

Sevion Therapeutics, Inc.
Form DEF 14A
October 28, 2014

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES

EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	Definitive Proxy Statement
<input checked="" type="checkbox"/>	Definitive Additional Materials
<input type="checkbox"/>	Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

SEVION THERAPEUTICS, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

SEVION THERAPEUTICS, INC.

405 Sorrento Valley Blvd.

San Diego, California 92121

To Our Stockholders:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Sevion Therapeutics, Inc. at 9:00 A.M., local time, on December 15, 2014, at 4400 Biscayne Boulevard, Miami, FL 33137

The Notice of Meeting and Proxy Statement on the following pages describe the matters to be presented at the meeting.

It is important that your shares be represented at this meeting to assure the presence of a quorum. Whether or not you plan to attend the meeting, we hope that you will have your stock represented by voting *as soon as possible*, by signing, dating and returning your proxy card in the enclosed envelope, which requires no postage if mailed in the United States. You may also vote electronically via the Internet or by telephone. Your stock will be voted in accordance with the instructions you have given in your proxy.

Thank you for your continued support.

Sincerely,

/s/ Harlan W. Waksal, M.D.

Harlan W. Waksal, M.D.
Chairman of the Board

SEVION THERAPEUTICS, INC.

405 Sorrento Valley Blvd.

San Diego, California 92121

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held December 15, 2014

The Annual Meeting of Stockholders (the “Meeting”) of Sevion Therapeutics, Inc., a Delaware corporation (the “Company”), will be held at 4400 Biscayne Boulevard, Miami, FL 33137 on December 15, 2014, at 9:00 A.M., local time, for the following purposes. Capitalized terms are defined in the attached proxy statement.

1. To elect eight (8) directors to serve until the next Annual Meeting of Stockholders and until their respective successors shall have been duly elected and qualified.
2. To approve the amendment and restatement of the Company’s 2008 Incentive Compensation Plan.
3. To ratify the appointment of McGladrey LLP as the Company’s independent registered public accounting firm for the fiscal year ending June 30, 2015.
4. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The holders of common stock (the “Stockholders”) of record at the close of business on October 22, 2014 (the “Record Date”), are entitled to notice of and to vote at the Meeting, or any adjournment or adjournments thereof. A complete list of such Stockholders will be open to the examination of any Stockholder at the Company’s principal executive offices at 405 Sorrento Valley Blvd., San Diego, California 92121 for a period of ten (10) days prior to the Meeting and at 4400 Biscayne Boulevard, Miami, FL 33137 on the day of the Meeting. The Meeting may be adjourned from time to time without notice other than by announcement at the Meeting; *provided, however*, if the adjournment is for more than thirty (30) days after the date of the Meeting, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting is required to be given to each Stockholder.

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER OF SHARES YOU MAY HOLD. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD PROMPTLY IN THE ENCLOSED RETURN ENVELOPE. You may also vote electronically via the Internet or by telephone.

THE PROMPT RETURN OF PROXIES WILL ENSURE A QUORUM AND SAVE THE COMPANY THE EXPENSE OF FURTHER SOLICITATION. EACH PROXY GRANTED MAY BE REVOKED BY THE STOCKHOLDER APPOINTING SUCH PROXY AT ANY TIME BEFORE IT IS VOTED. IF YOU RECEIVE MORE THAN ONE PROXY CARD BECAUSE YOUR SHARES ARE REGISTERED IN DIFFERENT NAMES OR ADDRESSES, EACH PROXY SHOULD BE SIGNED AND RETURNED TO ENSURE THAT ALL OF YOUR SHARES WILL BE VOTED.

Important Notice Regarding the Availability of

Proxy Materials for the Annual Meeting of Stockholders to be held on December 15, 2014

Our proxy statement is attached. Financial and other information concerning our company is contained in our Annual Report for the fiscal year ended June 30, 2014. Pursuant to new rules promulgated by the SEC, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This proxy statement and our June 30, 2014 Annual Report are available at <https://materials.proxyvote.com/817208>.

By Order of the Board of Directors

/s/ Joel Brooks

Joel Brooks
Secretary

San Diego, California

November 3, 2014

SEVION THERAPEUTICS, INC.

405 Sorrento Valley Blvd.

San Diego, California 92121

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the board of directors, or the board, of Sevion Therapeutics, Inc., a Delaware corporation, referred to herein as the Company, Sevion, we, us or our, of proxies to be voted at our annual meeting of stockholders to be held on December 15, 2014, referred to herein as the Meeting, at 4400 Biscayne Boulevard, Miami, FL 33137, at 9:00 A.M., local time, and at any adjournment or adjournments thereof. The holders of record of our common stock, \$0.01 par value per share, also referred to herein as common stock, as of the close of business on October 22, 2014, also referred to herein as the Record Date, will be entitled to notice of and to vote at the Meeting and any adjournment or adjournments thereof. As of the Record Date, there were 13,866,627 shares of our common stock issued and outstanding and entitled to vote. Each share of our common stock is entitled to one (1) vote on any matter presented at the Meeting.

If proxies in the accompanying form are properly voted and received, the shares of our common stock represented thereby will be voted in the manner specified therein. If not otherwise specified, the shares of our common stock represented by the proxies will be voted:

1. FOR the election of the eight (8) nominees named below as directors;
2. FOR the approval of the amendment and restatement of the Company's 2008 Incentive Compensation Plan;
3. FOR the ratification of the appointment of McGladrey LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2015; and
4. In the discretion of the persons named in the enclosed form of proxy, on any other proposals which may properly come before the Meeting or any adjournment or adjournments thereof.

Any stockholder who has submitted a proxy may revoke it at any time before it is voted, by timely delivery of a later dated proxy (including a telephone or Internet vote), by delivering a written notice of your revocation addressed to and

received by our Corporate Secretary or by electing to vote in person at the Meeting. The mere presence at the Meeting of the person appointing a proxy does not, however, revoke the appointment.

The presence, in person or by proxy, of holders of shares of our common stock having a majority of the votes entitled to be cast at the Meeting shall constitute a quorum.

Proposal No. 1—Election of Directors. Approval of the election of directors requires the affirmative vote of a plurality of the shares present in person or represented by proxy and entitled to vote on Proposal No. 1. Brokers are not authorized to vote without instructions on this proposal. As a result, abstentions will have the same effect as voting against the proposal and broker non-votes will have no effect on the vote outcome.

Proposal No. 2—Amendment and Restatement of the Company's 2008 Incentive Compensation Plan. Approval of the amendment to the Company's 2008 Incentive Compensation Plan requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on Proposal No. 2. Brokers are not authorized to vote without instructions on this proposal. As a result, abstentions will have the same effect as voting against the proposal and broker non-votes will have no effect on the vote outcome.

Proposal No. 3—Ratification of Appointment of Independent Registered Accounting Firm. Ratification of the appointment of McGladrey LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2015 requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on Proposal No. 3. Brokers are authorized to vote without instructions on this proposal. Abstentions will have the same effect as voting against the proposal.

Abstentions are included in the shares present at the Meeting for purposes of determining whether a quorum is present, and are counted as a vote against for purposes of determining whether any of the foregoing Proposals are approved. Broker non-votes are when shares are represented at the Meeting by a proxy specifically conferring only limited authority to vote on certain matters and no authority to vote on other matters. Therefore, broker non-votes are included in the determination of the number of shares represented at the Meeting for purposes of determining whether a quorum is present but are not counted for purposes of determining whether a proposal has been approved in matters where the proxy does not confer the authority to vote on such proposal. In this year's vote, brokers are entitled to vote without instructions on Proposal 3 but not on Proposals 1 or 2. Accordingly, broker non-votes are not counted as a vote against and will not affect the outcome of Proposals 1 or 2.

Your vote is very important. All properly completed proxy cards delivered pursuant to this solicitation, whether via mail, telephone or the Internet, and not revoked will be voted at the Meeting in accordance with the directions given. In voting by proxy with regard to the election of directors, you may vote in favor of all nominees, withhold your votes as to all nominees or withhold your votes as to specific nominees. With regard to other proposals, you may vote in favor of each proposal or against each proposal, or in favor of some proposals and against others or you may abstain from voting on any or all proposals. You should specify your respective choices on the proxy card. If you do not give specific instructions with regard to the matters to be voted upon, the shares of common stock represented by your completed proxy card will be voted in accordance with the board of directors' recommendation with respect to Proposals 1 through 6. If any other matters properly come before the Meeting, the persons named as proxies will vote for or against these matters according to their best judgment. We strongly encourage you to submit your voting instructions and exercise your right to vote as a stockholder.

You may revoke your proxy and reclaim your right to vote up to and including the day of the Meeting by giving written notice of your revocation to the Secretary of Sevion, by timely delivery of a later dated proxy (including a telephone or Internet vote) or by voting in person at the Meeting. All written notices of revocation and other communications with respect to revocations of proxies should be addressed to: Secretary, Sevion Therapeutics, Inc., 405 Sorrento Valley Blvd., San Diego, California 92121.

On or about November 3, 2014, this proxy statement, together with the related proxy card, is being mailed to our stockholders of record as of the Record Date. Our annual report to our stockholders for the fiscal year ended June 30, 2014, including our financial statements, is being mailed together with this proxy statement to all of our stockholders of record as of the Record Date. In addition, we have provided brokers, dealers, banks, voting trustees and their nominees, at our expense, with additional copies of our annual report so that our record holders could supply these materials to our beneficial owners as of the Record Date.

Our common stock is quoted on the OTCQB Marketplace, operated by the OTC Markets Group, or OTCQB, under the symbol "SVON". On October 22, 2014, the Record Date, the closing price for the common stock as reported by OTCQB was \$1.30 per share.

PROPOSAL 1**ELECTION OF DIRECTORS**

At the Meeting, eight (8) directors are to be elected, which number shall constitute our entire board, to hold office until the next Annual Meeting of Stockholders or until their successors shall have been duly elected and qualified.

Unless otherwise specified in the proxy, it is the intention of the persons named in the enclosed form of proxy to vote the stock represented thereby for the election as directors, each of the nominees whose names and biographies appear below. All of the nominees whose names and biographies appear below are at present our directors. In the event any of the nominees should become unavailable or unable to serve as a director, it is intended that votes will be cast for a substitute nominee designated by our board. Our board has no reason to believe that the nominees named will be unable to serve if elected. Each nominee has consented to being named in this proxy statement and to serve if elected.

The following are the nominees for election to our board, and all of these nominees are current members of our board:

Name	Age	Served as a Director Since	Position with Sevion
Harlan W. Waksal, M.D.	61	2008	Chairman of the Board and Director
Ronald A. Martell	52	2014	Chief Executive Officer and Director
Phillip Frost, M.D.	78	2014	Director
Christopher Forbes	63	1999	Director
Vaughn Smider, M.D., Ph.D.	45	2014	Chief Scientific Officer and Director
John N. Braca	56	2003	Director
David Rector	68	2002	Director
Steven Rubin	54	2014	Director

The principal occupations and business experience, for at least the past five (5) years, of each director and nominee is as follows:

Harlan W. Waksal, M.D. has been our chairman of the board of directors since June 2009 and a director since October 2008. From July 2003 to present, Dr. Waksal has been the President and Sole Proprietor of Waksal Consulting L.L.C., which provides strategic business and clinical development counsel to biotechnology companies. Dr. Waksal co-founded the biotechnology company ImClone Systems Inc. in 1984. From July 2011 to July 2014, Dr.

Waksal has served as the Executive Vice-President, Business and Scientific Affairs of Acasti Pharma, Inc., which is a subsidiary of Neptune Technologies & Bioresources, Inc. From March 1987 through July 2003, Dr. Waksal had served in various senior roles for ImClone Systems Inc. as follows: March 1987 through April 1994 – President; April 1994 through May 2002 – Executive Vice President and Chief Operating Officer; May 2002 through July 2003 – President, Chief Executive Officer and Chief Operating Officer. Dr. Waksal also served as a director of ImClone Systems Inc. from March 1987 through January 2005. In August 2014, Dr. Waksal joined Kadmon Corporation, a private biopharmaceutical company, as Chief Executive Officer and President. Dr. Waksal currently serves on the board of directors of Acasti Pharma, Inc. and Neptune Technologies & Bioresources, Inc. Dr. Waksal is also a member of the Board of Trustees of Oberlin College. Dr. Waksal received a Bachelor of Arts in Biology from Oberlin College and an M.D. from Tufts University School of Medicine. Dr. Waksal is knowledgeable in science, drug development, regulatory and clinical affairs. In addition, he ran and operated a public biotechnology company and is familiar with the issues of corporate governance.

Ronald A. Martell has been our Chief Executive Officer and director since June 2014. Mr. Martell has led successful companies in the biotech industry for over 25 years. From January 2012 through July 2013, Mr. Martell served as President and Chief Executive Officer and director of NeurogesX, Inc., where he sold the assets of the company to Acorda Therapeutics. From February 2010 through December 2011, Mr. Martell served as the Chief Executive Officer of Poniard Pharmaceuticals, Inc. From May 2007 through February 2010, Mr. Martell served as the President and Chief Operating Officer of Poniard Pharmaceuticals, Inc. and director from June 2006 through December 2011. From November 1998 through August 2006, Mr. Martell served as the Vice President, Marketing and then Senior Vice President, Sales, at ImClone Systems Incorporated, where he strengthened and expanded ImClone Systems commercial operations and field sales force in order to market and commercialize Eribtux ® with partners Bristol-Myers Squibb and Merck KGaA. From 1988 to 1998, Mr. Martell worked at Genentech in a variety of positions. At Genentech, Mr. Martell was responsible for the launch of Herceptin ® for metastatic HER-2 positive breast cancer and Rituxan ® for non-Hodgkin's lymphoma. Mr. Martell began his career at Roche Pharmaceuticals. Mr. Martell is an experienced executive with former CEO experience and senior executive level experience at large multinational, as well as development stage, life sciences companies. He also has corporate governance experience through service on boards of other companies and organizations.

Phillip Frost, M.D. has been our director since May 2014. Dr. Frost has been the Chief Executive Officer and Chairman of OPKO Health, Inc. since March 2007. Dr. Frost was named Chairman of the Board of Teva Pharmaceutical Industries, Ltd, in March 2010 and had previously been Vice Chairman since January 2006, when Teva acquired IVAX Corporation. Dr. Frost had served as Chairman of the Board and Chief Executive Officer of IVAX since 1987. Dr. Frost was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1990. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until its acquisition by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services, Inc., an investment banking, asset management and securities brokerage firm providing series through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc. in July 2006 and has been a director of Ladenburg Thalmann from 2001 until 2002 and again since 2004. Dr. Frost also serves as a member of the Board of Trustees of the University of Miami and as a Trustee of each of the Miami Jewish Home for the Aged and the Mount Sinai Medical Center. Dr. Frost is also a director of Castle Brands, a developer and marketer of premium brand spirits and Co Crystal Pharma, Inc., a company developing novel antiviral treatments for serious or chronic viral diseases. Dr. Frost received his Bachelor of Arts degree from the University of Pennsylvania and his M.D. degree from the Albert Einstein College of Medicine. Dr. Frost is knowledgeable in science, drug development, regulatory and clinical affairs. In addition, he ran and operated a public biotechnology company and is familiar with the issues of corporate governance.

