

AMICUS THERAPEUTICS INC

Form 10-Q

August 11, 2011

Table of Contents

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

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-33497

Amicus Therapeutics, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

71-0869350

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification Number)

6 Cedar Brook Drive, Cranbury, NJ 08512

(Address of Principal Executive Offices and Zip Code)

Registrant's Telephone Number, Including Area Code: (609) 662-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller-reporting company. See definition of large accelerated filer, accelerated filer and smaller-reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

The number of shares outstanding of the registrant's common stock, \$.01 par value per share, as of July 28, 2011 was 34,600,431 shares.

AMICUS THERAPEUTICS, INC
Form 10-Q for the Quarterly Period Ended June 30, 2011

	Page
<u>PART I. FINANCIAL INFORMATION</u>	4
<u>Item 1. Financial Statements (unaudited)</u>	4
<u>Consolidated Balance Sheets as of December 31, 2010 and June 30, 2011</u>	4
<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2010 and 2011, and period February 4, 2002 (inception) to June 30, 2011</u>	5
<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2010 and 2011, and period February 4, 2002 (inception) to June 30, 2011</u>	6
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	33
<u>Item 4. Controls and Procedures</u>	34
<u>PART II. OTHER INFORMATION</u>	35
<u>Item 1. Legal Proceedings</u>	35
<u>Item 1A. Risk Factors</u>	35
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
<u>Item 3. Defaults Upon Senior Securities</u>	36
<u>Item 5. Other Information</u>	36
<u>Item 6. Exhibits</u>	37
<u>SIGNATURES</u>	38
<u>INDEX TO EXHIBITS</u>	39
<u>Exhibit 31.1</u>	
<u>Exhibit 31.2</u>	
<u>Exhibit 32.1</u>	
<u>EX-101 INSTANCE DOCUMENT</u>	
<u>EX-101 SCHEMA DOCUMENT</u>	
<u>EX-101 CALCULATION LINKBASE DOCUMENT</u>	
<u>EX-101 LABELS LINKBASE DOCUMENT</u>	

EX-101 PRESENTATION LINKBASE DOCUMENT

We have filed applications to register certain trademarks in the United States and abroad, including AMICUS™, AMICUS THERAPEUTICS™ (and design), AMIGAL™ and PLICERA™.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this quarterly report on Form 10-Q regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words anticipate, believe, estimate, expect, in, may, plan, predict, project, will, would and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this quarterly report on Form 10-Q include, among other things, statements about:

- the progress and results of our clinical trials of our drug candidates, including Amigal;
- our ability to achieve development and commercialization milestone payments and sales royalties under our collaboration with GlaxoSmithKline PLC;
- the scope, progress, results and costs of preclinical development, laboratory testing and clinical trials for our product candidates including those testing the use of pharmacological chaperones co-administered with ERT and for the treatment of diseases of neurodegeneration;
- the costs, timing and outcome of regulatory review of our product candidates;
- the number and development requirements of other product candidates that we pursue;
- the costs of commercialization activities, including product marketing, sales and distribution;
- the emergence of competing technologies and other adverse market developments;
- the costs of preparing, filing and prosecuting patent applications and maintaining, enforcing and defending intellectual property related claims;
- the extent to which we acquire or invest in businesses, products and technologies; and
- our ability to establish collaborations and obtain milestone, royalty or other payments from any such collaborators.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in Part I Item 1A Risk Factors of the Annual Report on Form 10-K for the year ended December 31, 2010 that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, collaborations or investments we may make.

You should read this quarterly report on Form 10-Q in conjunction with the documents that we reference herein. We do not assume any obligation to update any forward-looking statements.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements (unaudited)****Amicus Therapeutics, Inc.
(a development stage company)****Consolidated Balance Sheets***(Unaudited)***(in thousands, except share and per share amounts)**

	December 31, 2010	June 30, 2011
Assets:		
Current assets:		
Cash and cash equivalents	\$ 29,572	\$ 25,789
Investments in marketable securities	77,873	57,257
Receivable due from GSK		1,977
Prepaid expenses and other current assets	2,236	3,076
Total current assets	109,681	88,099
Property and equipment, accumulated depreciation and amortization of \$8,095 and \$8,959 at December 31, 2010 and June 30, 2011, respectively	2,604	1,922
Other non-current assets	267	267
Total Assets	\$ 112,552	\$ 90,288
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 8,290	\$ 7,019
Current portion of capital lease obligations	40	
Current portion of deferred revenue	6,640	8,606
Current portion of secured loan	1,253	1,253
Total current liabilities	16,223	16,878
Deferred revenue, less current portion	25,639	22,319
Warrant liability	4,712	6,066
Secured loan, less current portion	1,044	418
Commitments and contingencies		
Stockholders equity:		
Common stock, \$.01 par value, 50,000,000 shares authorized, 34,508,932 shares issued and outstanding at December 31, 2010, 50,000,000 shares authorized, 34,596,809 shares issued and outstanding at June 30, 2011	406	406
Additional paid-in capital	290,248	295,898
Accumulated other comprehensive loss	(28)	(14)
Deficit accumulated during the development stage	(225,692)	(251,683)

Total stockholders' equity	64,934	44,607
Total Liabilities and Stockholders' Equity	\$ 112,552	\$ 90,288

See accompanying notes to consolidated financial statements

Table of Contents

Amicus Therapeutics, Inc.
(a development stage company)
Consolidated Statements of Operations
(Unaudited)

(in thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,		Period from February 4, 2002 (inception) to June 30, 2011
	2010	2011	2010	2011	
Revenue:					
Research revenue	\$	\$ 2,380	\$	\$ 6,686	\$ 37,794
Collaboration revenue		1,660		3,320	54,242
Total revenue	\$	\$ 4,040	\$	\$ 10,006	\$ 92,036
Operating Expenses:					
Research and development	\$ 8,137	\$ 11,618	\$ 17,026	\$ 22,743	\$ 237,507
General and administrative	4,020	6,720	7,945	11,122	104,491
Restructuring charges					1,522
Impairment of leasehold improvements					1,030
Depreciation and amortization	529	426	1,066	864	9,342
In-process research and development					418
Total operating expenses	12,686	18,764	26,037	34,729	354,310
Loss from operations	(12,686)	(14,724)	(26,037)	(24,723)	(262,274)
Other income (expenses):					
Interest income	35	46	88	105	14,018
Interest expense	(55)	(41)	(137)	(89)	(2,274)
Change in fair value of warrant liability	1,391	2,078	1,595	(1,354)	(3,218)
Other income				70	231
Loss before tax benefit	(11,315)	(12,641)	(24,491)	(25,991)	(253,517)
Benefit from income taxes					1,834
Net loss	(11,315)	(12,641)	(24,491)	(25,991)	(251,683)
Deemed dividend					(19,424)
Preferred stock accretion					(802)
Net loss attributable to common stockholders	\$ (11,315)	\$ (12,641)	\$ (24,491)	\$ (25,991)	\$ (271,909)

Net loss attributable to common stockholders per common shares basic and diluted	\$	(0.41)	\$	(0.37)	\$	(0.94)	\$	(0.75)
Weighted-average common shares outstanding basic and diluted		27,623,297		34,530,693		25,956,366		34,514,947

See accompanying notes to consolidated financial statements

Table of Contents

Amicus Therapeutics, Inc.
(a development stage company)
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Six Months Ended June 30,		Period from February 4, 2002 (inception) to June 30, 2011
	2010	2011	2011
Operating activities			
Net loss	\$ (24,491)	\$ (25,991)	\$ (251,683)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash interest expense			525
Depreciation and amortization	1,066	864	9,342
Amortization of non-cash compensation			522
Stock-based compensation employees	3,219	5,302	32,361
Stock-based compensation non-employees			853
Stock-based license payments			1,220
Change in fair value of warrant liability	(1,595)	1,354	3,218
Loss on disposal of asset			360
Impairment of leasehold improvements			1,030
Non-cash charge for in-process research and development			418
Debt instrument convertible beneficial conversion feature			135
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	399	(2,817)	(5,053)
Other non-current assets			(288)
Accounts payable and accrued expenses	(3,883)	(1,271)	7,019
Deferred revenue		(1,354)	30,925
Net cash used in operating activities	(25,285)	(23,913)	(169,096)
Investing activities			
Sale and redemption of marketable securities	52,525	57,224	630,838
Purchases of marketable securities	(38,125)	(36,594)	(688,229)
Purchases of property and equipment	(135)	(182)	(12,651)
Net cash provided by/(used in) investing activities	14,265	20,448	(70,042)
Financing activities			
Proceeds from the issuance of preferred stock, net of issuance costs			143,022
Proceeds from the issuance of common stock and warrants, net of issuance costs	17,131		113,307
Proceeds from the issuance of convertible notes			5,000
Payments of capital lease obligations	(211)	(40)	(5,587)
Payments of secured loan agreement	(626)	(626)	(2,087)
Proceeds from exercise of stock options	9	348	1,639

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Proceeds from exercise of warrants (common and preferred)				264
Proceeds from capital asset financing arrangement				5,611
Proceeds from secured loan agreement				3,758
Net cash provided by/(used in) financing activities	16,303	(318)		264,927
Net increase/(decrease) in cash and cash equivalents	5,283	(3,783)		25,789
Cash and cash equivalents at beginning of period	19,339	29,572		
Cash and cash equivalents at end of period	\$ 24,622	\$ 25,789	\$	25,789

- 6 -

Table of Contents

Amicus Therapeutics, Inc.
(a development stage company)
Consolidated Statements of Cash Flows (continued)
(Unaudited)
(in thousands)

	Six Months Ended June 30,		Period from February 4, 2002 (inception) to June 30, 2011
	2010	2011	
Supplemental disclosures of cash flow information			
Cash paid during the period for interest	\$ 157	\$ 89	\$ 1,973
Non-cash activities			
Conversion of notes payable to preferred stock	\$	\$	\$ 5,000
Conversion of preferred stock to common stock	\$	\$	\$ 148,951
Accretion of redeemable convertible preferred stock	\$	\$	\$ 802
Beneficial conversion feature related to the issuance of Series C redeemable convertible preferred stock	\$	\$	\$ 19,424

See accompanying notes to consolidated financial statements

Table of Contents

Note 1. Description of Business and Significant Accounting Policies

Corporate Information, Status of Operations and Management Plans

Amicus Therapeutics, Inc. (the Company) was incorporated on February 4, 2002 in Delaware and is a biopharmaceutical company focused on the discovery, development and commercialization of orally-administered, small molecule drugs known as pharmacological chaperones for the treatment of rare diseases. Pharmacological chaperones are a novel, first-in-class approach to treating a broad range of diseases including lysosomal storage disorders and diseases of neurodegeneration. The Company's activities since inception have consisted principally of raising capital, establishing facilities, and performing research and development. Accordingly, the Company is considered to be in the development stage.

In October 2010, the Company entered into the License and Collaboration Agreement with Glaxo Group Limited, an affiliate of GlaxoSmithKline PLC (GSK), to develop and commercialize Amigal. Under the terms of the License and Collaboration Agreement, GSK received an exclusive worldwide license to develop, manufacture and commercialize Amigal. In consideration of the license grant, the Company received an upfront, license payment of \$30 million and a premium related to the equity portion of the transaction of \$3.2 million from GSK and is eligible to receive further payments of approximately \$170 million upon the successful achievement of development and commercialization milestones, as well as tiered double-digit royalties on global sales of Amigal. GSK and the Company will jointly fund development costs in accordance with an agreed upon development plan. For further information, see Note 8. Collaborative Agreements.

