

CLEVELAND BIOLABS INC  
Form PRE 14A  
February 24, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**Cleveland BioLabs, 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):

- x 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:
  
  
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3) Filing party:

4) Date Filed:

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**PRELIMINARY PROXY STATEMENT    SUBJECT TO COMPLETION**

March [    ], 2015

To Our Stockholders:

You are cordially invited to attend the 2015 annual meeting of stockholders of Cleveland BioLabs, Inc. to be held at 10:00 a.m. Eastern Time on April 14, 2015 at the company's headquarters, 73 High Street, Buffalo, NY 14203. Details regarding the meeting, the business to be conducted at the meeting, and information about Cleveland BioLabs, Inc. that you should consider when you vote your shares are described in this proxy statement.

At the annual meeting, seven persons will be elected to our Board of Directors. In addition, we will ask stockholders to ratify the selection of Meaden & Moore, Ltd. as our independent registered public accounting firm for our fiscal year ending December 31, 2015, to approve on an advisory basis the compensation of our named executive officers, as disclosed in this proxy statement, to authorize the issuance of 20% or more of our common stock outstanding upon conversion of the Preferred Stock, exercise of Series B Pre-Funded Warrants and exercise of Series A Warrants, including shares of our common stock issuable due to certain adjustments to the conversion price of the Preferred Stock and the exercise price of the Series B Pre-Funded Warrants and the Series A Warrants, to approve the Third Amendment to our Equity Incentive Plan (the "Equity Plan"), a copy of which is attached as Appendix A to this proxy statement, to increase the number of shares of common stock available under the plan by 150,000 and to revise the maximum number of shares that may be covered by a grant under the Equity Plan to any one Participant in any calendar year to 100,000, and to approve the First Amendment to the Employee Stock Purchase Plan (the "ESPP"), a copy of which is attached as Appendix D to this proxy statement, to increase the number of shares of common stock authorized to be issued under the ESPP by 100,000 shares and to increase the number of shares added to the plan annually to 100,000. **The Board of Directors recommends a vote for each of the seven nominees to our Board of Directors and the approval of each of the five additional proposals.** Such other business will be transacted as may properly come before the annual meeting.

We hope you will be able to attend the annual meeting. Whether you plan to attend the annual meeting or not, it is important that you cast your vote either in person or by proxy. Regardless of the number of shares you own, please vote your shares as soon as possible. For your convenience, electronic voting is available. Please follow the instructions on the enclosed proxy card to cast your vote via the Internet or by a toll free number. Electronic voting is fast and easy. When you have finished reading the proxy statement, you are urged to vote in accordance with the instructions set forth in this proxy statement. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting, whether or not you can attend.

Thank you for your continued support of Cleveland BioLabs, Inc. We look forward to seeing you at the annual meeting.

Sincerely,

YAKOV KOGAN  
*Chief Executive Officer*

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March [ ], 2015

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**

TIME: 10:00 a.m. Eastern Time

DATE: April 14, 2015

PLACE: Cleveland BioLabs, Inc.

73 High Street

Buffalo, New York 14203

**PURPOSES:**

1. To elect seven directors to serve one-year terms expiring at the 2016 Annual Meeting;
2. To ratify the appointment of Meaden & Moore, Ltd. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015;
3. To approve by an advisory vote the compensation of our named executive officers;
4. To authorize the issuance of 20% or more of our common stock outstanding upon conversion of the Preferred Stock, exercise of Series B Pre-Funded Warrants and exercise of Series A Warrants, including shares of our common stock issuable due to certain adjustments to the conversion price of the Preferred Stock and the exercise price of the Series B Pre-Funded Warrants and the Series A Warrants;
5. To approve the Third Amendment to the Cleveland BioLabs, Inc. Equity Incentive Plan (the Equity Plan), a copy of which is attached as Appendix A to this proxy statement, to increase the number of shares of common stock authorized to be issued under the Equity Plan by 150,000 shares and to revise the maximum number of shares that may be covered by a grant under the Equity Plan to any one Participant in any calendar year to 100,000;
6. To approve the First Amendment to the Employee Stock Purchase Plan (the ESPP), a copy of which is attached as Appendix D to this proxy statement, to increase the number of shares of common stock authorized to be issued under the ESPP by 100,000 shares and to increase the number of shares added to the plan annually to 100,000; and,
7. To transact such other business that is properly presented at the annual meeting and any adjournments or postponements thereof.

**WHO MAY VOTE:**

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You may vote if you were the record owner of Cleveland BioLabs, Inc. common stock at the close of business on March 5, 2015, the record date. With regard to Proposal 4 of this proxy statement, the vote of the 572,205 shares of our common stock issued in our financing announced on February 4, 2015, will not be counted in determining whether or not this proposal is approved. A list of stockholders of record will be available at the annual meeting and, during the 10 days prior to the annual meeting, at our principal executive offices located at 73 High Street, Buffalo, New York 14203.

All stockholders are cordially invited to attend the annual meeting. Whether you plan to attend the annual meeting or not, we urge you to vote and submit your proxy by Internet, telephone or mail in order to ensure the presence of a quorum. You may change or revoke your proxy at any time before it is voted at the meeting.

BY ORDER OF THE BOARD OF  
DIRECTORS

Leah Brownlee, J.D.  
Corporate Secretary  
Buffalo, New York

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION**

**Cleveland BioLabs, Inc.**

**73 High Street**

**Buffalo, New York 14203**

**(716) 849-6810**

**PROXY STATEMENT FOR THE CLEVELAND BIOLABS, INC.**

**2015 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON**

**TUESDAY, APRIL 14, 2015**

This proxy statement, along with the accompanying notice of the 2015 Annual Meeting of Stockholders, contains information about the 2015 Annual Meeting of Stockholders of Cleveland BioLabs, Inc., including any adjournments or postponements of the annual meeting. We are holding the annual meeting at 10:00 a.m. Eastern Time, on April 14, 2015, at the company's headquarters, 73 High Street, Buffalo, New York 14203.

In this proxy statement, we refer to Cleveland BioLabs, Inc. as Cleveland BioLabs, CBLI, the Company, we, us or our.

This proxy statement relates to the solicitation of proxies by our Board of Directors for use at the annual meeting.

On or about March [ ], 2015, we will begin sending this proxy statement, the attached Notice of Annual Meeting of Stockholders and the enclosed proxy card to all stockholders entitled to vote at the annual meeting. Although not part of this proxy statement, we are also sending, along with this proxy statement, our 2014 annual report, which includes our financial statements on Form 10-K for the fiscal year ended December 31, 2014.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
STOCKHOLDER MEETING TO BE HELD ON APRIL 14, 2015**

**This proxy statement and our 2014 annual report to stockholders are available for viewing, printing and downloading at <http://www.cstproxy.com/cbiolabs/2015>. To view these materials, please follow the instructions on the website or the proxy card you received. On this website, you can also elect to receive future distributions of our proxy statements and annual reports to stockholders by electronic delivery.**

**Additionally, you can find a copy of our Annual Report on Form 10-K, which includes our financial statements for the fiscal year ended December 31, 2014 on the website of the Securities and Exchange Commission, or the SEC, at [www.sec.gov](http://www.sec.gov), or in the Investors section of our website at [http://irdirect.net/CBLI/corporate\\_documents?group=2](http://irdirect.net/CBLI/corporate_documents?group=2). You may also obtain a printed copy of our Annual Report on Form 10-K, including our financial statements, free of charge, from us by sending a written request to:**

**Cleveland BioLabs, Inc.**

**73 High Street**

**Buffalo, New York 14203**

**Attention: Corporate Secretary**

**Exhibits will be provided upon written request and payment of an appropriate processing fee.**

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**IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**Why is the Company soliciting my proxy?**

The Board of Directors of Cleveland BioLabs, Inc. (the Board) is soliciting your proxy to vote at the 2015 Annual Meeting of Stockholders to be held at the Company's headquarters located at 73 High Street, Buffalo, New York 14203, on April 14, 2015, at 10:00 a.m., Eastern Time, and any adjournments or postponements of the meeting, which we refer to as the Annual Meeting. The proxy statement along with the accompanying Notice of Annual Meeting of Stockholders summarizes the purposes of the meeting and the information you need to know to vote at the Annual Meeting.

We have sent you this proxy statement, the Notice of Annual Meeting of Stockholders, the proxy card, and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 because you owned shares of Cleveland BioLabs, Inc. common stock on March 5, 2015, the record date. The Company intends to commence distribution of the proxy materials to stockholders on or about March [ ], 2015.

**Who can vote?**

Only stockholders who owned our common stock at the close of business on March 5, 2015 (the record date) are entitled to vote at the Annual Meeting. On the record date, there were [ ] shares of our common stock outstanding and entitled to vote. Our common stock is our only class of voting stock.

You do not need to attend the Annual Meeting to vote your shares. Shares represented by valid proxies, received in time for the Annual Meeting and not revoked prior to the Annual Meeting, will be voted at the Annual Meeting. For instructions on how to change or revoke your proxy, see May I change or revoke my proxy? below.

**Who can attend the Annual Meeting?**

All stockholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting. Seating will be limited.

**What do I need to present for admission to the Annual Meeting?**

You will need to present proof of your record or beneficial ownership of common stock, such as a bank or brokerage account statement, and a form of personal identification to be admitted to the Annual Meeting.

**No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.**

**How many votes do I have?**

Each share of our common stock that you own entitles you to one vote.

**How do I vote?**

Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via Internet or telephone. You may specify whether your shares should

be voted for or against all, some or none of the nominees for director and whether your shares should be voted for, against or abstain with respect to each of the other proposals. If you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the Board's

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recommendations as noted below. Voting by proxy will not affect your right to attend the Annual Meeting. If your shares are registered directly in your name through our stock transfer agent, Continental Stock Transfer & Trust Company, or you have stock certificates registered in your name, you may vote:

**By Internet or by telephone.** Follow the instructions included in the proxy card to vote by Internet or telephone.

**By mail (if you received a paper copy of the proxy materials by mail).** Please sign, date and promptly mail the enclosed proxy card in the postage-paid envelope that has been provided to you.

**In person at the meeting.** If you attend the Annual Meeting, you may deliver a completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

**Telephone and Internet voting facilities for stockholders of record will be available 24-hours a day and will close at 7:00 p.m. Eastern Time on April 13, 2015.**

If your shares are held in street name (held in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Telephone and Internet voting also may be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the Annual Meeting in order to vote.

If you have any questions or require any additional information concerning this Proxy Statement, please contact Alliance Advisors at the address set forth below.

**ALLIANCE ADVISORS LLC**

**200 Broadacres Drive, 3<sup>rd</sup> Floor**

**Bloomfield, NJ 07003**

**Banks and Brokers Call Collect: (973) 873-7721**

**Stockholders Call Toll Free: (855) 928-4491**

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

If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered, with respect to those shares, a stockholder of record. This proxy statement, the notice of annual meeting, the proxy card, and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 have been sent directly to you by us.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. This proxy statement, the notice of annual meeting, the proxy card, and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or on the Internet.

