

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**  
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to § 240.14a-12

NewLink Genetics Corporation  
(Name of Registrant as Specified In Its Charter)

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

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- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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8. Filing Party:

9. Date Filed:

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NEWLINK GENETICS CORPORATION  
2503 South Loop Drive  
Ames, IA 50010

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 20, 2016

Dear Stockholder:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders (the "Annual Meeting") of NEWLINK GENETICS CORPORATION, a Delaware corporation (the "Company"). The Annual Meeting will be held on Friday, May 20, 2016 at 9:00 a.m. local time at the offices of NewLink Genetics Corporation, 2503 South Loop Drive, Suite 5100, Ames, IA 50010 for the following purposes:

1. To elect the nominees for director, Paul R. Edick, Joseph B. Saluri and Nicholas N. Vahanian, M.D., nominated by our Board of Directors, to serve until the 2019 Annual Meeting of Stockholders.
2. To approve, on an advisory basis, the compensation of our named executive officers, as disclosed in this proxy statement.
3. To ratify the selection by the Audit Committee of the Board of Directors of KPMG LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2016.
4. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement.

The record date for the Annual Meeting is March 28, 2016. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

Pursuant to the internet proxy rules promulgated by the Securities and Exchange Commission, NewLink Genetics Corporation has elected to provide access to its proxy materials for certain stockholders over the internet. Stockholders of record at the close of business on March 28, 2016 will receive a Notice of Internet Availability of Proxy Materials and may vote at the Annual Meeting and any adjournment or postponement thereof. NewLink Genetics Corporation expects to mail the Notice of Internet Availability of Proxy Materials on or about April 6, 2016.

By Order of the Board of Directors

/s/ John B. Henneman, III

John B. Henneman, III  
Chief Financial Officer and Secretary

Ames, Iowa  
April 6, 2016

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**You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the proxy mailed to you, or vote over the telephone or the internet as instructed in these materials, as promptly as possible in order to ensure your representation at the meeting. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.**

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**NEWLINK GENETICS CORPORATION**

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**NEWLINK GENETICS CORPORATION  
2503 South Loop Drive  
Ames, Iowa 50010**

**PROXY STATEMENT  
FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS**

**May 20, 2016**

**QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING**

**Why did I receive a notice regarding the availability of proxy materials on the internet?**

Pursuant to rules adopted by the Securities and Exchange Commission, or the SEC, we have elected to provide access to our proxy materials over the internet. Accordingly, we have sent you a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice, because our Board of Directors, which we refer to as our Board, of NewLink Genetics Corporation, or the company, is soliciting your proxy to vote at the 2016 Annual Meeting of Stockholders, which we refer to as the Annual Meeting, including at any adjournments or postponements of the meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy are contained in the Notice.

We intend to mail the Notice to all stockholders of record entitled to vote at the Annual Meeting on or about April 6, 2016.

**Will I receive any other proxy materials by mail?**

We may send you a proxy card, along with a second Notice, on or after April 14, 2016.

**How do I attend the Annual Meeting?**

The Annual Meeting will be held on Friday, May 20, 2016 at 9:00 a.m. local time at the principal executive offices of NewLink Genetics Corporation, 2503 South Loop Drive, Suite 5100, Ames, IA 50010. Directions to the meeting are posted on the internet at <http://www.newlinkgenetics.com/contact/>. Information on how to vote in person at the Annual Meeting is discussed below.

**Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on March 28, 2016 will be entitled to vote at the Annual Meeting. On the foregoing record date, there were 28,860,681 shares of common stock outstanding and entitled to vote.

*Stockholder of Record: Shares Registered in Your Name*

If on March 28, 2016 your shares were registered directly in your name with our transfer agent, Computershare Shareowner Services LLC, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to vote by proxy over the telephone or on the internet as instructed below, or to fill out and return a proxy card that you may request or that we may elect to deliver at a later time, to ensure your vote is counted.

*Beneficial Owner: Shares Registered in the Name of a Broker or Bank*

If on March 28, 2016 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in "street name," and the Notice is being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent.

## What am I voting on?

There are three matters scheduled for a vote:

- Election of three directors;
- Advisory approval of the compensation of our named executive officers, as disclosed in this proxy statement in accordance with SEC rules; and
- Ratification of the selection, by the Audit Committee of our Board, of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

## What if another matter is properly brought before the meeting?

We know of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

## How do I vote?

You may either vote "For" all the nominees to our Board or you may "Withhold" your vote for any nominee you specify. For each of the other matters to be voted on, you may vote "For" or "Against" or abstain from voting.

The procedures for voting are fairly simple:

### *Stockholder of Record: Shares Registered in Your Name*

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy over the telephone, vote by proxy through the internet, or vote by proxy using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure that your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using the proxy card, simply complete, sign and date the proxy card that may be delivered to you and return it promptly in the envelope provided. If you return your signed proxy card to us before the meeting, we will vote your shares as you direct.
- To vote over the telephone, dial toll-free 1-800-652-VOTE (8683) using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the Notice. Your telephone vote must be received by 1:00 a.m., Central Time, on May 20, 2016 to be counted.
- To vote through the internet, go to <http://www.envisionreports.com/NLNK> to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice. Your internet vote must be received by 1:00 a.m., Central Time, on May 20, 2016 to be counted.

### *Beneficial Owner: Shares Registered in the Name of Broker or Bank*

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a Notice containing voting instructions from that organization rather than from us. Simply follow the voting instructions in the Notice to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

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**Internet proxy voting may be provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.**

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**How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of common stock you own as of March 28, 2016.

**What happens if I do not vote?***Stockholder of Record: Shares Registered in Your Name*

If you are a stockholder of record and do not vote (1) by completing and returning your proxy card, (2) by telephone, (3) through the internet or (4) in person at the Annual Meeting, your shares will not be voted.

*Beneficial Owner: Shares Registered in the Name of Broker or Bank*

If you are a beneficial owner and do not instruct your broker, bank, or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange (NYSE) deems the particular proposal to be a “routine” matter. Brokers and nominees can use their discretion to vote “uninstructed” shares with respect to matters that are considered to be “routine,” but not with respect to “non-routine” matters. Under the rules and interpretations of the New York Stock Exchange, “non-routine” matters are matters that may substantially affect the rights or privileges of shareholders, such as mergers, shareholder proposals, elections of directors (even if not contested), executive compensation (including any advisory shareholder votes on executive compensation and on the frequency of shareholder votes on executive compensation), and certain corporate governance proposals, even if management-supported. These rules apply to brokers holding our shares even though our common stock is traded on the NASDAQ Global Market. Accordingly, your broker or nominee may not vote your shares on Proposals 1 or 2 without your instructions, but may vote your shares on Proposal 3 even in the absence of your instruction.

**What if I return a proxy card or otherwise vote but do not make specific choices?**

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted, as applicable, “For” the election of the nominees for director, “For” the advisory approval of executive compensation, and “For” ratification of the selection, by the Audit Committee of our Board, of KPMG LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

**Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

**What does it mean if I receive more than one Notice?**

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each Notice to ensure that all of your shares are voted.

**Can I change my vote after submitting my proxy?***Stockholder of Record: Shares Registered in Your Name*

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date;
- You may grant a subsequent proxy by telephone or through the internet;
- You may send a timely written notice that you are revoking your proxy to NewLink Genetic Corporation’s Secretary at 2503 South Loop Drive, Suite 5100, Ames, IA 50010; or
- You may attend the Annual Meeting and vote in person (simply attending the meeting will not, by itself, revoke your proxy).

Your most current proxy card or telephone or internet proxy is the one that is counted.

*Beneficial Owner: Shares Registered in the Name of Broker or Bank*

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

**When are stockholder proposals due for next year’s annual meeting?**

To be considered for inclusion in next year’s proxy materials, your proposal must be submitted in writing and received by December 5, 2016 to Corporate Secretary, NewLink Genetic Corporation, 2503 South Loop Drive, Ames, Iowa 50010. If you wish to submit a director nomination or a proposal at next year’s annual meeting that is not to be included in next year’s proxy materials, you must do so by no later than the close of business on February 18, 2017, nor earlier than the close of business on January 19, 2017, and you must comply with the requirements of Section 5(b) in the our Bylaws, including submitting written notice to our Corporate Secretary as set forth above.

**How are votes counted?**

Votes will be counted by the inspector of election appointed for the meeting, who will separately count, for the proposal to elect directors, votes “For,” “Withhold” and broker non-votes and, with respect to other proposals, votes “For” and “Against,” abstentions and, if applicable, broker non-votes. Abstentions will be counted toward the vote total for Proposal Nos. 2 and 3, and will have the same effect as “Against” votes, but broker non-votes will have no effect on whether these proposals are approved. Broker non-votes will not be counted toward the vote total and will have no effect for Proposal No.1.

**What are “broker non-votes”?**

As discussed above, when a beneficial owner of shares held in “street name” does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed by the NYSE to be “non-routine,” the broker or nominee cannot vote the shares. These unvoted shares are counted as “broker non-votes.”

**How many votes are needed to approve each proposal?**

<b>Proposal Number</b>	<b>Proposal Description</b>	<b>Vote Required for Approval</b>	<b>Effect of Abstentions</b>	<b>Effect of Broker Non-Vote</b>
1	Election of Directors	Nominees receiving the most “For” votes	None	None
2	Advisory vote on compensation of our named executive officers	“For” votes from a majority of the votes cast in person by proxy or at the Annual Meeting, although such vote will not be binding on us.	Against	None
3	Ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016	“For” votes from a majority of the votes cast in person by proxy or at the Annual Meeting.	Against	None

**What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding a majority of the outstanding shares entitled to vote are present at the meeting in person or represented by proxy. On the record date, there were 28,860,681 shares outstanding and entitled to vote. Thus, the holders of 14,430,341 shares must be present in person or represented by proxy at the meeting to have a quorum.

Your shares will be counted toward the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

**How can I find out the results of the voting at the annual meeting?**

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the Annual Meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.



## PROPOSAL 1

### ELECTION OF DIRECTORS

NewLink Genetic Corporation's Board is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. Vacancies on our Board may be filled only by persons elected by a majority of the remaining directors. A director elected by our Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is duly elected and qualified.

Our Board presently has eight members. There are three directors in the class whose term of office expires in 2016, each of whom has been nominated for re-election. Nicholas N. Vahanian, M.D. currently serves on our board and was elected to fill a vacancy on our Board on November 12, 2015. Joseph B. Saluri currently serves on our board and was previously elected by the stockholders in 2013. Paul R. Edick currently serves on our board and was previously elected by the stockholders in 2013. If elected at the Annual Meeting, each nominee would serve until the 2019 Annual Meeting of Stockholders and until his successor has been duly elected and qualified, or, if sooner, until the director's death, resignation or removal. It is our policy to encourage directors and nominees for director to attend the Annual Meeting. Five of the six directors continuing their service as members of our Board after the 2015 Annual Meeting of Stockholders attended the meeting. Neither Dr. Vahanian nor Mr. Pucci was a member of our Board at the time of the 2015 Annual Meeting of Stockholders.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The three nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead be voted for the election of a substitute nominee proposed by us. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

#### Class I Director Nominees

Below is a brief biography of each nominee and each director whose term will continue after the Annual Meeting, including the ages of each nominee and director as of April 6, 2016. Each individual listed below is nominated for election for a three-year term expiring at the 2019 Annual Meeting.

<u>Name of Nominee</u>	<u>Age</u>	<u>Position Held with Company</u>	<u>Committees</u>	<u>Director Since</u>
Paul R. Edick	60	Director	Nominating and Corporate Governance Committee and Audit Committee	2011
Joseph B. Saluri	49	Director	Nominating and Corporate Governance Committee and Compensation Committee	2010
Nicholas N. Vahanian, M.D.	48	Director, President, Chief Medical Officer	None	2015

**Paul R. Edick** has served as a member of our Board since July 2011. From July 2010 until November 2014, Mr. Edick was the Chief Executive Officer of Durata Therapeutics, a start-up biopharmaceutical company that was acquired by Actavis in November 2014. From 2008 to 2010, Mr. Edick was Chief Executive Officer of Ganic Pharmaceuticals, a Warburg Pincus specialty pharmaceutical investment vehicle. From 2006 to 2008, Mr. Edick was Chief Executive Officer of MedPointe Healthcare Inc., a specialty pharmaceutical company until its acquisition by Meda. From 2002 to 2006, Mr. Edick was President of MedPointe Healthcare Inc. From 1994 to 2002, Mr. Edick worked in a series of positions at G. D. Searle and its acquirer, Pharmacia Corporation, where he led G. D. Searle's U.S. managed care organization from 1994 to 1995, its U.S. marketing organization from 1995 to 1996 and its Global Pain & Inflammation Business from 1996 to 1997. In 1998, Mr. Edick was named G. D. Searle's VP-Canada & Latin America. In 1999, Mr. Edick became President of Asia Pacific, Canada & Latin America. In 2000, upon Pharmacia's acquisition of G. D. Searle, Mr. Edick was named Group Vice President and President, Asia Pacific/Latin America at Pharmacia. Mr. Edick is currently a director for Circassia Pharmaceuticals Ltd. (LON: CIR), PDL BioPharma (NASDAQ: PDLI), Iterum Therapeutics and Neos Therapeutics (NASDAQ: NEOS). Mr. Edick was previously a director and from 2009 to 2011 Chairman of the Board of Directors of Life Cycle Pharma (now Veloxis), a director for Amerita, Inc. from 2006 to 2012 and Informed Medical Communications from 2006 to 2011. Mr. Edick holds a B.A. in Psychology from Hamilton College in Clinton, NY.

Our Board believes that Mr. Edick's experience with our company, as a director since 2011 and as a member of the both our Audit Committee and our Nominating and Corporate Governance Committee of our Board, brings continuity to our Board.

In addition, our Nominating and Corporate Governance Committee believes that Mr. Edick's extensive experience in the pharmaceutical industry provides important experience in corporate matters and provides the background necessary for him to serve as a member of our Audit Committee and our Nominating and Corporate Governance Committee.

**Joseph B. Saluri** has served as a member of our Board since May 2010. Mr. Saluri has served as Vice President and General Counsel for Stine Seed Company and its affiliates since July 1999. As part of his duties for Stine, Mr. Saluri works to establish collaborative licensing, research and marketing alliances with international biotechnology and agribusiness companies, in addition to managing the legal and intellectual property affairs for the Stine Companies. Since January 2014, Mr. Saluri has served on the Board of Directors for KemPharm, Inc. (NASDAQ: KMPH), a public biopharmaceutical company. Previous to his employment with Stine, Mr. Saluri was an attorney and solicitor at law with Nicholas Critelli Associates, PC, in Des Moines and London. Mr. Saluri received a B.S.B.A. from Drake University and a J.D. from Drake University Law School.

Our Board believes that Mr. Saluri's experience with our company, as a director since 2010 and as a member of the both our Compensation Committee and our Nominating and Corporate Governance Committee of our Board, brings continuity to our Board. In addition, our Nominating and Corporate Governance Committee believes that Mr. Saluri's extensive legal background and experience provides important experience in corporate management, finance and investor relations and provides the background necessary for him to serve as a member of our Compensation Committee and our Nominating and Corporate Governance Committee.

**Nicholas N. Vahanian, M.D.**, a co-founder of our company, has served as President and Chief Medical Officer of our company since 2009 and previously served as Chief Operations Officer. Dr. Vahanian began his research career at the National Cancer Institute and subsequently worked at the National Center for Human Genome Research Institute, National Institute of Health. He attended St Bartholomew's and Royal London Hospital Medical College and earned his Medical Degree and subsequently completed a Molecular Oncology Fellowship at the John Stoddard Cancer Research Institute. Dr. Vahanian holds a B.S. in Biology from Virginia Commonwealth University and an MBA from the University of Notre Dame.

