

Synthetic Biologics, Inc.
Form PRE 14A
August 01, 2018

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

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
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 under §240.14a-12

SYNTHETIC BIOLOGICS, INC.
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)

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

(4)

Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)

Amount Previously Paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

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9605 Medical Center Drive, Suite 270

Rockville, MD 20850

(301) 417-4364

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Synthetic Biologics, Inc.:

We hereby notify you that the 2018 Annual Meeting of Stockholders of Synthetic Biologics, Inc., a Nevada corporation, will be held on September 24, 2018 at 9:30 a.m. (Eastern Time), at the offices of Gracin & Marlow, LLP, The Chrysler Building, 405 Lexington Avenue, 26th Floor, New York, New York 10174, for the following purposes:

- (1)
to elect the three (3) nominees for director named herein to hold office until our next annual meeting of stockholders and until their successors are duly elected and qualified;
- (2)
to ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2018;
- (3)
to approve an amendment to our Articles of Incorporation, to increase the number of shares of common stock that we will have authority to issue from 10,000,000 (after giving effect to the 1 (one) for 35 (thirty five) proportionate reverse stock split of our number of authorized shares of common stock and outstanding shares of common stock announced on August 1, 2018 and expected to be effected on August 1, 2018 (the “Reverse Stock Split”)) to 200,000,000 (the “Authorized Share Increase”);
- (4)
to authorize an adjournment of the 2018 Annual Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal 3 (the “Adjournment”);
- (5)
to approve an amendment to our 2010 Stock Incentive Plan to increase the number of shares of common stock that we will have authority to grant under the plan by 500,000 shares (after giving effect to the Reverse Stock Split) and to address certain recent changes to the U.S. federal income tax laws (the “Stock Incentive Plan Amendments”); and
- (6)
to transact such other business as may properly come before the meeting or any adjournments or postponements of the meeting.

The matters listed in this notice of meeting are described in detail in the accompanying Proxy Statement. Our Board of Directors has fixed the close of business on August 3, 2018 as the record date for determining those stockholders who are entitled to notice of and to vote at the meeting or any adjournment or postponement of our 2018 Annual Meeting of Stockholders. The list of the stockholders of record as of the close of business on August 3, 2018 will be made available for inspection at the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON SEPTEMBER 24, 2018:

THE NOTICE OF ANNUAL MEETING OF STOCKHOLDERS, THE PROXY STATEMENT AND OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2017 ARE AVAILABLE ELECTRONICALLY AT WWW.SYNTHETICBIOLOGICS.COM.

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Along with the attached Proxy Statement, we are sending to you our Annual Report on Form 10-K for the year ended December 31, 2017. Such annual report, which includes our audited financial statements, is not to be regarded as proxy solicitation material.

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YOUR VOTE IS IMPORTANT

Even if you plan to attend the meeting, please vote as promptly as possible by using the internet or kindly sign, date, and return the enclosed proxy card in the envelope provided so that your vote will be counted if you later decide not to attend the meeting. No postage is required if the proxy card is mailed in the United States.

By order of the Board of Directors,

/s/ Steven A. Shallcross

Interim Chief Executive Officer

Chief Financial Officer and Corporate Secretary

Rockville, Maryland

August , 2018

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CERTIFICATE OF AMENDMENT TO ARTICLES OF INCORPORATION
OF SYNTHETIC BIOLOGICS, INC.

APPENDIX B

SYNTHETIC BIOLOGICS, INC. (FORMERLY KNOWN AS ADEONA PHARMACEUTICALS, INC.)
2010 STOCK INCENTIVE PLAN

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9605 Medical Center Drive, Suite 270
Rockville, MD 20850
(301) 417-4364

PROXY STATEMENT

This Proxy Statement is being furnished to holders of shares of common stock, \$0.001 par value per share, of Synthetic Biologics, Inc., a Nevada corporation (“we,” us,” or the “Company”), in connection with the solicitation of proxies on behalf of our Board of Directors for use at our 2018 Annual Meeting of Stockholders to be held on September 24, 2018 at 9:30 a.m. (Eastern Time), at the offices of Gracin & Marlow, LLP, The Chrysler Building, 405 Lexington Avenue, 26th Floor, New York, New York 10174, and at any adjournment or postponement of our 2018 Annual Meeting of Stockholders. The purpose of the 2018 Annual Meeting of Stockholders and the matters to be acted on are stated in the accompanying notice of 2018 Annual Meeting of Stockholders. The Board of Directors knows of no other business that will come before the 2018 Annual Meeting of Stockholders.

The notice of our 2018 Annual Meeting of Stockholders, this Proxy Statement, and a proxy card, together with our Annual Report on Form 10-K for the year ended December 31, 2017, are being mailed to our stockholders on or about August 1, 2018. Such annual report, which includes our audited financial statements, is not to be regarded as proxy solicitation material. We will bear the cost of our solicitation of proxies. The original solicitation of proxies by mail may be supplemented by personal interview, telephone, or facsimile by our directors, officers, or employees, who will receive no additional compensation for such services. Arrangements will be made with brokerage houses and other custodians, nominees, and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held by any such persons, and we will reimburse those custodians, nominees, and fiduciaries for the reasonable out-of-pocket expenses incurred by them in doing so.

Our Board of Directors is soliciting votes FOR each of the three (3) nominees named herein for election to our Board of Directors; FOR the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2018; FOR the approval of an amendment to our articles of incorporation, as amended (the “Articles of Incorporation”), to increase the number of authorized shares of common stock from 10,000,000 (after giving effect to the 1 (one) for 35 (thirty five) proportionate reverse stock split of our number of authorized shares of common stock and outstanding shares of common stock announced on August 1, 2018 and expected to be effected on August 1, 2018 (the “Reverse Stock Split”)) to 200,000,000 (the “Authorized Share Increase”); FOR authority to adjourn the 2018 Annual Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of the Authorized Share Increase (the “Adjournment”); and FOR the amendment to our 2010 Stock Incentive Plan to increase the number of shares of common stock that we will have authority to grant by 500,000 shares (after giving effect to the Reverse Stock Split) and to address certain recent changes to the U.S. federal income tax laws (the “Stock Incentive Plan Amendments”).

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INFORMATION ABOUT VOTING

Q:

Why am I receiving these materials?

A:

The Board of Directors is providing these proxy materials to you in connection with our 2018 Annual Meeting of Stockholders, which is scheduled to take place on September 24, 2018. As a stockholder of record as of August 3, 2018, you are invited to attend the 2018 Annual Meeting of Stockholders and to vote on the items of business described in this Proxy Statement.

Q:

What information is contained in these materials?

A:

The information included in this Proxy Statement relates to the proposals to be voted on at the 2018 Annual Meeting of Stockholders, the voting process, the compensation of our directors and executive officers, and other required information.

Q:

What items of business will be voted on at the 2018 Annual Meeting of Stockholders?

A:

The five (5) items of business scheduled to be voted on at the 2018 Annual Meeting of Stockholders are: (1) the election of our directors named herein; (2) the ratification of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2018; (3) the approval of an amendment to our Articles of Incorporation, to increase the authorized number of shares of common stock from 10,000,000 (after giving effect to the Reverse Stock Split) to 200,000,000; (4) the adjournment of the 2018 Annual Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of the Authorized Share Increase; and (5) the amendment to our 2010 Stock Incentive Plan to increase the number of shares of common stock that we will have authority to grant by 500,000 shares (after giving effect to the Reverse Stock Split) and to address certain recent changes to the U.S. federal income tax laws.

Q:

How does the Board of Directors recommend that I vote?

A:

The Board of Directors recommends that you vote your shares: (1) FOR each of the nominees named herein for election to our Board of Directors; (2) FOR the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2018; (3) FOR approval of an amendment to our Articles of Incorporation, to increase the number of shares of common stock from 10,000,000 (after giving effect to the Reverse Stock Split) to 200,000,000; (4) FOR authority to adjourn the 2018 Annual Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of the Authorized Share Increase; and (5) FOR the Stock Incentive Plan Amendments.

Q:

What shares can I vote?

A:

You may vote or cause to be voted all shares owned by you as of the close of business on August 3, 2018, the record date. These shares include: (1) shares held directly in your name as a stockholder of record; and (2) shares held for

you, as the beneficial owner, through a broker or other nominee, such as a bank.

Q:
What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A:
Most of our stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially. If your shares are registered directly in your name with our transfer agent, Corporate Stock Transfer, Inc., you are considered, with respect to those shares, the stockholder of record and these proxy materials are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to Mr. Steven Shallcross, our Interim Chief Executive Officer and Chief Financial Officer, or to vote in person at the meeting. The Board of Directors has enclosed a proxy card for stockholders of record to use to grant a voting proxy.