**Have other candidates been nominated for election as directors at the Annual Meeting?**

Yes. One of our stockholders, Mikhail Mogutov, has notified us that he proposes to nominate himself and seven other individuals, including Elena Kasimova, one of our current directors, for election as directors to our Board of Directors at the Annual Meeting. Our Board does not endorse any of these nominees, other than Elena Kasimova, and recommends that you vote FOR the election of all the nominees proposed by our Board by using the WHITE proxy card accompanying this Proxy Statement. Even though we have received notice of Mr. Mogutov's proposal to nominate these eight individuals, it is possible that he may withdraw his proposal prior to the Annual Meeting. Additionally, the Board is investigating whether the nominations were properly

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made pursuant to our Restated Certificate of Incorporation, as amended (our Certificate of Incorporation ), and Second Amended and Restated By-Laws (our By-laws ) and applicable Delaware law. Our Board strongly urges you not to sign or return any proxy card sent to you by Mikhail Mogutov or his representatives, which would be on a [ ] proxy card. If you have previously submitted a proxy card sent to you by the Mikhail Mogutov, you can revoke that proxy and vote for our Board s nominees and on the other matters to be voted on at the Annual Meeting by using the enclosed WHITE proxy card and issuing a later-dated vote.

**How does the Board recommend that I vote on the proposals?**

The Board recommends that you vote as follows:

**FOR** the election of the nominees for director;

**FOR** the ratification of the selection of Meaden & Moore, Ltd. as our independent registered public accounting firm for our fiscal year ending December 31, 2015;

**FOR** the compensation of our named executive officers, as disclosed in this proxy statement (advisory vote);

**FOR** the authorization of the issuance of 20% or more of our common stock outstanding upon conversion of the Preferred Stock, exercise of Series B Pre-Funded Warrants and exercise of Series A Warrants, including shares of our common stock issuable due to certain adjustments to the conversion price of the Preferred Stock and the exercise price of the Series B Pre-Funded Warrants and the Series A Warrants;

**FOR** the approval of the Third Amendment of the Cleveland BioLabs, Inc. Equity Incentive Plan (the Equity Plan ), a copy of which is attached hereto as Appendix A (the Amended Plan ), to increase the number of shares of common stock authorized to be issued under the Equity Plan by 150,000 shares and to revise the maximum number of shares that may be covered by a grant under the Equity Plan to any one Participant in any calendar year to 100,000; and

**FOR** the approval the First Amendment to the Employee Stock Purchase Plan (the ESPP ), a copy of which is attached as Appendix D to this proxy statement, to increase the number of shares of common stock authorized to be issued under the ESPP by 100,000 shares and to increase the number of shares added to the plan annually to 100,000.

If any other matter is presented at the Annual Meeting, your proxy provides that your shares will be voted by the proxy holder listed in the proxy in accordance with his best judgment. At the time this proxy statement was first made available, we knew of no matters that needed to be acted on at the Annual Meeting, other than those discussed in this proxy statement.

**May I change or revoke my proxy?**

If you give us your proxy, you may change or revoke it at any time before the Annual Meeting. You may change or revoke your proxy in any one of the following ways:

by signing a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;

by re-voting by Internet or by telephone as instructed above;

by notifying the Secretary of the Company in writing before the Annual Meeting that you have revoked your proxy; or

by attending the Annual Meeting in person and voting in person. Attending the Annual Meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the Annual Meeting that it be revoked.



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Your most current vote, whether by telephone, Internet or proxy card is the one that will be counted.

### **What if I receive more than one proxy card?**

You may receive more than one proxy card if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described above under "How do I vote?" for each account to ensure that all of your shares are voted.

### **Will my shares be voted if I do not vote?**

If your shares are registered in your name or if you have stock certificates, they will not be counted if you do not vote as described above under "How do I vote?". If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above, the bank, broker or other nominee that holds your shares has the authority to vote your non-voted shares only on the ratification of the appointment of our independent registered public accounting firm (Proposal 2 of this proxy statement) without receiving instructions from you. Therefore, we encourage you to provide voting instructions to your bank, broker or other nominee. This ensures your shares will be voted at the Annual Meeting and in the manner you desire.

A "broker non-vote" will occur if your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your broker chooses not to vote on a matter for which it does have discretionary voting authority.

### **What vote is required to approve each proposal and how are votes counted?**

#### **Proposal 1: Elect Directors**

The nominees for director who receive the most votes (also known as a plurality of the votes cast) will be elected. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of the directors. Brokerage firms do not have authority to vote customers' non-voted shares held by the firms in street name for the election of the directors. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

#### **Proposal 2: Ratify Selection of Independent Registered Public Accounting Firm**

The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to ratify the selection of our independent registered public accounting firm. Abstentions will have no effect on the results of this vote. Brokerage firms have authority to vote customers' non-voted shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent registered public accounting firm. However, if our stockholders do not ratify the selection of Meaden & Moore, Ltd. as our independent registered public accounting firm for 2015, our Audit Committee of our Board will reconsider its selection.

**Proposal 3: Approve an  
Advisory Vote on the  
Compensation of our Named  
Executive Officers**

The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to approve, on an advisory basis, the compensation of our named executive officers, as described in this proxy statement. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' non-voted shares held by the firms in street name on this proposal. As a result, any shares not

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<p><b>Proposal 4: Authorize the issuance of 20% or more of our common stock outstanding upon conversion of the Preferred Stock, exercise of Series B Pre-Funded Warrants and exercise of Series A Warrants, including shares of our common stock issuable due to certain adjustments to the conversion price of the Preferred Stock and the exercise price of the Series B Pre-Funded Warrants and the Series A Warrants</b></p>	<p>voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote. Although the advisory vote is non-binding, the Compensation Committee and the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.</p> <p>The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to authorize of the issuance of 20% or more of our common stock outstanding upon conversion of the Preferred Stock, exercise of Series B Pre-Funded Warrants and exercise of Series A Warrants, including shares of our common stock issuable due to certain adjustments to the conversion price of the Preferred Stock and the exercise price of the Series B Pre-Funded Warrants and the Series A Warrants. The vote of the 572,205 shares of our common stock issued in the relevant financing will not be counted in determining whether or not this proposal is approved. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' non-voted shares held by the firms in street name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.</p>
<p><b>Proposal 5: Approve the Third Amendment of the Cleveland BioLabs, Inc. Equity Incentive Plan (the Equity Plan ), a copy of which is attached hereto as Appendix A (the Amended Plan ), to increase the number of shares of common stock authorized to be issued under the Equity Plan by 150,000 shares and to revise the maximum number of shares that may be covered by a grant under the Equity Plan to any one Participant in any calendar year to 100,000.</b></p>	<p>The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to approve the Third Amendment to the Equity Plan. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' non-voted shares held by the firms in street name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.</p>
<p><b>Proposal 6: Approve the First Amendment to the Employee Stock Purchase Plan (the ESPP ), a copy of which is attached as Appendix D to this proxy statement, to increase the number of shares of common stock authorized to be issued under the ESPP by 100,000 shares and to increase</b></p>	<p>The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to approve the First Amendment to the ESPP. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' non-voted shares held by the firms in street name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.</p>

**the number of shares added to  
the plan annually to 100,000.**

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### **Could stockholders introduce other proposals to be voted on at the Annual Meeting?**

Yes. One of our stockholders, Mikhail Mogutov, has notified us that he proposes to present two proposals at the Annual Meeting: (i) a proposal to give stockholders holding at least 3% of our common stock the right to call for a special meeting of our stockholders, and (ii) a proposal to eliminate cash compensation and add limitations to the dollar value of options for our common stock that could be granted to a director for service on our Board of Directors. At this time, our Board does not endorse any of these proposals. Even though we have received notice that Mr. Mogutov plans to present these proposals, it is possible that he may withdraw these proposals prior to the Annual Meeting. Additionally, the Board is investigating whether the proposals were properly made pursuant to our Certificate of Incorporation, By-Laws, and applicable Delaware law. Our Board strongly urges you not to sign or return any proxy card sent to you by Mikhail Mogutov or his representatives, which would be on a [ ] proxy card. If you have previously submitted a proxy card sent to you by the Mikhail Mogutov, you can revoke that proxy and on the other matters to be voted on at the Annual Meeting by using the enclosed WHITE proxy card and issuing a later-dated vote.

### **Could other matters be decided at the Annual Meeting?**

As of the date of this proxy statement, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this proxy statement, including those described in the foregoing paragraph. If any other items or matters properly come before the Annual Meeting, the proxies received will be voted on those items or matters in accordance with the discretion of the proxy holders.

### **What are the costs of soliciting these proxies?**

We will pay all of the costs of soliciting these proxies. Our directors, and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their customers and to obtain authority to execute proxies. We will then reimburse them for their expenses. In addition, we have retained Alliance Advisors, LLC to assist in the distribution of proxy materials and the solicitation of proxies from brokerage first, banks, broker-dealers and other similar organizations representing beneficial owners of shares for the Annual Meeting. We have agreed to pay Alliance Advisors, LLC a fee of approximately \$6,000 plus out-of-pocket expenses. Alliance Advisors, LLC may be contacted by banks or brokers at (973) 873-7721 or by stockholders at (855) 928-4491.

### **What constitutes a quorum for the Annual Meeting?**

The presence, in person or by proxy, of the holders of a majority of the voting power of all outstanding shares of our common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Votes of stockholders of record who are present at the Annual Meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

### **Who are the persons selected by the Board to serve as proxies?**

Yakov Kogan and C. Neil Lyons, the persons named as proxies on the proxy card and voting instruction card accompanying this proxy statement, were selected by the Board to serve in such capacity. Yakov Kogan is the Chief Executive Officer of the Company and C. Neil Lyons is the Chief Financial Officer of the Company.

### **Who will count the vote?**

At the Annual Meeting, the results of stockholder voting will be tabulated by the inspector of elections appointed by us for the meeting.

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### **Is there a list of stockholders entitled to vote at the Annual Meeting?**

Yes. A list of stockholders entitled to vote at the Annual Meeting, arranged in alphabetical order, showing the address of and number of shares registered in the name of each stockholder, will be open to the examination of any stockholder, for any purpose germane to the Annual Meeting, during ordinary business hours, commencing April 3, 2015, and continuing through the date of the Annual Meeting, at our principal offices located at 73 High Street, Buffalo, New York 14203.

### **Can I access the Notice of Annual Meeting of Stockholders, Proxy Statement and Annual Report to Stockholders on the Internet?**

Our Annual Report to Stockholders for the year ended December 31, 2014, containing financial and other information pertaining to us, is being furnished to stockholders with this proxy statement. The notice of annual meeting of stockholders, proxy statement, proxy card, Form 10-K, and Annual Report to Stockholders are available on the Internet at <http://www.cstproxy.com/cbiolabs/2015> and are also available on our website at [www.cbiolabs.com](http://www.cbiolabs.com) under the link Investors.

### **Attending the Annual Meeting**

The Annual Meeting will be held at 10:00 a.m., Eastern Time, on April 14, 2015 at the Company's headquarters located at 73 High Street, Buffalo, New York 14203. When you arrive at the Company's headquarters, signs will direct you to the appropriate meeting rooms. You need not attend the Annual Meeting in order to vote.

### **Householding of annual disclosure documents**

SEC rules concerning the delivery of annual disclosure documents allow us or your broker to send a single set of our proxy materials to any household at which two or more of our stockholders reside, if we or your broker believe that the stockholders are members of the same family. This practice, referred to as householding, benefits both you and us. It reduces the volume of duplicate information received at your household and helps to reduce our expenses. The rule applies to our annual reports, proxy statements and information statements. Once you receive notice from your broker or from us that communications to your address will be householded, the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If your household received a single set of proxy materials this year, but you would prefer to receive your own copy, please contact our transfer agent, Continental Stock Transfer & Trust Company, by calling their toll free number, 1-866-894-0537.