Our Board believes that Dr. Vahanian's experience with our company as a founder and executive officer since inception and his extensive medical and scientific background provides important experience, expertise and leadership to our Board as our company continues to grow.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF EACH DIRECTOR NOMINEE.**

## **Class II Directors Continuing in Office Until the 2017 Annual Meeting of Stockholders**

**Charles J. Link, Jr., M.D.**, age 56, founded NewLink Genetics Corporation in 1999 and has served as Chairman of our Board and our Chief Scientific Officer since inception in 1999. He served as President from 2001 to 2009 and has served as Chief Executive Officer since 2003. From 1995 to 2013, Dr. Link was a practicing oncologist at the Medical Oncology and Hematology Associates of Iowa. From 1995 to 2003, Dr. Link served as the Director of the John Stoddard Cancer Research Institute, which he co-founded. Dr. Link served as a Medical Oncology Clinical Fellow at the National Cancer Institute and National Institutes of Health from 1988 to 1991. Dr. Link attended the U.S. Air Force Academy from 1977 to 1980. Dr. Link holds a B.A. from Stanford University, an M.D. from Stanford University School of Medicine and is certified in Internal Medicine by the American Board of Internal Medicine and has previously been certified in Medical Oncology.

Our Board believes that Dr. Link's experience with our company, as a founder and director since inception and as Chief Executive Officer since 2003, brings continuity to our Board. In addition, our Board believes that Dr. Link's extensive medical and scientific background and experience provides important experience, expertise and leadership as our company continues to grow.

**Thomas A. Raffin, M.D.**, age 69, has served as a member of our Board since 1999 and is currently our Board's Lead Independent Director. Dr. Raffin has spent 30 years on the faculty at Stanford University School of Medicine, where he is the Colleen and Robert Haas Professor Emeritus of Medicine and Biomedical Ethics. Over the past two decades, Dr. Raffin has worked extensively in the healthcare and medical device business sectors and was an advisor to Cell Therapeutics Inc. from 1993 to 1997, Broncus Technologies from 1997 to 2004, iMedica from 1998 to 2002, and Inhale Technologies from 1998 to 2001. He co-founded Rigel Pharmaceuticals, a publicly traded company, in 1996. In 2001, he co-founded Telegraph Hill Partners, a San Francisco life sciences private equity firm as a General Partner. Dr. Raffin has been a director of the following Telegraph Hill Partners private portfolio companies: AngioScore, Confirma, Freedom Innovations, LDR Holding Corporation, Magstim and PneumRx; and he has worked closely with Estech and Vidacare. Dr. Raffin received a B.A. from Stanford University and an M.D. from Stanford University School of Medicine and did his medical residency at the Peter Bent Brigham Hospital (now Brigham and Women's Hospital) in Boston, MA.

Our Board believes that Dr. Raffin's extensive medical and business background and experience provides important experience in business operations and medical technology and provides the background necessary for him to serve as a member of our Compensation Committee and our Nominating and Corporate Governance Committee.

**Paolo Pucci**, age 54, has served as a member of our Board since 2015. Mr. Pucci has served as the Chief Executive Officer and as a director of ArQule Inc. (NASDAQ: ARQL) since 2008. Prior to that, he was with Bayer A.G., where he served as Senior Vice President (SVP) in charge of the Bayer-Schering Pharmaceuticals Global Oncology/Specialized Therapeutics Business Unit. Previously at Bayer, Mr. Pucci was concomitantly SVP of the Global Specialty Business Unit and President of North America Pharmaceutical Operations and a member of the Bayer Pharmaceuticals Global Management Committee. Mr. Pucci joined Bayer in 2001 as head of its Italian Pharmaceutical and Biologicals operations. Prior to Bayer, Mr. Pucci held positions of increasing responsibility with Eli Lilly and Company, culminating with his appointment as Managing Director, Eli Lilly Sweden AB. In November 2011, Mr. Pucci was appointed to the Board of Directors of Dyax Corporation, where he served as an independent director, member of the audit committee and chairman of the governance and nomination committee until its acquisition by Shire plc in January 2016. In April 2013, he was appointed to the Board of Directors of Algeta ASA, a Norwegian public company focused on oncology and based in Oslo, Norway. At Algeta he served as an independent director and member of the audit committee until the acquisition of Algeta by Bayer A.G. in March 2014. Mr. Pucci holds an MBA from the University of Chicago Booth, is an Italian chartered accountant and a graduate in economics of the Università Degli Studi Di Napoli Federico II in Naples, Italy.

Our Board believes that Mr. Pucci's extensive medical and business background and experience provides important experience in business operations and medical technology and provides the background necessary for him to serve as a member of our Audit Committee and the Chair of our Nominating and Corporate Governance Committee.

### **Class III Directors Continuing in Office Until the 2018 Annual Meeting of Stockholders**

**Ernest J. Talarico, III**, age 45, has served as a member of our Board since 1999. Mr. Talarico has worked for Mesirow Financial Holdings, Inc., a diversified financial services firm headquartered in Chicago, Illinois since 1998, where he has been a Senior Managing Director since December 2015. Prior to becoming Senior Managing Director, Mr. Talarico served as Managing Director from 2008 to 2015, Senior Vice President from 2005 to 2008, Vice President from 2003 to 2005 and Investment Executive from 1998 to 2003. Mr. Talarico specializes in financial planning and asset allocation, as well as other wealth accumulation and preservation strategies for individuals and businesses. Mr. Talarico has been named one of Chicago Magazine's Five Star Wealth Managers for seven years in a row as selected through an independent survey to identify Chicagoland wealth managers who scored the highest in overall client satisfaction. Mr. Talarico sits on several boards and committees, including the Select Advisory Board and Committee and the Retirement Plan Advisory Investment Committee at Mesirow Financial and Benevolent Enabler, Inc., and the Advisory Board of Catholic Charities for the Archdiocese of Chicago. Mr. Talarico is also the Founder and Chairman of the Talarico Ataxia Open. Mr. Talarico holds a bachelor's degree from the University of Iowa as well as licenses in equities and options.

Our Board believes that Mr. Talarico's experience with our company, as a director since inception and as a member of both our Compensation Committee and our Audit Committee of our Board, brings continuity to our Board. In addition, our Nominating and Corporate Governance Committee believes that Mr. Talarico's extensive experience in the investment management business provides important experience in corporate finance and investor relations and provides the background necessary for him to serve as a member of our Compensation Committee and our Audit Committee.

**Lota S. Zoth**, CPA, age 56, has served as a member of our Board and Chair of our Audit Committee since November 2012. Since 2008, Ms. Zoth has served on the Board of Directors of several biopharmaceutical organizations, including Orexigen Therapeutics, Inc. (NASDAQ: OREX), Aeras, Circassia Pharmaceuticals, PLC (LON: CIR) and Spark Therapeutics, Inc (NASDAQ: ONCE). She also served on the Board of Directors for Hyperion Therapeutics, Inc. from 2008 to 2015 and Ikaria, Inc. from 2008 to 2014. Prior to her board service, Ms. Zoth served as Chief Financial Officer of MedImmune, Inc. from 2004 through 2007, and as its Corporate Controller from 2002 to 2004. Prior to that, Ms. Zoth was a financial executive at several companies, including, Sodexo Marriott Services, Inc., PSINet Inc., Marriott International, Inc. and PepsiCo, Inc. Ms. Zoth began her career as an auditor at Ernst & Young, LLP. Ms. Zoth received a BBA in accounting, summa cum laude, from Texas Tech University.

Our Board believes that Ms. Zoth's experience with our company, as a director since 2012 and as the current chair of our Audit Committee of our Board and a member of our Compensation Committee of our Board, brings continuity to our Board. In addition, our Nominating and Corporate Governance Committee believes that Ms. Zoth's extensive financial background and experience provides important experience in corporate finance, corporate management, and investor relations and provides the background necessary for her to serve as a member of our Audit Committee and our Compensation Committee.

## INFORMATION REGARDING OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### Independence of our Board of Directors

In determining independence, our Board considers the definition of “independent” set forth in the listing standards of the NASDAQ Stock Market, or NASDAQ, as well as other factors that contribute to effective oversight and decision-making by our Board. Our independence standards are set forth in our Corporate Governance Guidelines on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) in the “Investors & Media - Corporate Governance - Corporate Governance Guidelines” section. As required under the NASDAQ listing standards, a majority of the members of a listed company’s board of directors must qualify as “independent,” as affirmatively determined by our Board. Our Board consults with our counsel to ensure that our Board’s determinations are consistent with relevant securities and other laws and regulations regarding the definition of “independent,” including those set forth in pertinent listing standards of NASDAQ, as in effect from time to time.

Consistent with these considerations, after review of all relevant identified transactions or relationships between each director, or any of his or her family members and our company, its senior management and its independent auditors, our Board has affirmatively determined that the following six directors who served on our Board in 2015 and continue to serve (including nominees for election at the Annual Meeting, Mr. Edick and Mr. Saluri) are independent directors within the meaning of the applicable NASDAQ listing standards: Mr. Edick, Mr. Saluri, Mr. Talarico, Ms. Zoth, Dr. Raffin and Mr. Pucci. In making this determination, our Board found that none of these directors or nominees for director had a material or other disqualifying relationship with our company.

Drs. Charles J. Link, Jr., and Nicholas N. Vahanian are not independent directors by virtue of their employment with our company.

There are no family relationships between our directors, director nominees and executive officers.

### Board Leadership

Our Board is currently chaired by the Chief Executive Officer of our company, Dr. Charles J. Link, Jr. Our Board has appointed Dr. Raffin as Lead Independent Director.

Our company believes that combining the positions of Chief Executive Officer and Chairman of our Board, which we refer to as the Chairman, helps to ensure that our Board and management act with a common purpose. We believe combining the positions of Chief Executive Officer and Chairman is appropriate for a biopharmaceutical company focused on drug development in that it enhances our Board’s focus on our progress on scientific research, clinical trials and commercialization as inputs to developing and implementing strategy. Our company believes that combining the positions of Chief Executive Officer and Chairman provides a single, clear chain of command to execute our strategic initiatives and business plans related to drug development and commercialization. In addition, our company believes that a combined Chief Executive Officer/Chairman is well-positioned to act as a bridge between management and our Board, facilitating the regular flow of information. Our company also believes that it is advantageous to have a Chairman with an extensive history with and knowledge of our company (as is the case with our Chief Executive Officer) as compared to a relatively less informed independent Chairman at this stage in our development.

Our Board appointed Dr. Raffin as the Lead Independent Director to help reinforce the independence of our Board as a whole. The position of Lead Independent Director has been structured to serve as an effective balance to a combined Chief Executive Officer/Chairman: the Lead Independent Director is empowered, among other duties and responsibilities, to develop, together with the Chief Executive Officer, the agenda for meetings of our Board, to develop, together with committee chairs, the agendas for meetings of committees, to preside over Board meetings in the absence of the officers and to oversee our Board’s annual evaluation of the Chief Executive Officer’s performance.

## Role of Our Board Directors on Risk Oversight

One of our Board's key functions is informed oversight of our risk management process. Our Board does not have a standing risk management committee, but rather administers this oversight function directly through our Board as a whole, as well as through various Board standing committees that address risks inherent in their respective areas of oversight. In particular, while our Board is responsible for monitoring and assessing strategic risk exposure, our Audit Committee has the responsibility to consider and discuss the major financial risk exposures and the steps management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. Our Audit Committee also monitors compliance with legal and regulatory requirements with respect to SEC regulations and NASDAQ listing standards, in addition to oversight of the performance of our accounting and financial reporting processes. Our Nominating and Corporate Governance Committee monitors the effectiveness of the corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any compensation policies and programs have the potential to encourage excessive risk-taking. The entire Board and its committees address risk management issues from time-to-time and meet at least annually with the employees responsible for risk management in the committees' respective areas of oversight. Both our Board as a whole and the various standing committees receive periodic reports from the employees responsible for risk management, as well as incidental reports as matters may arise. It is the responsibility of the committee chairs to report findings regarding material risk exposures to our Board as quickly as possible.

## Meeting Attendance

Our Board met six times during the last fiscal year. Our Audit Committee met six times during the 2015 fiscal year, our Compensation Committee met six times during the 2015 fiscal year, and our Nominating and Corporate Governance Committee met four times. Each incumbent director attended 100% of the aggregate number of meetings of our Board and of the committees on which he or she served, that were held during the portion of the last fiscal year for which he or she was a director or committee member.

## Committees of our Board of Directors

Our Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The following table sets forth membership of each of our committees as of April 6, 2016:

Name	Audit	Compensation	Nominating and Corporate Governance
Dr. Charles J. Link, Jr.			
Dr. Thomas A. Raffin		Chair	X
Mr. Joseph B. Saluri		X	X
Mr. Ernest J. Talarico, III	X	X	
Mr. Paul R. Edick	X		X
Ms. Lota Zoth	Chair	X	
Dr. Nicholas N. Vahanian			
Mr. Paolo Pucci	X		Chair

Each of the committees has authority to engage legal counsel or other experts or consultants, as it deems appropriate to carry out its responsibilities. Our Board has determined that, except as specifically described below, each current member of each committee meets the applicable NASDAQ rules and regulations regarding "independence" and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

Below is a description of each committee of our Board.

### Audit Committee

Our Audit Committee was established by our Board in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, to oversee our corporate accounting and financial reporting processes and audits of its financial statements. For this purpose, our Audit Committee performs several functions. Our Audit Committee evaluates

the performance of and assesses the qualifications of the independent auditors; determines and approves the engagement of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on our audit engagement team as required by law; confers with management and the independent auditors regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and meets to review our annual audited financial statements and quarterly financial statements with management and the independent auditor, including a review of our disclosures under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Our Audit Committee is currently comprised of four directors: Ms. Zoth, Mr. Edick, Mr. Talarico, and Mr. Pucci. Our Board has adopted a written Audit Committee charter that is available to stockholders on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) in the “Investors & Media - Corporate Governance” section.

Our Board reviews the NASDAQ listing standards definition of independence for Audit Committee members on an annual basis and has determined that each current member of our Audit Committee meets the independence requirement (as independence is currently defined in Rule 5605(c)(2)(A)(i) and (ii) of the NASDAQ listing standards).

Our Board has also determined that Ms. Zoth qualifies as an “audit committee financial expert,” as defined in applicable SEC rules. Our Board made a qualitative assessment of Ms. Zoth’s level of knowledge and experience based on a number of factors, including her formal education and her years of experience.

#### **Report of Our Audit Committee <sup>(1)</sup>**

Our Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2015 with management of the Company. Our Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committee*, as adopted by the Public Company Accounting Oversight Board (“PCAOB”). Our Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants’ communications with our Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm’s independence.

Based on the foregoing, our Audit Committee has recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

#### AUDIT COMMITTEE

Ms. Lota Zoth (Chair)  
Mr. Ernest J. Talarico, III  
Mr. Paul R. Edick  
Mr. Paolo Pucci

<sup>(1)</sup> The material in this Audit Committee report is not “soliciting material,” is not deemed “filed” with the Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

## Compensation Committee

The Compensation Committee of our Board is currently comprised of four directors: Dr. Raffin, Mr. Saluri, Mr. Talarico and Ms. Zoth. All current members of our Compensation Committee are independent (as independence is currently defined in Rule 5605(d)(2) of the NASDAQ listing standards). Our Board has adopted a written Compensation Committee charter that is available to stockholders on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) in the “Investors & Media - Corporate Governance” section.

The purpose of our Compensation Committee is to discharge the responsibilities of our Board to oversee our compensation policies, plans and programs and to review and determine the compensation to be paid to our directors, executive officers and other senior management. The scope of authority and specific responsibilities of our Compensation Committee include:

- determining the compensation and other terms of employment of our executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation;
- evaluating and recommending to our Board the compensation plans and programs advisable for the Company, and evaluating and recommending the modification or termination of existing plans and programs;
- reviewing and approving the terms of any employment agreements, severance arrangements, change in control protections and any other compensatory arrangements for our executive officers;
- selecting, retaining and terminating compensation consultants to assist in its evaluation of executive and director compensation, including the sole authority to approve the consultant’s reasonable fees and other retention terms; and
- reviewing and recommending to our Board the type and amount of compensation to be paid or awarded to members of our Board.