If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in "street name," and these proxy materials are being forwarded to you by your broker or nominee together with a voting instruction card. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the 2018 Annual Meeting of Stockholders. Since you are not the stockholder of record, however, you may not vote these shares

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in person at the meeting unless you obtain from the broker or nominee that holds your shares a valid proxy from them giving you the right to vote the shares. Your broker or nominee should have enclosed or provided voting instructions for you to use in directing the broker or nominee how to vote your shares. If you hold your shares through a broker and you do not give instructions to the record holder on how to vote, the record holder will be entitled to vote your shares in its discretion on certain matters considered routine, such as the ratification of the appointment of our independent registered public accounting firm, the Authorized Share Increase and the Adjournment. Neither the uncontested election of directors nor the Stock Incentive Plan Amendments are considered a routine matter. Therefore, brokers do not have the discretion to vote on the election of directors or the Stock Incentive Plan Amendments. If you hold your shares in street name and you do not instruct your broker how to vote in the election of directors and/or the Stock Incentive Plan Amendments, no votes will be cast on your behalf for the non-routine matter for which you have not provided voting instructions. These “broker non-votes” will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but not as shares entitled to vote on a particular proposal.

Q:

May I attend the 2018 Annual Meeting of Stockholders?

A:

You are entitled to attend the 2018 Annual Meeting of Stockholders only if you were a stockholder as of the close of business on the record date, August 3, 2018, or you hold a valid proxy for the 2018 Annual Meeting of Stockholders. You should be prepared to present photo identification for admittance. If you are not a record holder but hold shares beneficially through a broker or nominee (that is, in “street name”), you should provide proof of beneficial ownership on the record date, such as your most recent account statement, a copy of the voting instruction card provided by your broker or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the 2018 Annual Meeting of Stockholders. The 2018 Annual Meeting of Stockholders will begin promptly at 9:30 a.m. (Eastern Time). Check-in will begin at 9:00 a.m., and you should allow ample time for the check-in procedures.

Q:

How can I vote my shares in person at the 2018 Annual Meeting of Stockholders?

A:

You may vote by ballot in person at the 2018 Annual Meeting of Stockholders any shares that you hold as the stockholder of record. You may only vote in person shares held in street name if you obtain from the broker or nominee that holds your shares a valid proxy giving you the right to vote the shares.

Q:

How can I vote my shares without attending the 2018 Annual Meeting of Stockholders?

A:

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may, without attending the meeting, direct how your shares are to be voted.

Stockholder of Record — Shares Registered in Your Name: If you are a stockholder of record, in addition to voting in person at the 2018 Annual Meeting of Stockholders, you may vote by proxy through the internet, or vote by proxy using a proxy card. Whether or not you plan to attend the 2018 Annual Meeting of Stockholders, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

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Vote by Internet, by going to the web address <https://secure.corporatestock.com/vote.php> and following the instructions for internet voting shown on your proxy card. Your Internet vote must be received by 11:59 p.m., Eastern Time, on September 23, 2018 to be counted.

- Vote by Proxy Card, by completing, signing, dating and mailing the enclosed proxy card in the envelope provided. If you return your signed proxy card to us before the 2018 Annual Meeting of Stockholders, we will vote your shares as you direct. If you vote by internet, please do not mail your proxy card.

Beneficial Owner — Shares Registered in the Name of a 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 an instruction card containing voting instructions from that organization rather than from us. You will be provided with instructions to vote by internet or to vote by mailing in your instruction card. Simply follow the voting instructions in the voting instruction card to ensure that your vote is counted.

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We provide internet proxy voting to allow you to vote your shares online, with procedures designed to ensure authenticity and correctness of your proxy vote instructions. Please be aware, however, that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.

Q:
Can I change my vote?

A:
You may change your vote at any time prior to the final vote at the 2018 Annual Meeting of Stockholders. For shares held directly in your name, you may accomplish this by: (1) sending a written notice of revocation to our Corporate Secretary at Synthetic Biologics, Inc., 9605 Medical Center Drive, Suite 270, Rockville, Maryland 20850; (2) granting a new proxy bearing a later date (which automatically revokes the earlier proxy); (3) granting a subsequent proxy through the internet; or (4) by attending the 2018 Annual Meeting of Stockholders and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. Even if you plan to attend the 2018 Annual Meeting of Stockholders, we recommend that you also submit your proxy or voting instructions or vote through the internet so that your vote will be counted if you later decide not to attend the 2018 Annual Meeting of Stockholders.

For shares you hold beneficially, you may change your vote by submitting new voting instructions to your broker or nominee or, if you have obtained a valid proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Q:
Can I revoke my proxy?

A:
You may revoke your proxy before it is voted at the 2018 Annual Meeting of Stockholders. To revoke your proxy, notify our Corporate Secretary in writing at Synthetic Biologics, Inc., 9605 Medical Center Drive, Suite 270, Rockville, Maryland 20850, or deliver to our Corporate Secretary a duly executed proxy bearing a later date. You may also revoke your proxy by appearing at the 2018 Annual Meeting of Stockholders in person and voting your shares. If you vote by internet, you may also revoke your proxy by granting a subsequent proxy by internet. Attendance at the 2018 Annual Meeting of Stockholders will not, by itself, revoke a proxy. If your shares are held by your broker or bank as nominee or agent, you should follow the instructions provided by your broker or bank.

Q:
Who can help answer my questions?

A:
If you have any questions about the 2018 Annual Meeting of Stockholders or how to vote or revoke your proxy, or you need additional copies of this Proxy Statement or voting materials, you should contact our Corporate Secretary at Synthetic Biologics, Inc., 9605 Medical Center Drive, Suite 270, Rockville, Maryland 20850 or by phone at (301) 417-4364.

Q:
How are votes counted?

A:
In the election of directors, you may vote FOR all of the three (3) nominees named herein or you may direct your vote to be WITHHELD with respect to any one or more of the three (3) nominees named herein.

With respect to other proposals, you may vote FOR, AGAINST, or ABSTAIN.

If you provide specific instructions, your shares will be voted as you instruct. If you sign your proxy card or voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board of Directors, namely (1) FOR each of the three (3) nominees named herein for election to our Board of Directors; (2) FOR the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2018; (3) FOR approval of an amendment to our Articles of Incorporation, to increase the number of shares of common stock from 10,000,000 (after giving effect to the Reverse Stock Split) to 200,000,000; (4) FOR authority to adjourn the 2018 Annual Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of the Authorized Share Increase; and (5) FOR the Stock Incentive Plan Amendments.

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Q:

What is a quorum and why is it necessary?

A:

Conducting business at the 2018 Annual Meeting of Stockholders requires a quorum. The presence, either in person or by proxy, of the holders of a majority of our shares of common stock outstanding on August 3, 2018 is necessary to constitute a quorum. On the record date, there were 132,969,743 (pre-Reverse Stock Split) shares outstanding and entitled to vote. Your shares will be counted towards 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 2018 Annual Meeting of Stockholders. Abstentions and broker non-votes (which result when your shares are held in “street name” and you do not tell the nominee how to vote your shares and are described in detail below) are treated as present for purposes of determining whether a quorum exists. Broker non-votes are relevant in determining whether a quorum is present at the meeting. 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.

Q:

What are Broker-Non-Votes?

A:

Under the rules of the New York Stock Exchange, member brokers who hold shares in street name for their customers that are the beneficial owners of those shares have the authority to only vote on certain “routine” items in the event that they have not received instructions from beneficial owners. Under New York Stock Exchange rules, when a proposal is not a “routine” matter and a member broker has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm may not vote the shares on that proposal since it does not have discretionary authority to vote those shares on that matter. A “broker non-vote” is submitted when a broker returns a proxy card and indicates that, with respect to particular matters, it is not voting a specified number of shares on that matter, as it has not received voting instructions with respect to those shares from the beneficial owner and does not have discretionary authority to vote those shares on such matters. “Broker non-votes” are not entitled to vote at the 2018 Annual Meeting of Stockholders with respect to the matters to which they apply; however, “broker non-votes” will be included for purposes of determining whether a quorum is present at the 2018 Annual Meeting of Stockholders.

Proposals 1 and 5 are considered “non-routine” matters. As a result, brokers that do not receive instructions with respect to Proposals 1 and/or 5 from their customers will not be entitled to vote on such proposal for which instructions were not received.