The Company had an accumulated deficit of approximately \$251.7 million at June 30, 2011 and anticipates incurring losses through the year 2011 and beyond. The Company has not yet generated commercial sales revenue and has been able to fund its operating losses to date through the sale of its redeemable convertible preferred stock, issuance of convertible notes, net proceeds from our initial public offering (IPO) and subsequent stock offerings, payments from partners during the terms of the collaboration agreements and other financing arrangements. The Company believes that its existing cash and cash equivalents and short-term investments will be sufficient to cover its cash flow requirements for 2011.

Basis of Presentation

The Company has prepared the accompanying unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10-01 of Regulations S-X. Accordingly, they do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's interim financial information.

The accompanying unaudited consolidated financial statements and related notes should be read in conjunction with the Company's financial statements and related notes as contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. For a complete description of the Company's accounting policies, please refer to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Table of Contents

Revenue Recognition

The Company recognizes revenue when amounts are realized or realizable and earned. Revenue is considered realizable and earned when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price is fixed or determinable; and (4) collection of the amounts due are reasonably assured.

In multiple element arrangements, revenue is allocated to each separate unit of accounting and each deliverable in an arrangement is evaluated to determine whether it represents separate units of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value and there is no general right of return for the delivered elements. In instances when the aforementioned criteria are not met, the deliverable is combined with the undelivered elements and the allocation of the arrangement consideration and revenue recognition is determined for the combined unit as a single unit of accounting. Allocation of the consideration is determined at arrangement inception on the basis of each unit's relative selling price. In instances where there is determined to be a single unit of accounting, the total consideration is applied as revenue for the single unit of accounting and is recognized over the period of inception through the date where the last deliverable within the single unit of accounting is expected to be delivered.

The Company's current revenue recognition policies provide that, when a collaboration arrangement contains multiple deliverables, such as license and research and development services, the Company allocates revenue to each separate unit of accounting based on a selling price hierarchy. The selling price hierarchy for a deliverable is based on (i) its vendor specific objective evidence (VSOE) if available, (ii) third party evidence (TPE) if VSOE is not available, or (iii) estimated selling price (BESP) if neither VSOE nor TPE is available. The Company would establish the VSOE of selling price using the price charged for a deliverable when sold separately. The TPE of selling price would be established by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. The best estimate of selling price would be established considering internal factors such as an internal pricing analysis or an income approach using a discounted cash flow model.

The revenue associated with reimbursements for research and development costs under collaboration agreements is included in Research Revenue and the costs associated with these reimbursable amounts are included in research and development expenses. The Company records these reimbursements as revenue and not as a reduction of research and development expenses as the Company has not commenced its planned principal operations (i.e., selling commercial products) and is a development stage enterprise, therefore development activities are part of its ongoing central operations.

The Company's collaboration agreement with GSK provides for, and any future collaborative agreements the Company may enter into also may provide for, contingent milestone payments. In order to determine the revenue recognition for these contingent milestones, the Company evaluates the contingent milestones using the criteria as provided by the Financial Accounting Standards Boards (FASB) guidance on the milestone method of revenue recognition at the inception of a collaboration agreement. The criteria requires that (i) the Company determines if the milestone is commensurate with either its performance to achieve the milestone or the enhancement of value resulting from the Company's activities to achieve the milestone, (ii) the milestone be related to past performance, and (iii) the milestone be reasonable relative to all deliverable and payment terms of the collaboration arrangement. If these criteria are met then the contingent milestones can be considered as substantive milestones and will be recognized as revenue in the period that the milestone is achieved.

Table of Contents***Fair Value Measurements***

The Company records certain asset and liability balances under the fair value measurements as defined by the FASB guidance. Current FASB fair value guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, current FASB guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions that market participants assumptions would use in pricing assets or liabilities (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at measurement date. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

New Accounting Standards

In June 2011, the FASB issued guidance on the reporting and presentation of comprehensive income. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity and requires an entity to present items of net income, other comprehensive income and total comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance also requires companies to display reclassification adjustments for each component of other comprehensive income in both net income and other comprehensive income. The amendments in this guidance do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and must be applied retrospectively. The Company will be required to adopt this guidance no later than the quarter beginning January 1, 2012. As the new guidance requires additional presentation only, there will be no impact to the Company's consolidated results of operations or financial position.

In May 2011, the FASB amended the FASB Accounting Standards Codification to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change particular principles in fair value measurement guidance. In addition, the amendments require additional fair value disclosures. The amendments are effective for fiscal years beginning after December 15, 2011 and should be applied prospectively. The Company is currently evaluating the impact, if any, that the provisions of the amendments will have on its consolidated results of operations or financial position.

In April 2010, the FASB issued guidance on revenue recognition related to the milestone method of revenue recognition. This guidance provides criteria on defining a substantive milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Early adoption is permitted retrospectively from the beginning of an entity's fiscal year. The Company early adopted this guidance on the milestone method of revenue recognition and retrospectively applied this guidance to the beginning of 2010. This method was first applied in conjunction with the License and Collaboration Agreement with GSK during the fourth quarter of 2010; there have been no milestones recognized in the year of adoption. This guidance did not have a material impact on the timing or pattern of revenue recognition relative to the agreement nor is expected to in

future periods.

Table of Contents

Subsequent Events

Equipment Financing Agreement

In order to finance certain capital expenditures anticipated to be made by the Company in connection with its planned move in March 2012 following the expiration of its current leases for office and laboratory space in Cranbury, New Jersey the Company entered into a loan and security agreement with Silicon Valley Bank (SVB) on August 4, 2011 that provides for up to \$3 million of equipment financing through January 2014. Borrowings under the loan agreement are collateralized by equipment purchased with the proceeds of the loan and bear interest at a variable rate of SVB prime + 2.5%. The current SVB prime rate is 4.0%. The loan agreement contains customary terms and conditions, including a financial covenant whereby the Company must maintain a minimum amount of liquidity measured at the end of each month greater than \$20 million of unrestricted cash, cash equivalents and marketable securities plus all outstanding borrowings.

Departure of Matthew R. Patterson

On August 8, 2011, the Company announced that its President, Matthew R. Patterson, will leave Amicus at the end of August 2011 to pursue other opportunities. In addition to his duties as President, Mr. Patterson served as Acting Chief Executive Officer of the Company from April 18, 2011 through August 4, 2011 at which time John Crowley returned as Chief Executive Officer.

Table of Contents**Note 2. Cash, Cash Equivalents and Short Term Investments**

As of June 30, 2011, the Company held \$25.8 million in cash and cash equivalents and \$57.3 million of short term investment securities. The short term investment securities are classified as available-for-sale and as such, are reported at fair value on the Company's balance sheet. Unrealized holding gains and losses are reported within accumulated other comprehensive income/(loss) as a separate component of stockholders' equity. If a decline in the fair value of a marketable security below the Company's cost basis is determined to be other than temporary, such marketable security is written down to its estimated fair value as a new cost basis and the amount of the write-down is included in earnings as an impairment charge. To date, only temporary impairment adjustments have been recorded.

Consistent with the Company's investment policy, the Company does not use derivative financial instruments in its investment portfolio. The Company regularly invests excess operating cash in deposits with major financial institutions, money market funds, notes issued by the U.S. government, as well as fixed income investments and U.S. bond funds both of which can be readily purchased and sold using established markets. The Company believes that the market risk arising from its holdings of these financial instruments is mitigated as many of these securities are either government backed or of the highest credit rating.

Cash and available for sale securities consisted of the following as of December 31, 2010 and June 30, 2011 (in thousands):

		As of December 31, 2010		
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Cash balances	\$ 29,572	\$	\$	\$ 29,572
U.S. government agency securities	12,000		(9)	11,991
Corporate debt securities	42,075	2	(33)	42,044
Commercial paper	23,476	12		23,488
Certificate of deposit	350			350
	\$ 107,473	\$ 14	\$ (42)	\$ 107,445

In March of 2016, the Board adopted resolutions (1) declaring that, in the future, it may be in the best interest of the Company to effect a share consolidation or reverse stock split (the “Future Reverse Stock Split”), as described below, and (2) directing that a proposal to approve the Future Reverse Stock Split be submitted to our stockholders for their approval.

If approved by our stockholders, the Future Reverse Stock Split would permit (but not require) the Board to approve a consolidation of the issued and outstanding common stock at any time on or before September 30, 2016 at a ratio within a range of 5 for 1 to 30 for 1, as determined by the Board in its sole discretion (the “Reverse Stock Split Ratio”). We believe that leaving the ratio to the discretion of the Board will provide the flexibility to implement the Future Reverse Stock Split in a manner designed to maximize the desired results and anticipated benefits for our shareholders. In determining a ratio, if any, following the receipt of shareholder approval, the Board may consider, among other things, factors such as:

- historical trading price and trading volume of the common stock;
- the number of shares of common stock issued and outstanding;
- the then-prevailing trading price and trading volume of the common stock and the anticipated impact of the Future Reverse Stock Split on the trading market for the common stock;
- the listing standards of The NASDAQ Capital Market;
- the anticipated impact of a particular ratio on our ability to reduce administrative and transactional costs;
- prevailing general market and economic conditions; and
- limitations of some stockholders on holding shares in companies with a share price below a threshold amount per share.

Depending on the Reverse Stock Split Ratio ultimately determined by the Board, a number of shares of common stock between 5 and 30, as determined by the Board, would be combined into one shares of common stock, the par value of each share would be increased accordingly and the number of shares of common stock issued and outstanding would therefore be reduced. If effecting the Future Reverse Stock Split is approved by the Board, we will not reduce the number of authorized shares of common stock, as described below in “Authorized Shares.”

The Future Reverse Stock Split, if approved by our stockholders, will be implemented upon approval by the Board, based on its evaluation as to whether or when such action will be the most advantageous to the Company and our stockholders. In addition, the Board shall have the right, without further action by the stockholders, to elect not to proceed with the Future Reverse Stock Split if, in its sole discretion, it determines that it is no longer in the Company’s best interest to proceed with the Future Reverse Stock Split. If the Future Reverse Stock Split is not approved by the Board and effected by the close of business on May 18, 2017, the Board will not proceed with the Future Reverse Stock Split.

Reasons for the Potential Future Reverse Stock Split

The common stock is currently listed on The NASDAQ Capital Market. In September of 2015, NASDAQ notified the Company of its failure to continue to satisfy the continued listing requirements because the price of the common stock had dropped below the minimum \$1.00 per share required for continued listing. We had until March 28, 2016 to either regain compliance, or request additional time to regain compliance. We had not regained compliance as of March 28, 2016 so we requested an extension of the deadline to regain compliance and notified NASDAQ of our intention to cure the deficiency during the extended compliance period, including by effecting a reverse stock split, if necessary. In response to our request, on March 29, 2016, NASDAQ granted us a 180 day extension, until September 26, 2016, to regain compliance with the \$1.00 minimum bid price requirement.