Each year, our Compensation Committee reviews with management our Compensation Discussion and Analysis and considers whether to recommend that it be included in proxy statements and other filings.

## Compensation Committee Interlocks and Insider Participation

For the fiscal year ended December 31, 2015, members of our Compensation Committee consisted of Dr. Raffin, Mr. Talarico, Mr. Saluri and Ms. Zoth. None of the members of our Compensation Committee are currently, or have ever been at any time since our formation, one of our officers or employees. None of our officers currently serve, nor have they served during the last completed fiscal year, as a member of the board or compensation committee of any entity that has one or more officers serving as a member of our Board or Compensation Committee.

## Compensation Committee Report <sup>(2)</sup>

Our Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based on this review and discussion, our Compensation Committee has recommended to our Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated into our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

### COMPENSATION COMMITTEE

Dr. Raffin (Chair)  
Mr. Saluri  
Mr. Talarico  
Ms. Zoth

<sup>(2)</sup> The material in this report is not “soliciting material,” is not deemed “filed” with the Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



## Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee of our Board is responsible for overseeing our corporate governance functions on behalf of our Board, making recommendations to our Board regarding corporate governance issues, identifying, reviewing and evaluating candidates to serve as directors of the Company consistent with criteria approved by our Board, reviewing and evaluating incumbent directors, recommending to our Board for selection candidates for election to our Board and making other recommendations to our Board regarding affairs relating to the directors of the Company, including director compensation.

Our Nominating and Corporate Governance Committee is currently comprised of four directors: Mr. Pucci, Dr. Raffin, Mr. Saluri and Mr. Edick. All current members of our Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). Our Board has adopted a written Nominating and Corporate Governance Committee charter that is available to stockholders on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) in the "Investors & Media - Corporate Governance" section.

Our Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. Our Nominating and Corporate Governance Committee also considers whether the candidate possesses the following factors among others: relevant expertise upon which to base advice and guidance to management, sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, the ability to exercise sound business judgment and the commitment to rigorously represent the long-term interests of our stockholders. Candidates for director nominees are reviewed in the context of the current composition of our Board, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, our Nominating and Corporate Governance Committee typically considers diversity, age, skills and such other factors as it deems appropriate given the current needs of our Board and the Company to maintain a balance of knowledge, experience and capability. Our Nominating and Corporate Governance Committee does not have a policy regarding how it considers diversity in selecting candidates.

In the case of incumbent directors whose terms of office are set to expire, our Nominating and Corporate Governance Committee reviews these directors' overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance and any relationships and transactions that might impair the directors' independence. Our Nominating and Corporate Governance Committee also takes into account the results of our Board's self-evaluation, conducted annually on a group and individual basis. In the case of new director candidates, our Nominating and Corporate Governance Committee also determines whether the nominee is independent for NASDAQ purposes, which determination is based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. Our Nominating and Corporate Governance Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. Our Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of our Board. Our Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to our Board by majority vote. During 2015, our Nominating and Corporate Governance Committee retained and paid a search firm to assist in the identification and evaluation of candidates for director.

In identifying potential candidates for Board membership, our Nominating and Corporate Governance Committee relies on suggestions and recommendations from our Board, stockholders, management and others. Our Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. Our Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above based on whether or not the candidate was recommended by a stockholder.

### **Code of Business Conduct and Ethics**

The Company has adopted the NewLink Genetics Corporation Code of Business Conduct and Ethics that applies to all officers, directors and employees. The Code of Business Conduct and Ethics is available on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) in the “Investors & Media - Corporate Governance” section. The Company amended the code of ethics in October 2015 and any future amendments or waivers to our code of ethics will be promptly disclosed on its website and as required by applicable laws, rules and regulations of the SEC and NASDAQ.

### **Corporate Governance Guidelines**

Our Board adopted Corporate Governance Guidelines to assure that our Board will have the necessary authority and practices in place to review and evaluate our business operations as needed and to make decisions that are independent of our management. The guidelines are also intended to align the interests of directors and management with those of our stockholders. The Corporate Governance Guidelines set forth the practices our Board intends to follow with respect to board composition and selection, board meetings and involvement of senior management, Chief Executive Officer performance evaluation and succession planning and board committees and compensation. The Corporate Governance Guidelines, as well as the charters for each committee of our Board, may be viewed at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) in the “Investors & Media - Corporate Governance” section.

## PROPOSAL 2

### ADVISORY VOTE ON EXECUTIVE COMPENSATION

At the 2012 Annual Meeting of Stockholders, the stockholders indicated their preference that the Company solicit a non-binding advisory vote on the compensation of the named executive officers, commonly referred to as a “say-on-pay vote,” every year. Our Board has adopted a policy that is consistent with that preference.

This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. The compensation of our named executive officers subject to the vote is disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosure contained in this proxy statement. As discussed in those disclosures, the Company believes that its compensation policies and decisions are consistent with our strategic compensation and retention needs. Further, our compensation policies and decisions are designed to align its executive officers’ compensation with our business objectives and the interests of its stockholders, to incentivize and reward its executive officers for our success and to promote teamwork within our executive management team. Compensation of our named executive officers is designed to enable the Company to attract and retain talented and experienced executives to lead the Company successfully in a competitive environment.

Accordingly, our Board is asking the stockholders to indicate their support for the compensation of our named executive officers as described in this proxy statement by casting a non-binding advisory vote “FOR” the following resolution:

“RESOLVED, that the compensation paid to our named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

Because the vote is advisory, it is not binding on our Board or our company. Nevertheless, the views expressed by the stockholders, whether through this vote or otherwise, are important to management and our Board and, accordingly, our Board and our Compensation Committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements.

Advisory approval of this proposal requires the vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting. Abstentions will be counted toward the tabulation of votes on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted toward a quorum, but are not counted for any purpose in determining whether this matter has been approved.

Unless our Board decides to modify its policy regarding the frequency of soliciting advisory votes on the compensation of our named executive officers, the next scheduled say-on-pay vote will be at the 2017 Annual Meeting of Stockholders.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF PROPOSAL 2.**

### PROPOSAL 3

#### RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has selected KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 and has further directed that management submit the selection of independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. KPMG LLP has audited our financial statements since inception in 1999. Representatives of KPMG LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

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

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting will be required to ratify the selection of KPMG LLP. Abstentions will be counted toward the tabulation of votes on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

#### Principal Accountant Services and Fees

The following table represents aggregate fees billed to the Company for the fiscal years ended December 31, 2015 and December 31, 2014, by KPMG LLP, our principal accountant.

	Year Ended	
	2015	2014
Audit Fees <sup>(1)</sup>	\$577,300	\$537,300
Audit-related Fees	—	—
Tax Fees <sup>(2)(3)</sup>	\$202,048	\$140,772
All Other Fees	—	—
Total Fees	\$779,348	\$678,072

<sup>(1)</sup> Represents fees for the audit of our annual financial statements and of our internal control over financial reporting, review of our quarterly financial statements included in our Forms 10-Q, accounting consultations and the issuance of consents and comfort letters.

<sup>(2)</sup> Consists of fees for tax services provided to the Company, including tax planning and compliance services and the review of certain tax returns.

<sup>(3)</sup> All Tax Fees described above were pre-approved by our Audit Committee.

### **Pre-Approval Policies and Procedures**

Our Audit Committee has adopted a policy and procedures for the pre-approval of audit services, audit-related services and tax services rendered by our independent registered public accounting firm. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may also be given as part of our Audit Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual explicit case-by-case basis before the independent registered public accounting firm is engaged to provide each service. The pre-approval of services has been delegated to the Chairperson of our Audit Committee, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

In connection with the audit of the 2015 financial statements, our Audit Committee entered into an engagement agreement with KPMG LLP which sets forth the terms by which KPMG LLP was to perform audit services for the Company.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF PROPOSAL 3.**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of our common stock as of March 28, 2016, except as set forth below, by: (i) each director and nominee for director; (ii) each of the named executive officers named in the Summary Compensation Table; (iii) all executive officers and directors of the Company as a group; and (iv) all those known by the Company to be beneficial owners of more than 5% of its common stock.

Names of Beneficial Owner	Shares	Percentage
<b>5% Stockholders</b>		
	Total	
Stine Seed Farm, Inc. <sup>(1)</sup>	7,077,245	24.5 %
First Eagle Investment Management, LLC <sup>(2)</sup>	2,625,200	9.1 %
FMR LLC <sup>(3)</sup>	1,753,156	6.1 %
BlackRock Inc. <sup>(4)</sup>	1,708,030	5.9 %
<b>Directors and Executive Officers</b>		
Charles J. Link, Jr., M.D. <sup>(5)</sup>	1,876,278	6.1 %
Nicholas N. Vahanian, M.D. <sup>(6)</sup>	1,059,342	3.5 %
Thomas A. Raffin, M.D. <sup>(7)</sup>	211,721	*
Carl Langren <sup>(8)</sup>	163,048	*
Ernest J. Talarico, III <sup>(9)</sup>	155,618	*
John B. Henneman, III <sup>(10)</sup>	103,451	*
Brian Wiley <sup>(11)</sup>	96,400	*
Joseph B. Saluri <sup>(12)</sup>	85,527	*
Paul R. Edick <sup>(13)</sup>	65,721	*
Lota S. Zoth <sup>(14)</sup>	64,531	*
Paolo Pucci <sup>(15)</sup>	4,720	*
<b>Total for Security Ownership Table</b>	<b>17,049,988</b>	<b>52.8 %</b>
<b>All Officers &amp; Directors as a Group (11 persons)<sup>(16)</sup></b>	<b>3,886,357</b>	<b>12.0 %</b>

\*Represents beneficial ownership of less than 1%.

- (1) Address: 22555 Laredo Trail, Adel, Iowa 50003, Attn: Jerald L. Reichling. Based solely upon a Schedule 13D filed with the SEC on February 14, 2013.
- (2) Address: 1345 Avenue of the Americas, New York, New York 10105. Based solely upon a Schedule 13G filed with the SEC on February 1, 2016 reflecting the beneficial ownership by First Eagle Investment Management, LLC as of December 31, 2015.
- (3) Address: 245 Summer Street, Boston, Massachusetts 02210. Based solely upon a Schedule 13G filed with the SEC on February 12, 2016 reflecting the beneficial ownership by FMR LLC as of December 31, 2015.
- (4) Address: 55 East 52nd Street, New York, New York 10055. Based solely upon a Schedule 13G filed with the SEC on January 27, 2016 reflecting the beneficial ownership by BlackRock Inc. as of December 31, 2015.
- (5) Includes 1,650,272 shares Dr. Link has the right to acquire through the exercise of stock options within 60 days of March 28, 2016 and 25,139 shares held by his spouse.
- (6) Includes 1,049,764 shares Dr. Vahanian has the right to acquire through the exercise of stock options within 60 days of March 28, 2016.
- (7) Includes 147,100 shares Dr. Raffin has the right to acquire through the exercise of stock options and 1,962 restricted stock units that will vest within 60 days of March 28, 2016.
- (8) Includes 108,540 shares Mr. Langren has the right to acquire through the exercise of stock options within 60 days of March 28, 2016 and 49,691 shares held in trust by his spouse.
- (9) Includes 121,618 shares Mr. Talarico has the right to acquire through the exercise of stock options and 1,962 restricted stock units that will vest within 60 days of March 28, 2016. Includes 977 shares of common stock held by Ernie Talarico Roth IRA, 1,737 shares of common stock held by Kelli Talarico Roth IRA, 1,564 shares of common stock held by son's trust and 1,564 shares of common stock held by daughter's trust.
- (10) Includes 88,856 shares Mr. Henneman has the right to acquire through the exercise of stock options within 60 days of March 28, 2016.
- (11) Includes 90,071 shares Mr. Wiley has the right to acquire through the exercise of stock options within 60 days of March 28, 2016.
- (12) Includes 69,479 shares Mr. Saluri has the right to acquire through the exercise of stock options and 1,962 restricted stock units that will vest within 60 days of March 28, 2016.
- (13) Includes 57,815 shares Mr. Edick has the right to acquire through the exercise of stock options and 1,962 restricted stock units that will vest within 60 days of March 28, 2016.
- (14) Includes 56,625 shares Ms. Zoth has the right to acquire through the exercise of stock options and 1,962 restricted stock units that will vest within 60 days of March 28, 2016.
- (15) Includes 3,555 shares Mr. Pucci has the right to acquire through the exercise of stock options and 1,165 restricted stock units that will vest within 60 days of March 28, 2016.
- (16) Includes 3,443,695 shares issuable upon exercise of stock options exercisable and 10,975 restricted stock units that will vest within 60 days of March 28, 2016. See notes (5) through (15) above.

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

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Directors, executive officers and greater than 10% stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2015, the Company believes that all reports required by Section 16(a) of the Exchange Act to be filed by our officers, directors and greater than 10% beneficial owners were complied with, except as described in the following paragraph.

On April 30, 2015, Mr. Edick, Mr. Raffin, Mr. Saluri, Mr. Talarico and Ms. Zoth, each of whom is a director on our Board, were each granted a stock option, which option was reported by each such director on timely filed Form 4 that underreported the number of shares underlying such stock option due to a miscalculation of the Black-Scholes value of the stock option. These Form 4s were later amended to reflect the correct number of shares underlying such stock options.



## DIRECTOR COMPENSATION

The following table shows certain information with respect to the compensation of all of our non-employee directors for the fiscal year ended December 31, 2015.

Name	Cash Compensation (1)	Stock Awards (\$) (2)	Option Awards (\$) (3)(4)	Total (\$)
Paul R. Edick	\$71,000	\$87,505 (5)	\$162,510 (6)	\$321,015
Paolo Pucci	\$7,000 (7)	\$215,703 (8)	\$400,723 (9)	\$623,426
Thomas A. Raffin, M.D.	\$92,500	\$87,505 (5)	\$162,510 (6)	\$342,515
Joseph Saluri	\$69,000	\$87,505 (5)	\$162,510 (6)	\$319,015
Ernest J. Talarico, III	\$75,000	\$87,505 (5)	\$162,510 (6)	\$325,015
Lota Zoth	\$81,500	\$87,505 (5)	\$162,510 (6)	\$331,515

- (1) Cash compensation paid quarterly based on \$50,000 for all Non-Employee Directors with additional cash compensation of \$15,000 for Lead Independent Director, \$20,000, \$17,500 and \$10,000 for the Chairs of the Audit, Compensation and Nominating and Corporate Governance Committees, respectively; and \$13,500, \$11,500 and \$7,500 for members of the Audit, Compensation and Nominating and Corporate Governance Committees, respectively.
- (2) The assumptions we used in valuing restricted stock units (RSUs) are described under the caption "Share-Based Compensation" in note 2(l) to our financial statements included in our Annual Report on Form 10-K filed February 29, 2016. This column reflects compensation expense that would be recorded under FASB ASC topic 718 as stock-based compensation in our financial statements for the indicated year in connection with RSUs we granted in the indicated year.
- (3) The amounts shown in this column represent the aggregate full grant date fair value calculated in accordance with FASB ASC Topic 718 for stock awards granted during the fiscal year to the non-employee directors. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions used to calculate these amounts, see note 2(l) to our financial statements included in our Annual Report on Form 10-K, filed February 29, 2016.
- (4) The number of stock awards and aggregate number of shares subject to stock option awards outstanding for each non-employee director as of December 31, 2015 are as follows:

	<b>Stock Awards</b>	<b>Option Awards</b>
Paul R. Edick	7,906	57,815
Paolo Pucci	6,170	18,882
Thomas A. Raffin, M.D.	7,906	147,100
Joseph B. Saluri	7,906	69,479
Ernest J. Talarico, III	7,906	121,618
Lota Zoth	7,906	56,625

- (5) Grant date fair value of 1,962 RSUs granted in 2015 at a per share price of \$44.60, which was the per share closing price of our common stock on the NASDAQ Global Market on the date of grant. These RSUs will vest on the earlier of (i) the first anniversary of grant date or (ii) the first Annual Meeting following the date of grant.
- (6) Grant date fair value of 6,349 options granted in 2015 at an exercise price of \$44.60, which was the per share closing price of our common stock on the NASDAQ Global Market on the date of grant.
- (7) Mr. Pucci joined our Board on November 12, 2015 and was granted (i) an initial grant of options to purchase 15,267 shares of our common stock and restricted stock units for 5,005 shares of our common stock and (ii) an annual grant of options to purchase 3,555 shares of our common stock and restricted stock units for 1,165 shares of our common stock.
- (8) Grant date fair value of 6,170 RSUs granted in 2015 at a per share price of \$34.96, which was the per share closing price of our common stock on the NASDAQ Global Market on the date of grant. 5,005 of these shares will vest in a series of three annual installments beginning on the grant date and 1,165 of these shares will vest on the earlier of (i) the first anniversary of the date of grant and (ii) the date of the first Annual Meeting following the date of grant.
- (9) Grant date fair value of 18,822 options granted in 2015 at a per share price of \$34.96, which was the per share closing price of our common stock on the NASDAQ Global Market on the date of grant. 5,038 of these shares will vest on the one-year anniversary of the grant date, 10,229 of these shares will vest in a series of 24 successive equal monthly installment, and 3,555 of these shares will vest on the earlier of (i) the first anniversary of the date of grant and (ii) the date of the first Annual Meeting following the date of grant.