Proposals 2, 3 and 4 are each considered a “routine” matter. As a result, brokers that do not receive instructions with respect to Proposals 2, 3 and/or 4 from their customers will be entitled to vote on such proposal.

Q:

What is the voting requirement to approve each of the proposals?

For Proposal 1, which relates to the election of directors, the three (3) nominees receiving the highest number of “FOR” votes (from the holders of votes of shares present in person or represented by proxy at the 2018 Annual Meeting of Stockholders and entitled to vote on the election of directors) will be elected. Only votes FOR or WITHHELD will affect the outcome. Abstentions and broker non-votes will have no effect on the outcome of the vote as long as each nominee receives at least one FOR vote. You do not have the right to cumulate your votes.

To be approved, Proposal 2, which relates to the ratification of the appointment of BDO USA, LLP, as our independent registered public accounting firm for the year ending December 31, 2018, must receive FOR votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote at the 2018 Annual Meeting of Stockholders. Abstentions will have the same effect as an AGAINST vote. Although none are expected to

exist in connection with Proposal 2, broker non-votes, if any, will have no effect. This vote is advisory, and therefore is not binding on us, the Audit Committee or our Board of Directors. If our stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the appointment is ratified, the 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 its stockholders.

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To be approved, Proposal 3 (the Authorized Share Increase) which relates to the approval of an increase in the number of authorized shares of common stock that may be issued under our Articles of Incorporation, must receive FOR votes from the holders of a majority of the issued and outstanding shares of common stock as of the record date. Abstentions and broker non-votes will have the same effect as an AGAINST vote (although no broker non-votes are expected to exist in connection with Proposal 3).

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To be approved, Proposal 4 (the Adjournment), which relates to the approval of an adjournment of the 2018 Annual Meeting must receive FOR votes from the holders of a majority of the votes present in person or represented by proxy and entitled to vote at the 2018 Annual Meeting of Stockholders. Accordingly, abstentions with respect to this proposal will have the same effect as voting AGAINST. Broker non-votes will have no effect on this proposal (although no broker non-votes are expected to exist in connection with Proposal 4).

•
To be approved, Proposal 5, which relates to the Stock Incentive Plan Amendments, must receive FOR votes from the holders of a majority of the votes present in person or represented by proxy and entitled to vote at the 2018 Annual Meeting of Stockholders. Abstentions will have the same effect as an AGAINST vote. Broker non-votes will have no effect.

We encourage you to vote FOR all five (5) of the proposals.

If your shares are held in “street name” and you do not indicate how you wish to vote, your broker is permitted to exercise its discretion to vote your shares on certain “routine” matters. The only routine matter to be submitted to our stockholders at the 2018 Annual Meeting of Stockholders are Proposals 2, 3, and 4. Proposals 1 and 5 are not routine matters. Accordingly, if you do not direct your broker how to vote for a director in Proposal 1 or how to vote for Proposal 5, your broker may not exercise discretion and may not vote your shares on that proposal.

For purposes of Proposals 1 and 5, broker non-votes are not considered to be “votes cast” at the meeting and the shares represented by broker non-votes are not “entitled to vote” at the meeting. As such, a broker non-vote will not be counted as a vote FOR or WITHHELD with respect to a director in Proposal 1 or a vote FOR or AGAINST Proposal 5 and, therefore, will have no effect on the outcome of the vote on any such proposal. Abstentions will be counted in determining the total number of “votes cast” and the total number of shares present in person or represented by proxy and entitled to vote on each of the proposals and will therefore have the effect of a vote AGAINST on each proposal, except for Proposal 1, where the abstention will have no effect on the outcome of the vote.

Q:

What should I do if I receive more than one set of voting materials?

A:

You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date, and return each proxy card and voting instruction card that you receive.

Q:

Where can I find the voting results of the 2018 Annual Meeting of Stockholders?

A:

We intend to announce preliminary voting results at the 2018 Annual Meeting of Stockholders and publish final results in a Current Report on Form 8-K that will be filed with the U.S. Securities and Exchange Commission (the “SEC”) within four (4) business days after the meeting. If final voting results are not available to us in time to file a

Current Report on Form 8-K within four (4) business days after the meeting, we intend to file a Current Report on Form 8-K to publish preliminary results and, within four (4) business days after the final results are known to us, file an additional Current Report on Form 8-K to publish the final results.

Q:

What happens if additional matters are presented at the 2018 Annual Meeting of Stockholders?

A:

Other than the five (5) items of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the 2018 Annual Meeting of Stockholders. If you grant a proxy, the

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persons named as proxy holder, Mr. Steven Shallcross, our Interim Chief Executive Officer and Chief Financial Officer, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees are not available as a candidate for director, the persons named as proxy holders will vote your proxy for any one or more other candidates nominated by the Board of Directors.

Q:

How many shares are outstanding and how many votes is each share entitled?

A:

Each share of our common stock that is issued and outstanding as of the close of business on August 3, 2018, the record date, is entitled to be voted on all items being voted on at the 2018 Annual Meeting of Stockholders, with each share being entitled to one vote on each matter. On the record date, 132,969,743 shares of common stock were issued and outstanding (pre-Reverse Stock Split).

Q:

Who will count the votes?

A:

One or more inspectors of election will tabulate the votes.

Q:

Is my vote confidential?

A:

Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within our business or to anyone else, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; or (3) to facilitate a successful proxy solicitation.

Q:

Who will bear the cost of soliciting votes for the 2018 Annual Meeting of Stockholders?

A:

The Board of Directors is making this solicitation on our behalf, and we will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. Certain of our directors, officers, and employees, without any additional compensation, may also solicit your vote in person, by telephone, or by electronic communication. On request, we will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders. In addition to the use of the mails, proxies may be solicited by personal interview, telephone, telegram, facsimile and advertisement in periodicals and postings, in each case by our directors, officers and employees without additional compensation. In addition, we have retained D.F. King & Co., Inc. to aid in the solicitation of proxies for this year. We will pay D.F. King & Co., Inc. fees of not more than \$7,500 plus expense reimbursement for its services. We may request by telephone, facsimile, mail, electronic mail or other means of communication the return of the proxy cards. Please contact D.F. King & Co., Inc. at (866) 796-7186 with any questions you may have regarding our proposals.

Q:

When are stockholder proposals and director nominations due for next year's Annual Meeting of Stockholders?

A:

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To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by April [], 2019, to the attention of our Corporate Secretary at Synthetic Biologics, Inc., 9605 Medical Center Drive, Suite 270, Rockville, Maryland 20850, and you must comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided, however, that if our 2019 Annual Meeting of Stockholders is not held between August 23, 2019 and October 23, 2019, to be timely, then the deadline is a reasonable amount of time prior to the date we begin to print and mail our proxy statement for the 2019 Annual Meeting of Stockholders.

If you wish to submit a proposal or nominate a director at the 2019 Annual Meeting of Stockholders that is not to be included in next year's proxy materials, you must currently do so in accordance with the charter of the Nominations Committee, which is available on our website at www.syntheticbiologics.com in the Investors section and which contains additional requirements about advance notice required of stockholder proposals and director nominations. In addition, you must comply with all applicable requirements of Rule 14a-8 promulgated under the Exchange Act.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors, based on the recommendation of the Nominations Committee of the Board of Directors, has nominated for annual election as director each of the individuals identified below, all of whom are incumbent directors.

THE NOMINEES

| Name | Age | Position | Director Since |
|---------------------------|-----|----------|----------------|
| Jeffrey J. Kraws(1)(2)(3) | 54 | Chairman | 2006 |
| Scott L. Tarriff(1)(2)(3) | 59 | Director | 2012 |
| Jeffrey Wolf, JD(1)(2)(3) | 55 | Director | 2006 |

(1)
 Member of the Audit Committee.

(2)
 Member of the Compensation Committee.

(3)
 Member of the Nominations Committee.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE YOUR SHARES FOR THE ELECTION OF EACH OF THESE NOMINEES.

It is the intention of the persons named in the accompanying proxy card to vote all shares of common stock for which they have been granted a proxy for the election of each of the nominees, each to serve as a director until the next annual meeting of stockholders and until his successor shall have been duly elected and qualified. All of the nominees have consented to being named in this Proxy Statement and to serve as a director if elected. At the time of the 2018 Annual Meeting of Stockholders, if any of the nominees named above is not available to serve as director (an event that the Board of Directors does not currently have any reason to anticipate), all proxies will be voted for any one or more other persons that the Board of Directors designates. The Board of Directors believes that it is in the best interests of the Company to elect the above-described nominees.