Christopher Forbes has been our director since January 1999. From September 2011 to present, Mr. Forbes has been the Vice Chairman of Forbes Media LLC and Forbes Family Holdings, and Vice President of Forbes Management Co. Inc. From 1989 through September 2011, Mr. Forbes had been Vice Chairman of Forbes, Inc. From 1981 to 1989, Mr. Forbes was Corporate Secretary at Forbes. Prior to 1981, he held the position of Vice President and Associate Publisher. Mr. Forbes is the Chairman of the American Friends of the Louvre, and he also sits on the board of the Statue of Liberty / Ellis Island Foundation. He is also a member of the board of advisors of The Princeton University Art Museum. Mr. Forbes received a Bachelor of Arts degree in Art History from Princeton University in 1972. In 1986, he was awarded the honorary degree of Doctor of Humane Letters by New Hampshire College and in 2003 was appointed a Chevalier of the Legion of Honor by the French Government and was promoted to the rank of officer in 2012. Mr. Forbes's knowledge regarding corporate operations as well as his business acumen, provide the board with

experience in running a corporation and addressing the issues that face a growing company, such as ours.

Vaughn Smider, M.D., Ph.D. has been our Chief Scientific Officer and director since May 2014. From January 2007 through May 2014, Dr. Smider was the founder and President of Fabrus, Inc., which became a wholly-owned subsidiary of Sevion in May 2014. Since 2005, Dr. Smider has been a faculty member at The Scripps Research Institute, where he has directed protein engineering research. From 2001 through 2005, Dr. Smider was Chief Scientific Officer at Integrigen, Inc. Dr. Smider is on the Leadership Council for The American Cancer Society in San Diego and is a founder and board member of The Elizabeth Smider Foundation. Dr. Smider received his M.D. and Ph.D. degrees from Stanford University School of Medicine.

John N. Braca has been our director since October 2003. Mr. Braca has also served as a director and board observer for other healthcare, technology and biotechnology companies over the course of his career. Since April 2013, Mr. Braca has been the President and sole proprietor of JNB Consulting, which provides strategic business development counsel to biotechnology companies. From August 2010 through April 2013, Mr. Braca had been the executive director controller for Iroko Pharmaceuticals, a privately-held global pharmaceutical company based in Philadelphia. From April 2006 through July 2010, Mr. Braca was the managing director of Fountainhead Venture Group, a healthcare information technology venture fund based in the Philadelphia area, and has been working with both investors and developing companies to establish exit and business development opportunities. From May 2005 through March 2006, Mr. Braca was a consultant and advisor to GlaxoSmithKline management in their research operations. From 1997 to April 2005, Mr. Braca was a general partner and director of business investments for S.R. One, Limited, or S.R. One, the venture capital subsidiary of GlaxoSmithKline. In addition, from January 2000 to July 2003, Mr. Braca was a general partner of Euclid SR Partners Corporation, an independent venture capital partnership. Prior to joining S.R. One, Mr. Braca held various finance and operating positions of increasing responsibility within several subsidiaries and business units of GlaxoSmithKline. Mr. Braca is a licensed Certified Public Accountant in the state of Pennsylvania and is affiliated with the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants. Mr. Braca received a Bachelor of Science in Accounting from Villanova University and a Master of Business Administration in Marketing from Saint Joseph's University. Mr. Braca's financial background, operating experience with both large pharmaceutical companies and developing biotechnology companies, provides the board with practical experience for issues facing the Company. In addition, Mr. Braca also has a strong corporate governance background through his experience with other company boards.

David Rector has been our director since February 2002. Mr. Rector also serves as a director and member of the compensation and audit committee of the Dallas Gold and Silver Exchange Companies Inc. (formerly Superior Galleries, Inc.) Since January 2014 through present, Mr. Rector serves on the board of directors of MV Portfolios, Inc. (formerly California Gold Corp.) Since 1985, Mr. Rector has been the Principal of The David Stephen Group, which provides enterprise consulting services to emerging and developing companies in a variety of industries. From November 2012 through January 2014, Mr. Rector has served as the CEO and President of Valor Gold. Since February 2012 through January 2013, Mr. Rector has served as the VP Finance & Administration of Pershing Gold Corp. From May 2011 through February 2012, Mr. Rector served as the President of Sagebrush Gold, Ltd. From October 2009 through August 2011, Mr. Rector had served as President and CEO of Li3 Energy, Inc. From July 2009 through May 2011, Mr. Rector had served as President and CEO of Nevada Gold Holdings, Inc. From September 2008 through November 2010, Mr. Rector served as President and CEO Universal Gold Mining Corp. Since October 2007 through February 2013, Mr. Rector has served as President and CEO of Standard Drilling, Inc. From May 2004 through December 2006, Mr. Rector had served in senior management positions with Nanoscience Technologies, Inc., a development stage company engaged in the development of DNA Nanotechnology. From 1983 until 1985, Mr. Rector served as President and General Manager of Sunset Designs, Inc., a domestic and international manufacturer and marketer of consumer product craft kits, and a wholly-owned subsidiary of Reckitt & Coleman N.A. From 1980 until 1983, Mr. Rector served as the Director of Marketing of Sunset Designs. From 1971 until 1980, Mr. Rector served in progressive roles in the financial and product marketing departments of Crown Zellerbach Corporation, a multi-billion dollar pulp and paper industry corporation. Mr. Rector received a Bachelor of Science degree in Business/Finance from Murray State University in 1969. As a result of these professional and other experiences, Mr. Rector has a deep business understanding of developing companies. Mr. Rector also brings corporate governance experience through his service on other company boards.

Steven Rubin has been our director since May 2014. Since May 2007, Mr. Rubin has been the Executive Vice President – Administration at OPKO Health, Inc. and a director of OPKO since February 2007. Mr. Rubin served as the Senior Vice President, General Counsel and Secretary of IVAX Corporation from August 2001 through September 2006. Mr. Rubin currently serves on the board of directors of Tiger Media, Inc., a multi-platform billboard and advertising company in China, Kidville, Inc., which operates large upscale facilities catering to newborns through five-year old children and their families and offers a wide range of developmental classes, Non-Invasive Monitoring Systems, Inc., a medical device company, Tiger X Medical, Inc., an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, Castle Brands, Inc., a developer and marketer of premium brand spirits, Cocystal Pharma, Inc., a biotechnology company developing antiviral therapeutics from human diseases, and Neovasc, Inc., a company developing and marketing medical specialty vascular devices. Mr. Rubin received his Bachelor of Arts degree in economics from Tulane University and his J.D. degree from the University of Florida. Mr. Rubin brings extensive leadership, business, and legal experience, as well as tremendous knowledge of our business and the pharmaceutical industry generally, to the Board. He has advised pharmaceutical companies in several aspects of business, regulatory, transactional, and legal affairs for more than 24 years. His experience as a practicing lawyer, general counsel, and board member to multiple public companies, including several pharmaceutical and life sciences companies, has given him broad understanding and expertise, particularly relating to strategic planning and acquisitions.

Director Experience, Qualifications, Attributes and Skills

We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities. The board is composed of a diverse group of leaders in their respective fields. Many of the current directors have leadership experience at major domestic and international companies with operations inside and outside the United States, which provides an understanding of different business processes, challenges and strategies. Other directors have prior experience as former executive officers of other entities, which brings unique perspectives to the board. Further, the Company's directors also have other experience that makes them valuable members, such as prior public policy or regulatory experience that provides insight into issues faced by companies.

Our board of directors recommends a vote “FOR” the election of each of the nominees to the board of directors.

Board Leadership Structure and Role in Risk Oversight

The board evaluates its leadership structure and role in risk oversight on an ongoing basis. In October 2014, the Company's board leadership structure was revised to remove the Lead Director position following the board's determination that the Chairman of the Board was now an independent director. Currently, Harlan W. Waksal, M.D. is the Chairman of the Board and Ronald A. Martell is the Chief Executive Officer. The board determines what leadership structure it deems appropriate based on factors such as the experience of the applicable individuals, the current business environment of the Company or other relevant factors.

The board is also responsible for oversight of the Company's risk management practices while management is responsible for the day-to-day risk management processes. This division of responsibilities is the most effective approach for addressing the risks facing the Company, and the Company's board leadership structure supports this approach. The board receives periodic reports from management regarding the most significant risks facing the Company. In addition, the Audit Committee assists the board in its oversight role by receiving periodic reports regarding the Company's risk and control environment.

Corporate Governance Guidelines

Our board has long believed that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders. During the past year, our board has continued to review our governance practices in light of the Sarbanes-Oxley Act of 2002, the new rules and regulations of the Securities and Exchange Commission and the new listing standards, policies and requirements of NYSE MKT. Although we are no longer listed on the NYSE MKT, we intend to continue to adhere to the corporate governance policies and requirements of the NYSE MKT.

Our board has adopted corporate governance guidelines to assist it in the exercise of its duties and responsibilities and to serve the best interests of Sevion and its stockholders. These guidelines, which provide a framework for the conduct of our board's business, include that:

- the principal responsibility of the directors is to oversee the management of Sevion;
- a majority of the members of our board shall be independent directors;
- the independent directors met regularly in executive session;
- directors have full and free access to management and, as necessary and appropriate, independent advisors;
- new directors participate in an orientation program and all directors are expected to participate in continuing director education on an ongoing basis; and
-

at least annually, our board and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

Board Determination of Independence

Under the current rules set forth in the NYSE MKT Company Guide, a director will, among other things, qualify as an “independent director” if, in the determination of our board, that person does not have a relationship that would interfere with his or her exercise of independent judgment in carrying out the responsibilities of a director. Our board currently consists of Harlan W. Waksal, M.D., Phillip Frost, M.D., Christopher Forbes, Ronald A. Martell, Vaughn Smider, M.D., Ph.D., John N. Braca, David Rector and Steven Rubin. We were traded on the NYSE MKT, which requires our board be comprised of a majority of independent directors. Our board has determined that each of Messrs. Forbes, Braca, Rector and Rubin and Drs. Waksal and Frost is an “independent director”, and former directors John Braca, Rudolf Stalder, Warren Isabelle and Thomas Quick were, as defined under Section 803 of the NYSE MKT Company Guide.

Committees and Meetings of our Board of Directors

Our board held eleven (11) meetings during Fiscal 2014. Throughout this period, each member of our board attended or participated in at least 75% of the aggregate of the total number of meetings of our board held during the period for which such person has been a director, and the total number of meetings held by all committees of our board on which each the director served during the periods the director served. Currently, our board has three standing committees: the Compensation Committee, the Audit Committee, and the Nominating and Corporate Governance Committee. From time to time, our board may form additional committees on a short-term basis, such as a Pricing Committee to review the Company's financing activities and an Executive Committee to review certain of the Company's significant developments. Each standing committee operates under a charter that has been approved by our board. Each of these charters is also posted on our website at www.seviontherapeutics.com. Our corporate governance guidelines provide that directors are expected to attend the annual meeting of stockholders. All of our directors, at the time of the 2014 annual meeting of stockholders, except for Thomas Quick, attended the 2014 annual meeting of stockholders.

Compensation Committee. Our Compensation Committee was established in July 1999, pursuant to the Compensation Committee Charter. Our Compensation Committee generally makes recommendations concerning salaries and incentive compensation for our management and our employees. The primary responsibilities of our Compensation Committee, as more fully set forth in the Compensation Committee Charter adopted in July 1999 and amended and restated on March 11, 2011, include:

- annually reviewing and approving, or recommending for approval by our board, the corporate goals and objectives relevant to executive officer compensation;
- reviewing and approving, or recommending for approval by our board, the salaries and incentive compensation of our executive officers;
- preparing the Compensation Committee report, including the Compensation Discussion and Analysis;
- retaining, appointing, determining compensation and oversight of any independent compensation consultants or other advisors deemed necessary;
- working with the Audit Committee to review and minimize risks related to compensation;
- administering our 2008 Incentive Compensation Plan, or similar stock plan adopted by our stockholders; and
- reviewing and making recommendations to our board with respect to director compensation.

Our Compensation Committee is currently comprised of David Rector, Steven Rubin and John N. Braca. Mr. Rector currently serves as the chairman of the Compensation Committee. Prior to May 16, 2014, our compensation committee consisted of John N. Braca and David Rector. All members of our Compensation Committee are considered independent pursuant to Section 803 of the NYSE MKT Company Guide. Our Compensation Committee held four (4) meetings during Fiscal 2014.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or has been an officer or employee of our company or any of our subsidiaries. In addition, no member of the Compensation Committee had any relationships with us or any other entity that requires disclosure under the regulations promulgated by the SEC and none of our executive officers served on the Compensation Committee or board of any company that employed any member of our board.

Audit Committee. Our Audit Committee was established in July 1999. On March 11, 2011, our board adopted an Amended and Restated Audit Committee Charter. The primary responsibilities of our Audit Committee include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of certain reports from our independent registered public accounting firm;

- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements and related disclosures;

- monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;

- discussing our risk management policies;

- establishing policies regarding hiring employees from our independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;

- meeting independently with our independent registered public accounting firm and management; and

- preparing the audit committee report required by SEC rules.

Our Audit Committee is currently comprised of John N. Braca, David Rector and Steven Rubin. Mr. Braca currently serves as the chairman of the Audit Committee. Prior to May 16, 2014, our audit committee consisted of John N. Braca, David Rector and Rudolf Stalder. Although we are not currently subject to audit committee independence requirements, we have, nevertheless, in determining whether our Audit Committee members are independent, we use the definition of independence provided under Section 803 of the NYSE MKT Company Guide. The NYSE MKT currently requires an Audit Committee comprised solely of independent directors. Messrs. Braca, Rector and Rubin are “independent” members of our board as defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 803 of the NYSE MKT Company Guide. In addition, our board of directors has determined that Mr. Braca satisfies the definition of an audit committee “financial expert” as set forth in Item 407(d)(5) of Regulation S-K promulgated by the SEC. Our Audit Committee held four (4) meetings during Fiscal 2014.

Nominating and Corporate Governance Committee. The primary responsibilities of our Nominating and Corporate Governance Committee, as more fully set forth in the Nominating and Corporate Governance Committee Charter and Corporate Governance Guidelines adopted on October 15, 2004, and amended and restated on March 11, 2011 include:

- identifying individuals qualified to become our board members;

- evaluating and recommending to our board the persons to be nominated for election as directors at any meeting of stockholders and to each of our board’s committees;

- reviewing and making recommendations to our board with respect to management succession planning;

- developing and recommending to our board a set of corporate governance principles applicable to Sevion; and
· overseeing the evaluation of our board.

Our Nominating and Corporate Governance Committee was formed on September 29, 2004, and it is currently comprised of Mr. Forbes and Dr. Frost. From July 1, 2013 through May 16, 2014, the Nominating and Corporate Governance Committee was comprised of Messrs. Forbes and Quick. Mr. Forbes currently serves as the chairman of the Nominating and Corporate Governance Committee. All members of our Nominating and Corporate Governance Committee are independent, as independence for nominating and corporate governance committee members is defined under Section 803 of the NYSE MKT company Guide. The Nominating and Corporate Governance Committee did not hold any meetings during Fiscal 2014.

The Nominating and Corporate Governance Committee does not have a specific policy with regard to the consideration of diversity in identifying director nominees. The Nominating and Corporate Governance Committee considers the diversity of the professional experience, education and skill set in identifying the director nominees.

