

PROVECTUS BIOPHARMACEUTICALS, INC.

Form DEF 14A

April 30, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

PROVECTUS BIOPHARMACEUTICALS, INC.

(Name of Registrant as Specified in Its Charter)

Not Applicable

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

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

(3) Filing party:

(4) Date filed:

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7327 Oak Ridge Highway

Knoxville, TN 37931

phone 866/594-5999

fax 866/998-0005

Dear Stockholder:

You are cordially invited to attend the 2014 annual meeting of stockholders, which will be held on Monday, June 16, 2014 at 4:00 p.m. Eastern Time at the offices of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC located at 265 Brookview Centre Way, Suite 600, Knoxville, Tennessee 37919.

The Notice and Proxy Statement on the following pages contain details concerning the business to come before the meeting.

Regardless of whether you plan to attend the 2014 annual meeting in person, please complete, sign and date the enclosed proxy card and return it promptly in the accompanying postage-paid envelope. I look forward to personally meeting all stockholders who are able to attend.

Peter R. Culpepper
Chief Financial Officer, Chief Operating
Officer and Secretary

YOUR VOTE IS IMPORTANT

TO ENSURE THAT YOU ARE REPRESENTED AT THE 2014 ANNUAL MEETING OF STOCKHOLDERS, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE 2014 ANNUAL MEETING OF STOCKHOLDERS IN PERSON. NO ADDITIONAL POSTAGE IS NECESSARY IF THE PROXY IS MAILED IN THE UNITED STATES. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

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phone 866/594-5999

fax 866/998-0005

NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 16, 2014

To the Stockholders of Provectus Biopharmaceuticals, Inc.:

NOTICE IS HEREBY GIVEN that we will hold the 2014 annual meeting of stockholders of Provectus Biopharmaceuticals, Inc. on Monday, June 16, 2014 at 4:00 p.m. Eastern Time, at the offices of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC located at 265 Brookview Centre Way, Suite 600, Knoxville, Tennessee 37919. The 2014 annual meeting is being held for the following purposes:

1. To elect five directors to serve on our Board of Directors for a one-year term;
2. To approve and adopt an amendment to our Certificate of Incorporation to increase the number of shares of common stock, par value \$.001 per share, that we are authorized to issue from 250,000,000 to 300,000,000 shares;
3. To approve and adopt the Provectus Biopharmaceuticals, Inc. 2014 Equity Compensation Plan;
4. To conduct an advisory vote to approve the compensation of our named executive officers; and
5. To ratify the selection of BDO USA, LLP as our independent auditor for 2014.

Stockholders also will transact any other business that properly comes before the 2014 annual meeting of stockholders.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR PROPOSALS 1 THROUGH 5.

Only stockholders of record as of the close of business on April 17, 2014 will be entitled to notice of and to vote at the 2014 annual meeting of stockholders and any adjournment thereof.

Important Notice Regarding the Availability of Proxy Materials for the 2014 Annual Meeting of Stockholders to Be Held on June 16, 2014. This Proxy Statement and our Annual Report on Form 10-K for the year ended

December 31, 2013 are available at: http://www.pvct.com/annual_reports.html.

By order of our Board of Directors,

Peter R. Culpepper

Secretary

April 30, 2014

Knoxville, Tennessee

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7327 Oak Ridge Highway

Knoxville, TN 37931

phone 865/769-4011

fax 865/769-4013

**PROXY STATEMENT FOR
2014 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 16, 2014**

We are delivering these proxy materials to solicit proxies on behalf of the Board of Directors of Provectus Biopharmaceuticals, Inc., for the annual meeting of stockholders to be held on Monday, June 16, 2014, beginning at 4:00 p.m. Eastern Time, at 265 Brookview Centre Way, Suite 600, Knoxville, Tennessee.

We are mailing this Proxy Statement, together with a form of proxy and our annual report on Form 10-K for the year ended December 31, 2013, on or about April 30, 2014.

We will refer to your company and its subsidiaries throughout this Proxy Statement as we, us, the Company or Provectus.