#### **Non-Employee Director Compensation**

The following compensation components are paid to our non-employee directors:

- Annual cash retainer fees;
- An equity grant upon initial election or appointment to our Board; and
- An annual equity grant.

Our non-employee director compensation program as in effect for the fiscal year ended December 31, 2015 is as described below. For a description of our compensation program in effect for prior years, please refer to the proxy statement for our 2015 Annual Meeting of stockholders. Under our program, each non-employee director was entitled to receive annual cash retainer fees in the amounts set forth below and were paid in cash quarterly on the first day of each quarter during their annual term commencing upon their election or re-election at each Annual Meeting of Stockholders. Such amounts were pro-rated for appointments made to our Board between our annual meetings.

Annual retainer fee payable to all non-employee directors	\$ 50,000
Additional annual retainer fee payable to the Lead Independent Director of our Board	\$ 15,000
Additional annual retainer fee payable to our Audit Committee Chair	\$ 20,000
Additional annual retainer fee payable to other Audit Committee members	\$ 13,500
Additional annual retainer fee payable to our Compensation Committee Chair	\$ 17,500
Additional annual retainer fee payable to other Compensation Committee members	\$ 11,500
Additional annual retainer fee payable to our Nominating and Corporate Governance Committee Chair	\$ 10,000
Additional annual retainer fee payable to other Nominating and Corporate Governance Committee members	\$ 7,500

Based upon Radford's advice in December 2015, our Compensation Committee recommended, our Board approved, an increase in the annual cash retainer payable to our Lead Independent Director by \$15,000 to a total annual cash retainer of \$30,000 effective following our Annual Meeting. Radford's recommendation was based upon a review of compensation paid to lead directors of other companies Radford deemed comparable to us.

Upon election to our Board, each non-employee director receives an initial grant of restricted stock units and stock options with a combined value of \$500,000 based on the fair market value of the awards on the grant date pursuant to our 2010 Non-Employee Directors' Stock Award Plan, as amended. The restricted stock units and stock options that form this initial equity award are granted in relative proportion of 35% and 65%, calculated based on the fair market value of the awards on the date of grant. Additionally, during the term of his or her service on our board, each non-employee director receives an annual grant comprised of restricted stock units and stock options with a combined value of \$250,000 based on the value market value of the awards on the date of grant. The restricted stock units and stock options that form this annual equity award are also granted in relative proportion of 35% and 65%, calculated based on the fair market value of the awards on the date of grant.

We also reimburse our directors, including our employee directors, for their reasonable expenses incurred in attending meetings of our Board and the committees of our Board. Other than reimbursement of any such reasonable expenses, our employee directors do not receive compensation for their service on our Board.

#### *Director Stock Ownership Guidelines*

Our stock ownership guidelines for non-employee directors anticipate that each director will, by December 31, 2018, hold shares of our common stock representing at least \$150,000 worth of common stock or 10,000 shares, whichever is less. All of our directors currently meet stock ownership guidelines or are making acceptable progress toward their required level.

## EXECUTIVE OFFICERS

Our named executive officers for the fiscal year ended December 31, 2015 consist of the following persons:

Name	Age	Position
Charles J. Link, Jr., M.D.	56	Chief Executive Officer, Chief Scientific Officer, Chairman of the Board of Directors
Nicholas N. Vahanian, M.D.	48	President, Chief Medical Officer
John B. Henneman, III	54	Chief Financial Officer and Secretary
Brian Wiley	48	Chief Commercial Officer
Carl Langren	60	Vice President of Finance

Our executive officers are appointed by and serve at the direction of our Board of Directors. There are no family relationships between our directors, director nominees, and executive officers.

*Charles J. Link, Jr., M.D.*, See Dr. Link's biography in "Proposal Number 1-Election of Directors."

*Nicholas N. Vahanian, M.D.*, See Dr. Vahanian's biography in "Proposal Number 1-Election of Directors."

*John B. Henneman, III* has served as our Chief Financial Officer, Secretary, Executive Vice President and Chief Administrative Officer since 2014. Prior to joining the Company, Mr. Henneman served for sixteen years at Integra Life Sciences, a publicly traded life sciences company. He joined Integra in 1998 as General Counsel and Chief Administrative Officer, was appointed Acting Chief Financial Officer in 2007, and assumed that role permanently in 2008. In April 2014, he was named as Corporate Vice President and Chief Administrative Officer, concurrently with the appointment of a new Chief Financial Officer. During his 16 years at Integra, in addition to his responsibilities as Chief Financial Officer, he led Integra's business development function and was responsible at various times for our regulatory affairs, quality systems, clinical affairs, human resources and management of Integra's surgical instruments business. Mr. Henneman currently serves on the Board of Directors of Alafair Biosciences, Inc., SeaSpine Holdings Corporation and Accretive Health, Inc. Mr. Henneman received his A.B. in Politics from Princeton University and a J.D. from the University of Michigan Law School.

*Brian Wiley* has served as our Chief Commercial Officer since 2015 and previously served as its Vice President of Business Development from 2013 to 2015. Mr. Wiley is responsible for the business development, commercialization and corporate communications strategies for all of our portfolio products. Prior to joining the Company, Mr. Wiley was the Principal and Founder of Boston BioConsulting, LLC, Senior Director of Oncology Marketing at Celgene Corporation & Gloucester Pharmaceuticals, and Associate Director of Oncology Marketing at Millennium Pharmaceuticals. Mr. Wiley also held multiple commercialization positions of increasing responsibility at Aventis/Sanofi Oncology from 1992-2004. Mr. Wiley received his B.A. from The Pennsylvania State University.

*Carl Langren* has served as our Vice President of Finance since 2011 and previously served as the Chief Financial Officer of BioProtection Systems from 2005 to 2011. Prior to joining the Company, Mr. Langren served as a principal in Capital Management Solutions from 2003 to 2006, the Chief Financial Officer of Housby Mixer Group from 1998 to 2002 and as President of Iowa Machinery and Supply from 1990 to 1998. Mr. Langren also served as Chief Financial Officer of Equity Dynamics, Inc., Treasurer of DFM Corporation and tax manager with McGladrey Pullen and Company (now RSM US LLP). Mr. Langren received his B.A. from the University of Iowa in Iowa City, Iowa.

## EXECUTIVE COMPENSATION

*The following discussion and analysis of compensation arrangements of our named executive officers should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.*

### **Compensation Discussion and Analysis**

This section explains our executive compensation program and philosophy, our compensation-setting process, the elements of our executive compensation program, and the compensation decisions made in 2015 with respect to each of our named executive officers:

#### ***Overview of Compensation Program and Philosophy***

Our executive officer compensation program is intended to meet the following objectives:

- Attract and incentivize talented individuals to lead and manage our business;
- Reward our executive officers fairly over time and to retain those individuals who continue to meet our high expectations;
- Align our executive officers' compensation with our business objectives and the interests of our stockholders; and
- Make us competitive in the biopharmaceutical industry, where there is significant competition for talented employees.

Based on this philosophy, our performance-driven compensation program in 2015 consisted of four principal elements: (i) base salary; (ii) performance-based cash bonus payments; (iii) long-term incentive compensation in the form of equity-based awards and severance; and (iv) change in control benefits. Each element of our executive compensation program is designed to address specific compensation objectives.

We view each of the elements of our compensation program as related but distinct and we have not established any formal policies or guidelines for allocating compensation between the elements. Our decisions about each individual element generally do not affect the decisions we make about other elements. For example, we do not believe that significant compensation derived from one element of compensation, such as equity appreciation, should adversely affect compensation from other elements, such as salary or bonus. Also, we do not consider each executive officer's overall equity ownership in determining the appropriate level of compensation of our executive officers. However, we do consider total compensation in relation to our peer group.

Our compensation philosophy also considers substantial corporate accomplishments and developments, including continued clinical advancement, ongoing technological and pipeline development, clinical trial enrollment and significant collaboration and licensing transactions.

#### ***Determination of Compensation***

We seek to foster a performance-oriented culture, where individual performance is aligned with organizational objectives. In order to achieve this, we evaluate and reward our executive officers based on their contributions to the achievement of annual goals and objectives set early in the year. Performance is reviewed each year through the processes discussed further below, with a focus on our research, clinical, regulatory, financial and operational performance, and in view of economic and financial conditions affecting the performance period.

#### ***Role of our Board of Directors and Compensation Committee in Setting Executive Compensation***

Our Board has established a Compensation Committee for the purpose of reviewing and making recommendations to our full Board regarding the compensation to be paid to our executive officers and directors. All compensation decisions regarding our executive officers and directors are ultimately made by our Board.

The members of our Compensation Committee are appointed by our Board, and currently consists of Dr. Raffin, Mr. Saluri, Mr. Talarico and Ms. Zoth. Our Compensation Committee consists solely of directors who are "outside directors" for purposes of

Section 162(m) of the Internal Revenue Code of 1986, as amended, or Section 162(m), “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act, and “independent directors” as defined by the listing standards of NASDAQ.

From time to time, various members of management and other employees as well as outside advisors or consultants may be invited by our Compensation Committee to make presentations, to provide financial or other background information or advice or to otherwise participate in Compensation Committee meetings. The charter of our Compensation Committee grants our Compensation Committee full access to all books, records, facilities and personnel of the Company, as well as the authority to obtain, at the expense of the Company, advice and assistance from independent third party consultants, where appropriate. In particular, our Compensation Committee has the sole authority to select, retain and terminate compensation consultants to assist in its evaluation of executive and director compensation, including the sole authority to approve the consultant’s reasonable fees and other retention terms. Under the charter, our Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to our Compensation Committee, other than in-house legal counsel, only after taking into consideration six factors, prescribed by the SEC and NASDAQ, that bear upon the adviser’s independence. However, there is no requirement that any adviser be independent.

Our Compensation Committee typically meets at least quarterly, and with greater frequency if necessary, to, among other things:

- Evaluate the performance of our executive officers and the impact that performance had on the achievement of our corporate strategies, business objectives and the long-term interests of our stockholders;
- Carefully reviewing our corporate objectives and the scientific and business opportunities identified by our senior management and directors;
- Update, from time to time, our compensation and benefit plan policies;
- Receive updates on the various compensation options, emerging topics and best practices and customize those compensation options to our business goals and objectives; and
- Take its recommendations to the independent members of our Board for approval.

#### *Basis for Historical and Future Compensation Policies and Decisions*

In arriving at the amount and types of initial compensation for each of our executive officers, our Compensation Committee and our Board consider the following factors:

- The individual’s particular background and circumstances, including prior relevant work experience and compensation paid prior to joining us;
- The individual’s role with us and the compensation paid to persons holding similar roles in similarly situated companies represented in the compensation data that we review;
- The demand for people with the individual’s specific expertise and experience;
- Performance goals and other expectations for the individual’s position;
- Comparison to our other executive officers having similar levels of expertise and experience; and
- Recommendations from our compensation consultant.

Each year, our Compensation Committee and our Board review the compensation of our executive officers and determine whether any adjustments should be made to each element. In determining whether to adjust the compensation of any of our executive officers, our Compensation Committee and our Board generally take into account the following factors:

- Compensation generally paid by similarly situated companies to their executive officers with similar roles and responsibilities;
- Formal market data regarding base salary, cash incentives and equity compensation from surveys of biopharmaceutical and biotechnology companies conducted by our compensation consultant;
- The roles and responsibilities of our executive officers, including any increases or decreases in responsibilities; and
- The contributions to achieving our corporate objectives and the individual performance of each executive officer.

Typically compensation packages that are based on the recommendations of our Compensation Committee are awarded by our Board at scheduled quarterly meetings. Awards of performance-based compensation for the previous year, adjustments to base salary and bonus target amounts for the upcoming fiscal year and new equity grants, if any, are typically made shortly before the end of the fiscal year, although circumstances may warrant a later determination if events of the previous year’s work have not fully unfolded. Bonus target goals for the fiscal year are generally determined by the Board in the first quarter of the applicable fiscal year.

### *Role of Our Chief Executive Officer in Setting Executive Compensation*

In connection with each annual review cycle, Dr. Charles J. Link, Jr., our Chief Executive Officer, meets with our executive officers to discuss our accomplishments during the year and the individual's performance and contributions over the prior year. Based on these discussions, Dr. Link then develops a set of compensation recommendations for submission to our Compensation Committee. Our Compensation Committee uses these recommendations, its own judgment and experience, and the resources described above to determine the appropriate mix of compensation for each of our executive officers, and then makes formal recommendations regarding executive compensation decisions to our full Board. In making these recommendations, our Compensation Committee does not delegate any of its functions to others. Dr. Link does not participate in the determination of his own compensation.

### *Role of Consultants and Peer Analysis*

For fiscal year 2015, our Compensation Committee retained Radford as its compensation consultant to advise on various aspects of executive compensation and our overall equity practices, relative to market practices. Radford was retained by and reported directly to our Compensation Committee. Radford did not provide any other consulting services to our company. Before engaging Radford, our Compensation Committee considered the following six factors: (i) the provision of other services to our company by Radford; (ii) the amount of fees from our company paid to Radford as a percentage of the firm's total revenue; (iii) Radford's policies and procedures that are designed to prevent conflicts of interest; (iv) any business or personal relationship of Radford or the individual compensation advisors employed by the firm with an executive officer of our company; (v) any business or personal relationship of the individual compensation advisors with any member of our Compensation Committee; and (vi) any stock of our company owned by the individual compensation advisors employed by the firm. Based on its review, our Compensation Committee has determined that the work of Radford has not raised any conflict of interest.