Code of Business Ethics and Conduct. On March 17, 2003, our board adopted a Code of Business Ethics and Conduct, which may be found on our website at www.seviontherapeutics.com. Our Code of Ethics contains written standards designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents filed with the SEC and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of our Code of Ethics to an appropriate person or persons identified in our Code of Ethics; and
- accountability for adherence to our Code of Ethics.

Each of our employees, officers and directors completed a signed certification to document his or her understanding of and compliance with our Code of Ethics.

Director Candidates

The process followed by our Nominating and Corporate Governance Committee to identify and evaluate director candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the committee and the board.

In considering whether to recommend any particular candidate for inclusion in the board's slate of recommended director nominees, our Nominating and Corporate Governance Committee will apply the criteria contained in the committee's charter. These criteria include, but are not limited to, the candidate's integrity, business acumen, knowledge of our business and industry, age, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. Our Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. In addition, although we do not have a formal diversity policy, we review diversity as one of the criteria for nomination. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities.

Stockholders may recommend individuals to our Nominating and Corporate Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than \$2,000 in market value, or 1%, of our common stock for at least one (1) year as of the date such recommendation is made, to: Nominating and Corporate Governance Committee, c/o Corporate Secretary, Sevion Therapeutics, Inc., 405 Sorrento Valley Blvd., San Diego, California 92121. Assuming that appropriate biographical and background material has been provided on a timely basis, the committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

Communicating with our Independent Directors

Our board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. The Chairman of the Board, with the assistance of our outside counsel, is primarily responsible for monitoring communications from our stockholders and for providing copies or summaries to the other directors as he considers appropriate. Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Chairman of the Board considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to our board should address such communications to: Board of Directors, c/o Corporate Secretary, Sevion Therapeutics, Inc., 405 Sorrento Valley Blvd., San Diego, California 92121. Our Corporate Secretary will forward such communications to our Chairman of the Board.

Compensation of Directors

We use a combination of cash and equity-based compensation to attract and retain qualified individuals to serve on our board, as described below. We provide reimbursement to directors for reasonable and necessary expenses incurred in connection with attendance at meetings of the board of directors and other Sevion business. Our employee board members do not receive any additional compensation for services as board members.

Cash Compensation

We pay our non-employee directors cash compensation, paid in quarterly increments as consideration for their service on our board for each fiscal year as follows:

Annual (Base) Retainer	\$ 10,000
Per Scheduled Board Meeting Fee	\$ 1,500 ⁽¹⁾
Per Committee Meeting Fee	\$ 750 ⁽²⁾
Additional Annual Retainer:	
Chairman of the Board	\$ 5,000
Audit Committee Chair	\$ 3,500
Compensation Committee Chair	\$ 3,500
Nominating and Corporate Governance Committee Chair	\$ 1,500
Non-Chair Committee Member Additional Retainer (All Committees)	\$ 1,000
Maximum Per Diem For All Meetings	\$ 2,000

(1) \$750 for telephonic meetings (less than 30 minutes: \$375).

(2) \$375 for telephonic meetings.

Equity Compensation

Equity Election Program

A director may elect to receive, in lieu of such cash retainer and meeting fees, either (i) restricted stock units, or RSUs, covering that number of shares having a fair market value on the grant date equal to such cash award or (ii) a number of option shares equal to twice the number of RSU's that would have been received, with an exercise price per share equal to the fair market value of our common stock on the option grant date. Such election must be timely made and applies for the entire year. The awards are fully-vested on the grant date and each option has a maximum term of 10 years subject to earlier termination 3 months following cessation of board service. The RSUs or options are generally granted quarterly, effective two (2) days following the filing of our quarterly reports on Form 10-Q for that quarter, and are fully vested as of the grant date. However, with respect to Fiscal 2014, the grants were not made on a quarterly basis because we did not have a sufficient share reserve available for such grants under our 2008 Stock Plan and instead were made on May 14, 2014 following approval of a share increase under the plan by our stockholders.

In Fiscal 2014, all of the directors elected to receive options in lieu of cash, except for Mr. Isabelle and Dr. Frost, who elected to receive their fees in cash. Accordingly, on May 14, 2014, each of these non-employee directors (other than Mr. Isabelle and Dr. Frost) received options to purchase shares of our common stock pursuant to the provisions of the 2008 Stock Plan and their equity elections; the options had an exercise price per share equal to \$2.77, the closing price on the option grant date. The dollar amount of the fees paid in equity pursuant to such program by each director for Fiscal 2014 and the number of shares subject to such equity awards was as follows:

Director	\$ Amount of Fees Paid in Equity	Number of Shares subject to Options
Harlan W. Waksal, M.D.	\$ 24,750	21,932
Phillip Frost, M.D.(1)	-	-
Christopher Forbes	\$ 20,500	17,464
John N. Braca	\$ 27,250	21,074
David Rector	\$ 27,250	21,074
Steven Rubin (1)	-	-
Rudolf Stalder (2)	\$ 21,750	20,306
Thomas C. Quick (2)	\$ 11,125	10,560
Jack Van Hulst (2)	\$ 18,500	16,788
Warren J. Isabelle (2)	-	-

(1) Such director was appointed to the board on May 16, 2014.

(2) Such director resigned from the board on May 16, 2014.

Annual Equity Awards

We do not automatically grant options or other equity to our non-employee board members. Our Compensation Committee reviews the equity program each year and determines the appropriate level of the equity awards to be made for that year.

On September 4, 2013, the Committee granted the following options to the non-employee directors for their service during Fiscal 2014; the options had an exercise price per share equal to \$5.40, the closing price on the option grant date, September 13, 2013. Such options vested as follows: one-half (1/2) upon the date of grant and the remaining one-half (1/2) vested one (1) year from the date of grant, subject to continued board service through the vesting date. Each option has a maximum term of 10 years subject to earlier termination 3 months following cessation of board service. The option grants listed below are in addition to the options awarded to our directors pursuant to the equity election program described above.

Director	Total # of Options Granted
Harlan W. Waksal, M.D.	5,300
Christopher Forbes	3,180
David Rector	3,710
John N. Braca	3,710
Rudolf Stalder (1)	2,650
Thomas C. Quick (1)	2,650

Jack Van Hulst (1)	2,650
Warren J. Isabelle (1)	2,650

(1) Such director resigned from the board on May 16, 2014.

Special Additional Awards and Treatment of Outstanding Awards

On May 16, 2014, in connection with the resignation of Messrs. Isabelle, Quick, Stalder and Van Hulst at the time of the Fabrus acquisition, the board approved a fully vested grant to each individual (at the individual's election) of an option covering 7,500 shares of common stock or the issuance of 5,000 shares. Each of Messrs. Stalder and Van Hulst was granted an option with an exercise price per share equal to \$2.65, the closing price on the grant date, and an option term of 10 years. Each of Messrs. Quick and Isabelle received fully vested shares. In addition, all other options held by each such director were amended to accelerate the vesting in full and provide for the options to remain outstanding for its entire 10-year term.

Aggregate Equity Compensation

The following table sets forth information relating to the equity awards granted to the non-employee directors (other than Dr. Thompson) during Fiscal 2014.

Director	Grant Date	Stock Awards # of Shares	Option Awards		
			Exercise Price	# of Shares	Grant Date Fair Value
Harlan W. Waksal, M.D.	5/14/2014		\$2.77	21,932	\$ 42,329
	9/13/2013		\$5.40	5,300 (3)	\$ 21,730
Christopher Forbes	5/14/2014		\$2.77	17,464	\$ 33,706
	9/13/2013		\$5.40	3,180 (3)	\$ 13,038
John N. Braca	5/14/2014		\$2.77	21,074	\$ 40,673
	9/13/2013		\$5.40	3,710 (3)	\$ 15,211
David Rector	5/14/2014		\$2.77	21,074	\$ 40,673
	9/13/2013		\$5.40	3,710 (3)	\$ 15,211
Phillip Frost, M.D. (1)	-		-	-	-
Steven Rubin (1)	-		-	-	-
Rudolf Stalder (2)	5/16/2014		\$2.65	7,500 (4)	\$ 13,875
	5/14/2014		\$2.77	20,306	\$ 39,191
	9/13/2013		\$5.40	2,650 (3)	\$ 10,865
Jack Van Hulst (2)	5/16/2014		\$2.65	7,500 (4)	\$ 13,875

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	5/14/2014			\$2.77	16,788	\$	32,401
	9/13/2013			\$5.40	2,650	(3) \$	10,865
Thomas C. Quick (2)	5/16/2014	5,000	(4)			\$	13,250
	5/14/2014			\$2.77	10,560	\$	20,381
	9/13/2013			\$5.40	2,650	(3) \$	10,865
Warren J. Isabelle (2)	5/16/2014	5,000	(4)			\$	13,250
	9/13/2013			\$5.40	2,650	(3) \$	10,865

(1) Such director was appointed to the board on May 16, 2014.

(2) Such director resigned from the board on May 16, 2014.

(3) Represents additional options granted for service during Fiscal 2013, not for cash compensation for Fiscal 2014.

(4) Represents additional stock awards or options, as applicable, granted on date of resignation for service during Fiscal 2014, not for cash compensation for Fiscal 2014.

Director Compensation Summary

The table below shows the compensation paid or awarded to our non-employee directors (other than Dr. Thompson) during the fiscal year ended June 30, 2014.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Option Awards (2) (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Harlan W. Waksal, M.D.	—	—	\$ 64,059	—	—	—	\$ 64,059
Christopher Forbes	—	—	\$ 46,744	—	—	—	\$ 46,744
John N. Braca	—	—	\$ 55,884	—	—	—	\$ 55,884
David Rector	—	—	\$ 55,884	—	—	—	\$ 55,884
Phillip Frost, M.D. (3)	\$ 1,250	—	—	—	—	—	\$ 1,250
Steven Rubin (3)	—	—	—	—	—	—	—
Rudolf Stalder (4)	—	—	\$ 63,931	—	—	—	\$ 63,931
Jack Van Hulst (4)	—	—	\$ 57,141	—	—	—	\$ 57,141
Thomas C. Quick (4)	—	\$ 13,250	\$ 31,246	—	—	—	\$ 44,496
Warren J. Isabelle (4)	\$ 18,500	\$ 13,250	\$ 10,865	—	—	—	\$ 42,615

(1) Represents the grant date fair value of the 5,000 shares of Common Stock granted to each of Mr. Quick and Mr. Isabelle on May 16, 2014. The applicable grant-date fair value of each award was determined in accordance with FASB ASC Topic 718 and accordingly calculated by multiplying the number of shares of our common stock subject to the award by \$2.65, the closing price per share of our common stock on the award date. For further information concerning such equity awards, see the section above entitled “Aggregate Equity Compensation” and the section below entitled “Outstanding Director Equity Awards.”

(2) Represents the aggregate grant date fair value for stock options granted in Fiscal 2014 as described above calculated in accordance with the FASB ASC Topic 718 without into account any estimated forfeitures . For information regarding assumptions underlying the FASB ASC Topic 718 valuation of equity awards, see Notes 2 and 10 of the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2014. For further information concerning such equity awards, see the section above entitled “Aggregate Equity Compensation” and the section below entitled “Outstanding Director Equity Awards.”

(3) Such director was appointed to the board on May 16, 2014.

- (4) Such director resigned from the board on May 16, 2014.

Outstanding Director Equity Awards

The following table shows the total number of shares of our common stock subject to option awards (vested and unvested) held by each non-employee director as of June 30, 2014:

Director	Total # of Stock Awards Outstanding	Total # of Options Outstanding
Harlan W. Waksal, M.D.	—	54,298
Christopher Forbes	—	36,225
John N. Braca	—	40,946
David Rector	—	41,682
Phillip Frost, M.D. (1)	—	—
Steven Rubin (1)	—	—
Rudolf Stalder (2)	—	52,405
Jack Van Hulst (2)	—	43,056
Thomas C. Quick (2)	2,500	26,738
Warren J. Isabelle (2)	2,500	7,550

(1) Such director was appointed to the board on May 16, 2014.

(2) Such director resigned from the board on May 16, 2014.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires a company's directors, officers and stockholders who beneficially own more than 10% of any class of equity securities of the company registered pursuant to Section 12 of the Exchange Act, collectively referred to herein as the Reporting Persons, to file initial statements of beneficial ownership of securities and statements of changes in beneficial ownership of securities with respect to the company's equity securities with the SEC. All Reporting Persons are required by SEC regulation to furnish us with copies of all reports that such Reporting Persons file with the SEC pursuant to Section 16(a).

Based solely on our review of the copies of such forms received by us and upon written representations of the Reporting Persons received by us, we believe that there has been compliance with all Section 16(a) filing requirements applicable to our Reporting Persons.

EXECUTIVE OFFICERS

The following table identifies our current executive officers:

Name	Age	Capacities in Which Served	In Current Position Since
Ronald A. Martell	52	Chief Executive Officer and Director	June 2014
Leslie J. Browne, Ph.D. ⁽¹⁾	64	President	May 2010
Vaughn Smider, M.D., Ph.D.	45	Chief Scientific Officer and Director	May 2014
Joel P. Brooks ⁽²⁾	55	Chief Financial Officer, Treasurer and Secretary	December 2000
Miguel A. de los Rios, Ph.D. ⁽³⁾	40	Vice President of Research and Development	May 2014
Richard Dondero ⁽⁴⁾	64	Vice President of Preclinical Research	May 2014
James Graziano, Ph.D. ⁽⁵⁾	47	Chief Technology Officer	May 2014
John E. Thompson, Ph.D. ⁽⁶⁾	73	Scientific Founder	May 2014

Dr. Browne was our President and Chief Executive Officer from May 2010 to May 2014 and was our director since March 2011 until May 2014. Dr. Browne has over 30 years of experience in the pharmaceutical industry. Prior to joining Sevion in May 2010, he served from October 2008 to May 2010 as President and CEO, and is currently chair, of Phrixus Pharmaceuticals, Inc., a private biotech working on muscular dystrophy and heart failure. He recently served from January 2007 to January 2009 as chair of the New Jersey Technology Council, where he continues as a member of the board. He also served from April 2007 to January 2009 as an independent director of Genelabs Technologies, which was sold to GSK, and from September 2004 to May 2008 as President, CEO and Director of Pharmacopeia, a Nasdaq listed company, where he transformed the company from a discovery contract research organization to a clinical development stage biopharmaceutical company with multiple internal

(1) development programs. Prior to joining Pharmacopeia, Dr. Browne was the Chief Operating Officer at Iconix Pharmaceuticals, Inc., a privately-held chemogenomics company from October 2001 to July 2004. Before Iconix, Dr. Browne held key positions at Berlex/Schering AG from 1990 to 2000, including Corporate Vice President, Berlex Laboratories, Inc. and President of Schering Berlin Venture Corporation. In 1979, Dr. Browne began his industrial career at Ciba-Geigy, now Novartis, where he invented Fadrozole, for the treatment of breast cancer and was closely involved in the discoveries of Femara[®] and Diovan[®], which became major products for Novartis. Dr. Browne received his Bachelor of Science degree in Chemistry in 1972 from the University of Strathclyde, Glasgow Scotland. He received his Ph.D. in Organic Chemistry in 1978 from the University of Michigan and his postdoctoral training as a National Institutes of Health Postdoctoral Fellow at Harvard University from January 1978 to April 1979.