The Board's primary objective in proposing a Future Reverse Stock Split is to raise the per share trading price of the common stock in the event it becomes necessary in order to maintain and/or regain compliance with the NASDAQ \$1.00 bid price listing standard. If a delisting from NASDAQ were to occur, the Company believes the common stock would be eligible to be quoted on the inter-dealer electronic quotation and trading system operated by Pink OTC Markets Inc, commonly referred to as the Pink Sheets and now known as the OTCQB market. The common stock may also be quoted on the Over-the-Counter Bulletin Board (the "OTCBB"), an electronic quotation service maintained by the Financial Industry Regulatory Authority ("FINRA"), provided that a market maker in the common stock files the appropriate application with, and such application is cleared by, FINRA. These markets are generally considered to be less efficient than, and not as broad as, The NASDAQ Capital Market. If the common stock were to trade on the OTCQB or the OTCBB, selling such shares could be more difficult because smaller quantities of shares would likely be bought and sold, transactions could be delayed, and security analysts' coverage of the Company may be reduced. In addition, in the event the common stock is delisted, broker-dealers have certain regulatory burdens imposed upon them, which may discourage broker-dealers from effecting transactions in such shares, further limiting the liquidity thereof. These factors could result in lower prices and larger spreads in the bid and ask prices for the common stock.

Such delisting from The NASDAQ Capital Market could also greatly impair the Company's ability to raise additional necessary capital through equity or debt financing, and could significantly increase the ownership dilution to shareholders caused by the Company's issuing equity in financing or other transactions. The Board has considered the potential harm to the Company of a delisting from The NASDAQ Capital Market and believes that, if compliance were not otherwise regained, the Future Reverse Stock Split would help the Company regain compliance with NASDAQ's minimum bid price listing standard.

The Board is also submitting the Future Reverse Stock Split to shareholders for approval based on its belief that increasing the price of the common stock may make the common stock more attractive to a broader range of institutional and other investors. We have been advised that the current market price of the common stock may affect their acceptability to certain institutional investors, professional investors and other members of the investing public. If the Future Reverse Stock Split is approved by our shareholders, the Board may determine to approve the Future Stock Split in an effort to make the common stock a more attractive and cost effective investment for many investors. Accordingly, for these and other reasons discussed in this proxy statement, we believe that shareholder approval of the Future Reverse Stock Split will provide the Board with flexibility to implement the Future Reverse Stock Split in a manner designed to maximize the desired results and anticipated benefits and is consequently in the Company's best interest. As such, assuming the Future Reverse Stock Split is approved by our stockholders as proposed, the Board may determine to implement the Future Reverse Stock Split even if doing so is not necessary in order to maintain and/or regain compliance with the NASDAQ \$1.00 bid price listing standard.

Reducing the number of issued and outstanding shares of the common stock through the Future Reverse Stock Split would be intended, absent other factors, to increase the per share market price of the common stock. However, other factors, such as our financial results, market conditions and the market perception of our business may adversely affect the market price of the common stock. As a result, there can be no assurance that the Future Reverse Stock Split, if completed, will result in the intended benefits described above, that the market price of the common stock will increase following the Future Reverse Stock Split or that the market price of the common stock will not decrease in the future. Under applicable NASDAQ rules, in order to regain compliance with the \$1.00 minimum bid price requirement and maintain our listing on NASDAQ, a consolidated closing bid price of \$1.00 per share must be maintained for a minimum of 10 consecutive business days, and NASDAQ may, in its discretion, require us to maintain a consolidated closing bid price of at least \$1.00 per share for a longer period, not to exceed 20 consecutive business days, before determining that we have regained compliance with this requirement. Accordingly, we cannot assure you that we will be able to maintain our NASDAQ listing after the Future Reverse Stock Split is effected or that the market price of the common stock will exceed or remain in excess of \$1.00 per share for any period of time. Additionally, we cannot assure you that the market price per share of the common stock after the Future Reverse Stock Split will increase in proportion to the reduction in the number of the shares of common stock issued and outstanding before the Future Reverse Stock Split or that the Board will effect the Future Reverse Stock Split. Accordingly, the total market capitalization of the common stock after the Future Reverse Stock Split may be lower than the total market capitalization before the Future Reverse Stock Split. We also cannot assure you that the common stock will not be delisted from NASDAQ due to failure to meet other continued listing standards.

In addition to increasing the price of the common stock, we believe that the Future Reverse Stock Split would provide the Company and our stockholders with other benefits. Currently, the fees that we pay to list our shares on NASDAQ are based on the number of shares we have issued and outstanding. Also, the fees that we pay for custody and clearing services, the fees that we pay to the SEC to register securities for issuance and the costs of our proxy solicitations are all based on or related to the number of shares being held, cleared or registered as applicable. Reducing the number of shares that are issued and outstanding and that will be issued in the future may reduce the amount of fees and tax that we pay to these organizations and agencies, as well as other organizations and agencies that levy charges based on the number of shares rather than the value of the shares.

Effect of the Future Reverse Stock Split on Holders of Issued and Outstanding Common Shares

Depending on the Reverse Stock Split Ratio ultimately determined by the Board, a number of existing shares of common stock, as determined by the Board, will be combined into one new share of common stock. The number of shares of common stock issued and outstanding will therefore be reduced, depending upon the Reverse Stock Split Ratio. The actual number of shares of common stock issued and outstanding after giving effect to the Future Reverse Stock Split, if implemented, will depend on the Reverse Stock Split Ratio.

If approved and effected, the Future Reverse Stock Split will be realized simultaneously and in the same ratio for all of the shares of common stock. The Future Reverse Stock Split will affect all holders of the common stock uniformly and will not affect any shareholder's percentage ownership interest in the Company, except that as described below in "Fractional Shares," record holders of common stock otherwise entitled to a fractional share as a result of the Future Reverse Stock Split will receive a cash payment in lieu of such fractional share. These cash payments may reduce the number of holders of the common stock to the extent there are currently stockholders who would otherwise receive less than one shares of common stock after the Future Reverse Stock Split. In addition, the Future Reverse Stock Split will not affect any shareholder's proportionate voting power (subject to the treatment of fractional shares).

The Future Reverse Stock Split may result in some shareholders owning "odd lots" of less than 100 shares of common stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots could be higher than the costs of transactions in "round lots" of even multiples of 100 shares.

If the Future Reverse Stock Split is effected, the common stock will have new Committee on Uniform Securities Identification Procedures (CUSIP) numbers, which is a number used to identify our equity securities, and share certificates with the older CUSIP numbers will need to be exchanged for share certificates with the new CUSIP numbers by following the procedures described below.

Beneficial Holders of Common Stock (i.e., shareholders who hold in street name)

Upon completion of the Future Reverse Stock Split, we would intend to treat common stock held by stockholders through a bank, broker, custodian or other nominee, in the same manner as registered shareholders whose shares of common stock are registered in their names. Banks, brokers, custodians or other nominees will be instructed to reflect the Future Reverse Stock Split for their beneficial holders holding the common stock in street name. However, these banks, brokers, custodians or other nominees may have different procedures than registered shareholders for processing the Future Reverse Stock Split and making payment for fractional shares. If a shareholder holds the common stock with a bank, broker, custodian or other nominee and has any questions in this regard, shareholders are encouraged to contact their bank, broker, custodian or other nominee.

Registered “Book-Entry” Holders of Common Stock (i.e., shareholders that are registered in the registry of members but do not hold share certificates)

Certain of our registered holders of common stock may hold some or all of their shares of common stock in book-entry form with the transfer agent. These stockholders do not have share certificates evidencing their ownership of the common stock. They are, however, provided with a statement reflecting the number of shares of common stock registered in their name. If a shareholder holds registered shares of common stock in book-entry form, the Future Reverse Stock Split, if effected, will automatically be reflected in the transfer agent’s records and on their next statement.

Holders of Certificated Shares of Common Stock

If the Future Reverse Stock Split is approved and effected, stockholders holding the common stock in certificated form will be sent a transmittal letter by the transfer agent after the Future Reverse Stock Split is effected. The letter of transmittal will contain instructions on how a shareholder should surrender his, her or its certificate(s) representing the common stock (the “Old Certificates”) to the transfer agent in exchange for certificates representing the appropriate number of whole shares of post-Future Reverse Stock Split shares of common stock (the “New Certificates”). No New Certificates will be issued to a shareholder until such stockholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No stockholder will be required to pay a transfer or other fee to exchange his, her or its Old Certificates. Stockholders will then receive a New Certificate(s) representing the number of whole shares of common stock to which they are entitled as a result of the Future Reverse Stock Split. Until surrendered, we will deem outstanding Old Certificates held by stockholders to be cancelled and only to represent the number of whole shares of post-Future Reverse Stock Split shares of common stock to which these stockholders are entitled. Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of shares, will automatically be exchanged for New Certificates. If an Old Certificate has restrictive legends on the back of the Old Certificate(s), the New Certificate will be issued with the same restrictive legends that are on the back of the Old Certificate(s). If a stockholder is entitled to a payment in lieu of any fractional share interest, such payment will be made as described below under “Fractional Shares.”

Stockholders should not destroy any stock certificate(s) and

should not submit any stock certificate(s) until requested to do so.

Fractional Shares

We do not intend to issue fractional shares in connection with or as a result of the Future Reverse Stock Split. Therefore, we do not expect to issue certificates representing fractional shares. If the Future Reverse Stock Split is approved and effected, stockholders of record who would otherwise hold fractional shares because the number of shares of common stock they hold before the Future Reverse Stock Split is not evenly divisible by the Reverse Stock Split Ratio will be entitled to receive cash (without interest and subject to applicable withholding taxes) in lieu of such fractional shares from our agent. Our agent will aggregate all fractional shares following the Future Reverse Stock Split and sell them into the market. The total amount of cash that will be paid to holders of fractional shares following the Future Reverse Stock Split will be an amount equal to the net proceeds (after customary brokerage commissions and other expenses) attributable to such sale. Holders of fractional shares as a result of the Future Reverse Stock Split will be paid such proceeds on a pro rata basis, depending on the fractional amount of shares that they owned. We do not expect that the payment of cash in lieu of fractional shares will materially affect our number of record holders.

If a stockholder holds shares of common stock with a bank, broker, custodian or other nominee, those stockholders should contact their bank, broker, custodian or other nominee for information on the treatment and processing of fractional shares by their bank, broker, custodian or other nominee. If a stockholder who holds shares of common stock in book-entry form is entitled to a payment in lieu of any fractional share interest, the stockholder will receive a check as soon as practicable after the Future Reverse Stock Split is effected. If a stockholder who holds shares of common stock in certificated form is entitled to a payment in lieu of any fractional share interest, the stockholder will receive a check as soon as practicable after the Future Reverse Stock Split is effected and after the stockholder has submitted an executed transmittal letter and surrendered all Old Certificates, as described above in “Holders of Certificated Shares of Common Stock.” By signing and cashing the check, stockholders will warrant that they owned the common stock for which they received a cash payment. The cash payment is subject to applicable federal and state income tax and state abandoned property laws. Stockholders will not be entitled to receive interest for the period of time between the date the Future Reverse Stock Split is effected and the date payment is received.

Authorized Shares

If and when the Board elects to effect the Future Reverse Stock Split, we will not reduce the number of authorized shares of common stock in proportion to the Reverse Stock Split Ratio. Therefore, upon effectiveness of the Future Reverse Stock Split, the number of authorized shares of common stock that are not issued or outstanding will increase substantially because the proposed Future Reverse Stock Split will not reduce the number of authorized shares, while it will reduce the number of outstanding shares.

If the Authorized Share Increase (Proposal 4) is Approved

Reverse	Authorized	Common Shares
Stock Split Ratio	Common	Issued and
	Shares	Outstanding
		(March 28,
		2016)
1:10	17,500,000	3,882,346
1:20	8,750,000	1,941,173
1:30	5,833,333	1,294,115

If the Authorized Share Increase (Proposal 4) is Not Approved

Reverse	Authorized	Common
Stock Split Ratio	Common	Shares
	Shares	Issued and
		Outstanding
		(March 28,
		2016)
1:10	7,500,000	3,882,346
1:20	3,750,000	1,941,173
1:30	2,500,000	1,294,115

The actual number of issued and outstanding shares of common stock after giving effect to the Future Reverse Stock Split, if implemented, will depend on the Reverse Stock Split Ratio that is ultimately determined by the Board and whether the Authorized Share Increase is approved.