Our Compensation Committee requested that Radford review our Compensation Committee's recommendations regarding executive compensation and our overall equity practices relative to the market. As part of its engagement, Radford was requested by our Compensation Committee to develop a comparative group of "current peer" companies and to perform analyses of competitive performance and compensation levels for that group and describe its findings in a report, or the Radford Report. For 2015, the Radford Report was based upon the companies listed below, as recommended by Radford and approved by our Compensation Committee, which were considered to be similar to us with respect to developmental stage and financial metrics, such as market capitalization. The peer companies that were considered when our Compensation Committee set compensation for fiscal year 2015, or the 2015 Peer Group, are as follows:

ACADIA Pharmaceuticals	Keryx BioPharmaceuticals
Accelaron Pharma	MacroGenics
ARIAD Pharmaceuticals	MannKind
Array BioPharma	Merrimack Pharmaceuticals
bluebird bio	Neurocrine Biosciences
Celldex Therapeutics	Novavax
Cempra	OncoMed Pharmaceuticals
Chimerix	Portola Pharmaceuticals
Clovis Oncology	Prothena
Dynavax Technologies	Relypsa
Epizyme	Sangamo BioSciences
Halozyme Therapeutics	Sarepta Therapeutics
ImmunoGen	TESARO
Infinity Pharmaceuticals	ZIOPHARM Oncology

Radford conducted calls with members of our Compensation Committee and developed recommendations that were presented to our Compensation Committee for its consideration. Our Compensation Committee also sought the input of Dr. Link concerning the performance, experience and level of responsibility of our other executive officers and our Compensation Committee provided that perspective to Radford to aid in the placement of our other executive officers in the appropriate percentiles within ranges developed by Radford based on the 2015 Peer Group. Following an active dialogue with Radford and resulting modifications,

our Compensation Committee approved the recommendations of Radford. These recommendations are discussed in further detail below.

### ***Response to 2015 Say-on-Pay Vote***

Our Compensation Committee and our Board values the opinions of our stockholders and considers the outcome of each non-binding advisory stockholder vote on the compensation program for our named executive officers, commonly referred to as a "say on pay" vote, when they advise on and make compensation decisions for our executive officers.

We held a "say on pay" vote on executive compensation at our annual stockholder meeting in 2015. Our stockholders approved, on an advisory basis, the "say on pay" vote proposal, with over 91% of stockholders voting on such matter voting in favor of the proposal. In evaluating our compensation practices in early 2015, we were mindful of the support our stockholders expressed for our philosophy of linking compensation to our operating and organizational objectives and the enhancement of stockholder value. As a result, our Compensation Committee retained our general approach to executive compensation, and continued to apply the same general principles and philosophy as in the prior fiscal year in determining executive compensation. Our Compensation Committee will continue to consider stockholder concerns and feedback in the future.

### ***Elements of our Executive Compensation Program***

***Base Salary.*** Base salary is the primary fixed element of our executive compensation program. We use base salary to compensate our executive officers for services rendered during the fiscal year, and to ensure that we remain competitive in attracting and retaining executive talent.

Upon joining us, each of our executive officers received an offer letter that provided for an initial base salary. These initial base salaries are the product of negotiation with the executive, but we generally seek to establish salaries that we believe are commensurate with the salaries paid to industry peers with comparable qualifications, experience, responsibilities and performance at similar companies. Our Compensation Committee has also relied on its members' collective experience in the marketplace for determining what they believe to be the market rate of salaries for executives of comparable companies.

Shortly before the end of each fiscal year, we review our performance and the individual performance of our executive officers to, among other things, determine whether adjustments in base salary are necessary or appropriate. In establishing the 2015 base salaries of our executive officers, our Compensation Committee and Board took into account a number of factors, including the executive's expertise, seniority, position, functional role, level of responsibility and individual performance during the previous year. Our Compensation Committee and non-employee directors then reviewed these factors with reference to the recommendations from Radford to establish compensation for each executive that was in line with similarly positioned executives at comparable companies.

For 2015, our Compensation Committee recommended and the non-employee directors of our Board approved, increases in cash compensation for Dr. Link, Dr. Vahanian, Mr. Henneman, Mr. Wiley and Mr. Langren of 12%, 17%, 1%, 22% and 37%, respectively. These increases were based on the 2014 Radford Report, which analyzed the compensation paid by the 2015 Peer Group to their executive officers, and took into account input from Dr. Link regarding the performance of each individual. Mr. Henneman's salary was increased only slightly for 2015 because he had joined us in October 2014.

The increases reflect our growth over the course of 2014 and attendant increases in executives' responsibilities; our substantial accomplishments during 2014 including the signing of an exclusive, worldwide license and collaboration agreement with Genentech, Inc., a member of the Roche Group, or Genentech, for the development and commercialization of GDC-0919, entering into an exclusive worldwide license agreement with Merck, Sharp and Dohme Corp., or Merck, to research, develop and commercialize our Ebola vaccine candidate, significant clinical progress surrounding each of our proprietary HyperAcute and IDO platform technologies and advances in the development of our product candidate pipeline; and changes to our market capitalization and the resultant changes in the composition of the 2015 Peer Group versus the peer group considered in the previous year.

We will continue to review the base salaries of our executive officers on an annual basis and make adjustments to reflect individual performance-based factors, as well as our financial status. Historically, we have not applied, nor do we intend to apply, specific formulas to determine base salary increases.

***Performance-Based Cash Bonuses.*** Our performance-based cash bonus program is designed to promote our interests and the interests of our stockholders by providing executive officers with the opportunity to earn annual cash bonuses based upon the achievement of pre-specified performance objectives, and to assist us in attracting and retaining executive talent.



Shortly before the end of each fiscal year, our Board determines the annual target bonus percentages for our executive officers for the upcoming fiscal year based on the recommendations of our Compensation Committee. Generally, each executive officer is eligible for a discretionary annual cash incentive payment up to a specified percentage of the executive officer's salary. Our Board sets these annual target bonus percentages at levels that, upon achievement of the target percentage, are likely to result in cash bonus payments that our Board believes to be approximately the level paid to high-performing executives of comparable companies in the biopharmaceutical industry. The performance goals for each fiscal year are generally determined by the Board in the first quarter of such fiscal year, which may include corporate and/or individual performance objectives.

At the end of each fiscal year, Dr. Link develops cash bonus recommendations for each of our executive officers, based on our corporate accomplishments and the individual's performance and contributions to those accomplishments during the fiscal year. These recommendations are subjective determinations that may vary, from time to time, depending on our overall strategic objectives and the job responsibilities of each executive officer, but relate generally to factors such as development and progression of our existing product candidates, achievement of clinical and regulatory milestones, operational goals such as the expansion of our manufacturing capabilities, and financial factors such as raising and maintaining capital. However, these recommendations may be more or less than the established target percentages for the executive officers, depending on individual and corporate performance, as well as our financial position. Our Compensation Committee assesses the bonuses recommended by management and makes its bonus recommendations to our full Board. Based on its consideration of the recommendations of our Compensation Committee, the non-employee directors on our Board then make a final decision regarding cash bonus payments, if any, for the year. Whether or not a bonus is paid for any year is solely within the discretion of our Board. Bonuses are ordinarily paid in a single installment in the first quarter of each year for performance in the prior year.

For fiscal year 2015, based upon recommendations of our Compensation Committee and the 2014 Radford Report, our Board established target bonus amounts for Dr. Link, Dr. Vahanian, Mr. Henneman, Mr. Wiley and Mr. Langren equal to 60%, 50%, 40%, 30% and 30% of their respective base salaries. The target bonus amounts were intended to result in total cash compensation 9% and 12% above the 75th percentile for Drs. Link and Vahanian, respectively, and between the 50th and 75th percentiles for Mr. Henneman, Mr. Wiley and Mr. Langren, as compared to similarly positioned executives at comparable biotechnology companies in the 2015 Peer Group. The target percentile levels for executives reflect the scope of their respective responsibilities and their history of contributions to our Company. Dr. Link serves both as our Chief Executive Officer and as our Chief Scientific Officer and Dr. Vahanian serves both as our President and our Chief Medical Officer. Under our 2015 bonus plan, our Board reserved the ability to grant bonuses in excess of the executives' target bonus percentages for extraordinary performance.

Each executive's target bonus opportunity was based on the achievement of certain individual goals.

Dr. Link's individual goals for 2015, and their respective weights, related to: (1) the completion of data compilation, verification, and statistical analysis of the IMPRESS trial (25%); (2) preparation for commercial side drug supply for algenpantucel-L (25%); (3) the performance of our obligations under our collaboration agreement with Genentech (20%); (4) commercial launch planning and preparation for algenpantucel-L (20%); and (5) expansion of our strategic business development capacity (10%).

Dr. Vahanian's individual goals for 2015, and their respective weights, related to: (1) the completion of data compilation, verification, and statistical analysis of the IMPRESS trial (25%); (2) preparation for commercial side drug supply for algenpantucel-L (25%); (3) the performance of our obligations under our collaboration agreement with Genentech (20%); (4) achievement of interim analysis in our various clinical trials (20%); and (5) the development of infrastructure and a team to support our collaboration with Merck (10%).

Mr. Henneman's original individual goals for 2015, and their respective weights, related to: (1) goals related to planning and budgeting (20%); (2) creation of sales and marketing systems to support the commercialization of algenpantucel-L (20%), (3) finance, (4) investor relations and (5) development of a finance organization capable of supporting commercial operations. As our Company's priorities changed over the course of 2015, Mr. Henneman's goals were revised to reflect changes more closely aligned with our current status. These revised goals and their respective weights related to: (1) development and implementation of new planning and budgeting processes to increase alignment with corporate strategy (40%); (2) financial performance substantially within budget (20%); and (3) negotiation and execution on specified pivotal third party contracts (40%).

Mr. Wiley's individual goals, and their respective weights, related to: (1) business development objectives (35%); (2) management of the Genentech and Merck alliances (20%); and (3) commercialization planning and preparations for the anticipated launch of pivotal assets (45%).

Mr. Langren's individual goals, and their respective weights, related to: (1) completion of SEC filings (35%); (2) internal controls and reporting compliance (15%); (3) implementation of commercialization support systems (30%); and (4) implementation

of travel support system (20%). These goals mostly entailed preparation for increasing oversight and accountability preparation for the transition of the Company into a commercial stage company.

Taking all personal achievements into consideration, our Compensation Committee, in its discretion, made bonus recommendations for each executive officer and our Board adopted those bonus recommendations in December 2015. Each executive officer's actual target bonus was determined by multiplying the executive officer's target bonus times the percentage of that executive's individual goals achieved, each on a weighted basis.

Our Compensation Committee determined that Dr. Link, Dr. Vahanian and Mr. Henneman had each exceeded their individual 2015 performance goals. In the case of Drs. Link and Vahanian, our Compensation Committee determined that they had exceeded their 2015 performance goals by developing an improved long-term evaluation strategy for the IMPRESS trial. Our Compensation Committee also determined that Dr. Vahanian had exceeded his performance goals with respect to enrollment in two clinical trials. In addition, our Compensation Committee determined that Mr. Henneman exceeded his performance goals by developing a comprehensive new operational plan and by negotiating a new CMO agreement. Our Board, based upon the recommendation of our Compensation Committee, awarded Dr. Link a bonus of 110% of his target bonus amount and Dr. Vahanian and Mr. Henneman bonuses of 115% of their target bonus amounts.

Our Compensation Committee also determined that Mr. Wiley and Mr. Langren both met their individual 2015 performance goals and our Board, based upon the recommendation of our Compensation Committee, awarded Mr. Wiley and Mr. Langren bonuses equal to 100% of their target bonus awards. Our Compensation Committee determined that Mr. Langren had met all of his individual performance goals and Mr. Wiley had exceeded expectations with respect to one business development goal while he had not met another goal due to changes in our Company's priorities. The bonuses paid to Dr. Link, Dr. Vahanian, Mr. Henneman, Mr. Wiley and Mr. Langren were equal to 66%, 57.5%, 46%, 30% and 30% of their 2015 base salaries, respectively.

<b><u>Named Executive Officer</u></b>	<b><u>2015 Bonus</u></b>	<b><u>Bonus Target</u></b>	<b><u>2015 Earned Bonus</u></b>
	<b><u>Target</u></b>	<b><u>Earned</u></b>	<b><u>Payout</u></b>
Dr. Charles J. Link, Jr.	60%	66%	\$422,862
Dr. Nicholas N. Vahanian	50%	57.5%	\$305,785
John B. Henneman, III	40%	46%	\$167,992
Brian Wiley	30%	30%	\$95,880
Carl Langren	30%	30%	\$75,000

*Equity Compensation.* Equity incentives represent the largest at-risk element of our executive compensation program. Our equity incentives are designed to align the interests of our executive officers with those of our stockholders by creating an incentive for our executive officers to maximize stockholder value and to remain employed with us despite a competitive labor market.

In general, stock awards are granted once annually to existing employees, including our executive officers, and upon a new hire or promotion, and are subject to vesting over time, based on the individual's continued employment. Typically, stock awards grants are made to our existing executive officers during the first quarter of each fiscal year, and these annual stock awards consist of restricted stock units and stock options. The number of stock awards is based on a targeted percentage of our outstanding shares based on a particular percentage of our peer group and are granted in relative proportion of 35% and 65%, calculated based on the fair market value of the awards on the date of grant.

On January 2, 2015, our Board granted stock options and restricted stock units to our executive officers based on the 2014 Radford Report, which recommended that we use a combination of stock options and restricted stock units. The option grants were approved by our Board in the amounts of: 143,000 for Dr. Link, 81,000 for Dr. Vahanian, 6,500 for Mr. Henneman, 23,400 for Mr. Wiley and 16,300 for Mr. Langren. Each of these option grants vests monthly over 4 years. These option grants were priced at \$43.65 per share, which was equal to the closing price of our stock on the day of grant. These options will expire on January 1, 2025. Our Board approved grants of restricted stock units in the amounts of: 45,000 for Dr. Link, 25,000 for Dr. Vahanian, 2,000 for Mr. Henneman, 7,400 for Mr. Wiley and 5,100 for Mr. Langren. Each restricted stock unit award will vest annually over 4 years with the first vesting date occurring on the one year anniversary of grant. All of these grants were recommended to our Board by our Compensation Committee, which considered the recommendations presented by Radford in the 2014 Radford Report.

In determining officers' 2015 equity awards, our Compensation Committee targeted a percentage of our outstanding shares based on a particular percentile in the 2015 Peer Group. For Drs. Link and Vahanian, our Compensation Committee targeted

an equity award at the 90th percentile of the 2015 Peer Group. The Committee also considered the resulting equity award value of Drs. Link and Vahanian and adjusted target equity awards downward to the extent necessary to maintain equity award value at the targeted percentile level. For the other executives, the Committee targeted equity awards between the 50th and 90th percentile of the 2015 Peer Group taking into account both equity award value and the percentage ownership represented by the award. The target percentile for each officer reflected the Committee's assessment of the scope of the executive officer's current and anticipated responsibilities and his history of contributions to our Company. Our Board based its determinations regarding equity awards on a 30 day average of our closing stock price on the NASDAQ Global Market immediately prior to the meeting at which our Board decided the amount of individual officers' equity awards. The stock price on January 2, 2015, the date on which the awards were granted, exceeded the 30 day average upon which the equity awards had been calculated, which in some cases, resulted in total compensation in excess of targeted percentile levels.

*Severance and Change in Control Benefits.* In January 2016, we entered into new employment agreements with each of our named executive officers, as well as certain other executive officers. These agreements provide for severance compensation to be paid if the executive officers are terminated under certain conditions, such as in connection with a change in control of us or a termination without cause by us, each as defined in the agreements. The severance compensation payable under the employment agreements are described in more detail beginning on page 41 of this proxy statement under the heading "Potential Payments Upon Termination or Change in Control."

Given the nature of the industry in which we participate and the range of strategic initiatives that we may explore, we believe these severance and change of control benefits are an essential element of our executive compensation package and assist us in recruiting and retaining talented individuals. In addition, since we believe it may be difficult for our executive officers to find comparable employment following a termination without cause or resignation with good reason in connection with or following a change in control, these severance and change in control benefits are intended to ease the consequences to an executive officer of an unexpected termination of employment. By establishing these severance and change in control benefits, we believe we can mitigate the distraction and loss of executive officers that may occur in connection with rumored or actual fundamental corporate changes and thereby protect shareholder interests while a transaction is under consideration or pending.