(2) Mr. Brooks was appointed our Chief Financial Officer and Treasurer in December 2000. Mr. Brooks was appointed our Secretary in May 2010. From September 1998 until November 2000, Mr. Brooks was the Chief Financial Officer of Blades Board and Skate, LLC, a retail establishment specializing in the action sports industry. Mr. Brooks was Chief Financial Officer from 1997 until 1998 and Controller from 1994 until 1997 of Cable and Company Worldwide, Inc. He also held the position of Controller at USA Detergents, Inc. from 1992 until 1994, and held various positions at several public accounting firms from 1983 through 1992. Mr. Brooks is also a director and chairman of the audit committee of USA Technologies, Inc. Mr. Brooks received his Bachelor of Science

degree in Commerce with a major in Accounting from Rider University in February 1983.

Dr. de los Rios has been our Vice President, Research and Development since May 2014 and was previously the Vice President of Research and Development of Fabrus, Inc., which became a wholly-owned subsidiary of Sevion in May 2014. Prior to Fabrus, he founded Chimeros, Inc., a venture-backed biologics therapeutic company, in (3) 2003. At Chimeros, he served as both the Chief Executive Officer as well as the Chief Scientific Officer from 2003 through 2011, and was the inventor of Chimeros core technologies. Dr. de los Rios received his Ph.D. in Biophysical Chemistry from the University of California, Santa Barbara. Dr. de los Rios currently advises several start-up biotechnology companies.

Mr. Dondero was appointed our Vice-President of Preclinical Research in May 2014. From July 2004 through May 2014, Mr. Dondero was our Vice President of Research and Development. From July 2002 until July 2004, Mr. Dondero was a Group Leader in the Proteomics Reagent Manufacturing division of Molecular Staging, Inc., a biotech firm engaged in the measurement and discovery of new biomarkers. From 1985 through June 2001, Mr. (4) Dondero served in several roles of increasing responsibility through Vice President of Operations and Product Development at Cistrion Biotechnology, Inc. From 1977 through 1985, Mr. Dondero served as a senior scientist at Johnson and Johnson, and from 1975 through 1977, as a scientist at Becton Dickinson. Mr. Dondero received his Bachelor of Arts degree from New Jersey State University in 1972 and his Master of Science degree from Seton Hall University in 1976.

Dr. Graziano has been our Chief Technology Officer since May 2014 and was previously the Chief Operating Officer of Fabrus, Inc., which became a wholly-owned subsidiary of Sevion in May 2014, since its founding in 2007. Prior to Fabrus, Dr. Graziano was a Staff Scientist at Kythera Biopharmaceuticals, Inc. managing sponsored preclinical research activities from 2006 to 2007. Dr. Graziano received his Ph.D. in Macromolecular and Cellular (5) Structure and Chemistry from The Scripps Research Institute in 2006 and concurrently served as a Graduate Fellow in the Protein Sciences group at the Genomics Institute of the Novartis Research Foundation. He received his Bachelor of Arts degree in Molecular and Cellular Biology from the University of California at Berkeley. Before completing his academic studies, Dr. Graziano served in the US Navy as a qualified Naval Nuclear Power Plant Mechanical Operations Supervisor.

Dr. Thompson was appointed our President and Chief Executive Officer in January 1999, and continued in that capacity until September 1999 when he was appointed Executive Vice President of Research and Development. From July 2004 through May 2014, Dr. Thompson was our Executive Vice President and Chief Scientific Officer. Dr. Thompson also served as our director from October 2011 through May 2014. Since July 2001, Dr. Thompson (6) has been the Associate Vice President, Research, and from July 1990 to June 2001, he was the Dean of Science at the University of Waterloo, Ontario, Canada. Dr. Thompson has a Ph.D. in Biology from the University of Alberta, Edmonton, and he is a Fellow of the Royal Society of Canada. Dr. Thompson is also the recipient of a Lady Davis Visiting Fellowship, the Sigma XI Award for Excellence in Research, the CSPP Gold Medal and the Technion Visiting Fellowship.

None of our current executive officers are related to any other executive officer or to any of our directors. Our executive officers are elected annually by our board and serve until their successors are duly elected and qualified.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis explains the principles underlying our compensation policies and decisions and the principal elements of compensation paid to our executive officers during Fiscal 2014 and as anticipated for Fiscal 2015. Our Chief Executive Officer, Chief Financial Officer and all of our other executive officers included in the Summary Compensation Table will be referred to as the “named executive officers” for purposes of this discussion.

Compensation Objectives and Philosophy

The Compensation Committee, also referred to herein as the Committee, of the board is responsible for the following:

- annually reviewing and approving, or recommending for approval by our board, the corporate goals and objectives relevant to executive officer compensation;

- reviewing and approving, or recommending for approval by our board, the salaries and incentive compensation of our executive officers;

- preparing the Compensation Committee report, including the Compensation Discussion and Analysis;

- administering our 2008 Incentive Compensation Plan, or similar stock plan adopted by our stockholders; and

- reviewing and making recommendations to our board with respect to director compensation.

Sevion is a clinical stage company building and developing a portfolio of innovative therapeutics, from both internal discovery and acquisition, for the treatment of cancer and immunological diseases. To achieve our strategic objectives, we have emphasized the recruitment of executives with significant industry or scientific experience. This is a very competitive industry and our success depends upon our ability to attract and retain qualified executives through competitive compensation packages. The Compensation Committee administers the compensation programs for our executive officers with this competitive environment in mind.

Pharmaceutical research, development and commercialization require sustained and focused effort over many years. As a consequence, the Compensation Committee believes our compensation program must balance long-term

incentives that create rewards for the realization of our long-term strategic objectives with near term compensation that rewards employees for the achievement of annual goals that further the attainment of our long-term objectives and align the interests of our employees with those of our stockholders.

As part of this process, the Committee seeks to accomplish the following objectives with respect to our executive compensation programs:

- to motivate, recruit and retain executives capable of meeting our strategic objectives;
- to provide incentives to ensure superior executive performance and successful financial results for us; and
- to align the interests of executives with the long-term interests of our stockholders.

The Committee seeks to achieve these objectives by:

linking a substantial portion of compensation to our achievement of long-term and short-term research and development objectives and financial objectives and the individual's contribution to the attainment of those objectives;

providing long-term equity-based incentives and encouraging direct share ownership by executives with the intention of providing incentive-based compensation to encourage a long-term focus on company profitability and stockholder value; and

understanding the marketplace and establishing a compensation structure that is adjusted for our position in the marketplace and our current financial condition and limited capital resources.

Setting Executive Compensation

For Fiscal 2014, the Committee's objective was to target each component of compensation listed below to be competitive with comparable positions at peer group companies, and to target the total annual compensation of each named executive officer at the appropriate level for comparable positions at the competitive peer group companies.

Previously, the Committee engaged J. Richard and Co., also referred to herein as J. Richard, a nationally recognized compensation consulting firm, as its compensation consultant, on an as needed basis regarding its proposed programs and approaches to compensation,, for which J. Richard was compensated. J. Richard did not provide any services to the Committee or Sevion for Fiscal 2014.

The Committee elected to identify various companies in the biotech sector it felt were somewhat close in scope of operation to Sevion. It became evident, as in prior years, that due to the key banner points listed above (the breadth of operations in general, executive officers scope of duties and responsibilities, position in the life cycle, financial responsibilities, capitalization and size of management staff) it is very difficult to identify such public entities for comparative purposes. For Fiscal 2014, the companies we elected to evaluate were as follows: Access Pharmaceuticals (ACCP); Mast Therapeutics (MSTX); Cortex Pharmaceuticals (CORX); RXi Pharmaceuticals (RXII); Titan Pharmaceuticals (TTNP); Oxigene (OXGN); Entremed (ENMD); and Silence Therapeutics (SLN). For Fiscal 2015, the companies we elected to evaluate were as follows: Access Pharmaceuticals (ACCP); Mast Therapeutics (MSTX); Cortex Pharmaceuticals (CORX); RXi Pharmaceuticals (RXII); Titan Pharmaceuticals (TTNP); Oxigene (OXGN); CASI Pharmaceuticals (CASI); and Silence Therapeutics (SLN). In selecting companies to survey for such compensation purposes, the Committee considered many factors not directly associated with the stock price performance of those companies, such as geographic location, development stage, organizational structure and market capitalization. For this reason, there is not a meaningful correlation between the companies included within the peer group identified for comparative compensation purposes and the companies included within the RDG Micro Biotechnology Index. Because the biotechnology industry is a dynamic industry, our comparator group is periodically updated to ensure that companies continue to meet established criteria and remain similar in scope of operation to us.

In determining the compensation of each named executive officer, the Committee also considers a number of other factors, including our recent performance and the named executive officer's individual performance, the Chief Executive Officer's recommendations and the importance of the executive's position and role in relation to execution of our strategic plan. There is no pre-established policy for allocation of compensation between cash and non-cash components or between short-term and long-term components. Instead, the Committee determines the mix of compensation for each named executive officer based on its review of the competitive data, its subjective analysis of that individual's performance and contribution to our financial performance, the financial strength and outlook of Sevion and, most of all, what is considered fair and reasonable based on the scope of operations and responsibilities of the officer. For the Chief Executive Officer, for Fiscal 2014, the Committee set his performance targets and compensation levels based upon the Committee's review and analysis of his performance and the factors described above. For other named executive officers, the Committee sets performance targets and compensation levels after taking into consideration recommendations from the Chief Executive Officer. As part of this process, the Committee considers a number of factors important to our stockholders, including ongoing concerns over the dilutive effect of option grants on our outstanding shares, the compensation expense we must take for financial accounting purposes in accordance with FASB Accounting Standards Codification Topic 718 (ASC 718, Compensation-Stock Compensation) with respect to option grants in relation to the actual value anticipated to be delivered to our executive officers from such awards, and the market volatility of our stock.

Impact of 2013 Say-on-Pay Vote: The most recent stockholder advisory vote on executive officer compensation required under the federal securities laws was held on March 28, 2013. More than 93 percent of the votes cast on such proposal were in favor of the compensation of the named executive officers, as that compensation was disclosed in the Compensation Discussion and Analysis and the various compensation tables and narrative that appeared in the Company's proxy statement dated February 26, 2013. Based on that level of stockholder approval, the Committee decided not to make any material changes to the Corporation's compensation philosophies, policies and practices for the remainder of the 2014 fiscal year or for compensation decisions made in August 2014 with respect to the 2015 fiscal year compensation of the named executive officers. However, the Committee will continue to take into account future stockholder advisory votes on executive compensation and other relevant market developments affecting executive officer compensation in order to determine whether any subsequent changes to the Corporation's executive compensation programs and policies would be warranted to reflect any stockholder concerns reflected in those advisory votes or to address market developments. Based on the voting preference of our stockholders, the frequency of future Say-on-Pay votes will be every three years. Accordingly, the next stockholder advisory vote on executive officer compensation will occur at the 2016 annual meeting.

Components of Compensation

For Fiscal 2014, our executive compensation program included the following components:

base salary; and
annual equity incentives.

Currently, for Fiscal 2015, our executive compensation program includes the following components:

base salary; and
annual equity incentives.

The Committee seeks to align the named executive officers' and stockholders' interests in a pay for performance environment. The Committee also reviews the compensation metrics of the Chief Executive Officer versus the other named executive officers. Although certain percentages and allocations may differ, the overall cash and equity compensation package of the CEO is not materially greater than the overall cash and equity compensation package of each other named executive officer. On average, a large portion of an executive officer's total compensation is at risk, with the amount actually paid tied to achievement of pre-established objectives and individual goals.

The Committee wishes to provide additional compensation to all of the named executive officers, including the Chief Executive Officer, through the development of incentive programs based on the named executives performance and attainment of stated objectives that enhance stockholder value in order to (i) link a substantial portion of their compensation to the achievement of short-term objectives and (ii) to save cash given our limited capital resources.

Base Salary

In General – It is the Committee's objective to set a competitive rate of annual base salary or consulting fees for each named executive officer. The Committee believes competitive base salaries are necessary to attract and retain top quality executives, since it is common practice for public companies to provide their executive officers with a guaranteed annual component of compensation that is not subject to performance risk. However, the Committee recognizes that we are still a development stage company, with little to no revenue currently and believes that developing too rigid of a compensation structure can become detrimental to our progress.

When compared to comparable positions at the competitive peer group companies, it is the Committee's objective to target the base compensation level of executive officers approximately around the 50th percentile because of our current financial position. However, historically, the base compensation level for our executive officers has been below the 25th percentile of competitive peer group companies. In determining the compensation of each executive officer, the Committee also considers a number of other factors, including recent Sevion and individual performance, the officer's position and responsibilities and the CEO's recommendations (with respect to officers other than the CEO).

Base Salary for Fiscal 2014 – For Fiscal 2014, after a review of the factors discussed above, the Committee determined that it would not award salary increases to management and the following named executive officer's salaries were not increased.

Name	Title	2014 Salary	2013 Salary	% Increase
Ronald A. Martell (1)	Chief Executive Officer	\$295,000	-	-
Leslie J. Browne, Ph.D. (2)	President	\$271,000	\$271,000	0 %
Vaughn Smider, M.D., Ph.D. (3)	Chief Scientific Officer	\$200,000	-	-
Joel P. Brooks	Chief Financial Officer, Secretary and Treasurer	\$176,000	\$176,000	0 %

(1) Mr. Martell was appointed Chief Executive Officer on June 25, 2014.

(2) Dr. Browne was President and Chief Executive Officer from May 25, 2010 through May 16, 2014 and is currently President.

(3) Dr. Smider was Acting Chief Executive Officer and Chief Scientific Officer from May 16, 2014 through June 25, 2014 and is currently Chief Scientific Officer.

Base Salary for Fiscal 2015 – For Fiscal 2015, after a review of the factors discussed above, the following named executive officer's salaries were increased as follows.

Name	Title	2015 Salary	2014 Salary	% Increase
Ronald A. Martell (1)	Chief Executive Officer	\$295,000	\$295,000	0 %
Leslie J. Browne, Ph.D. (2)	President	\$271,000	\$271,000	0 %
Vaughn Smider, M.D., Ph.D. (3)	Chief Scientific Officer	\$200,000	\$200,000	0 %

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Joel P. Brooks	Chief Financial Officer, Secretary and Treasurer	\$ 176,000	\$ 176,000	0	%
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(1) Mr. Martell was appointed Chief Executive Officer on June 25, 2014.

(2) Dr. Browne was President and Chief Executive Officer from May 25, 2010 through May 16, 2014 and is currently President.

(3) Dr. Smider was Acting Chief Executive Officer and Chief Scientific Officer from May 16, 2014 through June 25, 2014 and is currently Chief Scientific Officer.

Annual Bonuses for Fiscal 2014– There were no bonuses granted for Fiscal 2014.

Annual Bonuses for Fiscal 2015– Bonuses will be determined at the discretion of the board after the end of the fiscal year based upon the recommendation of the Committee.

Equity Incentive Awards

In General – A portion of each named executive officer’s compensation is provided in the form of equity awards. It is the Committee’s belief that properly structured equity awards are an effective method of aligning the interests of our named executive officers with those of our stockholders.

Equity awards were made in the form of incentive stock options, also referred to herein as ISO’s, for tax purposes. The Committee has followed a grant practice of tying equity awards to its annual year-end review of individual performance, its assessment of our performance and our operational results.