If you do not wish to participate in householding and would like to receive your own set of proxy materials in future years, follow the instructions described below. Conversely, if you share an address with another stockholder of CBLI and together both of you would like to receive only a single set of proxy materials, follow these instructions:

If your shares are registered in your own name, please contact our transfer agent, Continental Stock Transfer & Trust Company, and inform them of your request by calling them at 1-866-894-0537 or writing them at 17 Battery Place, 8th Floor, New York, New York 10004, Attn: Proxy Department.

If a broker or other nominee holds your shares, please contact the broker or other nominee directly and inform them of your request. Be sure to include your name, the name of your brokerage firm and your account number.



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**Electronic Delivery of Company Stockholder Communications**

Most stockholders can elect to view or receive copies of future proxy materials over the Internet instead of receiving paper copies in the mail.

You can choose this option and save the Company the cost of producing and mailing these documents by Continental Stock Transfer & Trust Company:

following the instructions provided on your proxy card;

following the instructions provided when you vote over the Internet; or

going to <http://www.cstproxy.com/cbiolabs/2015> and following the instructions provided.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of February 13, 2015 for (a) the executive officers named in the Summary Compensation Table in the section titled Executive Officer and Director Compensation, (b) each of our directors and director nominees, and (c) all of our current directors and executive officers as a group. As of February 13, 2015, only the stockholders indicated in the table below beneficially owned more than 5% of our common stock. Beneficial ownership is determined in accordance with the rules of the Securities Exchange Commission and includes voting or investment power with respect to the securities. We deem shares of common stock that may be acquired by an individual or group within 60 days of February 13, 2015 pursuant to the exercise of options or warrants to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by these stockholders. Percentage of ownership is based on 3,435,354 shares of common stock outstanding on February 13, 2015.

<b>Name and Title</b>	<b>Outstanding Shares Beneficially Owned</b>	<b>Rights to Acquire Beneficial Ownership</b>	<b>Total Shares Beneficially Owned</b>	<b>Percent</b>
<b>Named Directors and Executive Officers</b>				
Julia R. Brown	5,824	3,750	9,574	*
Alexander Polinsky, Ph.D		1,750	1,750	*
James J. Antal	1,763	14,750	16,513	*
Daniel F. Hoth, Ph.D.		1,750	1,750	*
Richard S. McGowan, Esq.		16,215	16,215	*
Anthony J. Principi, J.D.	2,623	3,750	6,373	*
Randy S. Saluck, J.D., MBA (1)	8,975	5,000	13,975	*
Yakov Kogan, Ph.D., MBA (2)	35,367	42,984	78,351	2.25%
Andrei Gudkov, Ph.D., D. Sci.	75,869	31,782	107,651	3.10%
C. Neil Lyons, CPA	1,013	14,688	15,701	*
Elena Kasimova		250	250	*
All current executive officers and directors as a group (10 persons)	131,434	136,669	268,103	7.51%
<b>5% or greater shareholders</b>				
Sabby Management, LLC (4)	304,960	572,639	877,599	21.90%
Alpha Capital Anstalt (5)	286,103	416,911	703,014	18.25%
Mikhail Mogutov, Ph.D. (3)	264,318	132,159	396,477	11.11%

\* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

(1) Includes 4,750 shares and 3,750 shares of common stock that can be acquired through the exercise of options that are directly owned by Mr. Saluck. Also included are 4,225 shares and 1,250 shares issuable upon the exercise of warrants to purchase common stock, all of which are owned by Mortar Rock LP. Mr. Saluck has voting power and investment power over these shares and investment power over these shares and warrants as he is the

- Managing Member of Mortar Rock Capital Management, LLC which manages Mortar Rock LP.
- (2) Includes 36,782 shares issuable upon the exercise of options to purchase common stock. Also includes 6,202 shares of common stock underlying options to purchase common stock and 2,242 shares of common held by Ms. Leah Brownlee, who is employed by us as Executive Vice President - Compliance and Operations and Corporate Secretary. Dr. Kogan disclaims beneficial ownership over the shares beneficially owned directly by Ms. Brownlee. See Certain Relationships and Related Person Transactions.

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- (3) Mikhail Mogutov, Ph.D. reported sole voting and dispositive power with respect to 264,318 shares of our common stock and 132,159 shares of our common stock issuable upon exercise of warrants in a Schedule 13D filed with the SEC on July 2, 2014. The address of Mikhail Mogutov, Ph.D. is Stoloviy pereulok 6, Moscow, 121069, Russia.
- (4) Sabby Management, LLC, Sabby Healthcare Volatility Master Fund, Ltd. and Hal Mintz reported shared voting and dispositive power with respect to 174,583 shares of our common stock as of January 9, 2015 in a Schedule 13G filing with the SEC on January 9, 2015. Also includes (i) 143,051 shares of our common stock, 179.35 shares of our Series A Convertible Preferred Stock convertible into 59,784 shares of our common stock within 60 days of February 13, 2015, and Series B Pre - Funded Warrants to purchase 148,672 shares of our common stock exercisable within 60 days of February 13, 2015 purchased by Sabby Healthcare Volatility Master Fund, Ltd., in our February 2015 offering, which is described more fully in Proposal 4 and (ii) 143,051 shares of our common stock, 179.35 shares of our Series A Convertible Preferred Stock convertible into 59,784 shares of our common stock within 60 days of February 13, 2015, and Series B Pre-Funded Warrants to purchase 148,672 shares of our common stock exercisable within 60 days of February 13, 2015 purchased by Sabby Volatility Warrant Master Fund, Ltd. in our February 2015 offering. The address of Sabby Volatile Healthcare Fund, Ltd. and Sabby Volatility Warrant Master Fund, Ltd. is c/o Ogier Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands. The address of Sabby Management, LLC and Hal Mintz is 10 Mountainview Road, Suite 205, Upper Saddle River, New Jersey 07458. Pursuant to certain blocker provisions contained in the Certificate of Designation for the Series A Preferred Stock, the Series B Pre-Funded Warrants and certain other warrants, Sabby Healthcare Volatility Master Fund, Ltd., Sabby Volatility Warrant Master Fund, Ltd. and their affiliates may not convert the Series A Convertible Preferred Stock, the Series B Pre-Funded Warrants, or certain other warrants held by them to the extent such exercise would result in their holding of greater than 9.99% of the number of shares of our common stock outstanding immediately after giving effect to such exercise.
- (5) Includes 286,103 shares of our common stock, 358.7 shares of our Series A Convertible Preferred Stock convertible into 119,567 shares of our common stock, and Series B Pre-Funded Warrants to purchase 297,344 shares of our common stock purchased by Alpha Capital Anstalt in our February 2015 offering, which is described more fully in Proposal 4, and exercisable within 60 days of February 13, 2015. The address of Alpha Capital Anstalt is Pradafant 7, Furstentums 9490, Vaduz, Liechtenstein. Pursuant to certain blocker provisions contained in the Certificate of Designation for the Series A Preferred Stock and the Series B Pre-Funded Warrants, Alpha Capital Anstalt and its affiliates may not convert the Series A Convertible Preferred Stock or the Series B Pre-Funded Warrants to the extent such exercise would result in their holding of greater than 9.99% of the number of shares of our common stock outstanding immediately after giving effect to such exercise.

Table of Contents**MANAGEMENT AND CORPORATE GOVERNANCE****The Board of Directors**

On February 17, 2015, our Board accepted the recommendation of the Nominating and Corporate Governance Committee and voted to nominate James J. Antal, Andrei Gudkov, Ph.D., D.Sci., Elena Kasimova, Yakov Kogan, Ph.D., MBA, Richard S. McGowan, J.D., Anthony J. Principi, JD, and Randy S. Saluck, J.D., MBA for election at the Annual Meeting for a term of one year to serve until the 2016 Annual Meeting of Stockholders, and until their respective successors have been elected and qualified. Three members of our current Board, Julia R. Brown, Daniel F. Hoth, M.D. and Alexander Polinsky, Ph.D., will resign from the Board effective on April 14, 2015, following the expiration of their current terms and immediately prior to our Annual Meeting of Stockholders. Pursuant to and in accordance with our Restated Certificate of Incorporation, as amended, and Second Amended and Restated By-Laws, the Board of Directors has passed a resolution to decrease the size of the Board of Directors to seven effective immediately upon such resignations.

Set forth below are the names of all of the persons nominated to become our directors, their ages, their offices in the Company, if any, their principal occupations or employment for the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold or have held directorships during the past five years. Additionally, information about the specific experience, qualifications, attributes or skills that led to our Board's conclusion at the time of filing of this proxy statement that each nominee should serve as a director is set forth below.

<b>Name</b>	<b>Age</b>	<b>Position with the Company</b>
James J. Antal (1)	64	Director
Andrei Gudkov, Ph.D., D.Sci.	58	Director, Chief Scientific Officer
Elena Kasimova	32	Director
Yakov Kogan, Ph.D., MBA	41	Director, Chief Executive Officer
Richard S. McGowan, J.D. (2)	61	Director
Anthony J. Principi, J.D. (2) (3)	70	Director
Randy S. Saluck, J.D., MBA (1)	49	Director

(1) Member of the Audit Committee,

(2) Member of the Compensation Committee

(3) Member of the Nominating and Corporate Governance Committee.

**James J. Antal** Mr. Antal has served as one our directors since July 2006. Mr. Antal served as Chief Financial Officer of Experian Group Ltd. from 1996 to 2001 and as Chief Investment Officer from 2001 to 2002. Experian is a leading global provider of consumer and business credit information, direct marketing information services, and integrated customer relationship management processes. From 1997 to 2002, he also served on the board of directors of First American Real Estate Solutions, an Experian joint venture with First American Financial Corp. Starting in 2002, Mr. Antal served as an advisor to the board of directors for Plexus Vaccine, Inc., a biotech company, until it was acquired by SIGA Technologies in 2004. In December 2004, he joined the SIGA board of directors, and also currently serves on its audit and nominating and governance committees. From May 2004 to August 2005, he was engaged as the Chief Financial Advisor to the Black Mountain Gold Coffee Co. From July 2005 to August 2009, he served on a part-time basis as Chief Financial Officer of Pathway Data Inc., a privately-held company engaged in consumer credit notification and identity theft assistance services. Mr. Antal earned a Bachelor of Science degree in Business

Administration with an Accounting major from the Ohio State University in 1973. He became a Certified Public Accountant (Ohio) in 1975. Mr. Antal's experience in accounting and finance, particularly with respect to biotechnology companies and public reporting companies make him an important asset to our board and a qualified Audit Committee Chairman.