If and when the Board elects to effect the Future Reverse Stock Split, we will not also reduce the number of authorized shares of preferred stock. As of the Record Date, we have 10,000,000 shares of preferred stock authorized and no shares of preferred stock issued and outstanding and this amount will not be changed as a result of the potential Future Reverse Split.

Effect of the Future Reverse Stock Split on Options, Warrants and Rights Agreement

If the Future Reverse Stock Split is approved and effected, proportionate adjustments, based upon the Reverse Stock Split Ratio, will generally be required to be made to the per share exercise price and the number of shares of common stock issuable upon the exercise or conversion of all outstanding options, warrants or other convertible or exchangeable securities entitling the holders to purchase, exchange for, or convert into, shares of common stock. This would result in approximately the same aggregate price being required to be paid pursuant to such options, convertible or exchangeable securities upon exercise, and approximately the same value of shares of common stock being delivered upon such exercise, exchange or conversion, immediately following the Future Reverse Stock Split as was the case immediately preceding the Future Reverse Stock Split. The number of shares of common stock deliverable upon settlement or vesting of restricted stock awards and units will be similarly adjusted. The number of shares of common stock reserved for issuance pursuant to these securities will be reduced proportionately based upon the Reverse Stock Split Ratio.

Accounting Matters

If the Future Reverse Stock Split is approved and effected, the par value of each share of common stock will be increased accordingly, based on the Reverse Stock Split Ratio. As a result, the stated capital attributable to common stock on our balance sheet and the additional paid-in capital account will remain unchanged. Following the Future Reverse Stock Split, reported per share net income or loss will be higher because there will be fewer shares of common stock issued and outstanding.

Effect on Par Value

If the Future Reverse Stock Split is approved and effected, it will increase the par value of each share accordingly.

No Going Private Transaction

Notwithstanding the decrease in the number of outstanding shares following the Future Reverse Stock Split, our Board does not intend for this transaction to be the first step in a “going private transaction” within the meaning of Rule 13e-3 of the Exchange Act.

Potential Anti-Takeover Effect

Although the increased proportion of unissued authorized shares to issued shares could, under certain circumstances, have an anti-takeover effect (for example, by permitting issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of the Board or contemplating a tender offer or other transaction for the combination of the Company with another company), the Future Reverse Stock Split proposal is not being proposed in response to any effort of which we are aware to accumulate shares of our common stock or obtain control of the Company, nor is it part of a plan by management to recommend a series of similar amendments to the Board and stockholders. Other than the Future Reverse Stock Split proposal, the Board does not currently contemplate recommending the adoption of any other actions that could be construed to affect the ability of third parties to take over or change control of the Company.

Certain U.S. Federal Income Tax Consequences

The following summary describes certain U.S. federal income tax consequences of the Future Reverse Stock Split to U.S. Holders (as defined below). This summary is limited to U.S. Holders of our shares of common stock who hold our common stock as “capital assets” (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”)) both before and after the Future Reverse Stock Split. This summary does not deal with the U.S. federal income tax consequences to investors subject to special treatment under the U.S. federal income tax laws, such as dealers in securities or foreign currencies, tax exempt entities, banks, thrifts, insurance companies, retirement plans, regulated investment companies, traders in securities that elect to apply a mark-to-market method of accounting, persons that hold our common stock as part of a “straddle,” a “hedge” against currency risk, a “conversion transaction” or other integrated transaction, holders subject to the alternative minimum tax, partnerships or other pass-through entities (or investors in such entities), financial institutions, U.S. expatriates, holders other than U.S. Holders and U.S. Holders that have a “functional currency” other than the U.S. dollar, all within the meaning of the Code. In addition, this discussion does not describe United States federal gift or estate tax consequences or any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

The U.S. federal income tax considerations set forth below are based upon the Code, existing and proposed regulations thereunder, and current administrative pronouncements and court decisions, all of which are subject to change. Holders should particularly note that any such change could have retroactive application so as to result in U.S. federal income tax consequences different from those discussed below. We have not and will not seek any rulings from the Internal Revenue Service (“IRS”) regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the Future Reverse Stock Split that are different from those discussed below.

Holders should consult their own tax advisors with respect to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the U.S. federal estate or gift tax laws or under the laws of any state, local or foreign taxing jurisdiction or under any applicable tax treaty.

The following is not intended as tax or legal advice. Each stockholder should seek advice based on his, her or its particular circumstances from an independent tax advisor.

The following is a summary of certain United States federal income tax consequences of the Future Reverse Stock Split generally applicable to beneficial holders of shares of our common stock. This summary addresses only such stockholders who hold their pre-reverse stock split shares as capital assets and will hold the post-reverse stock split shares as capital assets. This discussion does not address all United States federal income tax considerations that may be relevant to particular stockholders in light of their individual circumstances or to stockholders that are subject to special rules, such as financial institutions, tax-exempt organizations, insurance companies, dealers in securities, and foreign stockholders. The following summary is based upon the provisions of the Code, applicable Treasury Regulations thereunder, judicial decisions and current administrative rulings, as of the date hereof, all of which are subject to change, possibly on a retroactive basis. Tax consequences under state, local, foreign, and other laws are not addressed herein. Each stockholder should consult its tax advisor as to the particular facts and circumstances which may be unique to such stockholder and also as to any estate, gift, state, local or foreign tax considerations arising out of the Future Reverse Stock Split.

Exchange Pursuant to Reverse Stock Split

No gain or loss will be recognized by a stockholder upon such stockholder's exchange of pre-reverse stock split shares for post-reverse stock split shares pursuant to the Future Reverse Stock Split, except to the extent of cash, if any, received in lieu of fractional shares, further described in "*Cash in Lieu of Fractional Shares*" below. The aggregate tax basis of the post-reverse stock split shares received in the Reverse Stock Split, including any fractional share deemed to have been received, will be equal to the aggregate tax basis of the pre-reverse stock split shares exchanged therefor, and the holding period of the post-reverse stock split shares will include the holding period of the pre-reverse stock split shares.

Cash in Lieu of Fractional Shares

A holder of pre-reverse stock split shares that receives cash in lieu of a fractional share of post-reverse stock split shares should generally be treated as having received such fractional share pursuant to the Future Reverse Stock Split and then as having exchanged such fractional share for cash in a redemption by the Company. The amount of any gain

or loss should be equal to the difference between the ratable portion of the tax basis of the pre-reverse stock split shares exchanged in the Future Reverse Stock Split that is allocated to such fractional share and the cash received in lieu thereof. In general, any such gain or loss will constitute a long-term capital gain or loss if the holder's holding period for such pre-reverse stock split shares exceeds one year at the time of the Future Reverse Stock Split. Deductibility of capital losses by holders is subject to limitations.

Interests of Directors and Executive Officers

Our directors and executive officers have no substantial interests, directly or indirectly, in the matters set forth in this proposal except to the extent of their ownership of shares of our common stock.

Reservation of Right to Abandon Reverse Stock Split

We reserve the right to abandon any reverse stock split without further action by our stockholders at any time before the effectiveness of the filing with the Secretary of the State of Delaware even if the authority to effect these amendments is approved by our stockholders at the annual meeting. By voting in favor of a reverse stock split, you are expressly also authorizing the Board to delay, not proceed with, and abandon, these proposed amendments if it should so decide, in its sole discretion, that such action is in the best interests of our stockholders.

No Dissenters' Appraisal Rights

Under the Delaware General Corporation Law, the Company's stockholders are not entitled to dissenters' appraisal rights with respect to the Future Reverse Stock Split, and the Company will not independently provide stockholders with any such right.

Vote Required

Approval of the amendment to the certificate of incorporation to affect a reverse stock split requires the affirmative vote of the holders of a majority of the shares of common stock outstanding and entitled to vote on the Record Date. As a result, abstentions and broker non-votes will have the same effect as voting against this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL NO. 5.

PROPOSAL 6

ADVISORY VOTE ON THE

COMPENSATION OF NAMED EXECUTIVE OFFICERS

We intend for our executive compensation program to attract and retain a talented, entrepreneurial and creative team of executives who will provide leadership for our company's success in developing our products. We accomplish this goal in a manner consistent with our strategy, competitive practice, sound corporate governance principles, and stockholder interests and concerns. We believe the compensation program for the named executive officers is strongly aligned with the long-term interests of our stockholders and was instrumental in helping us achieve our goals in 2015.

Stockholders are urged to read the Executive Compensation section of this Proxy Statement. The Compensation Committee and the Board believe that our compensation policies and procedures are effective in achieving our goals and are consistent with stockholder interests.

In accordance with Section 14A of the Securities Exchange Act, we are including in this Proxy Statement a separate stockholder vote on executive compensation, which vote is non-binding. We ask our stockholders to provide an advisory (non-binding) vote on executive compensation once every three years. Following our 2016 annual meeting, our next advisory (non-binding) vote is expected to occur in 2019. Accordingly, we are asking you to approve, on an advisory basis, the compensation of our named executive officers listed in the 2015 Summary Compensation Table included in this Proxy Statement, as described in the Executive Compensation section of this Proxy Statement, and the related compensation tables and other narrative executive compensation disclosure contained therein.

Stockholders have the opportunity to vote "for" or "against" or to "abstain" from voting on the following non-binding resolution relating to executive compensation:

"RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the compensation tables and narrative discussion of this Proxy Statement."

Although the advisory vote is non-binding, the Compensation Committee and the Board will review the results of the vote. The Compensation Committee will consider our stockholders' concerns to the extent there is any significant vote against the named executive officer compensation as disclosed in this Proxy Statement and take them into account in future determinations concerning our executive compensation program. The Board therefore recommends that you indicate your support for our compensation policies and procedures for our named executive officers, as outlined

above.

Recommendation of the Board

The Board unanimously recommends that stockholders vote, on an advisory basis, FOR the approval of the compensation of the named executive officers as described in the compensation tables and the narrative discussion of this Proxy Statement.

CORPORATE GOVERNANCE

Director Independence

We believe that the Company benefits from having a strong and independent Board. For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Company that would affect his or her exercise of independent judgment. On an annual basis, the Board reviews the independence of all directors under guidelines established by NASDAQ and in light of each director's affiliations with the Company and members of management, as well as significant holdings of Company securities. This review considers all known relevant facts and circumstances in making an independence determination. Based on this review, the Board has made an affirmative determination that all directors, other than Drs. Quay and Chen, are independent. It was determined that Dr. Quay lacks independence because of his status as the Company's President and Chief Executive Officer and that Dr. Chen lacks independence because of her marriage to Dr. Quay. The independent board members meet regularly without the non-independent members and without management.

Corporate Code of Business Conduct and Ethics

We believe that our Board and committees, led by a group of strong and independent directors, provide the necessary leadership, wisdom and experience that the Company needs in making sound business decisions. We have adopted a Code of Business Conduct and Ethics that applies to all of our officers, directors and employees, including our President and Chief Executive Officer, our Chief Financial Officer and other employees who perform financial or accounting functions. Our Corporate Code of Business Conduct and Ethics helps clarify the operating standards and ethics that we expect of all of our officers, directors and employees in making and implementing those decisions. Waivers of our Corporate Code of Business Conduct and Ethics may only be granted by the Board or the Audit Committee and will be publicly announced promptly on our website. In furthering our commitment to these principles, we invite you to review our Corporate Code of Business Conduct and Ethics located on our website at www.atossagenetics.com.