Equity Incentive Plan for Fiscal 2014 – The Committee, in coordination with our Chief Executive Officer at the time, established our goals and objectives for Fiscal 2014, which included the following:

- Contributions relating to the development of our SNS01-T assets:
 - o Complete the current Phase 1b/2a study in multiple myeloma;
 - o Plan a clinical study for SNS01-T in B cell cancers in addition to multiple myeloma;
 - o Develop an eIF5A based therapy for another indication; and
 - o Develop an effective follow-up SNS01-T formulation;

· Contributions relating to finance objectives:

- o Improve the capital resources of the company; and
- o Regain a listing on a major stock exchange;

· Contributions relating to corporate development:

- o Expand product portfolio; and
- o Integrate business acquisitions.

The foregoing goals and objectives were generally weighted as follows: 40% for contributions relating to the development of our SNS01-T assets; 40% to contributions relating to finance objectives; and 20% to contributions relating to corporate development. However, the specific weighting varied from executive officer to executive officer, in order to reflect that officer's specific duties and responsibilities.

The Committee identified additional individual performance goals and objectives for Fiscal 2014 for Dr. Browne and Mr. Brooks. Dr. Browne's goals and objectives primarily include the completion of the current clinical trial for SNS01-T, raising capital through financings, planning of the upcoming Phase 2 clinical trial and the expansion of Sevion's product portfolio. Mr. Brooks's goals and objectives primarily include raising capital through financings, regaining a listing on a major stock exchange, developing relationships with brokers, funding organizations and health organizations and developing certain financial planning models for Sevion.

In August 2013, the Committee determined to award the following options to purchase shares of our common stock, par value \$0.01, to the following named executive officers in connection with the short-term goals and objectives for Fiscal 2014:

Leslie J. Browne, Ph.D.	17,230
Joel Brooks	9,850

The option awards allotted for completion of Fiscal 2014 goals and objectives were allocated to the following named executive officers as follows – Dr. Browne: 35% and Mr. Brooks: 20%, to the following executive officers, as follows – Mr. Dondero: 20%, Dr. Thompson: 20%, and 5% of the option awards will be allocated at the Committee's discretion for outstanding performance to assist Sevion in reaching such goals. Such options were granted on September 13, 2013, which was two days after the filing of our annual report on Form 10-K for the year ended June 30, 2013, and have an exercise price of \$5.40, which was the closing price of the common stock on such date. The options vest on the basis of a two-step process. First, options vest based on attainment of the pre-established corporate and individual performance goals. Second, the options that are earned based on attainment of performance will vest with respect to twenty-five percent (25%) of such options on the first anniversary of the date of grant with the balance vesting at a rate of 1/36 for each month thereafter, subject to the executive officer's continued service through each applicable vesting date. No options will vest if the Committee has determined that the performance metrics have not been met.

In September 2014, the Committee determined that the performance metrics had not been fully met. Therefore, a percentage of the options granted in September 2013 were forfeited as follows:

Name	Initial Grant	Performance Adjustment Percentage		Options Retained	Options Forfeited
Leslie J. Browne, Ph.D.	17,230	90	%	15,507	1,723
Joel Brooks	9,850	75	%	7,388	2,462

The remaining retained options will continue to vest pursuant to the vesting schedule set forth above.

Equity Incentive Plan for Fiscal 2015 – The Committee, in coordination with our Chief Executive Officer, established our goals and objectives for Fiscal 2015, which includes the following:

- Contributions relating to the development of our technology programs:
 - o Complete the current phase 1b/2a study in multiple myeloma; and
 - o Development plan to advance in-house antibodies to the clinic;
- Contributions relating to finance objectives:
 - o Improve the capital resources of the company; and
 - o Regain a listing on a major stock exchange;
- Contributions relating to corporate development:
 - o Expand product portfolio;
 - o Licensing opportunities;
 - o Complete evaluation of agricultural portfolio;
 - o Rebranding of company; and
 - o Integrate business acquisitions.

The foregoing goals and objectives were generally weighted as follows: 20% for contributions relating to the development of our technology programs; 50% to contributions relating to finance objectives; and 30% to contributions relating to corporate development. However, the specific weighting varied from executive officer to

executive officer, in order to reflect that officer's specific duties and responsibilities. The Committee identified additional individual performance goals and objectives for Fiscal 2015 for Drs. Browne and Smider and Messrs. Martell and Brooks. Mr. Martell's goals and objectives primarily include all of the goals for Drs. Browne and Smider and Mr. Brooks. Dr. Browne's goals and objectives primarily include the completion of the current clinical trial for SNS01-T, additional research and formulation activities for SNS01-T, developing a follow-on clinical plan for SNS01-T and the expansion of Sevion's product portfolio. Dr. Smider's goals and objectives primarily include finalizing and executing a development plan for two in-house antibodies, advancement of corporate development activities and the expansion of Sevion's product portfolio. Mr. Brooks's goals and objectives primarily include raising capital through financings, regaining a listing on a major stock exchange, integration of the recently acquired Fabrus, Inc., assisting in the expansion of Sevion's product portfolio and budgeting activities.

In September 2014, the Committee determined to award the following options to purchase shares of our common stock, par value \$0.01, to the following named executive officers in connection with the short-term goals and objectives for Fiscal 2015:

Ronald A. Martell	56,364
Leslie J. Browne, Ph.D.	42,210
Vaughn Smider, M.D., Ph.D.	42,210
Joel Brooks	28,140

The option awards allotted for completion of Fiscal 2015 goals and objectives will be allocated to the following named executive officers as follows – Mr. Martell: 13%, Dr. Browne: 10%, Dr. Smider: 10%, Mr. Brooks: 7%, and 60% of the option awards will be allocated to other employees to assist Sevion in reaching such goals. Such options will be granted two days after the filing of our quarterly report on Form 10-Q for the period ended September 30, 2014, and will have an exercise price equal to the closing price of the common stock on such date. The options vest on the basis of a two-step process. First, options vest based on attainment of the pre-established corporate and individual performance goals. Second, the options that are earned based on attainment of performance will vest with respect to twenty-five percent (25%) of such options on the first anniversary of the date of grant with the balance vesting at a rate of 1/36 for each month thereafter, subject to the executive officer's continued service through each applicable vesting date. No options will vest if the Committee has determined that the performance metrics have not been met.

Market Timing of Equity Awards

The Compensation Committee does not engage in any market timing of the equity awards made to the executive officers or other award recipients, and accordingly, there is no established practice of timing our awards in advance of the release of favorable financial results or adjusting the award date in connection with the release of unfavorable financial developments affecting our business. In general, we will attempt, when possible, to make equity awards to our executive officers and directors promptly after the release of our financial results.

Clawback Policy

We are reviewing our current "clawback" policy which provides for recoupment of incentive compensation in certain circumstances in connection with the enactment of recent regulations in that regard and are awaiting final SEC rules and regulations in order to revise our "clawback" policy in compliance with such rules and regulations.

Analysis of Risk Associated with our Compensation Plans

In making decisions regarding compensation program design and pay levels, our Compensation Committee and senior management, working with our Audit Committee, consider many factors, including any potential risks to Sevion and our stockholders. Although a significant portion of our executives' compensation is performance-based and "at-risk," we believe our compensation plans are appropriately structured and are not reasonably likely to have a material adverse effect on us.

We do not believe that the performance-based nature of the executive compensation program encourages excessive risk-taking by our executive officers that would threaten our economic viability. In Fiscal 2014, the Compensation Committee's performance milestones under the stock option grants for certain clinical objectives were focused on the achievement of specific milestones, rather than a successful outcome. The Compensation Committee believes that this strategy protects against the potential of short-term incentives to encourage excessive risk taking. In addition, long-term equity awards tied to the value of our common stock represent a significant component of an executive officer's total direct compensation, as evidenced by the compensation breakdown contained in the Summary Compensation Table that follows. Those awards promote a commonality of interest between the executive officers and our stockholders in sustaining and increasing stockholder value. Because the equity awards are typically made on an annual basis to the executive officers, those officers always have unvested awards outstanding that could decrease significantly in value if our business is not managed to achieve its long term goals. Accordingly the overall compensation structure is not overly-weighted toward short-term incentives, and we have taken what we believe are reasonable steps to protect against the potential of disproportionately large short-term incentives that might encourage excessive risk taking.

Executive Benefits and Perquisites

In General – The named executive officers are also provided with certain market competitive benefits, described below. It is the Committee's belief that such benefits are necessary for us to remain competitive and to attract and retain top caliber executive officers, since such benefits are typically provided by companies in the biotechnology industry and with other companies with which we compete for executive talent.

Retirement Benefits – The named executive officers may participate in our-401(k) plans administered by Sevion and Fabrus, Sevion's wholly-owned subsidiary.

Other Benefits and Perquisites – All administrative employees, including the named executive officers, are eligible to receive standard health, disability, and life insurance. We do not provide any additional benefits and perquisites.

Executive Compensation Agreements

Retention Agreement

On May 16, 2014, the Company entered into a retention agreement with the former Chief Executive Officer and current President of the Company, providing for certain severance benefits in the event of certain terminations of employment with the Company.

Pursuant to the terms of the retention agreement, if, during the one-year period following the effective date of the retention agreement if the employee (i) is terminated without cause, (ii) resigns for good reason or (iii) is not offered the position of “Chief Executive Officer” of the Company and the employee resigns within 30 days of the expiration of such one year period, the employee would receive (a) a lump sum cash payment equal to his target bonus plus his annual base salary for the year in which such event occurs, (b) COBRA benefits for one year beginning on the first day of the month following such event and (c) reimbursement of life-insurance costs for one year following such event. Moreover, if in connection with a change of control transaction, the employee’s employment is terminated or he resigns for good cause, the employee would receive (a) a lump sum cash payment equal to his target bonus plus two times his annual base salary for the year in which such event occurs and (b) COBRA benefits for two years beginning on the first day of the month following such event. Additionally, in connection with the occurrence of any of the triggering events described above, the employee’s outstanding equity awards would become fully vested and exercisable and would remain exercisable until the expiration of each equity award’s maximum term.

Based upon the Presidents current salary, the severance under the employment agreement would be approximately \$293,000 if for one year or \$586,000 if for two years.

Employment Agreement

On June 25, 2014, the Company entered into an employment agreement with the current Chief Executive Officer, providing for certain severance benefits in the event of certain terminations of employment with the Company.

Pursuant to the terms of the employment agreement, if, during the one-year period following the effective date of the employment agreement the employee, (i) is terminated without cause or (ii) resigns for good reason (each a “Qualifying Termination”), the employee would receive (a) a lump sum cash payment in an amount equal to 18 months’ salary, calculated at the rate of his then current Base Salary, (b) COBRA benefits for 18 months beginning on the first day of the month following such Qualifying Termination and (c) reimbursement of life-insurance costs for 18 months following such Qualifying Termination. If the employee undergoes a Qualifying Termination after the one-year period following the effective date of the Employment Agreement, the employee would receive (a) a lump sum cash payment in an amount equal to 12 months’ salary, calculated at the rate of his then current Base Salary, (b) COBRA benefits for 12 months beginning on the first day of the month following such Qualifying Termination and (c) reimbursement of life-insurance costs for 12 months following such Qualifying Termination. Moreover, if in connection with a change of control transaction, the employee is terminated or he resigns for good cause, the employee would receive (a) a lump sum cash payment in an amount equal to 24 months’ salary, calculated at the rate of his then current Base Salary, (b) COBRA benefits for 24 months beginning on the first day of the month following such Qualifying Termination and (c) reimbursement of life-insurance costs for 24 months following such Qualifying Termination. Additionally, in connection with the occurrence of any of the triggering events described above, the employee’s outstanding equity awards would become fully vested and exercisable and would remain exercisable until the expiration of the equity award’s maximum term.

Based upon the Chief Executive Officers current salary, the severance under the employment agreement would be approximately \$317,000 if for one year, \$475,000 if for eighteen months or \$634,000 if for two years.

None of our other named executive officers have a current employment agreement with us.

Retention Policy

On October 9, 2012, our board of directors approved a Retention Policy for officers of the Company (the “Policy”). Pursuant to the terms and provisions of the Policy, in the event that an officer of the Company is terminated or resigns for good reason (as such term is defined in the Policy) in connection with a change of control transaction (as such term is defined in the Policy), such officer will be entitled to receive the following (subject to the limitation discussed below):

- (i) The involuntary termination benefits provided in the officer’s employment agreement, if any, including unpaid compensation and benefits.
- (ii) The full incentive bonus allocated to the officer for the calendar year in which termination occurs, as determined by the Board.
- (iii) A multiple of the officer’s annual base salary: (CEO=2x, CFO=1.5x, VP R&D=1.5x, VP Clinical=1.5x, other officers=1x);
- (iv) Medical coverage with term equal to base salary continuation under the Company’s group health insurance.

- (v) Allowance for all vested options to be exercisable for the remainder of each such vested option's full remaining exercise period.
- (vi) Immediate vesting of all unvested options granted to the officer.

Notwithstanding the foregoing, if the aggregate compensation set forth in clauses (i), (ii), (iii) and (iv) above to be paid to all officers exceeds 10% of the value of the transaction as determined by the parties (as reflected in a definitive agreement, including the fair market value of any publicly traded securities), or if not reflected in a definitive agreement, then as determined by a qualified, independent third party selected by the board of directors of the Company, then the board of directors shall have the discretion to reduce such compensation pro-rata to the extent necessary to consummate the change of control transaction.

The Policy also provides that our board of directors shall have discretion to grant a termination package in the event an officer is terminated by the board without cause (as such term is defined in the Policy) or resigns for good reason (as such term is defined in the Policy).

The Compensation Committee believes that the severance benefits under the Policy provide financial protection against the potential loss of employment in designated circumstances and will allow our executive officers to focus attention on changes that are in the best interests of the stockholders, without undue concern as to each officer's own financial situation. The Compensation Committee also believes the accelerated vesting of equity awards is justified because those awards are designed to serve as the primary vehicle for the executives to accumulate financial resources for retirement. Finally, given the time periods and risks involved in pharmaceutical development, the Compensation Committee believes that the extended exercise period is an appropriate way to provide the officers with an opportunity to realize financial gains from decisions made during his or her tenure as an officer. At the time of adoption of the plan, J. Richard advised the Compensation Committee that the Policy is within the competitive range of comparable executive officer severance packages at other companies in the comparator group.

IRC Section 162(m) compliance

As a result of Section 162(m) of the Internal Revenue Code, publicly-traded companies such as us are not allowed a federal income tax deduction for compensation, paid to the Chief Executive Officer and the three other highest paid executive officers, to the extent that such compensation exceeds \$1 million per officer in any one year and does not otherwise qualify as performance-based compensation. Currently, our stock option compensation packages are structured so that compensation deemed paid to an executive officer in connection with the exercise of a stock option should qualify as performance-based compensation that is not subject to the \$1 million limitation. However, other awards, like restricted stock units ("RSU's") that may be granted under our stock incentive plans may or may not so qualify. In establishing the cash and equity incentive compensation programs for the executive officers, it is the Committee's view that the potential deductibility of the compensation payable under those programs should be only

one of a number of relevant factors taken into consideration, and not the sole governing factor. For that reason the Committee may deem it appropriate to continue to provide one or more executive officers with the opportunity to earn incentive compensation, including cash bonus programs tied to our financial performance and RSU awards, which may be in excess of the amount deductible by reason of Section 162(m) or other provisions of the Internal Revenue Code. It is the Committee's belief that cash and equity incentive compensation must be maintained at the requisite level to attract and retain the executive officers essential to our financial success, even if part of that compensation may not be deductible by reason of the Section 162(m) limitation.