***Elena Kasimova*** Ms. Kasimova has served as one of our directors since January 2015. Ms. Kasimova has more than 10 years of experience in various financial positions with a focus on corporate finance and mergers

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and acquisitions. She has been Director of Strategy and Investment at BioProcess Capital Partners since 2010. Ms. Kasimova also currently serves on the Board of Directors of 7 biotechnological and pharmaceutical companies. Prior to this, she was a Vice President at NRG Private Equity, the management company of a private equity fund with over \$200 million in assets under management. From 2005 to 2008, Ms. Kasimova was Director of J&P Capital, the Corporate Finance and Investment Department of J & Partners Consulting, where she managed more than 50 corporate finance and investment projects. From 2003 to 2005, she served in various positions in the Financial Department at Ulyanovsk-GSM, a cellular operator, ending her tenure as Chief Economist. She holds degrees in investment management and linguistics from Ulyanovsk State University and is certified by the Russian state securities and exchange commission as an investment fund manager and executive. Ms. Kasimova was designated by Dr. Mikhail Mogutov to serve on our board pursuant to a Rights Agreement (the Rights Agreement ), which we entered into in June 2014. Pursuant to the Rights Agreement, Dr. Mogutov shall have the right to designate one director for nomination for election to the Board until such time when Dr. Mogutov and his affiliates no longer hold in the aggregate more than 3% of our issued and outstanding common stock.

***Richard S. McGowan, Esq.*** Mr. McGowan has served as one of our directors since June 2014. The Board has nominated Mr. McGowan to serve as chairman effective following the 2015 Annual Meeting of Stockholders. Such nomination is contingent on his election to serve on the Board for the next term. Mr. McGowan has been admitted to the practice of law in the states of Connecticut, New York and Massachusetts and numerous Federal Courts for over 30 years, retiring from active practice in 2010. From 1985 to 2009, Mr. McGowan specialized on a national level in the prosecution of mass tort pharmaceutical drug, product liability, and class action cases where he served on several Lead Plaintiff Committees and as Class Counsel, first as a Partner at Rheingold & McGowan, P.C., and then while Of Counsel for Weitz & Luxenberg, P.C. From 2000 to 2008, he was also a partner and President of SFB Holdings, a private investment company that sought to purchase and turn around sub-producing micro-cap companies. Since 2008, he has been involved as a private investor in micro-cap companies. He was an Instructor with the Intensive Trial Advocacy Program at the Cardozo Law School from 1986 to 2001. Mr. McGowan received a Bachelor's degree from the State University of New York at Stony Brook and a Juris Doctor degree from the University of Boston, School of Law. Mr. McGowan provides our board with stockholder perspective and in-depth legal expertise for both the pharmaceutical industry and micro-cap companies.

***Anthony J. Principi, J.D.*** Mr. Principi has served as one of our directors since April 2013. Mr. Principi serves as principal of The Principi Group, a consulting firm. From March to May 2005 and from 2006 through 2010, he was Senior Vice President of Government Relations of Pfizer, Inc. Prior to joining Pfizer, Inc., Mr. Principi served as Secretary of the U.S. Department of Veterans Affairs from 2001 through 2005. In 2005, he served as the Chairman of the Defense 2005 Base Realignment and Closure Commission. Prior to becoming Secretary of the U.S. Department of Veterans Affairs, Mr. Principi was President of QTC Medical Services Inc. from 1999 through 2001 and Senior Vice President of Lockheed Martin IMS from 1995 through 1996. Prior to joining Lockheed Martin IMS, Mr. Principi was Chief Counsel and Staff Director of the U.S. Senate Armed Services Committee from 1993 through 1994, and was Chief Counsel and Staff Director of the U.S. Senate Committee on Veterans Affairs from 1984 through 1988. Mr. Principi serves as a director and member of the corporate governance and compensation and evaluation committees of Mutual of Omaha. He is also a member of the board of directors of Engility Holdings, Inc. and is a member of its compensation and nominating/corporate governance committees. Mr. Principi serves as a director of A. T. Kearney and Onsite Health, Inc. He served as Executive Chairman of QTC Management, and was a director of Perot Systems Corporation. Mr. Principi received a Bachelor of Science from the U.S. Naval Academy and a Juris Doctor from Seton Hall University School of Law. Mr. Principi provides our board with expertise in public health and government affairs.

***Randy S. Saluck, J.D., MBA*** Mr. Saluck has served as one of our directors since May 2013. Mr. Saluck has been the Managing Member of Mortar Rock Capital Management, LLC and the Portfolio Manager of Mortar Rock Capital LP,

a value-oriented investment fund, since 2005. From 2002 to 2005, Mr. Saluck was a portfolio manager at the investment fund of Meisenbach Capital, LP and, from 2000 to 2002, Mr. Saluck was a senior



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analyst at Tyndall Partners, LLC, which invested in value-oriented equities and distressed debt. From 1999 to 2000, Mr. Saluck was an analyst at Highfields Capital Management, LLC, where he was responsible for special situations and risk arbitrage. Prior thereto, Mr. Saluck was an investment banker focused on mergers and acquisitions involving a variety of industries at Salomon Brothers Inc. Before becoming an investment banker, Mr. Saluck was a corporate and securities attorney, working at Cahill Gordon & Reindel LLP and then Tenzer Greenblatt LLP. As an attorney, Mr. Saluck worked with numerous small capitalization companies assisting them in the execution of their financing and strategic plans. He received a Bachelor's degree from the University of Pennsylvania, a Juris Doctor degree from the University of Virginia and an MBA from the Wharton School of the University of Pennsylvania with a concentration in finance and accounting. Mr. Saluck currently serves on the Board of Directors of the Connecticut Region of the Anti-Defamation League. Mr. Saluck provides our board with stockholder perspective and experience in public finance and investor relationships.

***Yakov Kogan, Ph.D., MBA*** Dr. Kogan has served as one of our directors since our inception in June 2003. Dr. Kogan has served as our Chief Executive Officer since June 2012. Previously, he served as our Chief Operating Officer from February 2008 until June 2012 and as our Interim Chief Executive Officer from January 2012 until June 2012. Dr. Kogan also served as our Executive Vice President of Business Development from our inception until February 2008. From 2002 to 2003, he was Director for Business Development at Integrated Genomics where he was responsible for commercial sales and expansion of the company's capital base. Prior to his tenure in business development, Dr. Kogan worked as a Group Leader/Senior Scientist at Integrated Genomics and ThermoGen, Inc. and as Research Associate at the University of Chicago. Dr. Kogan holds a Ph.D. degree in Molecular Biology from All-Union Research Institute of Genetics and Selection of Industrial Microorganisms (VNIIGenetika) (Moscow, Russia), as well as an MBA degree from the University of Chicago Graduate School of Business. Dr. Kogan's day-to-day leadership as Chief Executive Officer provides our board with intimate knowledge of our operations.

***Andrei Gudkov, Ph.D., D. Sci.*** Dr. Gudkov has served as one of our directors and as our Chief Scientific Officer since our inception in June 2003. Since 2007, Dr. Gudkov has served as Senior Vice President of Basic Science and Chairman of the Department of Cell Stress Biology at Roswell Park Cancer Institute. From 2001 to 2007, he was Chairman of the Department of Molecular Biology at the Lerner Research Institute at the Cleveland Clinic and Professor of Biochemistry at Case Western Reserve University. Prior to this, he was a tenured faculty member in the Department of Molecular Genetics at the University of Illinois at Chicago, where his lab concentrated on the development of new functional gene discovery methodologies and the identification of new candidate cancer treatment targets. Before immigrating to the United States in 1990, Dr. Gudkov worked at The National Cancer Research Center in Moscow, where he led a broad research program focused on virology and cancer drug resistance. Dr. Gudkov holds a Ph.D. in Experimental Oncology from the Cancer Research Center (Moscow, Russia). Dr. Gudkov provides our board with invaluable insight into the scientific direction of the Company.

**Committees of the Board of Directors and Meetings**

The Board has established an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee, each comprised entirely of directors who are independent as that concept is defined in the corporate governance listing requirements of the NASDAQ Marketplace Rules. Each Committee has a written charter that is posted on our website, [www.cbiolabs.com](http://www.cbiolabs.com), under the link "Investors" and the section therein entitled "Corporate Governance".

Each of Mses. Brown and Kasimova, Drs. Hoth and Polinsky, and Messrs. Antal, McGowan, Principi and Saluck is independent under The NASDAQ Marketplace Rules and the Securities Exchange Act of 1934 (the "Exchange Act").

*Meeting Attendance.* The Board has adopted a policy specifying that it is the responsibility of each director to attend all meetings of the Board and all meetings of the committees of the Board on which he or she serves.

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During the fiscal year ended December 31, 2014, there were ten meetings of our Board. No director attended fewer than 75% of the total number of meetings of the Board and of committees of the Board on which he or she served during fiscal year 2014.

The Board has adopted a policy requiring that each director makes every effort to attend each annual meeting of stockholders. The seven directors up for election attended our annual meeting of stockholders held in 2014.

It is also the policy of the Board to hold executive sessions of non-employee directors at each regularly scheduled Board meeting and, if any of the non-employee directors are not independent, to hold executive sessions of the independent directors at least twice per year. Each of the non-employee directors in fiscal year 2014 was determined by the Board to be independent.

*Audit Committee.* Our Audit Committee met fourteen times during fiscal year 2014. This committee currently has three members, Messrs. Antal (Chair), Saluck and Dr. Polinsky. Dr. Polinsky will resign from the Audit Committee on April 14, 2015 immediately prior to the Annual Meeting of Stockholders when his current term as a director expires.

All members of the Audit Committee satisfy the current independence standards promulgated by the Securities and Exchange Commission and by The NASDAQ Stock Market, as such standards apply specifically to members of audit committees. The Board has determined that Mr. Antal is an audit committee financial expert, as the Securities and Exchange Commission has defined that term in Item 407 of Regulation S-K. Please also see the report of the Audit Committee set forth elsewhere in this proxy statement.

The Audit Committee generally has direct responsibility and oversight for our accounting policies and internal controls, financial reporting practices, and legal and regulatory compliance. More specifically, the Audit Committee has responsibility to review and discuss the annual audited financial statements and disclosures with management and our independent registered public accounting firm, or our independent auditor; review the financial statements and disclosures provided in our quarterly and periodic reports with management and the independent auditor; and oversee the external audit coverage, including appointment and replacement of the independent auditor and pre-approval of all audit and non-audit services to be performed by the independent auditor.

*Compensation Committee.* Our Compensation Committee met nine times during fiscal year 2014. This committee currently has three members, Ms. Brown (Chair), Messrs. McGowan and Principi. Ms. Brown will resign from the Compensation Committee on April 14, 2015 immediately prior to the Annual Meeting of Stockholders when her current term as a director expires.

The Compensation Committee determines and approves the compensation level of executive officers based on an evaluation of their performance in light of our goals and objectives. The Compensation Committee also considers our performance and relative stockholder return, the level and value of similar incentive awards prevalent in the industry, and awards given to executive officers in past years. The Compensation Committee also has the authority to recommend to the Board compensation for directors and the form of this compensation. The Compensation Committee makes recommendations to the full Board with respect to the adoption, amendment, termination, or replacement of both incentive compensation plans and equity-based plans. The Compensation Committee has the power to retain professionals to assist in the evaluation of director and executive compensation, and has the sole authority to retain and terminate any such professional and to approve the professional's fees. The Compensation Committee may also establish subcommittees of entirely independent directors to evaluate special or unique matters.

For a discussion concerning the processes and procedures for determining executive and director compensation, see Compensation Discussion and Analysis and Executive Officer and Director Compensation.



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Please also see the report of the Compensation Committee set forth elsewhere in this proxy statement.