Stockholder Communications

Generally, stockholders who have questions or concerns regarding the Company should contact our Investor Relations representative at (800) 351-3902. However, any stockholders who wish to address questions regarding the business or affairs of the Company directly with the Board, or any individual director, should direct his or her questions in writing to the Chairman of the Board, Atossa Genetics Inc., 2300 Eastlake Ave. East, Suite 200, Seattle, WA 98102. Upon receipt of any such communications, the correspondence will be directed to the appropriate person, including individual directors.

BOARD OF DIRECTORS AND COMMITTEES

During fiscal 2015, our Board met nine times. Each director attended at least 75% of the aggregate of the meetings of the Board and meetings of the committees of which he or she was a member in our last fiscal year. During fiscal 2015, our Board had an Audit Committee, a Compensation Committee, a Pricing Committee and a Nominating and Governance Committee. All members of the Audit, Compensation and Nominating and Governance Committees are non-employee directors who are deemed independent.

Although the Company has no formal policies regarding director attendance at annual meetings, it does expect that all members of the Board will attend the 2016 annual meeting. All members of the Board were present in person at the 2015 annual meeting.

Board Leadership Structure and Risk Oversight

The Board currently combines the role of Chairman of the Board with the role of Chief Executive Officer. The Board believes this leadership model, together with four of the other five Board members being independent, all key committees of the Board being comprised solely of, and chaired by, independent directors, and the Company's established governance guidelines, provides an effective leadership structure for the Company. Combining the Chairman and Chief Executive Officer roles fosters clear accountability, effective decision-making, and aligns corporate strategy with the Company's day-to-day operations. In addition, to ensure effective independent oversight of the Company, the Board holds meetings of the independent directors of the Board at every meeting.

Dr. Quay has served as Chairman and Chief Executive Officer since the Company was incorporated in April 2009. The independent directors believe that because Dr. Quay manages the Company on a day-to-day basis as Chief

Executive Officer and President, his direct involvement in the Company's operations makes him uniquely qualified to lead the Board in effective decision-making and to efficiently align the Company's day-to-day operations with the Board's objectives.

The Board has overall responsibility for the oversight of the Company's risk management process, which is designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. Risk management includes not only understanding company-specific risks and the steps management implements to manage those risks, but also what level of risk is acceptable and appropriate for the Company. Management is responsible for establishing our business strategy, identifying and assessing the related risks and implementing appropriate risk management practices. The Board periodically reviews our business strategy and management's assessment of the related risk, and discusses with management the appropriate level of risk for the Company. The Board also delegates oversight to Board committees to oversee selected elements of risk as set forth below.

Board Committees

Audit Committee. As of the Record Date, the Audit Committee was comprised of Messrs. Steinhart (Chairman), Weaver and Remmel. The Audit Committee selects the Company's independent registered public accounting firm, approves its compensation, oversees and evaluates the performance of the independent registered public accounting firm, oversees the accounting and financial reporting policies and internal control systems of the Company, reviews the Company's interim and annual financial statements, independent registered public accounting firm reports and management letters, and performs other duties, as specified in the Audit Committee Charter, a copy of which is available on the Company's website at www.atossagenetics.com. Additionally, the Audit Committee is involved in the oversight of the Company's risk management through its review of policies relating to risk assessment and management. The Audit Committee met four times in fiscal 2015. All members of the Audit Committee satisfy the current independence standards promulgated by NASDAQ and the SEC and the Board has determined that Richard Steinhart and Gregory Weaver each qualify as an "audit committee financial expert," as the SEC has defined that term in Item 407 of Regulation S-K.

Compensation Committee. As of the Record Date, the Compensation Committee was comprised of Messrs. Weaver (Chairman) and Steinhart, and Dr. Galli. The Compensation Committee reviews and recommends the compensation arrangements for management, or approves such arrangements if so directed by the Board, establishes and reviews general compensation policies, administers the Company's equity compensation plans and reviews and recommends to the Board the compensation paid to non-employee directors for their service on the Board. Our Chief Executive Officer makes recommendations to the Compensation Committee regarding the corporate and individual performance goals and objectives relevant to executive compensation and executives' performance in light of such goals and objectives, and recommends other executives' compensation levels to the Compensation Committee based on such evaluations. The Compensation Committee may delegate authority to grant awards under our 2010 Stock Option and Incentive Plan to the Chief Executive Officer but it has not historically done so. The Compensation Committee considers these recommendations and then makes an independent decision regarding officer compensation levels and awards. The Chief Executive Officer is not present when his compensation is evaluated. The Compensation Committee met three times in fiscal 2015. A copy of the Compensation Committee Charter is available on the Company's website at www.atossagenetics.com. All members of the Compensation Committee satisfy the current

NASDAQ independence standards.

Nominating and Governance Committee. As of the Record Date, the Nominating and Governance Committee was comprised of Dr. Galli (Chairman) and Mr. Remmel. The Nominating and Governance Committee identifies and nominates candidates for election to the Board, establishes policies under which stockholders may recommend a candidate for consideration for nomination as a director, annually reviews and evaluates the performance, operations, size and composition of the Board and periodically assesses and reviews the Company's Corporate Governance Guidelines and recommends any appropriate changes thereto. The Nominating and Governance Committee met two times in fiscal 2015. A copy of the Corporate Governance Committee Charter is available on our website at www.atossagenetics.com. All members of the Corporate Governance Committee satisfy the current NASDAQ independence standards.

EXECUTIVE OFFICERS AND KEY EMPLOYEES

Our current and former executive officers and their respective ages and positions as of the Record Date are set forth in the following table. Biographical information regarding each executive officer and key employee is set forth following the table. Biographical information for Dr. Quay is set forth above under Proposal No. 1 (Election of Directors).

Name	Age	Position
<i>Executive Officers:</i>		
Steven C. Quay, M.D., Ph.D.	65	Chairman of the Board, President and Chief Executive Officer
Kyle Guse, Esq., CPA	52	Chief Financial Officer, General Counsel and Secretary
Scott Youmans	49	Chief Operating Officer
<i>Former Executive Officers :</i>		
John E. Sawyer	61	Senior Vice President, Global Regulatory Affairs and Quality Assurance
Christopher S. Destro	46	Senior Vice President, Sales and Marketing

Kyle Guse, Esq., CPA. Mr. Guse has served as Chief Financial Officer, General Counsel and Secretary since January 2013. His experience includes more than 20 years of counseling life sciences and other rapid growth companies through all aspects of finance, corporate governance, securities laws and commercialization. Mr. Guse has practiced law at several of the largest international law firms, including from January 2012 through January 2013 as a partner at Baker Botts LLP and, prior to that, from October 2007 to January 2012, as a partner at McDermott Will & Emery LLP. Before working at McDermott Will & Emery, Mr. Guse previously served as a partner at Heller Ehrman LLP. Mr. Guse began his career as an accountant at Deloitte & Touche and he is a licensed Certified Public Accountant in the State of California. Mr. Guse earned a B.S. in business administration and an M.B.A. from California State University, Sacramento, and a J.D. from Santa Clara University School of Law.

Scott Youmans Mr. Youmans joined Atossa on September 1, 2014 and served as the Senior Vice President of Operations until September 1, 2015, when he was promoted to the Chief Operating Officer. Mr. Youmans resigned on February 12, 2016 to pursue other career opportunities. Prior to joining Atossa, Mr. Youmans was the Director of Engineering at Impel Neuropharma from February to September 2014. He consulted for Bayer Interventional from December 2013 to February 2014. Before that he was VP of Engineering at Pathway Medical Technologies from September 2000 to November 2013 when Pathway was acquired by Bayer Interventional. Mr. Youmans brings 20 years of medical device development and manufacturing experience in both U.S. and international markets. Throughout his 20 year career, he has focused on developing, manufacturing and commercializing complex, innovative medical technologies in a wide variety of clinical applications including: targeted drug delivery, peripheral vascular atherectomy, coronary atherectomy, thrombectomy, biopsy tools, and beating heart support. He brings experience in rapid product iteration, design controls, continuous improvement, supply chain development and management, product life-cycle management, project management, pre-clinical studies, clinical studies and clinical field support. Prior to joining Atossa Genetics, Mr. Youmans directed the development of the Precision Olfactory

Device at Impel Neuropharma from February to September 2014. From 2000 to 2013, Mr. Youmans led the development of Pathway Medical's Jetstream Atherectomy System and held increasingly responsible roles, including VP of Engineering since 2003. Mr. Youmans holds a Bachelor of Science degree in Manufacturing Engineering Technology from Western Washington University.

John E. Sawyer. Mr. Sawyer served the Company as Senior Vice President, Global Regulatory Affairs and Quality Assurance from June 2, 2014 through June 8, 2015. Prior to joining Atossa Genetics, Mr. Sawyer owned his own consulting firm, Realistic Quality Solutions LLC, located in Snohomish, Washington from June 2010 until present. From April 2009 to June 2010, he was the Vice-President of Quality Assurance & Regulatory Affairs for Cardiac Science. He also served as the Vice-President, Quality Assurance & Regulatory Affairs for Welch-Allyn from May 2003 to April 2009. He has served in other leadership positions with Fujifilm Medical Systems and GE OEC Medical Systems. He is also affiliated with the Association of the Advancement of Medical Instrumentation (AAMI) where he teaches various quality management training courses, published articles and participated in various quality management webinars. Mr. Sawyer holds an MBA and a B.S. in business administration from Tampa College in Tampa, Florida. Mr. Sawyer resigned on June 8, 2015 to pursue other career opportunities.

Christopher Destro. Mr. Destro served the Company as Vice President of Sales and Marketing from December 2012 through May 28, 2015. Prior to joining Atossa, Mr. Destro served as Vice President of Sales at Magellan Biosciences from January 2011 to December 2012. Mr. Destro has over 18 years of successful sales and client management expertise within the clinical sector of diagnostic biotechnology. From January 2007 to July 2011, Mr. Destro served in increasingly responsible positions including Director of Sales, North America, for three divisions of Magellan Biosciences, where he managed sales of automated blood culture and susceptibility instrumentation for Trek Diagnostics, automated immunochemistry for Dynex and a blood-lead care platform for point of care testing. In July 2011, Magellan was acquired by Thermo Fisher Scientific, where Mr. Destro became a commercial leader of the Microbiology Division. Prior to joining Magellan, Mr. Destro served as Americas Sales Director for Biotrace International from 2000 to 2006, where he managed sales of core pathogen diagnostic (ELISA) products while leading 17 distributors for the United States, Canada, Mexico and Latin America. Mr. Destro holds a B.S. degree in microbiology from The Ohio State University. Mr. Destro resigned on May 28, 2015 to pursue other career opportunities.

BENEFICIAL OWNERS AND MANAGEMENT

Based on information available to us and filings with the SEC, the following table sets forth certain information regarding the beneficial ownership (as defined by Rule 13d-3 under the Securities Exchange Act of 1934) of our outstanding common stock for (i) each of our directors, (ii) each of our “named executive officers,” as defined in Executive Compensation below, (iii) all of our directors and executive officers as a group, and (iv) persons known to us to beneficially hold more than 5% of our outstanding common stock. The following information is presented as of March 28, 2016 or such other date as may be reflected below.