*401(k) Plan.* Our employees, including our executive officers, are eligible to participate in our 401(k) plan. Our 401(k) plan is intended to qualify as a tax qualified plan under Section 401 of the Code. Pursuant to the terms of our 401(k) plan, we provide a non-elective employer contribution of up to 3% of each participant's compensation, or the Safe Harbor Contribution, with a possibility of additional discretionary contributions. In January 2015, our Board approved discretionary employer contributions in amounts that, when added to the Safe Harbor Contributions, amounted to 4.5% of total potential 2015 cash compensation for each member of the senior management team and 5% of total 2015 cash compensation for all other eligible employees.

*Other Benefits and Perquisites.* We pay a portion of the premiums for medical insurance, dental insurance, life insurance and accidental death and dismemberment insurance benefits to all full-time employees, including our executive officers. These benefits are available to all employees, subject to applicable laws.

From time to time, we have provided relocation expenses in connection with the relocation of executive officers to the geographic area of our corporate headquarters in Ames, Iowa and Austin, Texas. In connection with the establishment of a corporate headquarters in Austin, Texas, we agreed to reimburse the cost of apartment leases in Austin, Texas, for Dr. Link and Dr. Vahanian through 2015 given the significant time commitment involved with oversight of clinical and commercial operations in Texas. We intend to continue to provide relocation expenses in the future, as necessary, to obtain the services of qualified individuals.

#### ***Federal Tax Considerations Under Sections 162(m) and 409A***

Section 162(m) limits our deduction for federal income tax purposes to not more than \$1 million of compensation paid to specified executive officers in a calendar year. Compensation above \$1 million may be deducted if it is performance-based compensation within the meaning of Section 162(m). With the exception of fiscal year 2014, we have had a history of operating losses and expect to continue to incur operating losses for the foreseeable future. These net operating loss carryforwards would have the effect of offsetting certain future taxable gains, and as such, we generally do not consider the tax implications of our executive compensation programs to be meaningful to our operating or financial results. To maintain flexibility in compensating our executive officers in a manner designed to promote our compensation objectives, our Compensation Committee has not yet established a policy for determining which forms of incentive compensation awarded to our executive officers will be designed to qualify as performance-based compensation. In December 2015, our Compensation Committee reviewed the Company's current practices with respect to Section 162(m) and the potential benefits, costs, and risks of conforming the incentive compensation arrangements of its executive officers to Section 162(m) and determined that no change in practice was necessary. However, our Compensation Committee continues to evaluate the effects of the compensation limits of Section 162(m) on any compensation it

proposes to grant and our Compensation Committee intends to provide future compensation in a manner consistent with our best interests and those of our stockholders.

Section 409A of the Code addresses the tax treatment of nonqualified deferred compensation benefits and provides for significant taxes and penalties in the case of payment of nonqualified deferred compensation. We currently structure and intend to continue to structure our executive compensation programs to avoid triggering these taxes and penalties under Section 409A.

#### ***Accounting Considerations***

We account for equity compensation paid to our employees in accordance with Accounting Standards Codification, or ASC, topic 718, which requires us to measure and recognize compensation expense in our financial statements for all share-based payments based upon an estimate of their fair value over the service period of the award. We record cash compensation as an expense at the time the obligation is incurred.

#### **Compensation Policies and Practices as They Relate to Risk Management**

We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on us. In addition, our Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

Our Compensation Committee annually reviews the elements of executive compensation to determine whether any portion of executive compensation encouraged excessive risk taking and has concluded that:

- significant weighting towards long-term incentive compensation discourages short-term risk taking, including use of multi-year vesting for equity awards, which comprise the majority of compensation awards;
- goals are set to focus mainly on key events related to the overall success of our product development rather than individual elements;
- our anti-hedging and anti-pledging policies are important safeguard against excessive risk taking;
- incentive awards are benchmarked to calculate reasonable overall compensation; and
- as a biopharmaceutical business, we do not face the same level of risks associated with compensation for employees at financial services companies (traders and instruments with a high degree of risk).

Furthermore, as described above in “Compensation Discussion and Analysis,” compensation decisions include subjective considerations, which help to constrain the influence of formulae or objective factors on excessive risk taking.

## Summary Compensation Table

The following table sets forth information regarding compensation earned during the years ended December 31, 2015, 2014 and 2013, by our named executive officers.

Name and Principal Position	Year	Salary (\$)	Stock Awards (1)(\$)	Option Awards(2)(\$)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Charles J. Link, Jr., M.D.	2015	640,700	1,964,250	3,825,722	422,862	102,960 (5)	6,956,494
<i>Chief Executive &amp; Scientific Officer</i>	2014	573,200	758,990	1,354,861	515,880	88,277 (6)	3,291,208
	2013	540,800		1,160,397	297,440	37,721	2,036,358
Nicholas N. Vahanian, M.D.	2015	531,800	1,091,250	2,167,018	305,785	61,706 (7)	4,157,559
<i>President &amp; Chief Medical Officer</i>	2014	453,600	523,810	887,667	340,200	47,530 (8)	2,252,807
	2013	420,000		673,779	189,000	27,405	1,310,184
John B. Henneman, III (9)	2015	365,200	87,300	173,896	167,992	23,994	818,382
<i>Chief Financial Officer &amp; Secretary</i>	2014	90,000	936,108	2,990,967	—	—	4,017,075
Brian Wiley (12)	2015	319,600	323,010	626,027	95,880	18,697	1,383,214
<i>Chief Commercial Officer</i>	2014	262,500	121,866	338,917	118,125	15,356	856,764
	2013	250,000		1,534,650	56,250	5,625	1,846,525
Carl Langren	2015	250,000	222,615	441,290	75,000	14,625	1,003,530
<i>Vice President of Finance</i>							

- (1) The assumptions we used in valuing RSUs are described under the caption “Share-Based Compensation” in note 2(l) to our financial statements included in our Annual Report on Form 10-K filed February 29, 2016. This column reflects compensation expense that would be recorded under FASB ASC topic 718 as stock-based compensation in our financial statements for the indicated year in connection with RSUs we granted in the indicated year.
- (2) The assumptions we used in valuing options are described under the caption “Share-Based Compensation” in note 2(l) to our financial statements included in our Annual Report on Form 10-K filed February 29, 2016. This column reflects compensation expense that would be recorded under FASB ASC topic 718 as stock-based compensation in our financial statements for the indicated year in connection with options we granted in the indicated year, disregarding the effects of any estimate of forfeitures related to service-based vesting, if we had adopted the modified-prospective transition method of FASB ASC topic 718.
- (3) The amounts shown in this column represent the cash bonuses earned by the named executive officers with respect to the fiscal year under our performance-based cash bonus program. Amounts earned with respect to the fiscal year are generally paid in the first quarter of the following year. For additional information, see the Compensation Discussion and Analysis beginning on page 27 of this proxy statement.
- (4) Unless otherwise indicated, amounts in this column represent our contributions under our 401(k) plan.
- (5) Amount includes: (i) a \$47,860 contribution under our 401(k) plan; and (ii) \$55,100 in personal benefits received by Dr. Link that we reimbursed or paid on his behalf in 2015, including rent.
- (6) Amount includes: (i) a \$41,270 contribution under our 401(k) plan; and (ii) \$47,007 in perquisites and personal benefits received by Dr. Link that we reimbursed or paid on his behalf in 2014, including rent.
- (7) Amount includes: (i) a \$37,691 contribution under our 401(k) plan; and (ii) \$24,014 in personal benefits received by Dr. Vahanian that we reimbursed or paid on his behalf in 2015, including rent.
- (8) Amount includes: (i) a \$30,618 contribution under our 401(k) plan; and (ii) \$16,912 in personal benefits received by Dr. Vahanian that we reimbursed or paid on his behalf in 2014, including rent.
- (9) Mr. Henneman's employment with us began on October 1, 2014. Mr. Henneman did not earn any compensation from us in 2013.

## Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Units (#) (2)	All other Option Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards (\$/Sh)(4)	Grant Date Fair Value of Option and Stock Awards(5)
		Threshold (\$)	Target (\$)	Maximum (\$)				
Charles J. Link, Jr., M.D.	1/2/2015	—	384,420	384,420				
	1/2/2015				45,000		\$1,964,250	
	1/2/2015					143,000	\$3,825,722	
Nicholas N. Vahanian, M.D.	1/2/2015	—	265,900	265,900				
	1/2/2015				25,000		\$1,091,250	
	1/2/2015					81,000	\$2,167,018	
John B. Henneman, III	1/2/2015	—	146,080	146,080				
	1/2/2015				2,000		\$87,300	
	1/2/2015					6,500	\$173,896	
Brian Wiley	1/2/2015	—	95,880	95,880				
	1/2/2015				7,400		\$323,010	
	1/2/2015					23,400	\$626,027	
Carl Langren	1/2/2015	—	75,000	75,000				
	1/2/2015				5,100		\$222,615	
	1/2/2015					16,300	\$441,290	

- (1) These columns show the possible target and maximum cash bonus payments to the named executive officers for the year ended December 31, 2015 under our performance-based cash bonus program, which is described in more detail in the Compensation Discussion and Analysis beginning on page 27 of this proxy statement. The actual cash bonus awards earned by the named executive officers for the year ended December 31, 2015 are set forth in the Summary Compensation Table above under the column entitled "Non-Equity Incentive Plan Compensation," and the amounts set forth in these columns do not represent additional compensation paid to or earned by the named executive officers for the year ended December 31, 2015.
- (2) This column shows the number of shares of common stock underlying restricted stock units ("RSUs") granted to the named executive officers during the year ended December 31, 2015 under our 2009 Equity Incentive Plan. Unless otherwise indicated, the RSUs vest in four equal annual installments on the anniversary of grant.
- (3) This column shows the number of shares of common stock underlying stock options granted to the named executive officers during the year ended December 31, 2015 under our 2009 Equity Incentive Plan. The stock options have a 10-year term and vest in equal monthly installments over the subsequent forty-eight months, subject to the recipient's continued employment with us through such vesting dates.
- (4) This column shows the exercise price for the stock options granted to the named executive officers during the year ended December 31, 2015, which equals the fair value of our common stock on the date of grant.
- (5) This column shows the full grant date fair value of the stock and option awards granted to the named executive officers during the year ended December 31, 2015, calculated under FASB ASC Topic 718. The full grant date fair value is the amount that we recognize as stock-based compensation expense in our financial statements over the required service period of the award. For additional information, see note 2(l) to our financial statements included in our Annual Report on Form 10-K, filed February 29, 2016.

## **Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

The value and amount of stock options awarded to Mr. Brian Wiley in 2013 and Mr. John B. Henneman, III in 2014, as shown in the table of Summary Compensation under the heading "Options Awards" and in the table of Grant of Plan-Based Awards under the heading "All Other Options Awards: Number of Securities Underlying Options", in each case reflects an initial stock option award upon such executive's start of employment with us intended to align the executive's equity holdings in us with the general level of equity holdings of executives with similar roles and responsibilities at similarly situated companies. In contrast, the value and amount of stock options granted to our other named executive officers reflect annual, or "refresh", stock option grants. Accordingly, the value and amount of stock options awarded to Mr. Wiley in 2013 and Mr. Henneman in 2014 were relatively higher, considering each executive's role with us, than the value and amount of stock options awarded to our other named executive officers in those years.

The amount of salary and bonus for each of our named executive officers in proportion to his total compensation, and the factors that our Compensation Committee considered in determining the proportion, are discussed under the heading "Compensation Discussion and Analysis" above.

### **Employment Agreements**

We have entered into employment agreements with each of the named executive officers. The material terms of the agreements that were in effect during fiscal 2015 for the named executive officers are summarized below. On January 4, 2016, we entered into a new form of employment agreement with each of the named executive officers. See the section below titled "Amended and Restated Employment Agreements with Named Executive Officers" for a summary of the new terms.

#### ***Employment Agreement with Dr. Charles J. Link, Jr.***

On December 6, 2010, we entered into an employment agreement with Dr. Link in connection with his employment as Chief Executive Officer. Pursuant to the employment agreement, as amended on August 13, 2013, Dr. Link earns an annual base salary, which is subject to annual review and adjustment by our Board. For 2015, Dr. Link earned an annual base salary of \$640,700. Dr. Link is also eligible to receive an annual performance bonus based on his achievement of certain milestones and performance objectives. For 2015, Dr. Link's target bonus was set at 60% of his annual base salary.

The employment agreement with Dr. Link also provides that his employment with us is at-will and may be altered or terminated by either Dr. Link or us at any time. However, if we terminate Dr. Link's employment without just cause or if he resigns for good reason (other than in connection with a change in control of us), as long as Dr. Link executes a general release in favor of us, he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

The employment agreement with Dr. Link further provides that if we (or any surviving or acquiring corporation) terminate Dr. Link's employment without just cause or if he resigns for good reason within one month prior to or 13 months following the effective date of a change in control, as long as Dr. Link executes a general release in favor of us (or any surviving or acquiring corporation), he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

#### ***Employment Agreement with Dr. Nicholas N. Vahanian***

On November 22, 2010, we entered into an employment agreement with Dr. Vahanian in connection with his employment as President and Chief Medical Officer. Pursuant to the employment agreement, as amended August 13, 2013, Dr. Vahanian earns an annual base salary, which is subject to annual review and adjustment by our Board. For 2015, Dr. Vahanian earned an annual base salary of \$531,800. Dr. Vahanian is also eligible to receive an annual performance bonus based on his achievement of certain milestones and performance objectives. For 2015, Dr. Vahanian's target bonus was set at 50% of his annual base salary.

The employment agreement with Dr. Vahanian also provides that his employment with us is at-will and may be altered or terminated by either Dr. Vahanian or us at any time. However, if we terminate Dr. Vahanian's employment without just cause or if he resigns for good reason (other than in connection with a change in control of us), as long as Dr. Vahanian executes a general release in favor of us, he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

The employment agreement with Dr. Vahanian further provides that if we (or any surviving or acquiring corporation) terminate Dr. Vahanian's employment without just cause or if he resigns for good reason within one month prior to or 13 months following the effective date of a change in control, as long as Dr. Vahanian executes a general release in favor of us (or any surviving or acquiring corporation), he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

#### ***Offer Letter with John B. Henneman, III***

In October 2014, Mr. Henneman joined the Company as its Executive Vice President, Chief Financial Officer and Secretary pursuant to an offer letter between Mr. Henneman and the Company. Under the terms of the offer letter, Mr. Henneman will receive an annual salary of \$360,000 with an opportunity to earn a bonus of up to 40% of his base salary. Upon the start of his employment, Mr. Henneman was granted an option to purchase 209,250 shares of common stock and 40,789 RSUs under our 2009 Equity Incentive Plan. The option will vest with respect to 25% of the underlying shares on the one year anniversary of his start of employment and with respect to the remaining 75% of the underlying shares in equal monthly installments over the following three years. The RSUs will vest in four equal installments on each of the first through fourth annual anniversaries of his start of employment. The vesting of the foregoing awards is subject to certain acceleration upon Mr. Henneman's termination by the Company without cause, or by Mr. Henneman for good reason, in connection with a change of control of the Company, as described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement. Mr. Henneman will be eligible to participate in our 2009 Equity Incentive Plan and our 2010 Employee Stock Purchase Plan. The offer letter with Mr. Henneman further provides that he will be eligible to participate in our 401(k) plan, and the Company will make a contribution on each pay period equal to 3% of Mr. Henneman's base salary per pay period, up to a maximum of \$7,800 in annual



contributions. In addition, Mr. Henneman will be eligible to participate in other benefit programs generally available to all employees of the Company.