DIRECTOR INDEPENDENCE

No director or executive officer of the Company is related by blood, marriage or adoption to any other director or executive officer. A majority of our members of our Board of Directors are independent in compliance with the applicable listing standards of the NYSE American, LLC (“NYSE American”). The Board of Directors has affirmatively determined that the independent directors and nominees are Jeffrey J. Kraws, Scott L. Tarriff and Jeffrey Wolf.

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INFORMATION ABOUT THE NOMINEES

Stated below is the principal occupation of each nominee, the business experience of each nominee for at least the past five years, and certain other information relating to the nominees.

Jeffrey J. Kraws. Mr. Kraws has been a member of the Company's Board of Directors since January of 2006, and was appointed independent, non-executive Chairman of the Board in May 2012. Since 2003, Mr. Kraws has served as Chief Executive Officer and co-founder of Crystal Research Associates and CRA Advisors, and since February 2012, he has served as partner and co-founder of TopHat Capital, LLC. Since August 2016, Mr. Kraws has served as the President of Ra Medical Systems Inc., a private medical device company. Mr. Kraws is a Registered Representative at Terranova Capital Partners, Inc. since October 2014, a partner at Grannus Securities Pty Ltd. (an Australian based private equity fund) since November 2015 and a partner at Phoenix Holdings since November 2015. Well known and respected on Wall Street, Mr. Kraws has received some of the most prestigious awards in the industry. Among other awards, he was given a "5-Star Rating" in 2001 by Zacks and was ranked the number one analyst among all pharmaceutical analysts for stock performance in 2001 by Starmine.com. Prior to founding Crystal Research Associates, Mr. Kraws served as co-president of The Investor Relations Group (IRG), a firm representing primarily under-followed, small-capitalization companies. Previously, Mr. Kraws served as a managing director of healthcare research for Ryan Beck & Co. and as director of research/senior pharmaceutical analyst and managing director at Gruntal & Co., LLC (prior to its merger with Ryan Beck & Company). Mr. Kraws served as managing director of the healthcare research group and senior pharmaceutical analyst at First Union Securities (formerly EVEREN Securities); as senior U.S. pharmaceutical analyst for the Swedish-Swiss conglomerate Asea Brown Boveri; and as managing director and president of the Brokerage/Investment Banking operation of ABB Aros Securities, Inc. He also served as senior pharmaceutical analyst at Nationsbank Montgomery Securities, BT Alex Brown & Sons, and Buckingham Research. Mr. Kraws also has industry experience, having been responsible for competitive analysis within the treasury group at Bristol-Myers-Squibb Company. During 2006 through February of 2007, Mr. Kraws served as our Vice President of Business Development, on a part-time basis. Since December 2013, Mr. Kraws serves on the board of directors of Saleen Automotive, Inc. (OTC: SLNN). He holds an M.B.A. from Cornell University and a B.S. degree from State University of New York — Buffalo. Mr. Kraws brings a strong business background to Synthetic Biologics, having worked as a pharmaceutical analyst for over 22 years.

Mr. Kraws brings to the Board significant strategic, business and financial experience related to the business and financial issues facing pharmaceutical companies. Mr. Kraws has a broad understanding of the operational, financial and strategic issues facing pharmaceutical companies. Through his services as the Company's Vice President of Business Development during 2006 and a part of 2007, he developed extensive knowledge of Synthetic Biologics' business.

Scott L. Tarriff. Mr. Tarriff has been a member of the Company's Board of Directors since February 3, 2012. Since January 2007 he has served as a director and Chief Executive Officer of Eagle Pharmaceuticals, Inc., a publicly traded, hospital specialty company. Eagle Pharmaceuticals, Inc. (NASDAQ: EGRX) is focused on developing branded parenteral products through the application of various in-licensed drug delivery technologies. Prior to joining Eagle, Mr. Tarriff held various executive positions at Par Pharmaceutical Companies, Inc., a publicly-traded developer, manufacturer and marketer of specialty pharmaceuticals, including as president and chief executive officer from September 2003 to September 2006, after joining Par in 1998. Mr. Tarriff also served on Par's board of directors from 2002 to September 2006. Prior to that, Mr. Tarriff held various positions with Bristol-Meyers Squibb, a publicly-traded biopharmaceutical company, including senior director marketing. Mr. Tarriff currently serves on the board of directors of ZIOPHARM Oncology, Inc., a publicly traded biopharmaceutical company and previously served on the board of directors of Clinical Data, Inc., a publicly-traded pharmaceutical company, from September 2009 to April 2011 when Clinical Data was acquired by Forest Laboratories, Inc. Mr. Tarriff holds a B.S. in marketing from Pennsylvania State University and an M.B.A. from Rider College.

Mr. Tarriff brings to our Board of Directors significant knowledge of and experience in the pharmaceutical and medical industries. He has extensive business, managerial, executive and leadership experience that further qualify him to serve as a member of the Board and a valuable understanding of the

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role played by the Board of Directors acquired through service on the boards of many companies. He has had a long and successful career in top executive leadership positions with leading, publicly traded pharmaceutical companies including Eagle Pharmaceuticals, Inc., Par Pharmaceuticals Companies, Inc. and Bristol-Myers Squibb.

Jeffrey Wolf, J.D. Mr. Wolf, who has been a member of the Company's Board of Directors since 2006, has substantial experience in creating, financing, nurturing and growing new ventures based upon breakthrough research and technology. In August 2008, Mr. Wolf founded Heat Biologics, Inc. (NASDAQ: HTBX), a publicly traded company engaged in research and development of drugs focused on combating cancer and other diseases. Since April 2010, Mr. Wolf has served as the Chief Executive Officer and Chairman of the Board of Heat Biologics, Inc. Prior to founding Heat Biologics, Inc., from June 1997 to March 2011, Mr. Wolf has served as managing director at Seed-One Ventures, LLC a venture firm focused on launching and growing exceptional healthcare companies from the ground up. Since founding Seed-One, Mr. Wolf has founded and run several medical companies. Mr. Wolf's start-ups include Avigen, a San Francisco-based gene therapy company where he was a co-founder and director; TyRx Pharma, a Princeton-based company focused on the development of bio-compatible polymers where he was a co-founder and Chairman; EluSys Therapeutics, a New Jersey company focused on the development of novel technology to remove blood-borne pathogens where he was a cofounder, Chairman and Chief Executive Officer; and GenerationOne, a Miami-based company focused on mobile-based collaborative care, where he was the founder, Chairman and Chief Executive Officer. Mr. Wolf received his M.B.A. from Stanford Business School, his J.D. from New York University School of Law and his B.A. from the University of Chicago, where he graduated with honors in Economics. Mr. Wolf serves as a director of several Seed-One portfolio companies.

Mr. Wolf has extensive knowledge of the industry and in particular research and development. His legal and business background provide him with a broad understanding of the legal, operational, financial and strategic issues facing Synthetic Biologics. Having served as a board member on other public company boards, Mr. Wolf has an extensive understanding of the operational, financial and strategic issues facing public companies.

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INFORMATION REGARDING THE COMMITTEES OF THE BOARD OF DIRECTORS

We formed an Audit Committee, Compensation Committee and Nominations Committee of our Board of Directors in 2007.

Audit Committee

The members of the Audit Committee are Mr. Wolf (Chairman), Mr. Kraws and Mr. Tarriff. The Audit Committee met five (5) times during the year ended December 31, 2017. The primary purpose of the Audit Committee is to act on behalf of the Board of Directors in its oversight of all material aspects of our accounting and financial reporting processes, internal controls and audit functions, including our compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

The duties of the Audit Committee include the hiring and retaining of our independent registered public accounting firm, which reports to the Audit Committee. The Audit Committee reviews with our independent registered public accounting firm the scope and results of the audit engagement and the system of internal controls and procedures. The Audit Committee also reviews the effectiveness of procedures intended to prevent violations of laws. The Audit Committee also reviews, prior to publication, our quarterly earnings releases and our reports to the SEC on Forms 10-K and 10-Q. The formal report of the Audit Committee for 2017 is set forth under the caption "Report of the Audit Committee of the Board of Directors" in Proposal 2.

Our Board of Directors has determined that the members of the Audit Committee are "independent" under the applicable rules of the NYSE American and that Mr. Wolf, Mr. Kraws and Mr. Tarriff are each an "audit committee financial expert" within the meaning of the regulations of the SEC.

Audit Committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered to be independent for purposes of Rule 10A-3, a member of an Audit Committee of a listed company may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries or (2) be an affiliated person of the listed company or any of its subsidiaries. Each member of our Audit Committee is "independent" under Rule 10A-3 of the Exchange Act.