Beneficial ownership and percentage ownership are determined in accordance with the rules of the SEC and include voting or investment power with respect to shares of stock. This information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, shares of common stock issuable under stock options or warrants that are exercisable within 60 days of March 28, 2016 are deemed outstanding for the purpose of computing the percentage ownership of the person holding the options or warrant(s), but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated below, the address of each person listed on the table is c/o Atossa Genetics Inc., 2300 Eastlake Ave. East, Suite 200, Seattle, Washington 98102.

Name of Beneficial Owner	Shares Beneficially Owned		
	Number	Percent of Class ⁽¹⁾	
Steven C. Quay, M.D., Ph.D. ⁽²⁾	5,064,808	13.0	%
Shu-Chih Chen, Ph.D. ⁽³⁾	4,437,335	11.4	
Kyle Guse, Esq., CPA, Esq. ⁽⁸⁾	692,499	1.8	%
Stephen J. Galli, M.D. ⁽⁵⁾	198,661	*	

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Gregory L. Weaver ⁽⁴⁾	122,190	*	
Scott Youmans ⁽⁹⁾	90,311	*	
Richard I Steinhart ⁽⁶⁾	71,484	*	
H. Lawrence Rummel, Esq. ⁽⁷⁾	4,000	*	
Chris Destro	-	*	
John Sawyer	-	*	
All current executive officers and directors as a group (9 persons)	6,332,973	16.0	%

* Less than one percent.

(1) Based on 38,823,464 shares of common stock issued and outstanding as of March 28, 2016.

Consists of (i) 478,543 shares of common stock directly owned by Dr. Quay, (ii) 4,348,315 shares of common stock owned by Ensisheim, and (iii) 237,950 shares of common stock issuable upon the exercise of stock options held by (2)Dr. Quay and exercisable within 60 days after March 28, 2016. Drs. Quay and Chen share voting and investment power over the securities held by Ensisheim. Ensisheim is solely owned and controlled by Drs. Quay and Chen, and, as a result, Drs. Quay and Chen are deemed to be beneficial owners of the shares held by this entity.

Consists of (i) 4,348,315 shares of common stock owned by Ensisheim, and (ii) 89,020 shares of common stock issuable upon the exercise of stock options held by Dr. Chen and exercisable within 60 days after March 28, 2016. (3)Drs. Quay and Chen share voting and investment power over the securities held by Ensisheim. Ensisheim is solely owned and controlled by Drs. Quay and Chen, and, as a result, Drs. Quay and Chen are deemed to be beneficial owners of the shares held by this entity.

(4) Consists of 112,190 shares of common stock issuable upon the exercise of stock options held by Mr. Weaver and exercisable within 60 days of March 28, 2016 and 10,000 shares of Common Stock held by Mr. Weaver.

(5) Consists of (i) 17,674 shares of common stock held by Dr. Galli, and (ii) 180,987 shares of common stock issuable upon the exercise of stock options held by Dr. Galli and exercisable within 60 days of March 28, 2016.

(6) Consists of 71,484 shares of common stock issuable upon the exercise of stock options held by Mr. Steinhart and exercisable within 60 days of March 28, 2016.

(7) Consists of 2,000 shares of Common Stock held by Mr. Rimmel and 2,000 shares of Common Stock held by Mr. Rimmel's spouse. Mr. Rimmel disclaims beneficial ownership of the 2,000 shares of Common Stock held by his spouse.

(8) Consists of 692,499 shares of common stock issuable upon the exercise of stock options held by Mr. Guse and exercisable within 60 days of March 28, 2016.

(9) Consists of 90,311 shares of common stock issuable upon the exercise of stock options held by Mr. Youmans and exercisable within 60 days of March 28, 2016.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Transactions with Related Parties

Other than compensation arrangements described below under the captions "Executive Compensation" and "Director Compensation," we are not a party to any transactions between us and certain "related parties," which are generally considered to be our directors and executive officers, nominees for director, holders of 5% or more of our outstanding common stock and members of their immediate families.

Related-Party Transaction Review and Approval

Related-party transactions that the Company is required to disclose publicly under the federal securities laws will require prior approval of the Company's independent directors without the participation of any director who may have a direct or indirect interest in the transaction in question. Related parties include directors, nominees for director, principal stockholders, executive officers and members of their immediate families. For these purposes, a "transaction" will include all financial transactions, arrangements or relationships, ranging from extending credit to the provision of goods and services for value and will include any transaction with a company in which a director, executive officer, immediate family member of a director or executive officer, or principal stockholder (that is, any person who

beneficially owns five percent or more of any class of the Company's voting securities) has an interest by virtue of a 10% or greater equity interest. The Company's policies and procedures regarding related-party transactions are not expected to be a part of a formal written policy, but rather, will represent a course of practice determined to be appropriate by the Board of Directors of the Company.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Executive officers, directors and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all reports filed under Section 16(a). To the Company's knowledge, based solely on the review of copies of the reports filed with the SEC, all reports required to be filed by our executive officers, directors and greater-than-10% stockholders were timely filed in fiscal 2015, except that a Form 4 that was required to be filed by Dr. Stephen J. Galli was required to be filed on May 14, 2015 but was not filed until May 18, 2015.

DIRECTOR COMPENSATION

Non-employee director compensation is generally reviewed and set annually at the Board meeting held in connection with the annual stockholder meeting. The non-employee directors of the Company received the following for services on the Board from May 2015 through May 2016:

- upon joining the Board, an initial payment of \$50,000 in cash;
- an annual cash payment of \$40,000 for each board member; and
- an annual option grant of 40,000 shares for each member, vesting quarterly over one year.

In lieu of the above annual option grant, Dr. Chen's outstanding options granted to her during her service as Chief Scientific Officer continue to vest and be exercisable during her services as a member of the Board.

In addition to the above, annual compensation for service on the Audit Committee is \$20,000 for the Chair and \$15,000 for each member, paid in cash quarterly. Annual compensation for service on the Compensation Committee and Nominating and Governance Committee is \$15,000 for the Chair and \$10,000 for each member, paid in cash quarterly. The independent board members are also reimbursed on a case by case basis up to a pre-set limit for actual out of pocket expenses for graduate level course work in fields related to the business of the Company.

The employee directors receive no compensation for their board service. Pursuant to the policies of Pryor Cashman, the law firm of which Mr. Remmel is a partner, the compensation Mr. Remmel receives for his services as a director (other than expense reimbursement) is paid to the firm directly which cash fee was waived in 2015. All directors receive reimbursement for reasonable travel expenses. The following table sets forth information regarding compensation earned by our non-employee directors during the fiscal year ended December 31, 2015:

Name	Fees Earned or Paid in Cash	Option Awards ⁽¹⁾	Total
Shu-Chih Chen, Ph.D. ⁽²⁾	\$ 38,333	\$ —	\$38,333
Stephen Galli, M.D.	\$ 60,000	\$ 43,688	\$103,688
H. Lawrence Remmel, Esq. ⁽³⁾	\$ 59,166	\$ 43,688	\$102,854
Gregory L. Weaver	\$ 64,167	\$ 43,688	\$107,855
Richard Steinhart	\$ 65,000	\$ 43,688	\$108,688

The value of the awards has been computed in accordance with FASB ASC 718, excluding the effect of estimated (1) forfeitures. Assumptions used in the calculations for these amounts are included in notes to our financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Option awards consist of 2015 annual option grants, to purchase 40,000 shares of common stock with an exercise price of \$1.37, which was the fair value of our common shares at the time of grant. Options vest quarterly over a year.

Dr. Chen retired as the Chief Scientific Officer in August 2014. The options granted to her as an executive officer (2) continue to vest and be exercisable during her service as a member of the Board of Directors. See “Executive Compensation” below.

The compensation Mr. Remmel receives for his services as a director (other than expense reimbursement) is paid to (3) the Pryor Cashman law firm which Mr. Remmel is a partner. In 2015, all cash fees outstanding for the last two years were waived and credited back to the Company.

EXECUTIVE COMPENSATION**Remuneration of Officers**

Our Compensation Committee is responsible for reviewing and evaluating key executive employee base salaries, setting goals and objectives for executive bonuses and administering benefit plans. The Compensation Committee provides advice and recommendations to our Board of Directors on such matters.

Summary Compensation Table

The following table sets forth the compensation earned by our President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and former Senior Vice President of Global Regulatory Affairs and Quality Assurance, and Senior Vice president of Sales and Marketing (collectively, the “*Named Executive Officers*”), for fiscal years 2014 and 2015:

Name and Position	Year	Salary	Option Award (1)	Nonequity Incentive Plan Compensation	All Other Compensation (4)	Total
Steven C. Quay, M.D., Ph.D. President and Chief Executive Officer	2015	\$520,000	\$ 437,577	\$ 208,000	\$ 10,600	\$ 1,176,177
	2014	\$500,000	\$ 129,138	\$ 225,000	\$ 10,400	\$864,538
Kyle Guse Chief Financial Officer, General Counsel and Secretary	2015	\$364,000	\$ 302,325	\$ 131,040	\$ 10,600	\$807,965
	2014	\$350,000	\$ 236,190	\$ 149,625	\$ 10,400	\$746,215
Scott Youmans (5) Chief Operating Officer	2015	\$239,200	\$ 88,866	\$ 80,371	\$ 2,870	\$411,307
	2014	\$67,110	\$ 156,643	\$ 31,730	\$ -	\$255,483
John Sawyer Senior Vice President of Regulatory Affairs and Quality Assurance (2)	2015	\$149,986	\$ 94,302	\$ -	\$ -	\$244,288
	2014	\$163,334	\$ 119,259	\$ 43,288	\$ -	\$325,881

Christopher Destro

Senior Vice President of Sales and Marketing ⁽³⁾	2015	\$ 103,323	\$ 86,919	\$ -	\$ 125,470	\$ 315,712
	2014	\$ 205,000	\$ 70,702	\$ 46,638	\$ 10,400	\$ 332,740

The value of the option awards has been computed in accordance with FASB ASC 718, excluding the effect of ⁽¹⁾estimated forfeitures. Assumptions used in the calculations for these amounts are included in notes to our financial statements included in this report.

⁽²⁾Mr. Sawyer was hired as our Senior Vice President of Global Regulatory Affairs and Quality Assurance in June 2014 and resigned in June 2015.

⁽³⁾Mr. Destro resigned as our Senior Vice President of Sales and Marketing in May 2015. Based on the separation agreement between the company and Mr. Destro, Mr. Destro received the following in connection with his departure from the company, which is included in "All other compensation": (i) \$10,000, (ii) \$87,689 based on sales performance of the NRLBH, and (iii) continuation of salary and partial bonus payment in the amount of \$25,000.

Amounts represent 401(k) match paid by the Company on behalf of the Named Executive Officer, except Mr. ⁽⁴⁾Destro's 2015 balance, which includes \$122,689 of severance compensation and \$2,781 of 401(k) match paid by the Company.

⁽⁵⁾Mr. Youmans resigned as the Chief Operating Officer of the Company on February 12, 2016. Based on the employment separation agreement between the company and Mr. Youmans, Mr. Youmans received \$23,920 in severance pay and received one-half of his 2015 bonus of \$40,186 in a lump sum payment in February 2016 and the other one-half bonus of \$40,186 will be paid in equal monthly payments over six months following his departure.