It is important to note that as of June 30, 2014, the Company had net operating loss carryforwards for federal income tax purposes. These loss carryforwards would defer the impact of any deductions that the Company might lose under Section 162(m) for one or more of those carryforward years.

For Fiscal 2014, none of our executive officer's compensation reached the \$1 million limitation. The Committee will continue to evaluate such \$1 million limitation in Fiscal 2015.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the Compensation, Discussion and Analysis with management, and based on this review and these discussions, the Compensation Committee recommended to the board that the Compensation, Discussion and Analysis be included in this proxy statement.

This report is submitted on behalf of the
Compensation Committee
David Rector, Chairman
John N. Braca
Steven Rubin

Summary Compensation Table

The following table sets forth information concerning compensation for services rendered in all capacities during the fiscal years ended June 30, 2014, June 30, 2013 and June 30, 2012 awarded to, earned by or paid to: (i) all persons that served as our Chief Executive Officer during Fiscal 2014; and (ii) our two most highly compensated executive officers other than the Chief Executive Officer who were serving as executive officers at the end of Fiscal 2014, collectively referred to herein as the named executive officers. No other executive officers who would have otherwise been includable in such table on the basis of total compensation for Fiscal 2014 have been excluded by reason of their termination of employment or change in executive status during that year.

Name and Principal Position	Year (1)	Salary (\$)(2)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(3)	Non- Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(4)	Total Compensation (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Ronald A. Martell (5) (Chief Executive Officer)	2014	-	-	-	\$775,200	-	-	-	\$775,200
Leslie J. Browne, Ph.D. (6)	2014	\$273,860	-	-	\$74,089	-	-	-	\$347,949
(President and Chief Executive Officer)	2013	\$273,860	-	-	\$180,180	-	-	-	\$454,040
	2012	\$266,322	-	-	\$151,515	-	-	\$ 9,800	\$427,637
Vaughn Smider, M.D., Ph.D. (7) Chief Scientific Officer	2014	\$23,077	-	-	-	-	-	-	\$23,077
Joel Brooks (Chief Financial Officer , Secretary and Treasurer)	2014	\$178,045	-	-	\$42,355	-	-	-	\$220,400
	2013	\$178,045	-	-	\$102,960	-	-	-	\$281,005
	2012	\$172,682	-	-	\$86,580	-	-	-	\$259,262

(1) Sevion's fiscal year ends on June 30.

(2) Such amount represents actual salary paid, including such amounts deferred in connection with our 401K plan.

(3) The amounts shown are the grant date fair value of stock options granted to each named executive officer, in accordance with FASB ASC Topic 718 pursuant to the Black-Scholes pricing model. For a discussion of valuation assumptions used in the calculations, see Notes 2 and 10 of Notes to Consolidated Financial Statements included in Part II, Item 8 of our 2014 Form 10-K. The grant date fair values used to calculate such compensation costs were not adjusted to take into account any estimated forfeitures.

In October 2012, the Committee determined that the performance metrics for the 2012 grants had not been fully met. Therefore, a percentage of the options granted in Fiscal 2012 were forfeited as follows:

	Original Grant	Percentage Forfeited		Options Forfeited	Grant Date Fair Value
Leslie J. Browne, Ph.D.	8,190	55	%	4,505	\$ 83,333
Joel Brooks	4,680	60	%	2,808	\$ 51,948

In August 2013, the Committee determined that the performance metrics for the Fiscal 2013 grants had not been fully met. Therefore, a percentage of the options granted in Fiscal 2013 were forfeited as follows:

	Original Grant	Percentage Forfeited		Options Forfeited	Grant Date Fair Value
Leslie J. Browne, Ph.D.	13,650	75	%	10,238	\$ 135,135
Joel Brooks	7,800	75	%	5,850	\$ 77,220

In September 2014, the Committee determined that the performance metrics for the Fiscal 2014 grants had not been fully met. Therefore, a percentage of the options granted in Fiscal 2014 were forfeited as follows:

	Original Grant	Percentage Forfeited	Options Forfeited	Grant Date Fair Value
Leslie J. Browne, Ph.D.	17,230	10 %	1,723	\$ 7,409
Joel Brooks	9,850	25 %	2,462	\$ 10,589

The grant date fair values used to calculate such compensation costs were not adjusted to take into account the effect of the forfeitures.

(4) Represents company contribution to the 401(k) plan.

(5) Mr. Martell was appointed as the Company's Chief Executive Officer on June 25, 2014.

(6) Dr. Browne was the Company's Chief Executive Officer from May 25, 2010 through May 16, 2014.

(7) Dr. Smider was the Company's acting Chief Executive Officer from May 16, 2014 through June 25, 2014.

Grants of Plan-Based Awards

The following Grants of Plan Based Awards table provides additional information about stock and option awards and equity incentive plan awards granted to our named executive officers during the fiscal year ended June 30, 2014.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards of Shares of Stock or Units	All Other Option Awards of Securities Underlying Options	Exercise or Base Price of Option	Grant Date Fair Value of Equity Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)	(#)	(#)	(\$/Sh)	(1)

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(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Ronald A. Martell.	6/25/2014	-	-	-	-	400,000	400,000	-	-	\$ 2.66 \$ 775,200
Leslie J. Browne, Ph.D.	9/13/2013	-	-	-	-	17,230	17,230	-	-	\$ 5.40 \$ 74,089
Joel P. Brooks	9/13/2013	-	-	-	-	9,850	9,850	-	-	\$ 5.40 \$ 42,355

(1) The amounts shown are the grant date fair value of stock options granted to each named executive officer, in accordance with FASB ASC Topic 718 pursuant to the Black Scholes pricing model. For a discussion of valuation assumptions used in the calculations, see Notes 2 and 10 of Notes to Consolidated Financial Statements included in Part II, Item 8 of our 2014 Form 10-K. The grant date fair values used to calculate such compensation costs were not adjusted to take into account any estimated forfeitures. In September 2014, the Committee determined that the performance metrics had not been fully met. Therefore, a percentage of the options granted on September 13, 2013 were forfeited as follows:

	Original Grant	Percentage Forfeited		Options Forfeited	Grant Date Fair Value
Leslie J. Browne, Ph.D.	17,230	10	%	1,723	\$ 7,409
Joel Brooks	9,850	25	%	2,462	\$ 10,589

The grant date fair values used to calculate such compensation costs were not adjusted to take into account the effect of the forfeitures.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the equity awards we have made to our named executive officers which are outstanding as of June 30, 2014.

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Vested	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Ronald A. Martell	-	-	400,000	(1)	\$ 2.66	6/25/2024	-	-	-	-
Leslie J. Browne, Ph.D.	-	-	17,230	(1)(5)	\$ 5.40	9/13/2023	-	-	-	-
	1,351	(1)	2,061	(1)	\$ 16.50	11/16/2022	-	-	-	-
	3,003	(1)	683	(1)	\$ 23.00	09/30/2021	-	-	-	-
	6,495	(1)	755	(1)	\$ 26.00	11/17/2020	-	-	-	-
	10,000	(1)	-		\$ 55.00	05/25/2020	-	-	-	-
Joel P. Brooks	-	-	9,850	(1)(5)	\$ 5.40	9 /13/2023	-	-	-	-
	772	(1)	1,178	(1)	\$ 16.50	11/16/2022	-	-	-	-
	1,580	(1)	293	(1)	\$ 23.00	9/30/2021	-	-	-	-
	3,807	(1)	443	(1)	\$ 26.00	11/17/2020	-	-	-	-
	3,000	(2)	-		\$ 29.00	02/19/2020	-	-	-	-
	250	(3)	-		\$ 108.00	12/16/2016	-	-	-	-
	250	(3)	-		\$ 140.00	12/14/2015	-	-	-	-
	200	(3)	-		\$ 345.00	12/14/2014	-	-	-	-

(1) One-quarter of such options will vest on the first anniversary of the date of grant with one-thirty-sixth of the balance vesting each month thereafter.

(2) 600 of such options vested on the date of grant and an additional 600 of such options vested on each of June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013.

(3) One-third of such options vested on the date of grant and an additional one-third of such options vested on each of the first and second anniversary of the date of grant.

(4) Such amounts consist of performance based options which vest upon the achievement of certain milestones under our long-term incentive plan and continued service.

(5) Such amounts consist of performance based options which vest upon the achievement of certain milestones under our stock incentive plan and continued service. In September 2014, the Committee determined that the performance metrics had not been fully met. Therefore, a percentage of the options granted on September 13, 2013 were forfeited as follows:

	Original Grant	Percentage Forfeited		Options Forfeited
Leslie J. Browne, Ph.D.	17,230	10	%	1,723
Joel Brooks	9,850	25	%	2,462

The September 13, 2013 equity awards outstanding as of June 30, 2014 were not adjusted to take into account the effect of the forfeitures.

Option Exercises and Stock Vested

There were no option exercises and stock vested activity for our named executive officers during the year ended June 30, 2014.

Equity Compensation Plan Information

The following table reflects information relating to equity compensation plans as of June 30, 2014.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights and restricted stock units	Weighted-average exercise price of outstanding options, warrants and rights and restricted stock units	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	979,304	(1) \$ 9.49	856,672 (2)
Equity compensation plans not approved by security holders	—	—	—
Total	979,304	(1) \$ 9.49	856,672 (2)

(1) Issued pursuant to our 1998 Stock Plan and 2008 Stock Plan.

(2) Available for future issuance pursuant to our 2008 Stock Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Our common stock is the only class of stock entitled to vote at the Meeting. Only our stockholders of record as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting. As of the Record Date, there were 146 holders of record of our common stock, and we had outstanding 13,866,627 shares of our common stock and each outstanding share is entitled to one (1) vote at the Meeting. The following table sets forth certain information, as of the Record Date, with respect to holdings of our common stock by (i) each person known by us to be the beneficial owner of more than 5% of the total number of shares of our common stock outstanding as of such date; (ii) each of our directors, which includes all nominees, and our named executive officers; and (iii) all of our directors and our current executive officers as a group.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership⁽²⁾	Percent of Class⁽³⁾
(i) Certain Beneficial Owners:		
Alpha Capital Anstalt Padafant 7 Furstentums 9490 Vaduz, Liechtenstein	1,302,504	(4) 9.3 %
Michael Brauser 4400 Biscayne Blvd. Suite 850 Miami, FL 33137	1,372,750	(5) 9.9 %
Barry Honig 555 South Federal Highway #450 Boca Raton, FL 33432	1,417,115	(6) 9.9 %
Opko Investment Holdings 4400 Biscayne Blvd. Miami, FL 33137	780,949	(7) 5.5 %
(ii) Directors (which includes all nominees), Named Executive Officers and Chief Executive Officer:		
Phillip Frost, M.D.	2,108,775	(8) 14.7 %
Vaughn Smider, M.D., Ph.D.	1,400,970	(9) 9.9 %
Christopher Forbes	196,820	(10) 1.4 %
Harlan W. Waksal, M.D.	88,877	(11) *
John N. Braca	42,346	(12) *
David Rector	45,240	(13) *

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Joel Brooks	13,572	(14)	*	
Leslie J. Browne, Ph.D.	28,588	(15)	*	
Steven Rubin	-		*	
Ronald A. Martell	-	(16)	*	
(iii) All Directors and current executive officers as a group (10 persons)	3,925,188	(17)	25.1	%

* Less than 1%

(1) Unless otherwise provided, all addresses should be care of Sevion Therapeutics, Inc., 405 Sorrento Valley Blvd., San Diego, California 92121.

(2) Except as otherwise indicated, all shares of common stock are beneficially owned and sole investment and voting power is held by the persons named.

Applicable percentage of ownership is based on 13,866,627, shares of our common stock outstanding as of October (3)22, 2014, plus any common stock equivalents and options or warrants held by such holder which are presently or will become exercisable within sixty (60) days after October 22, 2014.

(4) Includes 752,235 shares of common stock issuable pursuant to presently exercisable warrants.

Includes 25,000 shares of common stock held by Birchtree Capital, LLC ("Birchtree"), 38,543 shares of common stock held by the Betsy and Michael Brauser Charitable Family Foundation ("Foundation"), 115,651 share of common stock held by Grander Holdings, Inc. 401K Profit Sharing Plan ("Grander"), 107,827 shares of common stock held by BSIG, LLC ("BSIG") and 415,460 shares of common stock held by Marlin Capital Investments, LLC ("Marlin") and warrants to purchase 321,357 shares of common stock held by Mr. Brauser and warrants to purchase 245 shares of common stock held by Marlin and excludes warrants to purchase 50,000 shares of common stock held by Birchtree, warrants to purchase 19,976 shares of common stock held by Foundation, warrants to purchase (5) 59,933 shares of common stock held by Grander, warrants to purchase 55,878 shares of common stock held by BSIG, warrants to purchase 175,021 shares of common stock held by Marlin and 351,977. Such excluded warrants contain a blocker provision under which the holder can only exercise the warrants to a point where he and his affiliates would beneficially own a maximum of 9.99% of the Company's outstanding shares ("Blocker"). Mr. Brauser is the Manager of Birchtree, the trustee of the Grander, the Chairman of Foundation, the Manager of BSIG and Manager of Marlin, and, in such capacity, has voting and dispositive power over the securities held by such entities.

(6) Includes 158,012 shares of common stock held by GRQ Consultants, Inc. 401K Plan ("401K"), 415,460 shares of common stock held by Marlin Capital Investments, LLC ("Marlin") and 365,966 shares of common stock held by GRQ Consultants, Inc. Roth 401K FBO Barry Honig ("Roth 401K") and warrants to purchase 41,134 shares of common stock held by 401K, warrants to purchase 245 shares of common stock held by Marlin and warrants to purchase 189 shares of common stock held by Roth 401K and excludes 14,840 shares of common stock underlying warrants held by Roth 401K, 175,021 shares of common stock underlying warrants held by Marlin and 135,731 shares of common stock underlying warrants held by Roth 401K,. Such excluded warrants contain a blocker provision under which the holder can only exercise the warrants to a point where he and his affiliates would beneficially own a maximum of 9.99% of the Company's outstanding shares ("Blocker"). Mr. Honig is the trustee of the 401K, Roth 401K and President of Marlin, and, in such capacity, has voting and dispositive power over the

securities held by such entities.

- (7) Includes 263,933 shares of common stock issuable pursuant to presently exercisable warrants.

Includes 1,563,170 shares of common stock held by Frost Gamma Investments Trust, of which Dr. Phillip Frost is the trustee, and 545,605 shares of common stock underlying warrants and excludes 578,717 shares of common (8) stock underlying warrants which contain a blocker provision under which the holder can only exercise the warrants to a point where stockholder and the stockholder's affiliates would beneficially own a maximum of 9.99% of the Company's outstanding shares.

Includes 1,058,970 shares of common stock and 342,000 shares of common stock underlying warrants and excludes (9) 166,529 shares of common stock underlying warrants which contain a blocker provision under which the holder can only exercise the warrants to a point where stockholder and the stockholder's affiliates would beneficially own a maximum of 9.99% of the Company's outstanding shares.

(10) Includes 127,573 shares of common stock and 69,247 shares of common stock issuable pursuant to presently exercisable warrants and options.