***Employment Agreement with Mr. Brian Wiley***

On March 11, 2014, we entered into an employment agreement with Mr. Wiley in connection with his employment as Vice President of Business Development. Pursuant to the employment agreement, Mr. Wiley earns an annual base salary, which is subject to annual review and adjustment by our Board. In 2015, Mr. Wiley earned an annual base salary of \$319,600. Mr. Wiley is also eligible to receive an annual performance bonus based on his achievement of certain milestones and performance objectives. In 2015, Mr. Wiley's target bonus was set at 30% of his annual base salary.

The employment agreement with Mr. Wiley also provides that his employment with us is at-will and may be altered or terminated by either Mr. Wiley or us at any time. However, if we terminate Mr. Wiley's employment without just cause or if he resigns for good reason (other than in connection with a change in control of us), as long as Mr. Wiley executes a general release in favor of us, he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

The employment agreement with Mr. Wiley further provides that if we (or any surviving or acquiring corporation) terminate Mr. Wiley's employment without just cause or if he resigns for good reason within one month prior to or 13 months following the effective date of a change in control, as long as Mr. Wiley executes a general release in favor of us (or any surviving or acquiring corporation), he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

***Employment Agreement with Mr. Carl Langren***

On March 11, 2014, we entered into an employment agreement with Mr. Langren in connection with his employment as Vice President of Finance. Pursuant to the employment agreement, Mr. Langren earns an annual base salary, which is subject to annual review and adjustment by our Board. In 2015, Mr. Langren earned an annual base salary of \$250,000. Mr. Langren is also eligible to receive an annual performance bonus based on his achievement of certain milestones and performance objectives. In 2015, Mr. Langren's target bonus was set at 30% of his annual base salary.

The employment agreement with Mr. Langren also provides that his employment with us is at-will and may be altered or terminated by either Mr. Langren or us at any time. However, if we terminate Mr. Langren's employment without just cause or if he resigns for good reason (other than in connection with a change in control of us), as long as Mr. Langren executes a general release in favor of us, he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

The employment agreement with Mr. Langren further provides that if we (or any surviving or acquiring corporation) terminate Mr. Langren's employment without just cause or if he resigns for good reason within one month prior to or 13 months following the effective date of a change in control, as long as Mr. Langren executes a general release in favor of us (or any surviving or acquiring corporation), he will be entitled to receive certain payments and other benefits, which are described in more detail under the heading "Potential Payments Upon Termination or Change in Control" beginning on page 41 of this proxy statement.

***Amended and Restated Employment Agreements with Named Executive Officers***

On January 4, 2016, we entered into a new form of employment agreement with each of the named executive officers. These agreements with Dr. Link, Dr. Vahanian, Mr. Wiley and Mr. Langren amend and restate the existing employment agreements with such named executive officers described above. The agreement with Mr. Henneman is the first employment agreement between us and Mr. Henneman.

The material terms of these agreements include: (i) an annual base salary that is subject to annual review and periodic adjustment but that cannot be decreased without the executive's express written consent or in connection with an across-the-board decrease in salaries that proportionally affects all executives; (ii) eligibility for an annual performance bonus targeted at a percentage of the executive's base salary and based on the Company and the executive's performance as determined by our Board and our Compensation Committee; and (iii) participation in benefit plans and programs generally available to our employees and executives.

Upon the executive's termination without cause, resignation for good reason or death or disability, the executive is entitled to receive certain benefits, subject to the executive's execution of a separation and release agreement and continuing compliance with obligations to us. Such benefits include (i) continuing base salary payments for a certain number of months (the number of months varying by executive); (ii) receipt of a prorated bonus based on the number of days worked during the year of separation; (iii) twelve months of accelerated vesting of the executive's outstanding equity awards; and (iv) post-employment reimbursement of COBRA health insurance payments for a certain number of months (the number of months varying by executive).

Upon the executive's termination without cause or resignation for good reason within one month before or 13 months following a change in control, the executive is entitled to receive certain benefits, subject to the executive's execution of a separation and release agreement and continuing compliance with obligations to us. Such benefits include (i) a lump sum payment of a certain number of months of the executive's base salary (the number of months varying by executive); (ii) receipt of a bonus equal to the executive's most recent bonus; (iii) 100% accelerated vesting of all the executive's outstanding equity awards; and (iv) post-employment reimbursement of COBRA health insurance payments for a certain number of months (the number of months varying by executive).

***Confidential Information and Inventions Agreement***

Each of our named executive officers has entered into a form agreement with respect to confidential information and inventions. Among other things, this agreement obligates each named executive officer to refrain from disclosing any of our confidential information received during the course of employment and, with some exceptions, to assign to us any inventions conceived or developed during the course of employment.

Each of our named executive officers entered into a new form of agreement with respect to confidential information and inventions on January 4, 2016. The terms of these new agreements did not materially change from those that the executives were previously party to.

### Option Exercises and Stock Vested in 2015

The following table sets forth information regarding each exercise of stock options, and each vesting of restricted stock units, during the year ended December 31, 2015 for each of our named executive officers on an aggregated basis.

<u>Name</u>	<u>Number of Shares Acquired on Exercise of Stock Options(#)</u>	<u>Number of Shares Acquired on RSU Vest(#)</u>	<u>Value Realized on Exercise or Vest (\$)</u>
Charles J. Link, Jr. M.D. <i>Chief Executive &amp; Scientific Officer</i>	—	5,750	\$250,988
Nicholas N. Vahanian, M.D. <i>President &amp; Chief Medical Officer</i>	73,000	3,750	\$3,564,397 \$163,688
John B. Henneman, III <i>Chief Financial Officer &amp; Secretary</i>	—	10,197	\$360,158
Brian Wiley <i>Chief Commercial Officer</i>	50,000	1,425	\$1,577,300 \$62,201
Carl Langren <i>Vice President of Finance</i>	—	1,425	\$62,201

### Outstanding Equity Awards at December 31, 2015

The following table provides information about outstanding stock options and restricted stock units held by each of our named executive officers at December 31, 2015. All of these options or restricted stock units were granted under our 2000 Equity Incentive Plan or our 2009 Equity Incentive Plan.

	<u>Number of Shares Underlying Unexercised Options(1)</u>		<u>Number of Shares Underlying Unvested Restricted Stock Units (2)</u>	<u>Option Grant Date</u>	<u>Option Exercise Price</u>	<u>Option Expiration Date</u>
	<u>(#) Exercisable</u>	<u>(#) Unexercisable (3)</u>				
Charles J. Link, Jr., M.D.	2,564	(4)(8)	—	6/1/2007	\$0.80	1/21/2019
	264,474	(4)(6)	—	6/1/2007	\$4.20	5/13/2019
	468,037	(4)(6)	—	12/4/2009	\$2.10	5/13/2019
	428,571	—	—	1/1/2009	\$2.97	12/4/2019
	50,792	—	—	4/14/2011	\$7.00	4/13/2021
	44,446	—	—	4/14/2011	\$7.00	4/13/2021
	6,468	2,917	—	1/19/2012	\$6.87	1/18/2022
	130,615	—	—	1/19/2012	\$6.87	1/18/2022

	—		10,012		1/14/2013	\$11.79	1/13/2023
	113,020		31,968		1/14/2013	\$11.79	1/13/2023
	—		5,162		1/2/2014	\$21.38	1/1/2024
	52,109	(5)	51,479		1/2/2014	\$21.38	1/1/2024
				17,250	1/2/2014	\$21.38	
	—	(5)	3,471		1/2/2015	\$43.65	1/1/2025
	32,770	(5)	106,759		1/2/2015	\$43.65	1/1/2025
				45,000	1/2/2015	\$43.65	
Nicholas N. Vahanian, M.D.	145,451	(4)(7)	—		6/1/2007	\$2.10	5/12/2019
	59,444		—		6/1/2007	\$2.10	5/12/2019
	45,160		—		12/4/2009	\$2.97	12/3/2019
	335,792		—		12/4/2009	\$2.97	12/3/2019
	190,476		—		3/3/2010	\$3.07	3/2/2020
	14,286		—		4/14/2011	\$7.00	4/13/2021
	28,571		—		4/14/2011	\$7.00	4/13/2021
	14,492		1,667		1/19/2012	\$6.87	1/18/2022
	63,841		—		1/19/2012	\$6.87	1/18/2022
	—		9,385		1/14/2013	\$11.79	1/13/2023
	65,625		14,990		1/14/2013	\$11.79	1/13/2023
	—	(5)	5,128		1/2/2014	\$21.38	1/1/2024
	34,140	(5)	31,982		1/2/2014	\$21.38	1/1/2024
				11,250	1/2/2014	\$21.38	
	—	(5)	3,251		1/2/2015	\$43.65	1/1/2025
	18,562	(5)	59,187		1/2/2015	\$43.65	1/1/2025
				25,000	1/2/2015	\$43.65	
John B. Henneman, III	4,357		13,071		10/1/2014	\$22.95	9/30/2024
	56,674		135,148		10/1/2014	\$22.95	9/30/2024
				30,592	10/1/2014	\$22.95	
	—	(5)	136		1/2/2015	\$43.65	1/1/2025
	1,489	(5)	4,875		1/2/2015	\$43.65	1/1/2025
				2,000	1/2/2015	\$43.65	
Brian Wiley	—		12,731		1/14/2013	\$11.79	1/13/2023
	43,750		42,519		1/14/2013	\$11.79	1/13/2023
	—	(5)	2,896		1/2/2014	\$21.38	1/1/2024
	12,937	(5)	11,167		1/2/2014	\$21.38	1/1/2024
				4,275	1/2/2014	\$21.38	
	—	(5)	2,503		1/2/2015	\$43.65	1/1/2025
	5,362	(5)	15,535		1/2/2015	\$43.65	1/1/2025
				7,400	1/2/2015	\$43.65	

Carl Langren	9,523	—		12/14/2007	\$2.10	12/13/2017
	2,380	—		3/3/2010	\$3.07	3/2/2020
	2,564	(8)		1/8/2011	\$0.80	1/20/2019
	16,666	—		4/14/2011	\$7.00	4/13/2021
	18,076	—		10/19/2011	\$7.00	10/18/2021
	5,733	—		10/19/2011	\$7.00	10/18/2021
	10,631	313		1/19/2012	\$6.87	1/18/2022
	4,056	—		1/19/2012	\$6.87	1/18/2022
	5,198	5,417		1/14/2013	\$11.79	1/13/2023
	9,385	—		1/14/2013	\$11.79	1/13/2023
	97	(5)	6,829	1/2/2014	\$21.38	1/1/2024
	12,840	(5)	7,234	1/2/2014	\$21.38	1/1/2024
				4,275	1/2/2014	\$21.38
	—	(5)	2,355	1/2/2015	\$43.65	1/1/2025
	3,735	(5)	10,210	1/2/2015	\$43.65	1/1/2025
				5,100	1/2/2015	\$43.65

- (1) Unless otherwise indicated, these options have a 10-year term and vest over a four-year period, with 25% of the options vesting on the first anniversary of the vesting commencement date and the remaining 75% of the options vesting in equal monthly installments thereafter over the next three years, subject to the recipient's continued employment with us through such vesting dates.
- (2) Unless otherwise indicated, these restricted stock units vest annually over a four-year period, with 25% vesting on each of the first, second, third and fourth anniversaries, subject to the recipient's continued employment with us through such vesting dates.
- (3) This column shows options that were unvested as of December 31, 2015.
- (4) These options vest over a five-year period, with 20% of the options vesting on the first anniversary of the vesting commencement date and the remaining 80% of the options vesting in equal monthly installments thereafter over the next four years, subject to the recipient's continued employment with us through such vesting dates.
- (5) These options vest in equal monthly installments over 48 months.
- (6) Dr. Link was granted a total option of 732,511 shares at \$2.10 per share, which was amended on July 1, 2010 and split into separate grants of 468,037 with a price of \$2.10 and 264,474 with a price of \$4.20.
- (7) Dr. Vahanian was granted a total option of 331,296 shares at \$2.10 per share, which was amended on July 1, 2010 and split into separate grants of 313,673 with a price of \$2.10 and 17,624 with a price of \$4.20.
- (8) This number represents outstanding stock options to purchase our stock that were issued on January 7, 2011 in exchange for options to purchase stock in our subsidiary, BioProtection Systems Corporation.

#### Potential Payments Upon Termination or Change in Control

Under our 2009 Equity Incentive Plan, the vesting of stock options granted to our employees and officers may be accelerated in connection with specified corporate transactions and change in control transactions. Other than as set forth in the tables below, none of our other option grants provide for acceleration of vesting of any options in connection with such a transaction, except for certain options originally granted under our 2000 Equity Incentive Plan that may vest upon a change in control if the acquirer does not assume outstanding option grants. In addition, under our 2010 Non-Employee Directors' Stock Award Plan, in the event of a change in control, 100% of the shares subject to each Director's options will vest.

Under the terms of the employment agreements with the named executive officers in effect as of December 31, 2015, if we (or any surviving or acquiring corporation) terminate a named executive officer's employment without just cause or a named executive officer resigns with good reason within one month prior to or 13 months following the effective date of a change in control, we will vest 100% of the shares subject to such named executive officer's options.

Under the terms of employment agreements with certain of our named executive officers in effect as of December 31, 2015, if we terminate such named executive officer's employment for "cause" or such named executive officer resigns without "good reason," such named executive officer is entitled to the following: (i) any salary earned but unpaid prior to termination; (ii) any benefits accrued prior to termination; (iii) all accrued but unused vacation; and (iv) any business expenses that were incurred but not reimbursed as of the date of termination (collectively, the "Accrued Obligations"). Following such termination, vesting of such named executive officer's then outstanding stock options shall cease on the date of such termination.

Under the terms of employment agreements with such named executive officers, if we terminate such named executive officer's employment without cause or such named executive officer resigns with good reason (other than in connection with a change in control), and in each case such named executive officer signs a general release and written acknowledgment of his continuing obligations under his confidentiality and inventions assignment agreement with us, such named executive officer is entitled to the following: (i) payment of the Accrued Obligations; (ii) depending on the named executive officer and as described in the tables below, the equivalent of 24, 18 or 6 months of such named executive officer's base salary as in effect immediately prior to the termination date, payable on the same basis and at the same time as previously paid and subject to employment tax withholdings and deductions; (iii) for certain of the named executive officers and as described in the tables below, a bonus payout equal to the most recent annual bonus paid to the named executive officer; and (iv) depending on the named executive officer and as described in the tables below, payment of such named executive officer's COBRA premiums for 24, 18, 12 or 6 months to be paid in order for such named executive officer to maintain medical insurance coverage that is substantially equivalent to that which such named executive officer received immediately prior to the termination payment of premiums for his group health insurance. In the event that such named executive officer breaches his confidentiality, non-compete or non-solicitation obligations under his confidentiality and inventions assignment agreement with us, the payments described above, except for the Accrued Obligations, shall cease, and we shall have no further obligations to such named executive officer with respect thereto. Our obligation to pay such named executive officer's COBRA premiums ceases upon such named executive officer's eligibility for comparable coverage provided by a new employer.