The Audit Committee has adopted a formal written charter, a copy of which is available on our website at www.syntheticbiologics.com in the Investors section.

Compensation Committee

The members of the Compensation Committee are Mr. Kraws (Chairman), Mr. Tarriff and Mr. Wolf. The Compensation Committee met seven (7) times during the year ended December 31, 2017. The Compensation Committee reviews and reports to the Board of Directors on all elements of compensation of our executive officers.

Our Board of Directors has determined that the members of the Compensation Committee are "independent" under the applicable rules of the NYSE American.

Our Compensation Committee annually reviews the compensation program for our Chief Executive Officer and other members of senior management and then makes recommendations to the full Board of Directors for determination. In each case, the Compensation Committee takes into account the results achieved by the executive, his future potential, and his scope of responsibilities and experience. Our Chief Executive Officer makes recommendations to the Compensation Committee regarding the compensation of our other executive officers and other members of management but does not participate in any discussions or processes concerning his own compensation, and does not vote on the compensation of our Chief Financial Officer and other members of management.

During the year ended December 31, 2017, the Compensation Committee evaluated the performance of our executives and other members of senior management and considered the compensation levels and equity programs at comparable companies and related industries before it made its compensation recommendations to the full Board, including recommendations regarding salary increases, awards of cash bonuses and awards of stock options.

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The Compensation Committee administers our stock plan, including review and recommendation of long-term incentive compensation for each executive, director and employee, including grants of stock options. The Compensation Committee believes that this long-term incentive compensation aligns the interests of our executives with those of our stockholders and furthers executive retention.

The Compensation Committee also reviews and recommends to the Board of Directors appropriate director compensation programs for service as directors, Committee chairs and Committee members.

The Compensation Committee operates under a formal charter that governs its duties and standards of performance. A copy of the charter is available on our website at www.syntheticbiologics.com in the Investors section.

Nominations Committee

The members of the Nominations Committee are Mr. Tarriff (Chairman), Mr. Kraws and Mr. Wolf. Our Board of Directors has determined that the members of the Nominations Committee are “independent” under the applicable rules of the NYSE American. The Nominations Committee met two (2) times during the year ended December 31, 2017.

The Nominations Committee performs the following functions:

-
- It considers and recommends to the Board of Directors individuals for appointment or election as directors;
-
- It makes recommendations to the Board of Directors regarding any changes to the size of the Board of Directors or any Committee;
-
- It reports to the Board of Directors on a regular basis; and
-
- It performs any other duties or responsibilities expressly delegated to it by the Board of Directors relating to Board or Committee members.

Candidates for director should have certain minimum qualifications, including the ability to understand basic financial statements, being over 21 years of age, having relevant business experience (taking into account the business experience of the other directors), and having high moral character. The Nominations Committee retains the right to modify these minimum qualifications from time to time.

In evaluating an incumbent director whose term of office is set to expire, the Nominations Committee reviews such director’s overall service to the Company during such director’s term, including the number of meetings attended, level of participation, quality of performance, and any transactions with the Company engaged in by such director during his term.

When selecting a new director nominee, the Nominations Committee first determines whether the nominee must be independent for NYSE American purposes or whether the candidate must qualify as an “audit committee financial expert.” The Nominations 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 to assist in the identification of qualified director candidates. The Nominations Committee also will consider nominees recommended by our stockholders. The Nominations Committee does not distinguish between nominees recommended by our stockholders and those recommended by other parties. The Nominations Committee evaluates the suitability of potential nominees, taking into account the current composition of the Board of Directors, including expertise, diversity and the balance of inside and independent directors. The Nominations Committee endeavors to establish a diversity of background and experience in a number of areas of core competency, including business judgment, management, accounting, finance, knowledge of our industry, strategic vision, research and development and other areas relevant to our business.

Under our current governing documents, stockholders wishing to directly recommend candidates for election to the Board of Directors at our next annual meeting to be included in our Proxy Statement must do so by giving written notice to: Chairman of the Nominations Committee, Synthetic Biologics, Inc., 9605 Medical Center Drive, Suite 270, Rockville, Maryland 20850. Any such notice must be delivered to the Chairman not less than 120 days prior to the

anniversary of the preceding year's annual meeting. The notice must state: (1) the name and address of the stockholder making the recommendations; (2) the name,
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age, business address, and residential address of each person recommended; (3) the principal occupation or employment of each person recommended; (4) the class and number of shares of the Company's stock that are beneficially owned by each person recommended and by the recommending stockholder; (5) any other information concerning the persons recommended that must be disclosed in nominee and proxy solicitations in accordance with Regulation 14A of the Exchange Act; and (6) a signed consent of each person recommended stating that he or she consents to serve as a director of the Company if elected.

In considering any person recommended by one of our stockholders, the Nominations Committee will look for the same qualifications that it looks for in any other person that it is considering for a position on the Board of Directors. Any stockholder nominee recommended by the Committee and proposed by the Board of Directors for election at the next annual meeting of stockholders will be included in the Company's Proxy Statement for that annual meeting.

The Nominations Committee operates under a formal charter that governs its duties and standards of performance. A copy of the charter is available on our website at www.syntheticbiologics.com in the Investors section.

Board Leadership Structure

We currently have two separate people serving as our Chairman of the Board of Directors and as our Interim Chief Executive Officer, and we do not have a formal policy on whether the same person should (or should not) serve as both the Chief Executive Officer and Chairman of the Board of Directors. Due to the size of our company, we believe that this structure is appropriate in recognition of the time commitment and activities required to function effectively as a Chairman and as a Chief Executive Officer. Mr. Kraws has served as the Chairman of the Board of Directors since May 2012. Mr. Shallcross has served as our Interim Chief Executive Officer since December 2017. In serving as Chairman of the Board of Directors, Mr. Kraws serves as a significant resource for our Interim Chief Executive Officer, other members of management and the Board of Directors. We believe that the division of duties and additional avenues of communication between the Board of Directors and management with Mr. Kraws serving as Chairman of the Board of Directors provides a basis for the proper functioning of our Board of Directors and oversight of management.

We do not have a separate lead independent director. We believe the combination of Mr. Kraws as our Chairman of the Board and Mr. Shallcross as our Interim Chief Executive Officer and Chief Financial Officer is an effective structure for us. Our current structure is operating effectively to foster productive, timely and efficient communication among the independent directors and management. We do have active participation in our Committees by our independent directors, who comprise all of the members of all of our Committees. Each Committee performs an active role in overseeing our management and there are complete and open lines of communication with the management and independent directors.

Oversight of Risk Management

The Board of Directors has an active role, as a whole and also at the Committee level, in overseeing management of our risks. The Board of Directors regularly reviews information regarding our strategy, finances and operations, as well as the risks associated with each. The Audit Committee is responsible for oversight of our risks relating to accounting matters, financial reporting and legal and regulatory compliance. The Audit Committee undertakes, at least annually, a review to evaluate these risks. Individual members of the Audit Committee are each assigned an area of risk to oversee. The members then meet separately with management responsible for such area, including our Chief Financial Officer, internal auditor and counsel, and report to the Audit Committee on any matters identified during such discussions with management. Our Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. While each Committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through Committee reports about such risks.

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STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Stockholders may direct any communications intended for the Board of Directors to our Corporate Secretary by telephone at (301) 417-4364, by facsimile at (301) 417-4367, or by mail to Synthetic Biologics, Inc., 9605 Medical Center Drive, Suite 270, Rockville, Maryland 20850.

This centralized process assists the Board of Directors in reviewing and responding to stockholder communications in an appropriate manner. If a stockholder wishes to direct any communication to a specific member of the Board of Directors, the name of that member of the Board of Directors should be noted in the communication. The Board of Directors has instructed the Corporate Secretary to forward stockholder correspondence only to the intended recipients, and has also instructed the Corporate Secretary to review all stockholder correspondence and, in the Corporate Secretary's discretion, refrain from forwarding any items deemed to be of a commercial or frivolous nature or otherwise inappropriate for the Board of Directors' consideration. Any such items may be forwarded elsewhere in the Company for review and possible response.

BOARD AND COMMITTEE MEETINGS

During the year ended December 31, 2017, the Board of Directors held thirteen (13) meetings. During the year ended December 31, 2017, our Audit, Compensation and Nominations Committees met five (5) times, seven (7) times and two (2) times, respectively. Each director attended at least eighty five percent (85%) of the aggregate of all meetings of the Board of Directors and all of the Committee meetings, for the Committees on which he serves.