Outstanding Equity Awards at Fiscal Year-End

The following table shows information regarding our outstanding equity awards at December 31, 2015 for the Named Executive Officers, all of which are subject to the terms and conditions of the 2010 Stock Option and Incentive Plan which is described below:

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable		Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date
Steven Quay President and Chief Executive Officer	3/11/2013	44,194	(1)	—	\$ 6.57	3/11/2023
	5/6/2014	91,750	(2)	156,250	\$ 1.22	5/06/2024
	3/16/2015	51,596	(2)	223,404	\$ 1.88	5/16/2025
Kyle Guse ⁽¹⁾ Chief Financial Officer, General Counsel and Secretary	1/4/2013	343,749	(3)	156,251	\$ 4.11	1/04/2023
	6/4/2013	60,000	(1)	—	\$ 4.31	6/04/2023
	1/8/2014	61,250	(2)	78,750	\$ 2.20	1/08/2024
	5/6/2014	75,000	(2)	125,000	\$ 1.22	5/06/2024
	3/16/2015	35,625	(2)	154,375	1.88	3/16/2025
Scott Youmans, Chief Operating Officer	9/2/2014	62,500	(3)	137,500	\$ 1.86	9/02/2024
	3/16/2015	6,798	(2)	29,419	\$ 1.88	3/16/2025
	1/01/2016	3,125		46,875	.76	1/01/2026
John Sawyer, Senior Vice President of Regulatory Affairs and Quality Assurance ⁽³⁾	6/2/2014	-		200,000	\$ 1.41	6/02/2024
Christopher Destro, Senior Vice President of Sales and Marketing	12/20/2012	100,000	(3)	100,000	\$ 4.11	12/20/2022
	1/8/2014	9,375	(2)	40,625	\$ 2.20	1/08/2024
	5/6/2014	5,632	(2)	39,368	\$ 1.22	5/06/2024

(1) Option was granted in lieu of a cash bonus payable to the executive. The option was fully vested on the date of grant.

(2) Option vests quarterly over four years from the date of grant.

(3) One quarter of the shares of common stock underlying the option vested on the first anniversary of employment and the remaining 75% vest in equal quarterly installments over the next three years.

Employment Agreements

Employment Agreement with Steven Quay, M.D., Ph.D.

The Company has entered into an employment agreement with Dr. Quay to act as the Company's Chief Executive Officer. The agreement provides for an initial base salary of \$250,000, which was subsequently increased to \$500,000 for 2014 and \$520,000 for 2015, with an annual target bonus of up to 50% of Dr. Quay's then-current base salary, payable upon the achievement of performance goals to be established annually by the Compensation Committee.

The goals for fiscal 2015 included launching the FullCYTE Breast Aspirator, launching the ForeCYTE Breast Aspirator, advancing the pharmaceutical programs, achieving revenues, operating within budget, completing a capital raising transaction, relocating company offices and successfully selling the NRLBH. In February 2016, the Compensation Committee reviewed the performance of Dr. Quay for 2015 against these goals and determined that his bonus for 2015 would be 80% of potential, or \$208,000. However, only 25% of this amount was paid to Dr. Quay and the remaining 75% is payable contingent upon completion of an equity financing of the Company. On March 28, 2016, the compensation committee concluded that such equity financing had been achieved so that the balance of the 2015 bonus is payable.

Under his employment agreement, Dr. Quay received an option to purchase up to 250,000 shares of common stock at an exercise price of \$5.00 per share, the fair market value of the common stock on the date of grant, as determined by the Board of Directors. One-quarter of the shares of common stock underlying the option, or 62,500 shares, vested on December 31, 2010, and the remaining 75%, or 187,500 shares, vested in equal quarterly installments over the next three years. The options were fully vested as of December 31, 2013 and subsequently expired unexercised on December 31, 2015.

During the employment term, the Company will make available to Dr. Quay employee benefits provided to other key employees and officers of the Company. To the extent these benefits are based on length of service with the Company, Dr. Quay will receive full credit for prior service with the Company. Participation in health, hospitalization, disability, dental and other insurance plans that the Company may have in effect for other executives, all of which shall be paid for by the Company with contribution by Dr. Quay as set for the other executives, as and if appropriate.

Dr. Quay has also agreed that, for the period commencing on the date of his employment agreement with the Company and during the term of his employment and for a period of 12 months following voluntary termination of his employment with the Company that he will not compete with the Company in the United States. The employment agreement also contains provisions relating to confidential information and assignment of inventions, which require Dr. Quay to refrain from disclosing any proprietary information and to assign to the Company any inventions which directly concern the ForeCYTE Breast Aspirator, or future products, research, or development, or which result from work they perform for the Company or using its facilities.

Employment Agreement with Kyle Guse

The Company has entered into an employment agreement with Mr. Guse to act as the Company's Chief Financial Officer, General Counsel and Secretary. The agreement provides for an initial base salary of \$225,000, which has been increased to \$350,000 for 2014 and \$364,000 for 2015 and an annual target bonus of up to 45% of Mr. Guse's then-current base salary, payable upon the achievement of performance goals to be established annually by the Compensation Committee.

The goals for fiscal 2015 included launching the FullCYTE Breast Aspirator, launching the ForeCYTE Breast Aspirator, advancing the pharmaceutical programs, achieving revenues, operating within budget, completing a capital raising transaction, relocating company offices and successfully selling the NRLBH. In February 2016, the Compensation Committee reviewed the performance of Mr. Guse for 2015 against these goals and determined that his bonus for 2015 would be 80% of potential, or \$131,040. However, only 25% of this amount was paid to Mr. Guse and the remaining 75% is payable contingent upon completion of an equity financing of the Company. On March 28, 2016, the compensation committee concluded that such equity financing had been achieved so that the balance of the 2015 bonus is payable.

Under his employment agreement, on January 4, 2014, Mr. Guse received an option to purchase up to 500,000 shares of common stock at an exercise price of \$4.11 per share, the fair market value of the common stock on the date of grant, as determined by the Board of Directors. One-quarter of the shares of common stock underlying the option, or 125,000 shares, vested on January 4, 2014, and the remaining 75%, or 375,000 shares, vest in equal quarterly installments over the next three years, so long as Mr. Guse remains employed with the Company. In lieu of a cash signing and relocation bonus payable to Mr. Guse under the terms of his employment agreement, on June 4, 2013 he received a fully-vested option to purchase 60,000 shares of common stock exercisable at \$4.31 per share, the fair value of the Company's common stock on the date of grant.

During the employment term, the Company will make available to Mr. Guse employee benefits provided to other key employees and officers of the Company. To the extent these benefits are based on length of service with the Company, Mr. Guse will receive full credit for prior service with the Company. Participation in health, hospitalization, disability, dental and other insurance plans that the Company may have in effect for other executives, all of which shall be paid for by the Company with contribution by Mr. Guse as set for the other executives, as and if appropriate.

Mr. Guse has also agreed that, for the period commencing on the date of his employment agreement with the Company and during the term of his employment and for a period of six months following voluntary termination of his employment with the Company that he will not compete with the Company in the United States.

Employment Agreement with Scott Youmans

In connection with the hiring of Mr. Youmans, the Company entered into an offer letter agreement which provides for an initial base salary of \$230,000, which was increased to \$287,000 on September 1, 2015 when Mr. Youmans was promoted to the Chief Operating Officer with a bonus of up to 25%. Mr. Youmans was also granted an option to purchase 200,000 shares of common stock at \$1.86 per share upon joining Atossa and 50,000 at the time of his promotion at market value of \$0.76, the fair market value of the common stock on the date of grant, as determined by the Board of Directors. The offer letter agreement provides that Mr. Youmans will be offered employment benefits similar to other members of management and that he is terminable at will. His options will accelerate upon a change of control. Mr. Youmans resigned as the Chief Operating Officer of the Company on February 12, 2016. Based on the employment separation agreement, Mr. Youmans received \$23,920 in severance pay and received one-half of his 2015 bonus of \$40,186 in a lump sum payment in February 2016 and the other one-half bonus of \$40,186 will be paid in equal monthly payments over six months following his departure and an extension to one year of the time by which Mr. Youmans has the right to exercise stock options previously granted to him.

The goals for fiscal 2015 included launching the FullCYTE Breast Aspirator, launching the ForeCYTE Breast Aspirator, advancing the pharmaceutical programs, achieving revenues, operating within budget, completing a capital raising transaction, relocating company offices and successfully selling the NRLBH. In February 2016, the Compensation Committee reviewed the performance of Mr. Youmans for 2015 against these goals and determined that his bonus for 2015 would be 80% of potential, or \$80,372.

Employment Agreement with Christopher Destro

In connection with the hiring of Mr. Destro, the Company entered into an offer letter agreement which provides for an initial base salary of \$180,000, which was increased to \$205,000 in 2014 and \$209,100 in 2015 with a bonus of up to 35%. Mr. Destro was also granted an option to purchase 200,000 shares of common stock at \$4.10 per share, the fair market value of the common stock on the date of grant, as determined by the Board of Directors. One-quarter of the shares of common stock underlying the option vest one year from commencement of employment and the remaining 75% vest in equal quarterly installments over the next three years, so long as Mr. Destro remains employed with the Company. The offer letter agreement provides that Mr. Destro will be offered employment benefits similar to other members of management and that he is terminable at will. His options will accelerate upon a change of control. Mr. Destro resigned on May 28, 2015. His severance benefits were (i) \$10,000, (ii) \$30,000 if Atossa's subsidiary, The National Reference Laboratory for Breast Health, Inc. (the "NRLBH") reports at least the number of pharmacogenomics tests required by Atossa's adjusted budget for April 2015, (iii) \$30,000 if the NRLBH reports at least the number of pharmacogenomics tests required by Atossa's adjusted budget for May 2015, and (iv) extension by 60 days of the time by which Mr. Destro has the right to exercise stock options previously granted to him; with payments in clauses (ii) and (iii) subject to pro-rata upward adjustment for over achievement. Atossa and Mr. Destro agreed to a mutual release and Mr. Destro agreed not to compete for one year.

Employment Agreement with John Sawyer

In connection with the hiring of Mr. Sawyer, the Company entered into an offer letter agreement which provides for an initial base salary of \$280,000, which was increased to \$291,200 in 2015 with a bonus of up to 30%. Mr. Sawyer was also granted an option to purchase 200,000 shares of common stock at \$1.41 per share exercisable, the fair market value of the common stock on the date of grant, as determined by the Board of Directors. One-quarter of the shares of common stock underlying the option vest one year from commencement of employment and the remaining 75% vest in equal quarterly installments over the next three years, so long as Mr. Sawyer remains employed with the Company. Mr. Sawyer resigned on June 8, 2015.

Severance Benefits and Change in Control Arrangements

The Company has agreed to provide the severance benefits and change in control arrangements described below to its named executive officers.

Dr. Steven Quay

Pursuant to his employment agreement, if (i) the Company terminates the employment of Dr. Quay without cause, or (ii) Dr. Quay terminates his employment for good reason, then Dr. Quay will be entitled to receive all accrued but unpaid compensation, plus a severance payment equal to 12 months of base salary. In addition, upon such event, the vesting of all shares of common stock underlying options then held by Dr. Quay will accelerate, and the options will remain exercisable for the remainder of their terms. The cash severance payment is required to be paid in substantially equal installments over a period of six months beginning on the Company's first payroll date that occurs following the 30th day after the effective date of termination of Dr. Quay's employment, subject to certain conditions. The Company will not be required, however, to pay any severance pay for any period following the termination date if Dr. Quay materially violates certain provisions of his employment agreement and the violation is not cured within 30 days following receipt of written notice from the Company containing a description of the violation and a demand for immediate cure.

In addition, under the terms of his employment agreement, in the event of a "change in control" of the Company (as defined in the employment agreement) during Dr. Quay's employment term, Dr. Quay will be entitled to receive a one-time payment equal to 2.9 times his base salary, and the vesting of all outstanding equity awards then held by Dr. Quay will accelerate such that they are fully vested as of the date of the change in control.