(11) Includes 28,193 shares of common stock and 60,685 shares of common stock issuable pursuant to presently exercisable warrants and options

(12) Includes 1,380 shares of common stock and 40,966 shares of common stock issuable pursuant to presently exercisable warrants and options.

(13) Includes 3,528 shares of common stock and 41,712 shares of common stock issuable pursuant to presently exercisable warrants and options.

(14) Includes 509 shares of common stock and 13,063 shares of common stock issuable pursuant to presently exercisable options or options which will become exercisable within sixty (60) days after October 22, 2014.
Excludes 6,097 shares of common stock issuable pursuant to options which become exercisable after sixty (60) days from October 22, 2014.

(15) Includes 1,290 shares of common stock and 27,298 shares of common stock issuable pursuant to presently exercisable options or options which will become exercisable within sixty (60) days after October 22, 2014.
Excludes 12,557 shares of common stock issuable pursuant to options which become exercisable after sixty (60) days from October 22, 2014.

(16) Excludes 400,000 shares of common stock issuable pursuant to options which become exercisable after sixty (60) days from October 22, 2014.

(17)

See Notes 8 through 16.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Contractual Relationships

Research and Development Agreements

Effective September 1, 1998, we entered into a three-year research and development agreement, which has been extended for successive periods through August 31, 2014, with John E. Thompson, Ph.D. and the University of Waterloo in Waterloo, Ontario, Canada, referred to as the University. Dr. Thompson was our director and is an officer and beneficially owns approximately 0.1% of our common stock. Dr. Thompson is the Associate Vice President, Research and former Dean of Science of the University. Dr. Thompson and the University will provide research and development under our direction. The agreement is renewable annually by the Company which has the right of termination upon 30 days' advance written notice.

Research and development expenses under this agreement for the fiscal years ended June 30, 2014, 2013 and 2012 aggregated U.S. \$628,995, U.S. \$628,995 and U.S. \$573,368, respectively. Effective September 1, 2014, we, Dr. Thompson and the University extended the agreement for an additional one-year period through August 31, 2015 in the amount of CAN \$475,200. As of August 31, 2014, such amount represented approximately US \$475,000.

Consulting Agreement

Effective May 1, 1999, we entered into a three-year consulting agreement, which has been extended for successive periods through June 30, 2015, for research and development with Dr. Thompson. This agreement provided for monthly payments of \$3,000 through June 2004. However, effective January 1, 2003, 2006, 2007 and 2011, the agreement was amended to increase the monthly payments from \$3,000 to \$5,000, from \$5,000 to \$5,200, from \$5,200 to \$5,417, and from \$5,417 to \$5,625, respectively.

Debt / Equity Transactions

Line of Credit

On February 17, 2010, we entered into a credit agreement with JMP Securities LLC. The agreement provided us with, subject to certain restrictions, including the existence of suitable collateral, up to a \$3.0 million line of credit upon which we could draw at any time (the "Line of Credit"). Any draws upon the Line of Credit accrued at a monthly interest rate of the broker rate in effect at the interest date, plus 2.0%. There were no other conditions or fees associated with the Line of Credit. The Line of Credit was not secured by any of our assets, but was secured by certain assets of a member of our board of directors, Harlan W. Waksal, M.D., which security interest was held by JMP Securities. In February 2014, the outstanding balance on the line of credit was paid in full and the line of credit was cancelled.

Conversion of Preferred Stock

On August 8, 2012, in connection with a warrant exchange, certain of our directors, Christopher Forbes and Harlan Waksal, converted their 1,200 shares of Series B preferred stock into 46,154 shares of our common stock, as determined pursuant to the terms set forth in the Certificate of Designation of Preferences, Rights and Limitations of 10% Series B Convertible Preferred Stock. The aggregate value of such shares of common stock was approximately \$1,292,308 on the date of conversion based upon the closing price of \$28.00 per share on August 8, 2012. Such conversions were not made pursuant to warrant exchange agreements and therefore such directors did not receive any additional Common Stock. Following this conversion, no shares of Series B Preferred Stock remain outstanding.

Review and Approval of Related Person Transactions

Our Audit Committee Charter requires that our Audit Committee review and approve or ratify transactions involving us and any executive officer, director, director nominee, 5% stockholder and certain of their immediate family members, also referred to herein as a related person. The policy and procedures cover any transaction involving a related person, also referred to herein as a related person transaction, in which the related person has a material interest and which does not fall under an explicitly stated exception set forth in the applicable disclosure rules of the SEC.

A related person transaction will be considered approved or ratified if it is authorized by the Audit Committee after full disclosure of the related person's interest in the transaction. In considering related person transactions, the Audit Committee will consider any information considered material to investors and the following factors:

- the related person's interest in the transaction;
- the approximate dollar value of the transaction;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that we could have reached with an unrelated third party; and
- the purpose and potential benefit to us of the transaction.

PROPOSAL 2

AMENDMENT AND RESTATEMENT OF THE SEVION THERAPEUTICS, INC.

2008 INCENTIVE COMPENSATION PLAN

Introduction

Our 2008 Incentive Compensation Plan (the “2008 Plan”) governs the award and payment of equity awards to our officers and employees, non-employee members of our board of directors, as well as independent consultants and contractors in our employ or service. On October 22, 2014, our Board of Directors authorized the Compensation Committee of the Board to finalize an amendment and restatement of our 2008 Plan, which was approved by the Compensation Committee on October 23, 2014, subject to stockholder approval at the Annual Meeting. The amendment and restatement will effect the following changes:

increase the number of shares available for awards under the 2008 Plan by 3,086,862 shares, which will result in the
(i) aggregate amount of shares available for future grants following the date of this meeting to be equal to approximately 15% of the Company’s fully-diluted equity outstanding as of October 22, 2014;

amend the evergreen feature so that the share reserve increases on January 1 each year during the term of the 2008
(ii) Plan (starting in 2015) by 5% of the fully-diluted equity outstanding on the immediately preceding December, up to an annual maximum of 1,500,000 shares of common stock; provided, that, the aggregate number of shares subject to outstanding awards at any given time will not exceed 25% of the fully-diluted equity outstanding;

(iii) extend the term of the 2008 Plan from September 22, 2018 to December 14, 2024;

(iv) approve an increase to the number of shares that can be granted as incentive stock options under the 2008 Plan that corresponds to the increases in items (i) and (ii) above;

(v) allow the Compensation Committee the authority to permit, on a case-by-case basis, for the exercise price of an option and applicable withholding taxes to be paid through a net exercise of the option;

(vi) include a provision for clawback of awards as required by law or Company policy; and

- (vii) make certain other technical changes to facilitate plan administration.

1,830,808 shares of our common stock are currently reserved for issuance over the term of the 2008 Plan. As of October 22, 2014, 265,582 shares remained available for future grants under the 2008 Plan, 1,555,226 shares were subject to outstanding awards under the 2008 Plan and 10,000 shares had been issued pursuant to awards under the 2008 Plan. Under the current terms of the 2008 Plan, the share reserve is to increase, on January 1 of each calendar year, (until calendar year 2018) so that the total number of shares available for issuance under the plan as of the date of such increase is equal to 15% of the fully-diluted outstanding shares of our common stock as of such date, but in no event will such annual increase exceed 500,000 shares per year. The current evergreen feature is not expected to add a significant number of shares in the near future. The 2008 Plan is the only plan under which we make equity grants currently. However, there are currently 15,166 shares subject to options outstanding under the 1998 Stock Incentive Plan (the “1998 Plan”), the predecessor to the 2008 Plan; to the extent that awards outstanding under the 1998 Plan terminate without the issuance of shares, the shares subject to such terminated awards will be added to the 2008 Plan, subject to a maximum of 10,000 shares.

The limited number of shares available for future equity awards under the 2008 Plan places a significant limitation on furthering the Company's business goals. If this proposal is approved, we will have 3,352,444 shares available for future grants following the date of this meeting. This reserve, together with the amended evergreen feature, will allow us to have a sufficient reserve to recruit, retain and incentivize individuals essential to our financial success and accordingly benefit all of our stockholders. The development and commercialization of pharmaceutical products involves a high degree of risk, particularly in the early stages of clinical development. It takes many years of clinical development to reduce this risk. Like most other biotechnology companies that have not yet commercialized any pharmaceutical products, we have been heavily dependent on the capital markets for our cash requirements. Given the limitations on our available cash resources, and the long-term risks associated with the achievement of our strategic objectives, we have historically used equity compensation to complement the amount of cash used for compensation purposes. We rely on equity compensation in order to attract and retain key employees, align the interests of our executive officers with those of our stockholders and to provide our executive officers and other employees and consultants with the opportunity to accumulate retirement income.

In connection with our stock-based compensation programs, we are committed to using equity incentive awards prudently and within reasonable limits. Accordingly, we closely monitor our stock award "burn rate" each year. Our annual burn rate is determined by dividing the number of shares of our common stock subject to stock-based awards we grant in a calendar year by the weighted average number of our fully-diluted shares of common stock outstanding for that calendar year. The burn rate for the years prior to 2014 has been approximately 3% on a fully diluted basis. In September 2014, we reserved options covering 600,000 shares of common stock as retention grants to our employees and consultants; these grants resulted in significantly reducing the share reserve available for new hire and retention grants. We anticipate that the increased share reserve (including the evergreen provision) under the amended and restated plan will enable us to fund our equity compensation program for approximately four years. While the Company believes this is a reasonable estimate of how long the share reserve would last, the actual period for which the proposed share reserve will fund our equity compensation program may be shorter or longer than four years, depending on changes in our granting practices, stock price and headcount growth. In order to address potential stockholder concerns regarding the number of shares of common stock that will be subject to awards that we intend to grant under the 2008 Plan, we have included the limitation on the number of shares subject to outstanding awards as described above. Subject to these limitations, the plan administrator will have complete discretion to determine the number and size of grants to be made under the 2008 Plan.

Summary Description of 2008 Incentive Compensation Plan

The principal terms and provisions of the 2008 Plan (as amended and restated) are set forth below. The summary, however, is not intended to be a complete description of all the terms of the 2008 Plan and is qualified in its entirety by reference to the complete text of the 2008 Plan, filed with this Proxy Statement as Appendix A on the SEC's website at <http://www.sec.gov>. Any stockholder who wishes to obtain a copy of the actual plan document may do so upon written request to our Corporate Secretary at our principal offices at 405 Sorrento Valley Blvd., San Diego, California 92121.

Types of Awards. The following types of awards may be granted under the 2008 Plan: options, stock appreciation rights, stock awards, restricted stock units, cash awards, performance units and dividend equivalent rights. The principal features of each type of award are described below.

Administration. The Compensation Committee of our board has the exclusive authority to administer the 2008 Plan with respect to awards made to our executive officers and non-employee board members and has the authority to make awards under the 2008 Plan to all other eligible individuals. However, our board may at any time appoint a secondary committee of one (1) or more board members to have separate but concurrent authority with the Compensation Committee to make awards under the 2008 Plan to individuals other than executive officers and non-employee board members. In addition, our board may delegate to one (1) or more executive officers the power to grant awards under the 2008 Plan to one (1) or more employees (other than executive officers) and to exercise such other powers under the 2008 Plan as the board may determine. However, either the board or the Compensation Committee will fix the terms of the awards granted by such officers and the maximum number of shares for which the executive officers may grant such awards.

The term “plan administrator,” as used in this summary, will mean our compensation committee, the board, any secondary committee and any executive officers to whom administrative authority is delegated, to the extent each such entity or individual is acting within the scope of its administrative authority under the 2008 Plan.

Eligibility. Officers and employees, non-employee members of our board of directors (or the board of our parent or subsidiary), as well as independent consultants and contractors, in our employ or service or in the employ or service of our parent or subsidiary companies (whether now existing or subsequently established) are eligible to participate in the 2008 Plan. As of October 22, 2014, approximately 13 employees (including 7 executive officers) and 6 non-employee board members were eligible to participate in the 2008 Plan.

Securities Subject to 2008 Plan. Subject to the capitalization adjustments described below, an aggregate of 4,917,670 shares of our common stock have been reserved for issuance over the term of the 2008 Plan. In addition, on January 1 of each calendar year during the term of the 2008 Plan, beginning with the calendar year 2015, the 2008 Plan share reserve will automatically increase by 5% of the fully-diluted shares of common stock outstanding on the immediately preceding December 31, up to a maximum of 1,500,000 shares per year. To the extent any options or restricted stock units outstanding under the predecessor 1998 Plan on the effective date of the 2008 Plan subsequently terminate unexercised or without the issuance of shares, the number of shares of common stock subject to those terminated options and restricted stock units will be added to the share reserve available for issuance under the 2008 Plan, up to an additional 10,000 shares.

The maximum number of shares of common stock which may be issued pursuant to options intended to qualify as incentive stock options under the federal tax laws shall be limited to 4,917,670 plus such number shall be increased each year by the increase in the share reserve under the evergreen feature described above, up to a maximum increase of 1,500,000 per year.

Awards made under the 2008 Plan will be subject to the following per-participant limitations in order to provide the plan administrator with the opportunity to structure one (1) or more of those awards as performance-based compensation under Section 162(m) of the Internal Revenue Code (“Section 162(m)”):

No participant in the 2008 Plan may receive in any single calendar year, (i) option grants and stand-alone stock appreciation rights for more than 500,000 shares of our common stock or (ii) direct stock issuances or other stock-based awards (other than option grants and stand-alone stock appreciation rights) for more than 500,000 shares of our common stock, subject to adjustment for subsequent stock splits, stock dividends and similar transactions. For awards measured in terms of cash dollars at the time of grant (whether payable in cash, shares of our common stock, or both), no participant in the 2008 Plan may receive awards with an aggregate dollar value in excess of \$1,000,000 in any one (1) calendar year, with such limitation to be measured at the time the award is made.

Stockholder approval of this proposal will also constitute re-approval of the foregoing limitations for purposes Section 162(m) of the Internal Revenue Code (the “Code”). The approved limitations are intended to ensure that any deductions to which we would otherwise be entitled upon the exercise of stock options or stock appreciation rights granted under the 2008 Plan will not be subject to the \$1,000,000 limitation on the income tax deductibility of compensation paid to each covered executive officer imposed under Code Section 162(m). In addition, shares issued pursuant to restricted stock, restricted stock units and other stock-based awards and payment of cash incentive awards and settlement of

performance units under the 2008 Plan may also qualify as performance-based compensation that is not subject to the Section 162(m) limitation, if the vesting of such awards is tied to the attainment of performance milestones based on one or more of the performance criteria discussed below and the other applicable requirements of Section 162(m) are satisfied. However, the plan administrator has complete discretion to determine whether or not awards under the 2008 Plan will be structured so as to comply with the applicable requirements for performance-based compensation under Code Section 162(m) and may make non-compliant awards as and when it believes that the circumstances and other relevant factors warrant.

There is the following additional limitation on grants of awards under the 2008 Plan: the number of shares subject outstanding awards on the grant date of any awards under the 2008 Plan (taking into account to be made on such grant date) may not exceed 25% of the fully-diluted outstanding equity of the Company, on an as-converted to common stock basis immediately following such grant.

The shares of common stock issuable under the 2008 Plan may be drawn from shares of our authorized but unissued common stock or from shares of our common stock that we acquire, including shares purchased on the open market or in private transactions.