DIRECTOR ATTENDANCE AT ANNUAL MEETINGS

Our directors are encouraged, but not required, to attend our Annual Meetings of Stockholders. All three of our directors attended the 2017 Annual Meeting of Stockholders in person.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own more than ten percent (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 our common stock. Such officers, directors and persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file with the SEC.

Based solely on a review of the copies of such forms that were received by us, or written representations from certain reporting persons that no Forms 5 were required for those persons, we are not aware of any failures to file reports or report transactions in a timely manner during the year ended December 31, 2017.

CORPORATE GOVERNANCE

We operate according to a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct, and assuring compliance with those responsibilities and standards. We regularly monitor developments in the area of corporate governance and will continue to monitor developments and make adjustments from time to time to ensure compliance in this area. Information regarding our corporate governance that is not provided below is described elsewhere in this Proxy Statement.

Code of Conduct

We adopted a Code of Conduct that applies to all of our directors, officers and employees. The Code of Conduct is intended to promote honest and ethical conduct, full, accurate and timely disclosure, and compliance with all applicable laws and government regulations. A copy of the Code of Conduct is available on our website at www.syntheticbiologics.com in the Investors section. If we make any substantive amendments to the Code of Conduct or grant any waiver from a provision of the Code of Conduct to any director or officer, we will promptly disclose the nature of the amendment or waiver on our website.

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We adopted a Code of Ethics for Financial Management that applies to all persons responsible for our financial management. The Code of Ethics for Financial Management is intended to promote professional conduct in our financial management. A copy of our Code of Ethics for Financial Management is available on our website at www.syntheticbiologics.com in the Investors section. Violations of the Code of Ethics for Financial Management may be reported anonymously to our Audit Committee and may result in disciplinary action. If we make any substantive amendments to the Code of Ethics for Financial Management or grant any waiver from a provision of the Code of Ethics for Financial Management to any director or officer, we will promptly disclose the nature of the amendment or waiver on our website.

DIRECTOR COMPENSATION

The following table sets forth information for the fiscal year ended December 31, 2017 regarding the compensation of our directors who at December 31, 2017 were not also our Named Executive Officers.

| Name | Fees Earned or Paid in Cash | Option Awards(1)(3) | Other Compensation | Total |
|---------------------|--------------------------------------|------------------------|-----------------------|------------|
| Jeffrey J. Kraws(2) | \$ 176,000 | \$ 65,000 | \$ — | \$ 241,000 |
| Scott Tarriff | \$ 48,000 | \$ 65,000 | \$ — | \$ 113,000 |
| Jeffrey Wolf | \$ 54,000 | \$ 65,000 | \$ — | \$ 119,000 |

(1)

The amounts in the “Option Awards” column reflect the dollar amounts of the grant date fair value for the financial statement reporting purposes for stock options for the fiscal year ended December 31, 2017 in accordance with ASC 718. The fair value of the options was determined using the Black-Scholes model. For a discussion of the assumptions used in computing this valuation, see “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and Note 5 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

(2)

Mr. Kraws was appointed as our independent, non-executive Chairman of the Board of Directors in May 2012. Pursuant to his agreement Mr. Kraws receives an annual retainer of \$150,000 for serving as our Chairman.

(3)

As of December 31, 2017, as adjusted for the Reverse Stock Split, the following are the outstanding aggregate number of option awards held by each of our directors who were not also Named Executive Officers:

| Name | Option Awards (#) |
|------------------|-------------------------|
| Jeffrey J. Kraws | 22,107 |
| Scott Tarriff | 19,250 |
| Jeffrey Wolf | 19,964 |

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LIMITS ON LIABILITY AND INDEMNIFICATION

Our Articles of Incorporation and Amended and Restated By-Laws provide that we will indemnify and hold harmless each person who serves at any time as a director or officer from and against any and all claims, judgments and liabilities to which such person shall become subject by reason of the fact that he or she is or was a director or officer of the Company, and shall reimburse such person for all legal and other expenses reasonably incurred by him or her in connection with any such claim or liability. We believe that this indemnification covers at least negligence and gross negligence on the part of the indemnified parties. Insofar as indemnification for liabilities under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers, and controlling persons of the Company under the foregoing provisions or otherwise, we have been advised that in the opinion of the SEC that indemnification is against public policy as expressed in the Securities Act, and is therefore unenforceable. We entered into an indemnification agreement with our directors and officers. The agreement confirms our obligation to indemnify the directors and officers to the fullest extent authorized by our Articles of Incorporation and Amended and Restated By-Laws and supplements the indemnification otherwise available to the covered person under our Articles of Incorporation and Amended and Restated By-Laws. The form of indemnification agreement was described and filed as an exhibit to the Form 8-K we filed with the SEC on January 6, 2009.

COMPENSATION COMMITTEE INTERLOCKS

During the last fiscal year ended December 31, 2017, none of our executive officers served on the Board of Directors or Compensation Committee of any other entity whose officers served either on our Board of Directors or Compensation Committee.

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PROPOSAL 2

RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed BDO USA, LLP as our independent registered public accounting firm for the year ended December 31, 2018.

Ratification of the appointment of BDO USA, LLP by our stockholders is not required by law, our bylaws or other governing documents. As a matter of policy, however, the appointment is being submitted to our stockholders for ratification at the 2018 Annual Meeting of Stockholders. If our stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the appointment is ratified, the 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 the Company and its stockholders.

At the 2018 Annual Meeting of Stockholders, the representatives of BDO USA, LLP are expected to be available in person to respond to appropriate questions and will be afforded an opportunity to make a statement if they so desire.

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS(1)

Our Audit Committee reviews our financial reporting process on behalf of our Board of Directors. In January 2007, our Board of Directors adopted a written charter for our Audit Committee, which it re-evaluates annually. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 2017, with our management and our independent registered public accounting firm for such year, BDO USA, LLP. Our management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States.

The Audit Committee (1) discussed with BDO USA, LLP the matters required to be discussed by the Public Company Accounting Oversight Board (“PCAOB”) Auditing Standard No. 1301, Communications with Audit Committees, as amended and adopted by the PCAOB in Rule 3200T; (2) received and reviewed the written disclosures and the letter from BDO USA, LLP required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence; and (3) discussed with BDO USA, LLP its independence. The Audit Committee also considered whether, and determined that, the independent registered public accounting firm’s provision of other non-audit services to us was compatible with maintaining BDO USA, LLP’s independence. During 2017, management evaluated our system of internal control over financial reporting in accordance with the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and the independent registered public accounting firm at each regularly scheduled Audit Committee meeting. At the conclusion of the process, management provided the Audit Committee with a report on the effectiveness of our internal control over financial reporting. The Audit Committee also reviewed the report of management contained in our 2017 Annual Report on Form 10-K, as well as the Reports of Independent Registered Public Accounting Firm (included in the 2017 Annual Report on Form 10-K). These reports related to its audit of (1) the consolidated financial statements; and (2) the effectiveness of internal control over financial reporting. The Audit Committee continues to oversee our efforts related to our internal control over financial reporting and management’s preparations for the evaluations in 2018.

It should be noted that the members of our Audit Committee are not our employees and are not performing the functions of auditors or accountants. Accordingly, it is not the duty or responsibility of the Audit Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Members of the Audit Committee necessarily rely on the information provided to them by management and the independent auditors. Accordingly, the Audit Committee’s considerations and discussions referred to above do not constitute assurance that the audit of our financial statements has been carried out in accordance with generally accepted auditing standards or that our auditors are in fact independent.

(1)

The material in this report is not “soliciting material,” is not deemed “filed” with the SEC 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.

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Based on the review and discussions referred to above, the Audit Committee recommended to our Board of Directors (and our Board of Directors approved) that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the SEC. In addition, the Audit Committee recommended to our Board of Directors and our Board of Directors approved that BDO USA, LLP be appointed as our independent registered public accounting firm for the year ended December 31, 2018 and that this appointment be presented to stockholders for ratification.

Members of the Audit Committee:

Jeffrey Wolf (Chairman)

Jeffrey J. Kraws

Scott L. Tarriff

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Independent Registered Public Accounting Firm Fees and Services

The following table sets forth the aggregate fees including expenses billed to us for the years ended December 31, 2017 and 2016 by BDO USA, LLP.

| | December 31, | |
|----------------------------|--------------|------------|
| | 2017 | 2016 |
| Audit Fees and Expenses(1) | \$ 305,000 | \$ 334,000 |
| | \$ 305,000 | \$ 334,000 |

(1)

Audit fees and expenses were for professional services rendered for the audit and reviews of the consolidated financial statements of the Company, professional services rendered for issuance of consents and assistance with review of documents filed with the SEC.