Kyle Guse

Pursuant to his employment agreement, if (i) the Company terminates the employment of Mr. Guse without cause, or (ii) Mr. Guse terminates his employment for good reason, then Mr. Guse will be entitled to receive all accrued but unpaid compensation including pro-rated bonus, plus a severance payment equal to 12 months of base salary. In addition, upon such event, the vesting of 50% of shares of common stock underlying unvested options then held by Mr. Guse will accelerate, and the options will remain exercisable for the remainder of their terms. The cash severance payment is required to be paid in substantially equal installments over a period of six months beginning on the Company's first payroll date that occurs following the 30th day after the effective date of termination of Mr. Guse's employment, subject to certain conditions. The Company will not be required, however, to pay any severance pay for any period following the termination date if Mr. Guse materially violates certain provisions of his employment agreement and the violation is not cured within 30 days following receipt of written notice from the Company containing a description of the violation and a demand for immediate cure.

In addition, under the terms of his employment agreement, in the event of a “change in control termination” of the Company (as defined in the employment agreement) during Mr. Guse’s employment term, Mr. Guse will be entitled to receive a one-time payment equal to two times his base salary, and the vesting of all outstanding equity awards then held by Mr. Guse will accelerate such that they are fully vested as of the date of the change in control.

Messrs. Sawyer, Destro , and Youmans

The options granted to Messrs. Sawyer and Destro generally accelerate and become exercisable upon a change of control. There are no options granted to Messrs. Sawyer and Destro that are exercisable as of the filing of this report due to the time laps and expiration of their options after their termination. The severance benefits provided to Messrs. Destro and Youmans are summarized above.

2010 Stock Option and Incentive Plan

The Company’s 2010 Stock Option and Incentive Plan, or the 2010 Plan, provides for the grant of equity-based awards to employees, officers, non-employee directors and other key persons providing services to the Company. The 2010 Plan is summarized under Proposal 3.

Other Benefits

The Company offers health, dental, disability, 401(k) matching up to 4% of salary (which became available in 2014) and life insurance to its full-time employees. Employees who elect Company-offered coverage pay a portion of health and dental premiums, while the Company pays all disability and life insurance premiums.

Equity Compensation Plan Information

The following table sets forth certain information, as of December 31, 2015, regarding the Company’s 2010 Stock Option and Incentive Plan, as well as other stock options and warrants previously issued by the Company as compensation for services.

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column) ⁽¹⁾
Equity compensation plans approved by security holders	2,583,944	\$ 2.71	1,109,440
Equity compensation plans not approved by security holders	1,030,000	⁽²⁾ \$ 2.19	—
Total	3,613,944	\$ 2.57	1,109,440

Excludes shares that may be added after December 31, 2015 pursuant to the “evergreen” feature under the 2010 Stock Option and Incentive Plan. For example, on January 1, 2016, 1,306,290 shares were automatically added to the 2010 Stock Option and Incentive Plan under the evergreen feature.

Represents options granted to new employees as inducements for employment which were not required to be ⁽²⁾approved by security holders. The options are subject to the 2010 Stock Option and Incentive Plan, but were granted outside of such plan. Excludes warrants granted and outstanding in connection with financing agreements.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee evaluates auditor performance, manages relations with the Company's independent registered public accounting firm, and evaluates policies and procedures relating to internal control systems. The Audit Committee operates under a written Audit Committee Charter that has been adopted by the Board, a copy of which is available on the Company's website at www.atossagenetics.com. All members of the Audit Committee currently meet the independence and qualification standards for Audit Committee membership set forth in the listing standards provided by NASDAQ and the SEC.

No member of the Audit Committee is a professional accountant or auditor. The members' functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm. The Audit Committee serves a board-level oversight role in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee's members in business, financial and accounting matters.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. The Company's management has the primary responsibility for the financial statements and reporting process, including the Company's system of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2015. This review included a discussion of the quality and the acceptability of the Company's financial reporting, including the nature and extent of disclosures in the financial statements and the accompanying notes. The Audit Committee also reviewed the progress and results of the testing of the design and effectiveness of its internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee also reviewed with the Company's independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality and the acceptability of the Company's financial reporting and discussed with the independent auditors matters required to be discussed under Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, *Communication with Audit Committees*. The Audit Committee has received from the independent auditors the written disclosures regarding the auditor's independence required by the PCAOB Rule 3526, *Communications with Audit Committees Concerning Independence*. The Audit Committee discussed with the independent registered public accounting firm their independence from management and the Company, including the matters required by the applicable rules of the Public Company Accounting Oversight Board.

In addition to the matters specified above, the Audit Committee discussed with the Company's independent registered public accounting firm the overall scope, plans and estimated costs of their audit. The Committee met with the independent registered public accounting firm periodically, with and without management present, to discuss the results of the independent registered public accounting firm's examinations, the overall quality of the Company's financial reporting and the independent registered public accounting firm's reviews of the quarterly financial statements, and drafts of the quarterly and annual reports.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Submitted by the Audit Committee of the Board of Directors

Richard I. Steinhart, Chairman

Gregory L. Weaver

H. Lawrence Rimmel, Esq

OTHER BUSINESS

We know of no other matters to be submitted to a vote of stockholders at the annual meeting. If any other matter is properly brought before the annual meeting or any adjournment thereof, it is the intention of the persons named in the enclosed proxy to vote the shares they represent in accordance with their judgment. In order for any stockholder to nominate a candidate or to submit a proposal for other business to be acted upon at a given annual meeting, he or she must provide timely written notice to our corporate Secretary in the form prescribed by our Bylaws, as described below.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be included in the 2017 annual meeting proxy materials must be received by the Secretary of the Company no later than December 16, 2016, or otherwise as permitted by applicable law (the “*Proxy Deadline*”). The form and substance of these proposals must satisfy the requirements established by the Company’s Bylaws and the SEC, and the timing for the submission of any such proposals may be subject to change as a result of changes in SEC rules and regulations.

Additionally, stockholders who intend to present a stockholder proposal at the 2016 annual meeting must provide the Secretary of the Company with written notice of the proposal between 90 and 120 days prior to the one-year anniversary date of the 2016 annual meeting; *provided, however*, that if the 2017 annual meeting date is advanced by more than 30 days before or delayed by more than 60 days after the one-year anniversary date of the 2016 annual meeting, then stockholders must provide notice within time periods specified in our Bylaws. Notice must be tendered in the proper form prescribed by our Bylaws. Proposals not meeting the requirements set forth in our Bylaws will not be entertained at the meeting.

Additionally, any stockholder seeking to recommend a director candidate or any director candidate who wishes to be considered by the Nominating and Governance Committee, the committee that recommends a slate of nominees to the Board for election at each annual meeting, must provide the Secretary of the Company with all information relating to such nominee that is required to be disclosed in proxy statements pursuant to Regulation 14A under the Exchange Act (including such person’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected). The Nominating and Governance Committee will consider all director candidates who comply with these requirements and will evaluate these candidates using the criteria described above under the caption, “Nomination of Directors.” Director candidates who are then approved by the Board will be included in the Company’s Proxy Statement for that annual meeting.

DELIVERY OF PROXY MATERIALS

Our annual report to stockholders for the fiscal year ended December 31, 2015, including audited financial statements, accompanies this Proxy Statement. Copies of our Annual Report on Form 10-K for fiscal 2015 are available from the Company without charge upon written request of a stockholder. Copies of these materials are also available online through the Securities and Exchange Commission at www.sec.gov. The Company may satisfy SEC rules regarding delivery of proxy statements and annual reports by delivering a single proxy statement and annual report to an address shared by two or more Company stockholders. This delivery method can result in meaningful cost savings for the Company. In order to take advantage of this opportunity, the Company may deliver only one proxy statement and annual report to multiple stockholders who share an address, unless contrary instructions are received prior to the mailing date. Similarly, if you share an address with another stockholder and have received multiple copies of our proxy materials, you may write or call us at the address and phone number below to request delivery of a single copy of these materials in the future. We undertake to deliver promptly upon written or oral request a separate copy of the proxy statement and/or annual report, as requested, to a stockholder at a shared address to which a single copy of these documents was delivered. If you hold stock as a record stockholder and prefer to receive separate copies of a proxy statement or annual report either now or in the future, please contact the Company's Secretary at 2300 Eastlake Ave. East, Suite 200, Seattle, Washington 98102 or by telephone at (800) 351-3902. If your stock is held through a brokerage firm or bank and you prefer to receive separate copies of a proxy statement or annual report either now or in the future, please contact your brokerage firm or bank.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "**SEC**"). Any interested party may inspect information filed by the Company, without charge, at the public reference facilities of the SEC at its principal office at 100 F. Street, N.E., Washington, D.C. 20549. Any interested party may obtain copies of all or any portion of the information filed by the Company at prescribed rates from the Public Reference Section of the SEC at its principal office at 100 F. Street, N.E., Washington, D.C. 20549. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding the Company and other registrants that file electronically with the SEC at <http://www.sec.gov>.

The Company's common stock is listed on The NASDAQ Capital Market and trades under the symbol "ATOS".

EACH STOCKHOLDER IS URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY.

EACH SHAREHOLDER IS URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY.

ATOSSA GENETICS INC.

2300 Eastlake Ave. East, Suite 200
Seattle, Washington 98102

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints Steven C. Quay, M.D., Ph.D. and Kyle Guse, Esq., and each of them, his or her true and lawful agents and proxies with full power of substitution in each, to represent the undersigned at the Annual Meeting of Stockholders of Atossa Genetics Inc. to be held at 1616 Eastlake Ave. East, First Floor Conference Room, Seattle, Washington 98102, on Wednesday, May 18, 2016, at 1:00 p.m. local time, and at any adjournments thereof, and to vote as designated.

This proxy, when properly executed, will be voted in the manner you direct. If no direction is made, your proxy will be voted FOR the proposals and nominees described in the enclosed Proxy Statement and in the discretion of the proxy holders on all other matters that may come before the meeting.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

YOUR VOTE IS IMPORTANT! PLEASE VOTE.

(Continued and to be signed on the reverse side)

Proposal 1 Elect Directors to Class I

For All Nominees Withhold Authority
For All Nominees For All Except
Class I Nominees: Steven C. Quay, M.D., Ph.D. and Gregory L. Weaver (see instructions below)

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark “For All Except” and write the name(s) for which you wish to withhold authority below.

Proposal 2 Ratify BDO USA LLP as independent registered public accounting firm for the fiscal year ending December 31, 2016

Vote For Vote Against Abstain

Proposal 3 Approve to increase the authorized shares under the 2010 Option plans by 2,000,000 shares.

Vote For Vote Against Abstain

Proposal 4 Approve an amendment to Atossa’s certificate of incorporation to increase the number of authorized shares of common stock by 100,000,000 shares.

Vote For Vote Against Abstain

Proposal 5 Approve an amendment to Atossa’s certificate of incorporation to authorize the directors to effect a reverse stock split in a range of 1:5 to 1:30.

o o o
Vote For Vote Against Abstain

Proposal 6 Approve on an advisory-basis the compensation of our named executive officers.

o o o
Vote For Vote Against Abstain

and to vote on such other business as may properly come before the meeting

Date:

Signature of Shareholder(s) Signature of Shareholder(s)

This Proxy must be signed exactly as the name appears herein. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

[ADD OTHER PROPOSALS]

THANK YOU FOR VOTING