*Nominating and Corporate Governance Committee.* Our Nominating and Corporate Governance Committee met four times during fiscal year 2014 and has three members, Mr. Principi (Chair), Ms. Brown and Dr. Polinsky. Ms. Brown and Dr. Polinsky will resign from the Nominating and Corporate Governance Committee on April 14, 2015 immediately prior to the Annual Meeting of Stockholders when their current terms as directors expire.

The Nominating and Corporate Governance Committee generally has responsibility for identifying candidates who are eligible under the qualification standards set forth in our Corporate Governance Guidelines and recommending such eligible individuals to serve as members of the Board. It also makes recommendations to the Board concerning the structure and membership of other Board committees. The Nominating and Corporate Governance Committee is also charged with considering matters of corporate governance generally and reviewing and recommending to the Board, periodically, our corporate governance principles.

In addition, under our current corporate governance policies, the Nominating and Corporate Governance Committee may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. For all potential candidates, the Nominating and Corporate Governance Committee may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the Board, and concern for the long-term interests of the stockholders. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources.

If a stockholder wishes to nominate a candidate for director who is not to be included in our proxy statement, it must follow the procedures described in our Second Amended and Restated By-Laws, *Nominating Procedures* below and *Proposals of Stockholders* at the end of this proxy statement.

## **Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines, which it reviews from time to time, to assist the Board in fulfilling its responsibility to exercise its business judgment in what it believes to be the best interests of our stockholders. The Corporate Governance Guidelines are posted on our website, [www.cbiolabs.com](http://www.cbiolabs.com), under the link *Investors* and the section therein titled *Corporate Governance*.

## **Code of Ethics for Senior Executives and Financial Officers, Code of Business Conduct and Ethics for Directors and Code of Conduct**

The Board has adopted a Code of Ethics for Senior Executives and Financial Officers that is specifically applicable to executive officers and senior financial officers, including our principal executive officer and principal financial officer. Additionally, the Board has adopted the Code of Business Conduct and Ethics for Directors that is specifically applicable to our directors. Both the Code of Ethics for Senior Executives and Financial Officers and the Code of Business Conduct and Ethics for Directors are posted on our website, [www.cbiolabs.com](http://www.cbiolabs.com), under the link *Investors* and the section therein titled *Corporate Governance*. We have also adopted a Code of Conduct in order to promote honest and ethical conduct and compliance with the laws and governmental rules and regulations to which we are subject. The Code of Conduct is applicable to all of our employees, officers and directors, and is posted on our website, [www.cbiolabs.com](http://www.cbiolabs.com), under the link *Investors* and the section therein titled *Corporate Governance*.



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### **Board Leadership Structure**

Our Corporate Governance Guidelines describe our policies concerning, among other things, the role of the Board and management, proper Board functions, independence, and committee matters. The positions of Chair of the Board and Chief Executive Officer are currently held by different persons, although we do not have a policy requiring that to be the case. Instead, our Board has the authority to choose its Chair in any way it deems best for us at any given point in time. Accordingly, our Board reserves the right to vest the responsibilities of the Chief Executive Officer and Chair in the same person or in two different individuals depending on what it believes is in our best interest. At this time, our Board has determined that separation of these roles most appropriately suits us. Our current Chair, Ms. Brown is qualified to serve as our Chair given her extensive management of other drug development enterprises and corporate governance experience, but will resign from the position of Chair on April 14, 2015 immediately prior to the Annual Meeting of Stockholders when her current term as a director expires. Our Board has nominated Mr. McGowan to serve as Chair effective following the Annual Meeting of Stockholders. Such nomination is contingent on his election to serve on the Board for the next term. Mr. McGowan is qualified to serve as our Chair given his expertise with both the pharmaceutical industry and micro-cap companies. Further, our Board believes that this division of roles allows our Chief Executive Officer to focus more of his efforts to achieving the goals and objectives of our strategic plan. Our Board believes that there is no single leadership structure that would be most effective in all circumstances and, therefore, retains the authority to modify our Board's structure to best address our circumstances as and when appropriate.

### **Role of Our Board in Risk Oversight**

The Board, as a whole and at the committee level, has overall responsibility for overseeing our risks, including general oversight of our executive officers' management of risks relevant to the Company. A fundamental part of risk oversight is not only understanding the material risks a company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of our Board in reviewing our strategic plan is an integral aspect of the Board's assessment of management's tolerance for risk and also its determination of what constitutes an appropriate level of risk for the Company.

At the committee level, the Compensation Committee oversees the management of risks relating to our executive compensation. The Audit Committee oversees our risk policies and processes related to the quality and integrity of our accounting, auditing and financial reporting practices, including our audited and unaudited financial statements and internal controls. The Audit Committee is also responsible for addressing risks arising from related party transactions. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board and potential conflicts of interest.

### **Nominating Procedures**

As described above, we have a standing Nominating and Corporate Governance Committee and its charter is posted on our website, [www.cbiolabs.com](http://www.cbiolabs.com), under the link "Investors" and the section therein titled "Corporate Governance."

The Nominating and Corporate Governance Committee considers many factors when considering candidates for the Board and strives for the Board to be comprised of directors with a variety of experience and backgrounds, who have high-level managerial experience in a complex organization, and who represent the balanced interest of stockholders as a whole rather than those of special interest groups. Other important factors in Board composition include strength of character, mature judgment, specialized expertise, relevant scientific and technical skills, diversity, level of education, broad-based business acumen, experience and understanding of strategy and policy-setting and the extent to which the candidate would fill a present need on the Board. Depending upon the current needs of the Board, certain

factors may be weighed more or less heavily by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee



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believes that it is essential that our Board members represent diverse viewpoints, with a broad array of experiences, skills and backgrounds that, when considered as a group, provide a sufficient mix of perspectives to allow the Board to best fulfill its responsibilities to the long-term interests of our stockholders.

In considering candidates for the Board, the Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials and does not have any specific minimum qualifications that must be met by a Nominating and Corporate Governance Committee or stockholder-recommended nominee. However, the Nominating and Corporate Governance Committee does believe that all members of the Board should have the highest character and integrity, a reputation for working constructively with others, sufficient time to devote to Board matters, and no conflict of interest that would interfere with their performance as a director. In the case of current directors being considered for renomination, the Nominating and Corporate Governance Committee will also take into account the director's history of attendance at meetings of the Board or its committees, the director's tenure as a member of the Board, and the director's preparation for and participation in such meetings.

The Nominating and Corporate Governance Committee considers candidates for the Board from any reasonable source, including stockholder recommendations. The Nominating and Corporate Governance Committee does not evaluate candidates differently based on who has made the proposal. The Nominating and Corporate Governance Committee has the authority under its charter to hire consultants or search firms to assist in the process of identifying and evaluating candidates. Candidates are recommended to the Board after consultation with the Chairman of the Board.

Stockholders who wish to suggest qualified candidates should write to the Office of the Secretary, Cleveland BioLabs, Inc., 73 High Street, Buffalo, New York 14203 specifying the name of the candidates and stating in detail the qualifications of such persons for consideration by the Nominating and Corporate Governance Committee. A written statement from the candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director should accompany any such recommendation. Stockholders who wish to nominate a director for election at an annual meeting of stockholders must comply with our Second Amended and Restated By-Laws regarding stockholder proposals and nominations. See "Proposals of Stockholders" contained herein.

## **Stockholder Communications to the Board**

Generally, stockholders who have questions or concerns should contact our Investor Relations department. However, any stockholders who wish to address questions regarding our business directly with the Board, or any individual director, should direct his or her questions in writing to Cleveland BioLabs, Inc. Board of Directors, c/o Office of the Secretary, 73 High Street, Buffalo, New York 14203. The Office of the Secretary will receive the correspondence and forward it to the director or directors to whom the communication is addressed. From time to time, the Board may change the process or means by which stockholders may communicate with the Board or its members. Please refer to our website, [www.cbiolabs.com](http://www.cbiolabs.com), for any changes in this process.

Items that are unrelated to the duties and responsibilities of the Board may be excluded, such as:

junk mail and mass mailings;

resumes and other forms of job inquiries;

surveys; and

solicitations or advertisements.

In addition, any material that is unduly hostile, threatening or illegal in nature may be excluded, provided that any communication that is filtered out will be made available to any independent director upon request.

**Table of Contents****Executive Officers**

The following table sets forth certain information regarding our executive officers who are not also directors. The Board elects officers annually and such executive officers serve at the discretion of the Board. There are no family relationships among any of our directors or executive officers.

<b>Name</b>	<b>Age</b>	<b>Position</b>
C. Neil Lyons, CPA	58	Chief Financial Officer
<p><b>C. Neil Lyons, CPA</b> Mr. Lyons has been our Chief Financial Officer since September 2012. Mr. Lyons has over 30 years of experience related to operations, finance, SEC compliance, complex financial transactions, strategy, information systems and corporate governance. Prior to joining the Company, from April, 2005 until August, 2011, Mr. Lyons served as Chief Financial Officer and Treasurer of RegeneRx Biopharmaceuticals, Inc., where he led several financial transactions, identified and captured government grant opportunities, directed investor relations activities, developed financial models and implemented investment strategies and employee benefit programs. From 2003 until 2005, Mr. Lyons founded and was the principal of Ironbridge Consulting, a firm that provided financial consulting services, to businesses in the Washington, D.C. metro area. From 1998 until 2003, Mr. Lyons was the Vice President, Finance, for Alcatel s SkyBridge Limited Partnership, an international satellite broadband start-up, where he secured significant amounts of capital and was an active participant in acquisition and joint venture activities. Prior to that, Mr. Lyons served in various positions at Bell Atlantic (now Verizon), from 1996 to 1998, Honeywell Federal Systems, Inc., a major Department of Defense contractor from 1990 to 1996, and practiced public accounting with Deloitte and Arthur Young from 1979 to 1990. Mr. Lyons is a certified public accountant and received a Bachelor of Science degree in accounting, <i>magna cum laude</i>, from Florida Southern College.</p>		

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**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

This section explains our executive compensation program for 2014 as it relates to our named executive officers, or NEOs, listed below whose compensation information is presented in the tables following this discussion.

<b>Name</b>	<b>Title</b>
Dr. Yakov Kogan	Chief Executive Officer
Dr. Andrei Gudkov	Chief Scientific Officer
Mr. C. Neil Lyons	Chief Financial Officer

**Executive Summary**

Our Compensation Committee believes that our executive compensation program is appropriately designed to incentivize our NEOs to work for our long-term prosperity through pay-for-performance incentives, is reasonable in comparison with the levels of compensation provided by our peer group companies, discourages our NEOs from assuming excessive risks, and reflects a reasonable cost. We believe our NEOs are critical to the achievement of our corporate goals, through which we can drive stockholder value. We therefore give considerable thought to the design and administration of our NEO compensation program.

Our NEO compensation packages are designed around the following principles:

Align long-term incentive opportunities with stockholder value creation;

Attract, motivate and retain qualified individuals to contribute to our growth and success;

Provide competitive compensation opportunities consistent with industry practices where we compete for talent; and

Maintain a reasonable and responsible cost structure.

The major aspects of our executive compensation program include the following:

**Voluntary Base Pay Reduction.** The Compensation Committee regularly reviews base pay benchmark data to confirm that our NEOs' base pay is in-line with industry practice and whether to make any adjustments. However, in light of the financial situation of the Company, commencing in May 2014 our Chief Executive Officer and Chief Scientific Officer each agreed to a 20% reduction in their base salaries.