Audit Committee Pre-Approval Policy

The Audit Committee has adopted procedures for pre-approving all audit and non-audit services provided by the independent registered public accounting firm, including the fees and terms of such services. These procedures include reviewing detailed back-up documentation for audit and permitted non-audit services. The documentation includes a description of, and a budgeted amount for, particular categories of non-audit services that are recurring in nature and therefore anticipated at the time that the budget is submitted. Audit Committee approval is required to exceed the pre-approved amount for a particular category of non-audit services and to engage the independent registered public accounting firm for any non-audit services not included in those pre-approved amounts. For both types of pre-approval, the Audit Committee considers whether such services are consistent with the rules on auditor independence promulgated by the SEC and the Public Company Accounting Oversight Board (PCAOB). The Audit Committee also considers whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service, based on such reasons as the auditor's familiarity with our business, people, culture, accounting systems, risk profile, and whether the services enhance our ability to manage or control risks and improve audit quality. The Audit Committee may form and delegate pre-approval authority to subcommittees consisting of one or more members of the Audit Committee, and such subcommittees must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. All of the services provided by the independent registered public accounting firm were pre-approved by the Audit Committee.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE SELECTION OF BDO AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2018.

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PROPOSAL 3

APPROVAL OF AN AMENDMENT TO OUR ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

Our Board of Directors has unanimously approved an amendment to our Articles of Incorporation to increase the number of shares of authorized common stock from 10,000,000 shares (after giving effect to the 1 (one) for 35 (thirty five) proportionate reverse stock split of our authorized number of shares of common stock and our outstanding number of shares of common stock announced on August __, 2018 which is expected to be effected on or before _____, 2018) to 200,000,000 shares, as further described below. If approved, the Authorized Share Increase would be effected by amending Article 3 of our Articles of Incorporation to reflect the Authorized Share Increase. The full text of the proposed amended Article 3 of our Articles of Incorporation is attached to this Proxy Statement as Appendix A.

On July 28, 2018, due to our low stock price, our Board of Directors approved a (1) one for 35 (thirty five) proportionate reverse stock split of our authorized number of shares of common stock and our outstanding number of shares of common stock. Pursuant to the laws of the State of Nevada, our state of incorporation, our Board of Directors has authority to effect a reverse stock split without stockholder approval if the number of authorized shares of common stock and the number of outstanding shares of common stock are proportionately reduced provided we meet certain other requirements, which were met. Prior to effecting the Reverse Stock Split, our common stock had been selling at below \$0.20 per share. If our common stock falls below \$0.20 per share on a 30-trading-day average it will become subject to the continued listing evaluation and follow-up procedures set forth in Section 1009 of the NYSE American Company Guide which could, among other things, result in initiation of delisting procedures. In the event that we were to fail to meet the requirements of NYSE American per share price requirement or stockholders equity requirement and we could not timely cure such deficiency, our common stock would be delisted. In the event the stock price falls below \$0.06, it may be subject to immediate delisting proceedings.

The Board of Directors proposes and recommends increasing the number of shares of authorized common stock from the 10,000,000 shares that will be authorized for issuance pursuant to our Articles of Incorporation (after giving effect to the Reverse Stock Split of shares of common stock and our outstanding number of shares of common stock) to a total of 200,000,000 shares of common stock. The chart below illustrates the number of shares of common stock that will be available for issuance if the Authorized Share Increase is effected. The number of shares disclosed in the column "Estimated number of shares of Common Stock after the Authorized Share Increase" gives further effect to the Authorized Share Increase in the number of authorized shares of Common Stock from 10,000,000 (after giving effect to the Reverse Stock Split) to 200,000,000.

| | ESTIMATED NUMBER OF SHARES OF COMMON STOCK BEFORE INCREASE(1) | ESTIMATED NUMBER OF SHARES OF COMMON STOCK AFTER THE INCREASE |
|--|---|--|
| Authorized | 10,000,000 | 200,000,000 |
| Outstanding | 3,799,136 | 4,432,325 |
| Issuable upon exercise of outstanding warrants and options and conversion of preferred stock | 1,908,660 | 2,226,770 |
| Reserved for issuance(2) | 170,674 | 170,674 |
| Authorized but unissued(3) | 4,121,530 | 193,141,786 |

(1)

Number of shares reflected is after giving effect to the 1 (one) for 35 (thirty five) proportionate reverse stock split of our authorized number of shares of common stock and our outstanding number of shares of common stock announced on August 1, 2018 which is expected to be effected on or before August 1, 2018.

(2)
Shares reserved for future issuance under our existing equity incentive plans, excluding shares issuable under outstanding stock options. Does not take into account the increase under Proposal 5.

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(3)

Shares authorized but unissued represent common stock available for future issuance beyond shares currently outstanding, shares issuable under outstanding warrants and stock options or upon conversion of our outstanding preferred stock, and shares reserved for issuance under equity incentive plans.

The Board of Directors believes that the Authorized Share Increase is advisable and in our stockholders' best interests. The Authorized Share Increase will provide us with flexibility in completing financing and capital raising transactions, which may be necessary for us to execute our future business plans and remain compliant with the NYSE American listing requirements.

We anticipate that we may issue additional shares of common stock in the future in connection with one or more of the following:

- financing transactions, such as public or private offerings of common stock or convertible securities;
- partnerships, collaborations and other similar transactions;
- our equity incentive plans;
- strategic investments; and
- other corporate purposes that have not yet been identified.

The availability of additional shares of common stock for issuance is, in management's view, prudent and will afford us flexibility in acting upon financing transactions to strengthen our financial position and/or commercial partnership opportunities that may arise and aid in meeting the NYSE American stockholders' equity requirements. As of the Record Date and after the Reverse Stock Split, we have approximately 4,121,530 authorized shares of common stock available for future issuance. We do not believe that this is sufficient to meet our future equity financing requirements. Other than our "at-the-market" Issuance Sales Agreement with B. Riley FBR, Inc., we currently have no agreements with any third parties for the sale of our securities. Although at this time, we do not have any plans, commitments, proposals, arrangements, understandings or agreements regarding the issuance of common stock other than issuances upon exercise or conversion of currently outstanding securities; we anticipate seeking future equity financing opportunities and will evaluate opportunities that are presented to us. We believe that the Authorized Share Increase will help ensure that we have sufficient authorized shares available for issuance to allow us to pursue equity financing if the Board determines that it would be in our best interests based on our working capital needs and prevailing market conditions. Section 1003 of the NYSE American Company Guide provides that the NYSE American exchange will consider suspending from trading or delisting a common stock of a company if minimum shareholders' equity, stock price and number of stockholder standards are not met by that company. On March 7, 2018, we announced that we received written communication from NYSE American stating the we were no longer in compliance with certain continued listing standards as set forth in the NYSE American Company Guide. Specifically, based on our Annual Report on Form 10-K and subsequent filings with the SEC, we are below compliance with Part 10, Section 1003 (iii) of the NYSE American Company Guide since we reported stockholders' deficit of \$1.5 million and net losses in five of our most recent fiscal years as of December 31, 2017. We anticipate seeking equity financing as a remedy to regain compliance with certain NYSE American continued listing standards, unless our share price appreciates to a price which would cure our failure to meet the stockholder's equity requirement. We cannot provide assurances that any such transactions will be consummated on favorable terms or at all, that they will enhance stockholder value, or that they will not adversely affect our business or the trading price of the common stock. To the extent that we raise

additional funds by issuing additional shares of common stock, our stockholders may experience significant dilution. In addition, the Authorized Share Increase could facilitate our ability to effect a future second reverse stock split of our outstanding shares of common stock (that is, in addition to the 1 (one) for 35 (thirty five) proportionate reverse stock split effected on August 1, 2018) by increasing the number of our unissued authorized shares available to us for other purposes, which reverse stock split will not require stockholder approval under Nevada law if the number of authorized shares of common stock and the number of

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outstanding shares of common stock are proportionately reduced. We believe that the additional authorized shares would enable us to act quickly in response to opportunities that may arise for these types of transactions, in most cases without the necessity of obtaining further stockholder approval and holding a special stockholders' meeting before such issuance(s) could proceed, except as provided under Nevada law or under applicable NYSE American rules.

