risk of editing categories,  
rtment opportunities

ssist with planning and advise on store openings, closing, and retention of omni-channel

Channel Strategy with Best in Class

onship Management

lients spend an average of

hannel clients



ves

ess by offering a more  
nent across silhouettes,

and end use

chase strategies and  
pipeline speed to deliver  
and drive full price sell-

versatility throughout the  
dress multiple wear

growth in the tops category  
x of fabrication, increasing  
ponent, and adding  
e and silhouette

cross multiple channels to  
wareness, traffic, and

productivity via Brand Initiatives  
ng Margin  
lve inventory management

andise test and chase strategy  
k response capabilities  
i-class CRM and customer  
ove marketing and  
ffectiveness  
and and leverage leading  
pabilities  
izational cost structure  
ze low cost and scalable  
platform  
mize the real estate portfolio

by Brand

NN's fiscal year ended January. Other sales represents non-merchandise sales.



Strategic Overview  
ers a casual, effortless aesthetic,  
ort with style in a way that  
ow women are dressing today  
ble in LOFT stores

T's existing and growing  
to promote the Lou & Grey  
res open as of May 2, 2015  
proof-of-concept store in  
April 2014  
le Boston, Chicago, Atlanta,  
h and Pasadena  
ts are completely new to  
& Grey assortment with third-  
se, including jewelry, organic  
books and shoes from other  
Brizzi Photography

lights



lights  
y apparel retailer focused exclusively on the female consumer  
ined brand equity  
ification provided by a growing portfolio of brands

... model and acquisition experience mitigate integration risk  
... eted capital investments have created best-in-class shared  
... n and improved margins  
... nagement team

... flow generation with a focus on deleveraging

y Apparel Retailer Focused Exclusively  
onsumer

(\$ in millions)

pecialty retail brand and most diversified women s apparel retail brand

Sales represents net sales as of latest public filing.

Classification Provided by a Growing  
nds  
any has seven core brands that cater to women of all sizes, ages and demographics  
rate \$1 billion or more in annual sales

venue -

ore Count -

s

operating Income

LTM April 2015 operating income was \$(14.1) million. ANN INC. does not report operating income separately for Ann Taylor and LO

sification Provided by a Growing  
nds

mps is dampened by portfolio effect of brands

y comparable stores growth calendarized to ascena s July fiscal year end.



ge Comparable Stores Growth  
Month Average

Defined Brand Equity

ty brand  
ofessional,  
an across

leader in  
cialty  
ed on  
d apparel  
ader amongst

lus-size  
e 25-45 year

nation  
y and plus-  
5 year old  
all-

sual  
ssy and  
great value  
g woman  
and everyday  
ize apparel for  
women  
ble

th its  
er

g Model and Acquisition  
gate Integration Risk

eam, including president,  
ance and HR

supply chain and central IT  
customer-facing back office

ands on  
strategic  
al

capital  
ons  
teams, including president and heads of planning,  
marketing, finance, stores, real estate, and HR  
all customer-facing activity, development of  
financial architecture, and execution against  
s growth targets

g Model and Acquisition  
gate Integration Risk

TM as of April 2015.

umption of debt, includes cash acquired.

as an excellent strategic  
overlap and believe stated  
ergies (within 3 years  
as well as significant year-  
achievable and may  
ve

rch Report (May 2015)  
w entity will combine best  
leveraging ANN's 1)  
annel offering, 2)  
er HHI & 3) fashion  
men's specialty retail,  
ASNA's strength in 1)  
nfrastructure & 2)  
experience in M&A.  
h Report (May 2015)  
Party Response  
tion  
s ascena

s in women's clothing.  
sh Ann Taylor to the  
a deep customer base of  
ng women ..[ascena] now  
key every-women

(June 2015)



etted Capital Investments Have Created  
ared Services Platform and Improved

n Center  
 fillment Center  
 Sale  
 merchandising System  
 s  
 ductivity / largest North  
 automated storage and  
 just delivery frequency (daily  
 per unit savings  
 nent

vestment: \$135M  
 : \$50M  
 RR: 32%  
 vestment: \$55M  
 : \$15M  
 RR: 10%



Fillment Rates (\$ / unit)

ent

n Center is Delivering World Class Productivity to All Brands  
Fillment Center is Expected to Deliver Significant Productivity Gains  
eted Capital Investments Have Created  
ared Services Platform and Improved  
ransportation / shipping costs.



in a Focus

Adjusted EBITDA to FCF

g and ultimately targets a debt free balance sheet

uts or share repurchases

ital which are estimated to be nominal. Approximately \$50 million of pro forma free cash flow is in foreign jurisdictions and would rec  
on. LTM ascena Adjusted EBITDA based on period ended April 25, 2015 and LTM ANN Adjusted EBITDA based on period ended M

Management Team

er

stry



Company

Chairman of Board,

CEO, ascena

p

atteo

no  
ena

CEO, ANN INC.

N INC. Brands

olson  
ANN INC.

CEO, Justice

/

he Bryant

arb

er  
CFO, Catherines

y  
CMO, Catherines

Financials



conciliation on page 57.

ures exclude approximately \$21 million of accrual adjustments.

uly with ANN financials calendarized for July year end. LTM ascena based on period ended April 25, 2015 and LTM ANN based on p





Breakdown

al expenditures from 2013 to LTM 2015 developed capability in  
state absorption of ANN volume into the supply chain  
ditures are approximately \$350 million, including stores-related spend, IT



ated to the integration of the ANN acquisition, which are anticipated to be \$35-40 million.

ures exclude approximately \$21 million of accrual adjustments.

uly with ANN financials calendarized for July year end. LTM ascena based on period ended April 25, 2015 and LTM ANN based on p

es

es

Offices in Mahwah, NJ

, OH

Kong

Duluth, MN

xpenditures

enditures

S

tures





DA Reconciliation

Operating Income

DA

ucturing charge

ge associated with closure of stores

ment charge

air freight costs in response to west coast port situation

EBITDA



Operating Income

DA

g inventory purchase accounting adjustments

related, integration & restructuring costs

of intangible assets

air freight costs in response to west coast port situation

sts related to the scheduled closure of Brothers

EBITDA

Adjusted EBITDA

Transaction Synergies

Cost Savings

Adjusted EBITDA (including total cost opportunities)

Adjusted EBITDA does not include adjustments for impairment of intangible assets or incremental air freight costs.