**Strong Pay-for-Performance Principles.** A majority of our NEOs' total potential compensation is contingent on achieving short-term corporate goals as defined in our annual Executive Compensation Plan, referred to in this discussion as our Annual Plan, and our Long-term Executive Compensation Incentive Plan, referred to in this discussion as our Long-term Plan. Our Annual Plan is intended to focus our NEOs on achieving annual value-driving clinical development goals, pre-commercialization. Our Long-term Plan currently has a performance period that expires on December 31, 2016, and is intended to incentivize our NEOs to attain our commercialization goals, either through out-licensing, marketing approval or direct product sales. Due to the Company's financial situation and/or stock performance, we did not award cash bonuses to our executives for performance in 2012, 2013 or 2014 under our Annual Plan. In the second half of 2015, we plan to implement new programs and/or amend our current programs and review the entirety of our compensation program in light of the Company's stock price to better align the interests of our management with those of our stockholders.

**Responsible Severance Compensation.** Our Severance Plan provides the NEOs with severance benefits only if the NEO's employment is involuntarily terminated without cause. The cash severance

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benefits provided are limited to an amount equal to 12-months of base salary. As a condition to provision of any severance benefits, the NEO must provide the Company with a release of claims. We do not provide any tax gross-up payments.

**Limited Executive Benefits.** We do not offer executive benefits such as car allowances, personal security, financial planning advice, tax preparation services or club memberships.

**Stockholder Approval Required to Reprice Options.** Our current equity plans do not permit repricing of underwater stock options held by our NEOs or other employees without prior stockholder approval.

We held our first stockholder advisory vote on executive compensation in 2011. When determining how often to hold an advisory vote on executive compensation, our Board recommended and our stockholders agreed upon, an annual vote. In 2014 and 2013, approximately 62.9% and 78.0%, respectively, of the votes cast approved our executive compensation described in our prior year's proxy statement. The Compensation Committee considered these votes and has maintained modest base salaries compared to peer companies, has not awarded cash bonuses during the years covered by those proxies and again for the year ended December 31, 2014, but has approved equity incentives in recognition of the progress management has achieved with the United States Food and Drug Administration, or FDA. Of additional note, our founders, Drs. Kogan and Gudkov, each agreed to a 20% reduction in base salary that commenced in May 2014.

## **Compensation Setting Process**

### *Overview*

The overall objectives of our compensation program are to attract and retain the best possible executive talent, to motivate these executives to achieve the goals and objectives within our strategic plan, and to align executive compensation with stockholder interests. To achieve these objectives, we have developed an overall compensation strategy, including specific goals that tie the majority of our NEOs' compensation to performance.

When creating a NEO's overall compensation package, the Compensation Committee considers the different components of our compensation elements in light of the role the NEO will play in achieving our near term and longer term goals, as well as the compensation packages provided to similarly situated executives at companies we consider to be our peers. Our NEOs' compensation components are: Base salary, the Annual Plan and the Long-term Plan, as discussed more thoroughly in this section. We do not predetermine an allocation of the overall compensation to be represented by the various compensation elements. Rather, the Compensation Committee's intention is that the incentives provided by the Annual Plan and the Long-term Plan provide a majority of the NEOs' total compensation. As a result, a material amount of our NEOs' potential compensation is at risk in any given fiscal year. Our Compensation Committee believes that having a significant portion of our executives' compensation package at risk has contributed to cultivating a culture in which our NEOs aggressively pursue our corporate performance and strategic goals as they know that their take home pay, to a large extent, depends upon our performance and, to some extent, their contribution to our performance. Additionally, the incorporation of significant equity incentives is designed to mitigate the risk that our NEOs will pursue short-term outcomes at the expense of long-term stockholder value. Performance-based annual cash and stock option compensation awards under our Annual Plan may be made based on the achievement of short-term corporate goals designed to incentivize the executives to create stockholder value and attain short-term performance objectives. Our short-term corporate goals are currently developmental in nature because our product pipeline is pre-commercialization. The corporate goals vary year-to-year, but generally include value-adding achievements such as contract/grant funding, timely completion of research and development

objectives, financial performance and cash flow management and stock performance. Performance-based long-term awards under our Long-term Plan are made based on the achievement of corporate commercialization objectives that address out-licensing, drug approval and product sales. The Long-term Plan has a term of three and a half years, was first implemented in June 2012 and expires in December 2016. Any awards granted under the Long-term Plan can be settled in either cash or equity, as determined in the Compensation Committee's discretion.

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We believe that the combined mix of these three pay elements allows us to provide a competitive, cost-effective, total compensation package to our NEOs, largely based on achievement of value-driving milestones. More specifically, the Compensation Committee believes this structure aligns a majority of the NEOs' potential compensation to performance.

### *Role of the Chief Executive Officer*

The Chief Executive Officer has no role in setting his compensation and is specifically excluded from any discussions related to his compensation. However, the Chief Executive Officer recommends to the Compensation Committee for its approval, proposed corporate performance and strategic goals and their relative weighting for the upcoming fiscal year for the Annual Plan and the Long-term Plan, as well as provides input on the level of attainment of the prior year's goals, for purposes of determining awards under the Annual Plan and Long-term Plan for all our NEOs, including the Chief Executive Officer. Finally, the Chief Executive Officer regularly provides input to the Compensation Committee during the course of the year regarding the performance and compensation of our other NEOs.

### *Compensation Committee Decision Making Process*

The Compensation Committee approves the compensation packages for all NEOs. When determining the base salary and equity incentive compensation awards, the Compensation Committee considers the ongoing feedback it has received during the prior year from the Chief Executive Officer regarding the performance of each executive, benchmark data, compensation for new executive hires, as well as high-level strategic issues, such as new trends, plans or approaches to compensation. The Compensation Committee also considers the results of our stockholder advisory votes on executive compensation.

In addition, the Compensation Committee approves the goals and performance target levels, if any, relevant to our Annual Plan and Long-term Plan. Generally, the Compensation Committee's process for determining Annual Plan and Long-term Plan awards involves: (i) the determination of target award levels, (ii) the establishment of performance goals, and (iii) an evaluation of our actual performance in relation to the performance goals. The Compensation Committee has set the cash bonus target levels for all of our NEOs except for Dr. Gudkov at 30% of base compensation, with Dr. Gudkov's set at 60%. Cash and equity compensation under the Annual Plan and Long-term Plan represents a majority of our NEOs' total potential compensation, which means that a material amount of our NEOs' potential compensation is at risk. The Compensation Committee and our full Board typically set the performance goals of the Annual Plan at the beginning of each year and at the beginning of the Long-term Plan's performance period. The Compensation Committee recognizes that the research and development environment in which management operates is dynamic, requiring changes as new discoveries are made, or opportunities present themselves. As such the Compensation Committee retains discretion to make upward and downward adjustments to final awards based on the Compensation Committee's assessment of both the Company's and the executive's personal performance. When considering the levels of bonus compensation to award, the Compensation Committee also reviews the individual performance of our NEOs and considers the recommendations of our Chief Executive Officer.

### *Role of Compensation Consultants*

The Compensation Committee has the authority under its charter to engage the services of outside advisors, experts and others to assist the Compensation Committee in carrying out its delegated duties. We have not historically hired an outside consulting firm to evaluate our compensation practices or provide recommendations to our Compensation Committee in order to preserve cash to fund our operations. Rather, the Compensation Committee has relied upon significant internally-developed benchmark data to guide its decisions.



*Compensation Benchmarking*

In any year the Compensation Committee may benchmark the compensation for our NEOs with that of executives with similar positions in our industry, adjusting for known or perceived differences between our

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NEO's experience and levels of responsibility with the job descriptions reflected for the generalized survey data. For purposes of setting 2014 compensation the analysis focused on data reported in the 2014 Radford Global Life Sciences Compensation Survey with respect to a comparison of 2013 data for both publicly-traded biotechnology companies with market capitalizations of \$250 million or less, and biotechnology companies, both public and private, with less than 50 employees. The Compensation Committee determined that these criteria were appropriate in selecting the peer companies given our market capitalizations at the time the studies were conducted, the complexity of our international operations, and the number of employees that were comparable to our employee base. The Radford survey data as compared to our current NEO compensation indicated that our NEOs were paid at or below the 25<sup>th</sup> percentile of the survey data, with our Chief Financial Officer falling at approximately the 25<sup>th</sup> percentile for companies with less than 50 employees and significantly below the 25<sup>th</sup> percentile for companies with market capitalizations of \$250 million or less. As a consequence, a one-time increase to our Chief Financial Officer's base pay of \$30,500 was implemented on January 1, 2014 to better align his base pay with the survey data so that his compensation would be closer to the 25<sup>th</sup> percentile for companies with market capitalizations of \$250 million or less.

### *Evaluations*

The Compensation Committee evaluates the performance of our executive officers in light of performance goals and objectives established for the Annual Plan and Long-term Plan at least once a year. Based upon these evaluations, the Compensation Committee determines the annual compensation for our executive officers, including base cash compensation, cash bonus and equity compensation. In its evaluation of the NEOs, the Compensation Committee considers, among other things, the following:

overall management of the Company;

progress achieved by our drug candidates;

stockholder return;

the maintenance of successful relationships with our board and stockholders;

our financial performance with respect to the preparation of and compliance with our budget, including capital reserves;

success in securing new government contracts and grants and other third-party funding, and progress under such contracts and other funding arrangements once obtained; and

regulatory compliance (including compliance with NASDAQ rules, the securities laws, FDA regulations, etc.).

Typically, the Compensation Committee meets at least twice per year to make compensation decisions for our NEOs and with greater frequency if necessary. The Compensation Committee also meets and confers regularly in executive

session. The Compensation Committee met nine times during 2014.

The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in consultation with our Corporate Secretary and our other executive officers, as needed. From time-to-time, various members of our management, as well as outside advisors, may make presentations to the Compensation Committee. The Compensation Committee charter grants the Compensation Committee full access to all of our books, records, facilities and personnel, as well as the authority to obtain, at our expense, advice and assistance from external advisors that the Compensation Committee considers appropriate in the performance of its duties. As part of its deliberations, the Compensation Committee may review financial reports, projections, operational data, tax and accounting information. The Compensation Committee also considers historical base salary, bonus and equity information including: (1) equity grant history; (2) vested and unvested potential gain on equity awards using an assumed selected series of stock prices at points in time; and (3) stock option exercise history, in its compensation decisions. In determining 2014 NEO compensation, the Compensation Committee also considered the recommendations of our Chief Executive Officer and each executive's individual performance.

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**Table of Contents****2014 Executive Compensation Summary***2014 Base Cash Compensation*

The purpose of base salary is to provide a level of fixed compensation to our NEOs in order to attract and retain executives with the qualifications desired for the particular position. The Compensation Committee reviews base salaries annually, and usually considers adjusting base salaries to reflect our performance over the preceding year while considering the annual base salary increase trend data reflected by the benchmark data. These guidelines are used throughout our Company in determining appropriate base salary increases for all our employees. For 2014, the Compensation Committee's aim, in line with CBLI's general philosophy to set target compensation levels that are competitive while maintaining a reasonable cost structure, was to approve 2014 CBLI base salary increases based upon our 2013 performance levels. Based upon its evaluation of our 2013 performance levels, in January 2014 the Compensation Committee did not generally approve any base cash compensation increases for the NEOs. In taking such action, the Compensation Committee specifically considered our stock price performance during 2013 and the level of attainment of certain of our targeted operating milestones for 2013. However, the Compensation Committee did note that Mr. Lyons' base compensation was significantly below market and therefore made a one-time increase to his compensation of \$30,500 bringing his base pay to \$285,000 effective January 1, 2014.