Possible Effects of the Authorized Share Increase

The newly authorized shares of common stock will have all the powers, preferences, and rights of the shares of common stock presently authorized. Therefore, approval of the Authorized Share Increase and any subsequent issuance of additional shares of common stock would not affect a current common stockholder's rights as a stockholder, except for any dilutive effects of a potential increase in the number of outstanding shares of common stock to, among other things, earnings per share, book value per share, and the voting power of current holders of our common stock. The Authorized Share Increase would not have any immediate dilutive effect on the proportionate voting power or other rights of existing stockholders until additional shares are issued.

As is true for shares presently authorized but unissued, the future issuance of common stock authorized by the Authorized Share Increase may, among other things, decrease existing stockholders' percentage equity ownership and, depending on the price at which they are issued, could be dilutive to the voting rights of existing stockholders and have a negative effect on the market price of the common stock.

Potential Anti-takeover Effects of the Authorized Share Increase

Release No. 34-15230 of the staff of the SEC requires disclosure and discussion of the effects of any action, including the proposals discussed herein, that may be used as an anti-takeover mechanism. Since the Authorized Share Increase will provide that the number of authorized shares of common stock will be 200,000,000, the Authorized Share Increase, if effected, will result in a relative increase in the number of authorized but unissued shares of our common stock vis-à-vis the outstanding shares of our common stock and, could, under certain circumstances, have an anti-takeover effect, although this is not the purpose or intent of our Board of Directors. A relative increase in the number of authorized shares of common stock could have other effects on our stockholders, depending upon the exact nature and circumstances of any actual issuances of authorized but unissued shares. A relative increase in our authorized shares could potentially deter takeovers, including takeovers that our Board of Directors has determined are not in the best interest of our stockholders, in that additional shares could be issued (within the limits imposed by applicable law and the NYSE American) in one or more transactions that could make a change in control or takeover more difficult. For example, we could issue additional shares without further stockholder approval so as to dilute the stock ownership or voting rights of persons seeking to obtain control without our agreement. Similarly, the issuance of additional shares to certain persons allied with our management could have the effect of making it more difficult to remove our current management by diluting the stock ownership or voting rights of persons seeking to cause such removal. The Authorized Share Increase therefore may have the effect of discouraging unsolicited takeover attempts. By potentially discouraging initiation of any such unsolicited takeover attempts, the Authorized Share Increase may limit the opportunity for our stockholders to dispose of their shares at the higher price generally available in takeover attempts or that may be available under a merger proposal.

We have not proposed the increase in the number of authorized shares of common stock with the intention of using the additional authorized shares for anti-takeover purposes, but we would be able to use the additional shares to oppose a hostile takeover attempt or delay or prevent changes in our control or our management. Although the Authorized Share Increase has been prompted by business and financial considerations and not by the threat of any known or threatened hostile takeover attempt, stockholders should be aware that the effect of the Authorized Share Increase could facilitate future attempts by us to oppose changes in our control and perpetuate our management, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices. We cannot provide assurances that any such transactions will be consummated on favorable terms or at all, that they will enhance stockholder value, or that they will not adversely affect our business or the trading price of the common stock.

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Consequences if Stockholder Approval for Proposal Is Not Obtained

If stockholder approval for Proposal No. 3 is not obtained, we will not be able to file a certificate of amendment to our Articles of Incorporation to effect the Authorized Share Increase, and our limited number of authorized shares of the common stock that are neither outstanding nor reserved for issuance could adversely affect our ability to raise capital through equity financings, engage in other transactions and cure our stockholders equity deficiency.

Vote Required to Approve Authorized Share Increase

Approval of the certificate of amendment to our Articles of Incorporation included as Appendix A, and to authorize our Board of Directors to effect the Authorized Share Increase requires an affirmative vote of a majority of the common stock outstanding and entitled to vote at the 2018 Annual Meeting of Stockholders as of the record date.

Abstentions and broker non-votes (to the extent a broker does not exercise its authority to vote, although we do not expect any broker non-votes) will have the same effect as “against” votes.

Recommendation

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE AMENDMENT TO OUR ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK.

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PROPOSAL 4

THE ADJOURNMENT OF THE ANNUAL MEETING

Our stockholders are being asked to consider and vote upon an adjournment of the 2018 Annual Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of approval of a proposed amendment to our Articles of Incorporation, as amended, to effectuate the Authorized Share Increase described in Proposal 3. If we fail to receive a sufficient number of votes to approve Proposal 3, we may propose to adjourn the 2018 Annual Meeting of Stockholders for a period of not more than 30 days, for the purpose of soliciting additional proxies to approve Proposal 3. We currently do not intend to propose adjournment of the 2018 Annual Meeting of Stockholders if there are sufficient votes in favor of Proposal 3.

Vote Required

Approval of the adjournment of the 2018 Annual Meeting of Stockholders requires an affirmative vote of a majority of the votes properly cast for or against this proposal at the 2018 Annual Meeting of Stockholders. Accordingly, abstentions on this proposal will have the same effect as a vote against the proposal. Broker non-votes (to the extent a broker does not exercise its authority to vote) will not be counted towards, and will have no effect on, the vote total for this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE TO APPROVE THE ADJOURNMENT OF THE ANNUAL MEETING, IF A QUORUM IS PRESENT, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO APPROVE PROPOSAL 3, AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR OF THE ADJOURNMENT UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.

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PROPOSAL 5

APPROVAL OF AN AMENDMENT TO OUR 2010 STOCK INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES OF COMMON STOCK THAT WE WILL HAVE AUTHORITY TO GRANT UNDER THE PLAN BY 500,000 (after giving effect to the reverse stock split.)

In November 2010, the Board of Directors adopted, and our stockholders subsequently approved, the Plan. The maximum number of shares authorized for issuance under the Plan is subject to adjustment for certain events, such as the Reverse Stock Split that we announced on August 1, 2018 and expect to effect on August 3, 2018. As of August 3, 2018, there were 199,120 shares of common stock available for grant under the Plan (after giving effect to the Reverse Stock Split) and no shares of common stock available for grant under any other plan.

As of August 3, 2018, 11,456,257 shares of common stock subject to awards were outstanding under the Plan and 712,258 shares of common stock subject to awards were outstanding under the 2007 Stock Incentive Plan which numbers will be reduced to 381,875 and 23,741 after giving effect to the Reverse Stock Split. In an effort to preserve cash and to attract, retain and motivate persons who make important contributions to our business, we like the flexibility of issuing securities to our officers, directors, employees, and consultants. The Plan currently only has a limited number of shares of common stock reserved for issuance. Management believes that the number of shares of common stock currently available for issuance under the Plan is insufficient to meet its needs to provide for awards to the Plan participants for the next 12 months and insufficient in order to allow us the ability to compete successfully for talented employees and consultants, especially due to the fact that recently our per share price has hovered at historically low prices. In addition to providing flexibility to grant a greater number of awards under the Plan, the increase is also appropriate in view of the potentially significant increase in the number of individuals who will be eligible to receive awards under the Plan. It is anticipated that over the next year our number of employees will increase as we continue pursuit of our commercial and clinical development programs and pre-clinical studies.

Under our current forecasts, primarily due to our lower stock prices, the Plan will run out of shares available for grant within the next twelve months; therefore, we must ensure that we have sufficient equity to issue under the Plan to our employees, directors and consultants. This assumes that we continue to grant awards having a value consistent with our historical usage and current practices, as reflected in our burn rate discussed below, and noting that future circumstances may require us to change our current equity grant practices.

In an effort to preserve cash and to attract, retain and motivate persons who make important contributions to our business, our Board of Directors has approved, subject to stockholder approval, the amendment to the Plan to increase by 500,000 (after giving effect to the Reverse Stock Split) the number of shares that may be granted under the Plan. The amendment to our Plan will increase the total number of shares of common stock with respect to which awards may be granted under the Plan from 500,000 (after giving effect to the Reverse Stock Split) to 1,000,000 (after giving effect to the Reverse Stock Split) and updates certain provisions in connection with the Tax Cuts and Jobs Act of 2017 (the Tax Act).

If Proposal 5 is approved by our stockholders, the amendments to the Plan will become effective upon the date of the 2018 Annual Meeting. In the event stockholders do not approve Proposal 5, the amendments to the Plan will not become effective and the Plan will continue in its current form. Without the amendments we believe the common stock available for grant under the Plan will be insufficient to meet our anticipated recruiting and retention needs. The principal provisions of the Plan, as amended, are summarized below and the Plan, which incorporates the amendment to the Plan discussed above, is attached hereto as Appendix B. The following discussion is qualified in its entirety by reference to the Plan.

Purpose of the Plan

The Board of Directors believes that the Plan is necessary for us to attract, retain and motivate our employees, directors and consultants through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units and other equity-based or equity-related awards. We believe the Plan