Under the terms of the employment agreements with the named executive officers in effect as of December 31, 2015, if we (or any surviving or acquiring corporation) terminate a named executive officer's employment without cause or a named executive officer resigns with good reason within one month prior to or 13 months following the effective date of a change in control (either constituting a "Change of Control Termination"), and in each case such named executive officer signs a general release and written acknowledgment of his continuing obligations under his confidentiality and inventions assignment agreement with us, such named executive officer is entitled to the following: (i) payment of the Accrued Obligations; (ii) depending on the named executive officer and as described in the tables below, the equivalent of 24, 18 or 12 months of such named executive officer's base salary as in effect immediately prior to the termination date, payable on the same basis and at the same time as previously paid and subject to employment tax withholdings and deductions; (iii) depending on the named executive officer and as described in the tables below, a bonus payout equal to two, one and one-half or one times the most recent annual cash bonus paid to the named executive officer; (vi) depending on the named executive officer as described in the tables below, payment of such named executive officer's COBRA premiums for 18 or 12 months to be paid in order for such named executive officer to maintain medical insurance coverage that is substantially equivalent to that which such named executive officer received immediately prior to the termination payment of premiums for his group health insurance; and (v) we will vest 100% of the shares subject to such named executive officer's options and such vesting shall occur upon the occurrence of the change of control in the case of a Change of Control Termination occurring prior to the change in control or upon termination in the case of a Change of Control Termination occurring after the change of control. If a named executive officer breaches his confidentiality, non-compete or non-solicitation obligations under his confidentiality and inventions assignment agreement with us, the payments described above, except for the Accrued Obligations, shall cease, and we shall have no further obligations to such named executive officer with respect thereto. Our obligation to pay such named executive officer's COBRA premiums ceases upon such named executive officer's eligibility for comparable coverage provided by a new employer.

Under the terms of the employment agreements with the named executive officers in effect as of December 31, 2015, if we (or any surviving or acquiring corporation) terminate a named executive officer's employment without just cause or a named executive officer resigns with good reason within one month prior to or 13 months following the effective date of a change in control, 100% of the shares subject to such named executive officer's options will vest.

The following tables reflect the estimated potential payments that would be payable to each named executive officer, upon a termination or change in control of us under the terms of his employment agreement in effect as of December 31, 2015. The amounts shown below reflect only the additional payments or benefits that each named executive officer would have received upon the occurrence of the respective triggering events listed below, but they do not include the value of payments or benefits that would have been earned, or any amounts associated with equity awards that would have vested, absent the triggering event. For purposes of calculating the potential payments set forth in the tables below, we have assumed that (i) the date of termination was

December 31, 2015 and (ii) the stock price was \$36.39, which was the per closing price of our common stock on the NASDAQ Global Market on December 31, 2015.

<i>Charles J. Link, Jr., M.D.</i>	<b>Termination For Just Cause or Resignation Without Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason (in connection with a Change in Control)</b>
<b><i>Cash Payments</i></b>			
Cash Severance	—	\$ 1,704,262 (1)	\$ 2,127,124 (2)
<b><i>Long-Term Incentives</i></b>			
Stock Options (Unvested and Accelerated)	—	—	\$ 4,234,277 (3)
<b><i>Benefits and Perquisites</i></b>			
Accrued Obligations	\$ 290,779 (4)	\$ 290,779 (4)	\$ 290,779 (4)
Benefits Continuation	—	\$ 18,612 (5)	\$ 18,612 (5)
<b><i>Total Payments Upon Termination</i></b>	<b>\$ 290,779</b>	<b>\$ 2,013,653</b>	<b>\$ 6,670,792</b>

- (1) Amount represents 24 months of his base salary then in effect and an amount equal to one times his most recent annual bonus.
- (2) Amount represents 24 months of his base salary then in effect and an amount equal to two times his most recent annual bonus.
- (3) Amount represents the in-the-money value of unvested stock options as of December 31, 2015, using the value of our common stock on December 31, 2015 based on the value of our common stock used for purposes of calculating compensation expense under FASB ASC topic 718. The number of shares underlying such stock options and the exercise price thereof are reflected in the columns entitled “Number of Shares Underlying Unexercised Options-Unexercisable” and “Option Exercise Price,” respectively, in the “Outstanding Equity Awards at December 31, 2014” table set forth on page 39 of this proxy statement.
- (4) Amount represents \$290,779 in accrued vacation.
- (5) Amount represents 18 months of COBRA premiums.

<i>Nicholas N. Vahanian, M.D.</i>	<b>Termination For Just Cause or Resignation Without Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason (in connection with a Change in Control)</b>
<b><i>Cash Payments</i></b>			
Cash Severance	—	\$ 1,103,485 (1)	\$ 1,465,774 (2)
<b><i>Long-Term Incentives</i></b>			
Stock Options (Unvested and Accelerated)	—	—	\$ 2,524,993 (3)
<b><i>Benefits and Perquisites</i></b>			
Accrued Obligations	\$ 202,595 (4)	\$ 202,595 (4)	\$ 202,595 (4)
Benefits Continuation	—	\$ 18,612 (5)	\$ 18,612 (5)
<b><i>Total Payments Upon Termination</i></b>	<u>\$ 202,595</u>	<u>\$ 1,324,692</u>	<u>\$ 4,211,974</u>

(1) Amount represents 18 months of his base salary then in effect and an amount equal to one times his most recent annual bonus.

(2) Amount represents 18 months of his base salary then in effect and an amount equal to 1.5 times his most recent annual bonus.

(3) Amount represents the in-the-money value of unvested stock options as of December 31, 2015, using the value of our common stock on December 31, 2015 based on the value of our common stock used for purposes of calculating compensation expense under FASB ASC topic 718. The number of shares underlying such stock options and the exercise price thereof are reflected in the columns entitled “Number of Shares Underlying Unexercised Options-Unexercisable” and “Option Exercise Price,” respectively, in the “Outstanding Equity Awards at December 31, 2015” table set forth on page 39 of this proxy statement.

(4) Amount represents \$202,595 in accrued vacation.

(5) Amount represents 18 months of COBRA premiums.



<i>John B. Henneman, III</i>	Termination For Just Cause or Resignation Without Good Reason	Termination Without Just Cause or Resignation With Good Reason	Termination Without Just Cause or Resignation With Good Reason (in connection with a Change in Control)
<b><i>Cash Payments</i></b>			
Cash Severance	—	\$ —	\$ —
<b><i>Long-Term Incentives</i></b>			
Stock Options (Unvested and Accelerated)	—	—	\$ 3,178,086 (1)
<b><i>Benefits and Perquisites</i></b>			
Accrued Obligations	\$ —	\$ —	\$ —
Benefits Continuation	—	\$ —	\$ —
<b><i>Total Payments Upon Termination</i></b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,178,086</u>

(1) Amount represents the in-the-money value of unvested NewLink stock options as of December 31, 2015, using the value of our common stock on December 31, 2015 based on the value of our common stock used for purposes of calculating compensation expense under FASB ASC topic 718. The number of shares underlying such stock options and the exercise price thereof are reflected in the columns entitled “Number of Shares Underlying Unexercised Options-Unexercisable” and “Option Exercise Price,” respectively, in the “Outstanding Equity Awards at December 31, 2015” table set forth on page 39 of this proxy statement.

<i>Brian Wiley</i>	<b>Termination For Just Cause or Resignation Without Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason (in connection with a Change in Control)</b>
<b><i>Cash Payments</i></b>			
Cash Severance	—	\$ 159,800 (1)	\$ 319,600 (2)
<b><i>Long-Term Incentives</i></b>			
Stock Options (Unvested and Accelerated)	—	—	\$ 1,995,089 (3)
<b><i>Benefits and Perquisites</i></b>			
Accrued Obligations	\$ 29,732 (4)	\$ 29,732 (4)	\$ 29,732 (4)
Benefits Continuation	—	\$ 6,204 (5)	\$ 12,408 (6)
<b><i>Total Payments Upon Termination</i></b>	<b><u>\$ 29,732</u></b>	<b><u>\$ 195,736</u></b>	<b><u>\$ 2,356,829</u></b>

(1) Amount represents six months of his base salary then in effect.

(2) Amount represents 12 months of his base salary then in effect.

(3) Amount represents the in-the-money value of unvested NewLink stock options as of December 31, 2015, using the value of our common stock on December 31, 2015 based on the value of our common stock used for purposes of calculating compensation expense under FASB ASC topic 718. The number of shares underlying such stock options and the exercise price thereof are reflected in the columns entitled “Number of Shares Underlying Unexercised Options-Unexercisable” and “Option Exercise Price,” respectively, in the “Outstanding Equity Awards at December 31, 2015” table set forth on page 39 of this proxy statement.

(4) Amount represents \$29,732 in accrued vacation.

(5) Amount represents six months of COBRA premiums.

(6) Amount represents 12 months of COBRA premiums.

<i>Carl Langren</i>	<b>Termination For Just Cause or Resignation Without Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason</b>	<b>Termination Without Just Cause or Resignation With Good Reason (in connection with a Change in Control)</b>
<b><i>Cash Payments</i></b>			
Cash Severance	—	\$ 125,000 (1)	\$ 250,000 (2)
<b><i>Long-Term Incentives</i></b>			
Stock Options (Unvested and Accelerated)	—	—	\$ 694,740 (3)
<b><i>Benefits and Perquisites</i></b>			
Accrued Obligations	\$ 28,856 (4)	\$ 28,856 (4)	\$ 28,856 (4)
Benefits Continuation	—	\$ 6,204 (5)	\$ 12,408 (6)
<b><i>Total Payments Upon Termination</i></b>	<u>\$ 28,856</u>	<u>\$ 160,060</u>	<u>\$ 986,004</u>

(1) Amount represents six months of his base salary then in effect.

(2) Amount represents 12 months of his base salary then in effect.

(3) Amount represents the in-the-money value of unvested NewLink stock options as of December 31, 2015, using the value of our common stock on December 31, 2015 based on the value of our common stock used for purposes of calculating compensation expense under FASB ASC topic 718. The number of shares underlying such stock options and the exercise price thereof are reflected in the columns entitled “Number of Shares Underlying Unexercised Options-Unexercisable” and “Option Exercise Price,” respectively, in the “Outstanding Equity Awards at December 31, 2015” table set forth on page 39 of this proxy statement.

(4) Amount represents \$28,856 in accrued vacation.

(5) Amount represents six months of COBRA premiums.

(6) Amount represents 12 months of COBRA premiums.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We have not been a party since January 1, 2013 to any transactions, in which the amount involved in the transaction exceeds \$120,000, and in which any of our directors, executive officers or to our knowledge, beneficial owners of more than 5% of our capital stock had or will have a direct or indirect material interest, other than compensation, termination and change in control arrangements, which are described in more detail in the Compensation Discussion and Analysis beginning on page 26 of this proxy statement.

### **Policies and Procedures for Related Person Transactions**

Our Board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds \$120,000 and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members), each of whom we refer to as a “related person,” has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a “related person transaction,” the related person must report the proposed related person transaction to our Audit Committee. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by our Audit Committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, our Audit Committee will review, and, in its discretion, may ratify the related person transaction. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by our Audit Committee after full disclosure of the related person’s interest in the transaction. As appropriate for the circumstances, our Audit Committee will review and consider:

- the related person’s interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person’s interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unaffiliated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

Our Audit Committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent, with our best interests. Our Audit Committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC’s related person transaction disclosure rule, our Board has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

- interests arising solely from the related person’s position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction or (c) the amount involved in the transaction equals less than the greater of \$200,000 or 5% of the annual consolidated gross revenues of our receiving payment under the transaction; and
- a transaction that is specifically contemplated by provisions of our certificate of incorporation or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by our Compensation Committee in the manner specified in its charter.

## Limitation of Liability and Indemnification

Our amended and restated bylaws require us to indemnify our directors to the fullest extent not prohibited by law and permit us to indemnify our officers, employees and other agents as set forth under Delaware law. We will indemnify any such person in connection with a proceeding initiated by such person only if such indemnification is expressly required by law, the proceeding was authorized by our Board, the indemnification is provided by us, in our sole discretion, pursuant to the Delaware General Corporation Law or other applicable law or is otherwise expressly required by our amended and restated bylaws. Section 145 of the Delaware General Corporation Law permits indemnification of officers, directors and other agents under specified circumstances and subject to specified limitations. Delaware law also permits a corporation not to hold its directors personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability for:

- breach of their duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in this capacity. We have obtained directors' and officers' liability insurance to cover certain liabilities described above.

We have entered into indemnity agreements with each of our directors that require us to indemnify such persons against any and all expenses, including attorneys' fees, witness fees, judgments, fines, settlements and other amounts incurred, including expenses of a derivative action, in connection with any action, suit or proceeding or alternative dispute resolution mechanism, inquiry hearing or investigation, whether threatened, pending or completed, to which any such person may be made a party by reason of the fact that such person is or was one of our directors, officers or employees, provided that such person's conduct did not constitute a breach of his or her duty of loyalty to us or our stockholders, and was not an act or omission not in good faith or which involved intentional misconduct or a knowing violation of laws. The indemnity agreements also set forth procedures that will apply in the event of a claim for indemnification thereunder. We believe that these provisions and agreements are necessary to attract and retain qualified persons as our directors.

At present, there is no pending litigation or proceeding involving any of our directors or officers for which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted by directors, executive officers or persons controlling us, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

## OTHER INFORMATION

### Stockholder Communications with Our Board of Directors

Our Board has adopted a formal process by which stockholders may communicate with our Board or any of its directors. This information is available on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) in the “Investors & Media - Corporate Governance - Contact the Board” section.

### Stockholder Proposals and Nominations of Directors

Stockholders who wish to submit a proposal for our 2017 Annual Meeting of Stockholders must submit any such proposal by December 5, 2016, to Corporate Secretary, NewLink Genetic Corporation, 2503 South Loop Drive, Ames, Iowa 50010. If you wish to submit a director nomination or a proposal at next year’s annual meeting that is not to be included in next year’s proxy materials, you must do so by no later than the close of business on February 18, 2017, nor earlier than the close of business on January 19, 2017, and you must comply with the requirements of Section 5(b) in the our Bylaws, including submitting written notice to our Corporate Secretary as set forth above.

The Company has not yet selected the date of the annual meeting of stockholders for next year, but is considering holding the meeting in May 2017. If the date of the 2017 annual meeting is advanced or delayed more than thirty (30) days before or after the anniversary of the date of this Annual Meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the one hundred twentieth (120th) day prior to such 2017 annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such 2017 annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. Submissions must include the full name of the proposed nominee, a description of the proposed nominee’s business experience for at least the previous five years, complete biographical information, a description of the proposed nominee’s qualifications as a director, a representation that the nominating stockholder is a beneficial or record holder of our common stock and such other information as is required under Section 5(b) of our Bylaws. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected.

### Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are NewLink Genetics Corporation stockholders will be “householding” our proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, please notify your broker or NewLink Genetics Corporation. Direct your written request to Corporate Secretary, NewLink Genetics Corporation, 2503 South Loop Drive, Ames, IA 50010 or contact Corporate Secretary at 515-598-2561. Stockholders who currently receive multiple copies of the Notices of Internet Availability of Proxy Materials at their addresses and would like to request “householding” of their communications should contact their brokers.

## OTHER MATTERS

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

By Order of the Board of Directors

/s/ John B. Henneman, III

John B. Henneman, III  
Secretary

April 6, 2016

**A copy of our Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2015 is available without charge upon written request to: Corporate Secretary, NewLink Genetics Corporation, 2503 South Loop Drive, Suite 5100, Ames, IA 50010.**





▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

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## Proxy — NewLink Genetics Corporation

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### Notice of 2016 Annual Meeting of Stockholders

#### Proxy Solicited by Board of Directors for Annual Meeting — May 20, 2016

The undersigned hereby appoints John B. Henneman, III and Carl Langren, or either of them acting alone, with the full power of substitution, as proxies to represent and vote, as designated below, all shares of capital stock of NewLink Genetics Corporation registered in the name of the undersigned at the Annual Meeting of Stockholders to be held at the offices of NewLink Genetics Corporation, 2503 South Loop Drive, Suite 5100, Ames, IA 50010, on May 20, 2016, at 9:00 a.m. local time, and at all adjournments thereof. The undersigned hereby revokes all proxies previously granted with respect to such meeting.

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN FOR A PARTICULAR PROPOSAL OR NOMINEE WILL BE VOTED FOR SUCH PROPOSAL OR NOMINEE.**

**The Board of Directors recommends that you vote "FOR" ALL nominees and "FOR" proposals 2 and 3.**

(Items to be voted appear on reverse side.)