Additionally, in light of the financial situation of the Company, commencing in May 2014 our Chief Executive Officer and Chief Scientific Officer each agreed to a 20% reduction in their base salaries.

*Incentive Compensation*

The Compensation Committee, in its discretion, may establish incentive plans and otherwise award cash and/or equity bonuses to our executive officers. The amounts of both the cash and equity bonuses are determined based on performance, which is evaluated annually under the Annual Plan, and periodically as goals are achieved under the Long-term Plan. The cash and equity bonuses for each of our executive officers is based on various factors, including, among others, the achievement of various operating milestones based on scientific and business goals, our financial performance, the performance of our stock, and our establishment and compliance with satisfactory corporate governance practices. The operating milestones used in the evaluation of our annual incentive compensation are based on annual proposals made by our executive officers, which are then evaluated and ultimately approved by the Compensation Committee. The purpose of the annual incentive bonuses is to motivate and encourage our executive officers to fulfill the short-term goals required for our long-term strategic plan.

*2014 Annual Plan - Cash Bonuses.* The target annual cash bonus awarded to each executive officer under the Annual Plan is determined based on a percentage of such executive officer's base salary. The target cash bonus levels for 2014 were set at 30% of base salary, with a maximum potential bonus of 60% of base salary, except for Dr. Gudkov. Dr. Gudkov's target cash bonus was set at 60% of his base salary, with a maximum potential bonus of 120% of his base salary. Dr. Gudkov's incentive compensation percentages in relation to his base salary are doubled to reflect the lesser amount of cash compensation paid to him in his part-time role and that the services that he provides are critical to the attainment of our performance goals. These target bonus levels for 2014 were approved by our Compensation Committee after taking into account the benchmarking study as well as the financial condition of the Company. The minimum bonus amount is zero, and the maximum is 200% of the target bonus amount. If the Committee determines that bonuses should not be awarded for corporate achievement for any reason, bonuses will not be paid. We believe this fully discretionary bonus structure allows the Committee to be responsive to the uncertainties and lack of predictability associated with being a development-stage biotechnology company. The performance goals established for the annual cash bonus plan for 2014 by the Compensation Committee related to:

Execution on our focused, risk-based development strategy for biodefense and oncology indications;

Entering into at least one monetizing partnering event;

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Streamlining corporate structure; and

Raising 18 months of capital.

*2014 Annual Plan - Equity Bonuses.* The Compensation Committee believes that granting stock options provides executive officers with a strong economic interest in maximizing stock price appreciation over the long term. The Compensation Committee also believes that the practice of granting stock options can be useful in retaining and recruiting the key talent necessary to ensure our continued success. This element of compensation is governed by the Cleveland BioLabs, Inc. Equity Incentive Plan, as amended (the Equity Plan). The Equity Plan is administered by our Compensation Committee, which reviews executive management's recommendations concerning stock option grants, and determines the number of stock options to be granted to each person, and the terms and conditions of any stock options as permitted under the Equity Plan. The exercise price of stock options is based on the value of a share of our common stock on the date of grant. The options, therefore, do not have any value to the executive officer unless the market price of our common stock rises, which aligns the interests of our executive officers with those of our stockholders. Through these option grants, we seek to emphasize the importance of improving the performance of our stock price thereby increasing stockholder value over the long term.

Our target stock option bonus for 2014 under the Annual Plan was set at 6,250 stock options for each NEO, with a maximum of 7,500 stock options. The Compensation Committee determined in its subjective judgment that these target awards levels were appropriate to provide sufficient incentives to the NEOs to attain our 2014 performance goals. If granted, such stock options would be immediately fully vested on the applicable grant date, and would have an exercise price per share equal to the value of our stock on the applicable grant date.

*Actual 2014 Annual Plan Awards.* In the fourth quarter of 2014, the Compensation Committee determined that in light of our then current cash position, and the lack of returns to our investors as evidenced by our stock price on such date, it would not award any cash bonuses for 2014 performance regardless of the level of attainment of the 2014 performance goals. As such, no 2014 cash bonuses were awarded under our Annual Plan. However, recognizing our executive officers efforts in contributing to the advances achieved with the FDA during 2014, namely the permission to file for pre-Emergency Use Authorization of entolimod as a radiation countermeasure, a 6,250 share option to each executive officer was approved to be granted under the 2014 Annual Plan and the Equity Plan. Pursuant to the terms of the Purchase Agreement described in Proposal 4 we agreed, among other things, not to grant any stock options or other equity awards until the later of April 22, 2015 or the date that stockholder approval of Proposal 4 is received. Therefore, these share options will be automatically granted to the NEOs on April 22, 2015 if stockholder approval of Proposal 4 is received by that date, or if later, will be automatically granted on the date that stockholder approval of Proposal 4 is received.

### *2012 Long-Term Executive Compensation Plan*

On June 13, 2012, the Compensation Committee approved a 2012 Long-term Plan, which expires on December 31, 2016 and includes three major milestone performance goals for our NEOs. These goals are:

**Goal #1** Approval of a BLA for entolimod (previously known as CBLB502) for treatment as a single agent to reduce the risk of death following total body irradiation during or after radiation disaster (medical radiation countermeasure ( MRC ) application);

**Goal #2** Entolimod MRC - Cumulative Firm Orders (all countries exceed \$100 million);

**Goal #3** Cumulative proceeds from upfront and milestone payments from licensing deals for any CBLI compounds exceed \$12 million (the licensing deals done for the compounds from our subsidiaries and joint ventures will be adjusted by the percentage of CBLI ownership when the licensing agreement is executed).

These goals were selected for our 2012 Long-term Plan as they were determined by the Compensation Committee to be the best indicators of achieving increased value. The applicable payout levels for attainment of

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each goal were determined in the Compensation Committee's subjective judgment to be at levels sufficient to incentivize our NEOs to attain such goals, and that the benefit to the Company of such attainment was greater than the cost. Under the 2012 Long-term Plan, awards would be paid to each NEO upon achievement of each strategic objective, subject to the NEO's continued services with us through such attainment, as outlined below.

Upon achievement of Goal #1 in the United States, each NEO will be paid a bonus equal to 100% of their CBLI base salary or cash consulting retainer, as applicable, as determined by reference to their respective base salary and cash retainer levels in effect on the applicable Goal #1 achievement date.

Upon the first occurrence of the achievement of Goal #1 in Australia, Brazil, Canada, China, European Union, India, Japan, Mexico or Russian Federation, each NEO will be paid a bonus equal to 33% of their base salary or cash consulting retainer, as applicable, as determined by reference to their respective base salary and cash retainer levels in effect on the applicable Goal #1 achievement date. In addition to the above described bonuses, upon the achievement of Goal #1 in the United States or in another country listed above, an amount equal to 100% of the total of the executive team's aggregate bonus amount will be placed into an employee bonus pool to be distributed to non-executive employees of CBLI, with such bonus amounts allocated at the sole discretion of the executive team.

The following percentages of cumulative firm order/licensing proceeds will be paid to each executive upon achievement of each strategic goal/milestone:

Upon achievement of Goal #2 or Goal #3, 4% of any cash that the Company receives from all cumulative orders/licensing payments will be allocated to an executive bonus pool, which will be distributed among the members of the executive team, with the allocation among the executive team members to be determined on a pro-rata basis based on 100% of their current CBLI annual base salaries or cash consulting retainer, as applicable, with respect to each NEO;

An additional 1% of all received cumulative orders/licensing payments will be allocated to an employee bonus pool, which will be distributed among the Company's non-executive senior employees on a pro rata basis based on salary.

Based on the Company's cash position when a goal is achieved, the Compensation Committee will determine whether the incentive payouts will be made in the form of cash or stock, or a combination of both. The 2012 Long-term Plan will expire on December 31, 2016 and no amount will be payable under the Long-term Plan for any goal not achieved by that date.

### *Severance and Change in Control Agreements*

In March 2014, we adopted a Severance Benefit Plan in order to provide for consistent severance benefit terms to each of our NEOs and to conform to the severance benefit market practices of our peer group. Under the terms of the Severance Benefit Plan, each NEO is entitled to certain benefits in the event of an involuntary termination of employment by the Company for a reason other than death, disability, or cause, which is referred to as a Qualifying Termination. In the event of a Qualifying Termination, each NEO is entitled to a cash severance payment in an amount equal to 12-months of salary (and with respect to Drs. Kogan and Gudkov such cash severance benefit will be measured with respect to each officer's respective base salary as of May 1, 2014 and prior to the voluntary 20% reduction if such amount is greater than the base salary in effect immediately prior to the date of termination). Additionally, the Company will pay the full amount of each officer's Consolidated Omnibus Budget Reconciliation



Act, or COBRA, premiums for a period not to exceed 12-months. In addition, the Company will extend the exercise period of any vested stock option for a period of 1-year from the officer's last day of employment or until expiration of the stated term (whichever period is shorter), and stock options that would have vested during the 12-month period following the last day of employment shall immediately vest on the last day of employment.

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Each of our NEOs became participants in the Severance Benefit Plan during 2014 and as a condition to participation waived their rights with respect to any severance benefits contained in their respective employment agreements or offer letters in the event of a Qualifying Termination. As a condition to provision of any benefits under the Severance Plan, the NEO must provide the Company with a release of claims.

Under the Severance Benefit Plan, cause for termination means any of the following events: (i) the participant's failure substantially to perform his or her duties and responsibilities to the Company, which is not cured within 30 days of written notice to the participant; (ii) the participant's commission (including a guilty plea or plea of *nolo contendere*) of any felony or any other crime involving fraud, dishonesty or moral turpitude; (iii) any intentional or grossly negligent act by the participant that has caused or is reasonably expected to result in material injury to the Company; (iv) the participant's material breach of any obligation under any written agreement with the Company, including but not limited to the participant's confidentiality agreement, that is not cured within 30 days of written notice to the participant; (v) the participant's violation of a Company policy, or commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct, that has caused or is reasonably expected to result in material injury to the Company; or (vi) the material unauthorized use, disclosure or misappropriation by the participant of any proprietary information, trade secret or other asset of the Company or entrusted to the Company by a third party.

Under the terms of the employment agreements with Dr. Kogan and Mr. Lyons, if such executive is terminated due to a permanent disability or death, he would be entitled to receive severance pay equal to the base salary that would have been payable if he had continued his employment for the remaining term under his employment agreement, which period currently may not exceed 12-months as the employment agreements automatically renew for consecutive one year terms. However, if such executive becomes permanently disabled or dies as a result of, or in conduct of, his employment duties under his employment agreement, he would be entitled to severance pay equal to his base salary that would have been payable had he continued his employment for a period of no less than 18 months. In order to comply with Section 409A of the Internal Revenue Code, in certain instances, such severance may be delayed until the earlier of six months and one day after such executive's separation from service or his death. For purposes of their employment agreements, a permanent disability will be deemed to occur if such executive suffers a physical or mental illness, injury or infirmity that prevents him from performing, with or without reasonable accommodations, his essential job functions, for a total period of 120 days in any 360-day period.