Shares subject to outstanding awards under the 2008 Plan that expire or otherwise terminate prior to the issuance of the shares subject to those awards will be available for subsequent issuance under the 2008 Plan. Any unvested shares issued under the 2008 Plan that are subsequently forfeited or that we repurchase, at a price not greater than the original issue price paid per share, pursuant to our repurchase rights under the 2008 Plan will be added back to the number of shares reserved for issuance under the 2008 Plan and will accordingly be available for subsequent issuance.

In addition, the following share counting procedures will apply in determining the number of shares of common stock available from time to time for issuance under the 2008 Plan:

Should the exercise price of an option be paid in shares of our common stock, then the number of shares reserved for issuance under the 2008 Plan will be reduced by the net number of shares issued under the exercised option.

Should shares of common stock otherwise issuable under the 2008 Plan be withheld by us in satisfaction of the withholding taxes incurred in connection with the issuance, exercise or settlement of an award under the plan, then the number of shares of common stock available for issuance under the 2008 Plan will be reduced by the net number of shares actually issued after any such share withholding.

Upon the exercise of any stock appreciation right granted under the 2008 Plan, the share reserve will be reduced by the net number of shares actually issued upon such exercise.

Awards. The plan administrator has complete discretion to determine which eligible individuals are to receive awards, the time or times when those awards are to be granted, the number of shares or amount of payment subject to each such award, the vesting and exercise schedule (if any) to be in effect for the award, the cash consideration (if any) payable per share subject to the award and the form of payment in which the award is to be settled, the maximum term for which the award is to remain outstanding, the status of any granted option as either an incentive stock option or a non-statutory option under the federal tax laws, and with respect to performance-based awards, the amount payable at one or more levels of attained performance, the payout schedule and the form of payment.

Stock Options. Each granted option will have an exercise price per share determined by the plan administrator, but the exercise price will not be less than one hundred percent (100%) of the fair market value of the option shares on the grant date. No granted option will have a term in excess of ten (10) years. The shares subject to each option will generally vest in one or more installments over a specified period of service measured from the grant date or upon the achievement of pre-established performance objectives. However, one or more options may be structured so that they will be immediately exercisable for any or all of the option shares. The shares acquired under such immediately exercisable options will be subject to repurchase by us, at the lower of the exercise price paid per share or the fair market value per share, if the optionee ceases service prior to vesting in those shares. Payment of the exercise price may be made in cash or in shares of our common stock, through a cashless exercise procedure pursuant to which the

optionee effects a same-day exercise of the option and sale of the purchased shares through a broker in order to cover the exercise price for the purchased shares and the applicable withholding taxes and/or through a net exercise procedure pursuant to which the Company withholds a number of shares otherwise issuable upon exercise of the option having a value equal to the exercise price and applicable withholding taxes.

Upon cessation of service, the optionee will have a limited period of time in which to exercise his or her outstanding options to the extent exercisable for vested shares. The plan administrator will have complete discretion to extend the period following the optionee's cessation of service during which his or her outstanding options may be exercised, provide for continued vesting during the applicable post-service exercise period and/or accelerate the exercisability or vesting of options in whole or in part. Such discretion may be exercised at any time while the options remain outstanding,

Stock Appreciation Rights. The 2008 Plan allows the issuance of two types of stock appreciation rights:

Tandem stock appreciation rights granted in conjunction with options which provide the holders with the right to surrender the related option grant for an appreciation distribution from us in an amount equal to the excess of (i) the fair market value of the vested shares of our common stock subject to the surrendered option over (ii) the aggregate exercise price payable for those shares.

Stand-alone stock appreciation rights which allow the holders to exercise those rights as to a specific number of shares of our common stock and receive in exchange an appreciation distribution from us in an amount equal to the excess of (i) the fair market value of the shares of common stock as to which those rights are exercised over (ii) the aggregate exercise price in effect for those shares. The exercise price per share may not be less than the fair market value per share of our common stock on the date the stand-alone stock appreciation right is granted, and the right may not have a term in excess of ten (10) years.

The appreciation distribution on any exercised stock appreciation right will be paid in (i) cash, (ii) shares of our common stock or (iii) a combination of cash and shares of our common stock. Upon cessation of service with us, the holder of a stock appreciation right will have a limited period of time in which to exercise that right to the extent exercisable at that time. The plan administrator has complete discretion to extend the period following the holder's cessation of service during which his or her outstanding stock appreciation rights may be exercised, provide for continued vesting during the applicable post-service exercise period and/or accelerate the exercisability or vesting of stock appreciation rights in whole or in part. Such discretion may be exercised at any time while the stock appreciation rights remain outstanding.

Repricing Prohibition. The plan administrator may not implement any of the following repricing programs without obtaining stockholder approval: (i) the cancellation of outstanding options or stock appreciation rights in return for new options or stock appreciation rights with a lower exercise price per share, (ii) the cancellation of outstanding options or stock appreciation rights with exercise prices per share in excess of the then current fair market value per share of our common stock for consideration payable in our equity securities or (iii) the direct reduction of the exercise price in effect for outstanding options or stock appreciation rights.

Stock Awards and Restricted Stock Units. Shares of our common stock may be issued under the 2008 Plan subject to performance or service vesting requirements established by the plan administrator or as a fully-vested bonus for past services without any cash outlay required of the recipient. Shares of our common stock may also be issued under the 2008 Plan pursuant to restricted stock units which entitle the recipients to receive those shares upon the attainment of designated performance goals or the completion of a prescribed service period or upon the expiration of a designated time period following the vesting of those units, including (without limitation), a deferred distribution date following the termination of the recipient's service with us.

In order to assure that the compensation attributable to one or more stock awards or restricted stock units will qualify as performance-based compensation which will not be subject to the \$1 million limitation on the income tax deductibility of the compensation paid per executive officer which is imposed under Code Section 162(m), the plan administrator will have the discretionary authority to structure one or more such awards so that the shares of common

stock subject to those awards will vest only upon the achievement of certain pre-established corporate performance goals based on one or more of the following criteria: (i) pre-tax or after-tax earnings, profit or net income, (ii) revenue or revenue growth, (iii) earnings per share, (iv) return on assets, capital or stockholder equity, (v) total stockholder return, (vi) gross or net profit margin, (vii) cash flow, (viii) earnings or operating income before interest, taxes, depreciation, amortization and/or charges for stock-based compensation, (ix) market share, (x) increases in customer base, (xi) operating income, net operating income or net operating income after recorded tax expense; (xii) operating profit, net operating profit or net operating profit after recorded tax expense, (xiii) operating margin, (xiv) cost reductions or other expense control objectives, (xv) market price of our common stock, whether measured in absolute terms or in relationship to earnings or operating income, (xvi) budget objectives, (xvii) working capital, (xviii) mergers, acquisitions or divestitures or (xix) measures of customer satisfaction. Each performance criteria may be based upon the attainment of specified levels of our performance under one or more of the measures described above relative to the performance of other entities and may also be based on the performance of any of our business units or divisions or any parent or subsidiary. Each applicable performance goal may include a minimum threshold level of performance below which no award will be earned, levels of performance at which specified portions of an award will be earned and a maximum level of performance at which an award will be fully earned. Each applicable performance goal may be structured at the time of the award to provide for appropriate adjustment for one or more of the following items: (A) asset impairments or write-downs; (B) litigation judgments or claim settlements; (C) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; (D) accruals for reorganization and restructuring programs; (E) any extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in our annual report to stockholders for the applicable year; (F) the operations of any business acquired by us or any parent or subsidiary or of any joint venture in which we or any parent or subsidiary participate; (G) the divestiture of one or more business operations or the assets thereof; or (H) the costs incurred in connection with such acquisitions or divestitures.

Stockholder approval of this proposal will also constitute re-approval of the foregoing performance goals for purposes of establishing the vesting targets for one or more awards under the 2008 Plan that are intended to qualify as performance-based compensation under Section 162(m).

Should the participant cease to remain in service while holding one or more unvested shares or should the performance objectives not be attained with respect to one or more such unvested shares, then those shares will be immediately susceptible for cancellation. Outstanding restricted stock units will automatically terminate, and no shares of our common stock will actually be issued in satisfaction of those awards, if the performance goals or service requirements established for such awards are not attained. The plan administrator, however, will have the discretionary authority to issue shares of our common stock in satisfaction of one or more outstanding awards as to which the designated performance goals or service requirements are not attained. However, no vesting requirements tied to the attainment of performance objectives may be waived with respect to awards which were intended at the time of issuance to qualify as performance-based compensation under Section 162(m), except in the event of a change in control, as described under the heading “General Provisions – *Vesting Acceleration*.”

Cash Incentive Awards. Cash incentive awards vest over an eligible individual’s designated service period or upon the attainment of pre-established performance goals. Cash awards which become due and payable following the attainment of the applicable performance goal and satisfaction of any service period may be paid in cash and/or shares of our common stock.

In order to assure that the compensation attributable to one or more cash awards will qualify as performance-based compensation which will not be subject to the \$1 million limitation on the income tax deductibility of the compensation paid per executive officer which is imposed under Code Section 162(m), the plan administrator has the discretionary authority to structure one or more awards so that cash or shares of common stock subject to those awards will vest only upon the achievement of certain pre-established corporate performance goals based on one or more of the performance goals described above in the summary of “Stock Awards and Restricted Stock Units”.

The plan administrator has the discretionary authority at any time to accelerate the vesting of any and all cash awards. However, no vesting requirements tied to the attainment of performance objectives may be waived with respect to awards which were intended at the time of issuance to qualify as performance-based compensation under Section 162(m), except in the event of a change in control as described under the heading “General Provisions – *Vesting Acceleration*.”

Performance Units. A performance unit represents a participating interest in a special bonus pool tied to the attainment of pre-established corporate performance objectives based on one or more performance goals described above in the summary of “Stock Awards and Restricted Stock Units”. The amount of the bonus pool may vary with the level at which the applicable performance objectives are attained, and the value of each performance unit which becomes due and payable upon the attained level of performance will be determined by dividing the amount of the

resulting bonus pool (if any) by the total number of performance units issued and outstanding at the completion of the applicable performance period.

Performance units may also be structured to include a service-vesting requirement which the participant must satisfy following the completion of the performance period in order to vest in the performance units awarded with respect to that performance period.

Performance units which become due and payable following the attainment of the applicable performance objectives and the satisfaction of any applicable service-vesting requirement may be paid in cash and/or shares of our common stock valued at fair market value on the payment date.

The plan administrator will have the discretionary authority at any time to accelerate the vesting of any and all performance units. However, no vesting requirements tied to the attainment of performance objectives may be waived with respect to awards which were intended at the time of issuance to qualify as performance-based compensation under Section 162(m), except in the event of a change in control as described under the heading “General Provisions – *Vesting Acceleration*.”

Dividend Equivalent Rights. Dividend equivalent rights may be issued as stand-alone awards or in tandem with other awards made under the 2008 Plan. Each dividend equivalent right award will represent the right to receive the economic equivalent of each dividend or distribution, whether in cash, securities or other property (other than shares of our common stock) which is made per issued and outstanding share of common stock during the term the dividend equivalent right remains outstanding. Payment of the amounts attributable to such dividend equivalent rights may be made either concurrently with the actual dividend or distribution made per issued and outstanding share of our common stock or may be deferred to a later date. Payment may be made in cash or shares of our common stock.

Stock Awards

The following table sets forth, as to each person who served as our Chief Executive Officer, our Chief Financial Officer, our other named executive officers (as identified in the Summary Compensation Table, which appears elsewhere in this proxy statement) and the other individuals and groups indicated, the number of shares of our common stock subject to option grants made under the 2008 Plan from July 1, 2013 through June 30, 2014, together with the weighted average exercise price per share in effect for the option grants made during such period.

Name and Position	Number of Shares	Weighted Average
	Underlying Options Granted ⁽¹⁾	Exercise Price Per Share (\$)
Ronald A. Martell, Chief Executive Officer	400,000	\$ 2.66
Leslie J. Browne, Ph.D., President	17,230	\$ 5.40
Vaughn Smider, M.D., Ph.D.	-	-
Joel Brooks, Chief Financial Officer, Secretary and Treasurer	9,850	\$ 5.40
All current named executive officers as a group (4 persons)	427,080	\$ 2.83
Directors:		
Harlan W. Waksal, M.D.	27,232	\$ 3.28
Phillip Frost, M.D.	-	-

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Christopher Forbes	20,644	\$ 3.18
John Braca	24,784	\$ 3.16
David Rector	24,784	\$ 3.16
Steven Rubin	-	-
All current non-employee directors as a group (6 persons)	97,444	\$ 3.20
All employees, including current officers who are not named executive officers, as a group (9 persons)	151,504	\$ 2.83

(1) This number does not include options granted but later forfeited as a result of failure to achieve certain performance milestones.

New Plan Benefits

No awards have been made under the 2008 Plan on the basis of the share increase subject to stockholder approval under this proposal.

General Provisions

Vesting Acceleration. In the event we should experience a change in control, the following special vesting acceleration provisions is in effect for all outstanding awards under the 2008 Plan:

Each outstanding option, stock appreciation right, stock award and restricted stock unit award will automatically accelerate in full upon a change in control, if that award is not assumed, substituted, replaced with a cash retention program that preserves the intrinsic value of the award and provides for subsequent payout in accordance with the same vesting schedule applicable to the award or otherwise continued in effect by the successor corporation.

The plan administrator has complete discretion to grant one or more awards which will vest in the event the individual's service with us or the successor entity is terminated within a designated period following a change in control transaction in which those awards are assumed or otherwise continued in effect.

The plan administrator has the discretion to structure one or more awards so that those awards will immediately vest upon a change in control, whether or not they are to be assumed or otherwise continued in effect.

Unless the plan administrator establishes a different definition for one or more awards, a change in control will be deemed to occur for purposes of the 2008 Plan in the event (a) we are acquired by merger or asset sale or (b) there occurs any transaction (or series of related transactions within the twelve (12)-month period ending with the most recent acquisition) pursuant to which any person or group of related persons becomes directly or indirectly the beneficial owner of securities possessing (or convertible into or exercisable for securities possessing) fifty percent (50%) or more of the total combined voting power of our outstanding securities or (c) there is a change in the majority of the board effected through one or more contested elections for board membership.

The plan administrator's authority above extends to any awards intended to qualify as performance-based compensation under Section 162(m), even though the accelerated vesting of those awards may result in their loss of performance-based status under Section 162(m).

Changes in Capitalization. In the event any change is made to the outstanding shares of our common stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction or other change in corporate structure effected without our receipt of consideration or should the value of our outstanding shares of common stock be substantially reduced by reason of a spin-off transaction or extraordinary dividend or distribution or should there occur any merger, consolidation or other reorganization, equitable adjustments will be made to: (i) the maximum number and/or class of securities issuable under the 2008 Plan; (ii) the maximum number and/or class of securities by which the share reserve may increase by reason of the expiration or termination of unexercised options or restricted stock units under the 1998 Plan, (iii) the maximum number and/or class of securities by which the share reserve may increase annually under the automatic share increase provisions of the 2008 Plan; (iv) the maximum number and/or class of securities for which incentive stock options may be granted under the 2008 Plan; (v) the maximum number and/or class of securities for which any one (1) person may be granted common stock-denominated awards under the 2008 Plan per calendar year; (vi) the number and/or class of securities and the exercise price per share in effect for outstanding options and stock appreciation rights and (vii) the number and/or class of securities subject to each outstanding stock award, restricted stock uni