Under the terms of the agreement with Dr. Gudkov, if he is terminated without cause during the 12 month period following a change in control he is entitled to payment of the following severance benefits, subject to his timely provision of an effective release of claims against the Company (i) 2.5 times his then current annualized base compensation amount, or if greater, his annualized base compensation amount which was effective as of January 1, 2011, plus (ii) the amount of his target annual cash bonus as in effective for the year that includes his termination. The base compensation severance benefits are payable in installments over the two and half year period following the termination and the target cash bonus severance benefits are payable in a single lump sum at the time the bonus amount would have otherwise been payable absent a termination of service.

### *Executive Benefits*

Our executive benefits are generally limited to the same benefits we offer to all of our employees, except that Dr. Gudkov does not generally participate in any of our employee benefit plans because he is separately employed by the Roswell Park Cancer Institute and participates in their employee benefit plans.

### *Employee Stock Purchase Plan*

At our 2013 Annual Meeting, an Employee Stock Purchase Plan or ESPP was approved by our stockholders, which currently has 125,000 shares available for issuance. The purpose of the ESPP is to provide a means by which our company employees (and any parent or subsidiary of our company designated by the Board

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to participate in the ESPP) may be given an opportunity to purchase common stock through payroll deductions, to assist us in retaining the services of our employees, to secure and retain the services of new employees, and to provide incentives for such persons to exert maximum efforts for the success of our company and our affiliates.

The rights to purchase common stock granted under the ESPP are intended to qualify as options issued under an employee stock purchase plan as that term is defined in Section 423(b) of the Internal Revenue Code of 1986, as amended, or the Code. To date we have not commenced offerings to participate in this plan to our employees, but we plan on implementing the ESPP during the second half of 2015. If and when we do commence offerings to participate in this plan, all of our eligible employees including our named executive officers will be eligible to participate.

## **Our Compensation Policies**

### *Section 162(m) Policy*

Section 162(m) of the Internal Revenue Code limits the amount that a public company may deduct from federal income taxes for remuneration paid to the chief executive officer and the three other most highly paid executive officers (other than the chief financial officer) to \$1 million per year per covered executive officer. Section 162(m) provides an exception from this deduction limitation for certain forms of performance-based compensation, including the gain recognized by executive officers upon the exercise of certain compensatory stock options and other compensation based on performance criteria that are approved in advance by stockholders. We are mindful of the benefit to the Company and its stockholders of the full deductibility of compensation. However, we believe that there may be times when we need to retain flexibility in compensating our executive officers in a manner that we believe will best promote our corporate objectives even though the compensation may not be fully deductible under Section 162(m). Therefore, we have not adopted a policy that requires that all compensation be deductible.

### *Accounting Considerations*

The accounting impact of our equity compensation program is one of many factors that the Compensation Committee may consider in determining the size and structure of our program.

### *Common Stock Ownership Requirements*

While we have not adopted a formal written policy on common stock ownership requirements, part of our compensation philosophy involves facilitating common stock ownership by our executive officers through the grant of equity awards because we believe that it helps to align their financial interests with those of our stockholders.

### *Timing of Awards*

The Compensation Committee has the authority to grant equity awards under our Equity Plan. The Compensation Committee strives to ensure that any award is made in such a manner as to avoid even the appearance of manipulation because of its award date. It is our policy not to purposely accelerate or delay the public release of material information in consideration of a pending equity grant to allow the grantee to benefit from a more favorable stock price.

### *Compensation Recovery Policy*

We do not have a policy to attempt to recover cash bonus payments paid to our executive officers if the performance objectives that led to the determination of such payments were to be restated, or found not to have been met to the

extent the Compensation Committee originally believed. However, as a public company subject

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to the provisions of Section 304 of the Sarbanes-Oxley Act of 2002, if we are required as a result of misconduct to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws, our chief executive officer and chief financial officer may be legally required to reimburse us for any bonus or other incentive-based or equity-based compensation they receive. In addition, we will comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and will adopt a compensation recovery policy once the SEC adopts final regulations on the subject.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of our board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K, which appears elsewhere in this Proxy Statement, with our management. Based on this review and discussion, the Compensation Committee has recommended to our board that the Compensation Discussion and Analysis be included in our Annual Report.

**Members of the Compensation Committee**

Julia R. Brown (Chairman)

Richard S. McGowan

Anthony J. Principi

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**RISKS RELATED TO COMPENSATION PRACTICES AND POLICIES**

We regularly assess the risks related to our compensation programs, including our executive compensation programs, and do not believe that the risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on our Company. At the Compensation Committee's direction, management provides ongoing information to the Compensation Committee regarding compensation factors that could mitigate or encourage excessive risk-taking. In its discussions, the Compensation Committee considered the attributes of our programs, including:

significant management oversight over employee compensation;

a balance of annual and milestone- or target-based incentives for senior executives; and

the use of multiple objective performance metrics.



**Table of Contents****EXECUTIVE OFFICER AND DIRECTOR COMPENSATION****Summary Compensation Table**

The following table shows the total compensation paid or accrued during the last two fiscal years ended December 31, 2014 and 2013 to our (1) Chief Executive Officer, (2) Chief Financial Officer and (3) Chief Scientific Officer.

Name and Principal Position	Year	Salary (1) (\$)	Bonu (\$)	Non-Equity Incentive Plan			Total (\$)
				Stock Awards (2) (\$)	Option Award Compensation (3) (\$)	All Other Compensation (4) (\$)	
Yakov Kogan Chief Executive Officer	2014	302,304			62,154 (4)	10,000(6)	374,458
	2013	407,615			121,898 (5)	10,000(6)	539,513
C. Neil Lyons Chief Financial Officer	2014	283,231			62,154 (4)	9,995(6)	355,380
	2013	255,479			89,896(5)	10,000(6)	355,375
Andrei Gudkov Chief Scientific Officer	2014	119,257			62,154 (4)		181,411
	2013	215,343			97,967 (5)		313,310

- (1) Base salary includes compensation received from our consolidated subsidiary Panacela Labs, Inc. and our deconsolidated joint venture, Incuron, LLC. For 2014, Drs. Kogan and Gudkov earned \$0 and \$4,166 from these entities, respectively. For 2013, Drs. Kogan and Gudkov earned \$60,000 and \$76,667 from these entities, respectively.
- (2) These amounts represent the aggregate grant date fair value for stock option awards computed in accordance with FASB ASC Topic 718. A discussion of the assumptions used in determining grant date fair value may be found in our Consolidated Financial Statements, included in our respective Annual Reports on Form 10-K.
- (3) The Company's cash bonuses are paid under our executive compensation plans. As such, the bonus amounts are reported in the column Non-Equity Incentive Plan Compensation.
- (4) Represents (i) options to purchase 7,500 shares of common stock, granted in March 2014 for performance during fiscal 2013, which vested immediately and have an exercise price of \$13.60 per share.
- (5) Represents options to purchase shares of common stock, granted in May 2013 for performance during fiscal 2012, which vest when the Company's common stock closes at a price of \$100.00 or more for 5 consecutive trading days and have an exercise price of \$30.80 per share. The share award amounts for Drs. Kogan, Gudkov and Mr. Lyons were 5,230, 4,203 and 3,857, respectively.
- (6) Consists of 401(k) matching contributions.

**Table of Contents****Grants of Plan-Based Awards**

The following table shows information regarding grants of non-equity incentive plan awards and grants of equity awards that we made during or applicable to the fiscal year ended December 31, 2014 to each of the executive officers named in the Summary Compensation Table. All balances shown in the table below have been adjusted to account for the 1:20 reverse split of the Company's common stock that was executed on January 28, 2015.

Name	(1) (2) Grant Date	Compensation Committee Action Date	Estimated Future Payouts Under Non- Equity Incentive Plan Awards			All Other Stock Awards: Exercise or Number of Shares Awards: Exercise or of Number of Base Price Grant Date Stock Securities of Option Fair Value or Underlying Awards of Stock and Option Awards			
			Threshold (\$)	Target (\$)	Maximum (\$)	Units (#)	Options (#)	(\$/ Sh)	and Option Awards
Yakov Kogan	3/13/2014	2/6/2014 2/6/2014	\$ 41,400	\$ 82,800	\$ 165,600		7,500	\$ 13.60	\$ 62,154
C. Neil Lyons	3/13/2014	2/6/2014 2/6/2014	\$ 42,750	\$ 85,500	\$ 171,000		7,500	\$ 13.60	\$ 62,154
Andrei Gudkov	3/13/2014	2/6/2014 2/6/2014	\$ 33,282	\$ 66,565	\$ 133,129		7,500	\$ 13.60	\$ 62,154

- (1) All stock option awards granted on March 13, 2014 were for services rendered in fiscal 2013 and were immediately vested upon issuance.
- (2) In accordance with the Company's Equity Incentive Guidelines, grants made under the Equity Plan were made on March 13, 2014, the second day following the end of the blackout period relating to publication of the Company's periodic financial filings.

The amounts in the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards and Estimated Possible Payouts Under Equity Incentive Plan Awards columns represent the minimum, target and maximum amounts that our named executive officers were eligible for pursuant to our executive compensation plan. Actual amounts paid to each of the named executive officers under this plan, if any, are set forth in the Summary Compensation Table above.

As discussed in footnote (2) to the Summary Compensation Table above, the stock awards and stock options in the table above represent awards granted in the year ended December 31, 2014 and the grant date fair value relating thereto computed in accordance with FASB ASC Topic 718. For a discussion of the stock awards and stock options granted in respect of services provided in the year ended December 31, 2014, see the discussion under Compensation Discussion and Analysis Our Executive Compensation Plan Incentive Compensation and Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table.

**Option Exercises**

There were no exercises of stock options by any of our named executive officers during the fiscal year ended December 31, 2014.

**Pension Benefits**

We do not have any qualified or non-qualified defined benefit plans.

**Nonqualified Deferred Compensation**

We do not have any nonqualified defined contribution plans or other deferred compensation plan.

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

*Yakov Kogan*

We entered into an employment agreement dated as of August 1, 2004 with Yakov Kogan, our Chief Executive Officer, which included a three-year initial term and is renewed annually for successive one-year periods, unless earlier terminated in accordance with its terms.

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Dr. Kogan was paid a base CBLI salary, exclusive of salaries paid by our subsidiaries, at an annual rate of \$345,000 as of December 31, 2014, which Dr. Kogan voluntarily and temporarily reduced to \$276,000 effective May 7, 2014. In addition, Dr. Kogan is eligible to earn an annual bonus based on corporate targets set by our board on an annual basis. For fiscal year 2014, in light of our cash position at December 31, 2014, and the lack of returns to our investors as evidenced by our stock price on such date, the Compensation Committee determined that it would not award 2014 cash bonuses to any executives regardless of the level of attainment of the 2014 performance goals. As such, Dr. Kogan did not receive a cash bonus under the 2014 Annual Plan. An equity bonus for Dr. Kogan in the form of a stock option to purchase 6,250 shares of our common stock to be awarded under the 2014 Annual Plan and our Equity Plan was approved by the Compensation Committee in December 2014. However, in order to comply with the requirements of the Purchase Agreement described in Proposal 4, this stock option will not be granted to Dr. Kogan until the later of (i) the date on which stockholder approval of Proposal 4 on this Proxy Statement is approved by the Company's stockholders, or (ii) April 22, 2015. The exercise price of the stock option will be the closing price of our stock on the applicable date of grant.