At the meeting, our stockholders will vote on proposals to (1) elect five directors to serve on our Board of Directors for a one-year term; (2) approve and adopt an amendment to our Certificate of Incorporation to increase the number of shares of common stock, par value \$.001 per share, that we are authorized to issue from 250,000,000 to 300,000,000 shares; (3) approve and adopt the Provectus Biopharmaceuticals, Inc. 2014 Equity Compensation Plan (the 2014 Equity Compensation Plan); (4) conduct an advisory vote to approve the compensation of our named executive officers; and (5) ratify the selection of BDO USA, LLP as our independent auditor for 2014. The proposals are set forth in the accompanying Notice of 2014 Annual Meeting of Stockholders and are described in more detail in this Proxy Statement. Stockholders also will transact any other business, not known or determined at the time of this proxy solicitation that properly comes before the 2014 annual meeting of stockholders, although our Board of Directors knows of no such other business to be presented.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR PROPOSALS 1 THROUGH 5.

When you submit your proxy by executing and returning the enclosed proxy card, you will authorize the proxy holders Peter R. Culpepper and H. Craig Dees to vote as proxy all your shares of common stock and otherwise to act on your behalf at the 2014 annual meeting of stockholders and any adjournment thereof, in accordance with the instructions set forth therein. These persons also will have discretionary authority to vote your shares on any other business that properly comes before the meeting. They also may vote your shares to adjourn the meeting and will be authorized to vote your shares at any adjournment of the meeting.

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YOUR VOTE IS IMPORTANT

TO ENSURE THAT YOU ARE REPRESENTED AT THE 2014 ANNUAL MEETING OF STOCKHOLDERS, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE 2014 ANNUAL MEETING OF STOCKHOLDERS IN PERSON. NO ADDITIONAL POSTAGE IS NECESSARY IF THE PROXY IS MAILED IN THE UNITED STATES. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

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QUESTIONS AND ANSWERS ABOUT THE 2014 ANNUAL MEETING OF STOCKHOLDERS

What is the purpose of the 2014 annual meeting?

At the 2014 annual meeting, stockholders will act upon the following matters:

1. To elect five directors to serve on our Board of Directors for a one-year term;
2. To approve and adopt an amendment to our Certificate of Incorporation to increase the number of shares of common stock, par value \$.001 per share, that we are authorized to issue from 250,000,000 to 300,000,000 shares;
3. To approve and adopt the 2014 Equity Compensation Plan;
4. To conduct an advisory vote to approve the compensation of our named executive officers; and
5. To ratify the selection of BDO USA, LLP as our independent auditor for 2014.

Stockholders also will transact any other business, not known or determined at the time of this proxy solicitation that properly comes before the 2014 annual meeting of stockholders, although our Board of Directors knows of no such other business to be presented.

Who is entitled to vote?

Only stockholders of record at the close of business on April 17, 2014, the record date for the 2014 annual meeting, are entitled to receive notice of the 2014 annual meeting and to vote the shares of common stock that they held on that date at the 2014 annual meeting. Each outstanding share of common stock entitles its holder to cast one vote on each matter to be voted on at the 2014 annual meeting.

Am I entitled to vote if my shares are held in street name?

If you are the beneficial owner of shares held in street name by a brokerage firm, bank, or other nominee, such entity, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If you do not give instructions to your nominee, it will nevertheless be entitled to vote your shares on discretionary items but will not be permitted to do so on non-discretionary items. Proposals 1, 3 and 4 are non-discretionary items for which a nominee will not have discretion to vote in the absence of voting instructions from you. However, Proposals 2 and 5 are discretionary items on which your nominee will be entitled to vote your shares even in the absence of instructions from you.

What constitutes a quorum?

The presence at the 2014 annual meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum.

As of March 31, 2014, there were 173,125,972 shares of common stock outstanding. Shares held by stockholders present at the 2014 annual meeting in person or represented by proxy who elect to abstain from voting nonetheless will be included in the calculation of the number of shares considered present at the 2014 annual meeting.

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What happens if a quorum is not present at the 2014 annual meeting?

If a quorum is not present at the scheduled time of the meeting, the holders of a majority of the shares of common stock present in person or represented by proxy at the meeting may adjourn the meeting to another place, date, or time until a quorum is present. The place, date, and time of the adjourned meeting will be announced when the adjournment is taken, and no other notice will be given unless the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting.

How do I vote?

If you complete and properly sign the accompanying proxy card and return it to us, the proxy holders named on the proxy card will vote your shares as you direct. If you are a registered stockholder and attend the 2014 annual meeting, you may deliver your completed proxy card or vote in person at the 2014 annual meeting. If you hold your shares in a brokerage account or in street name and you wish to vote at the 2014 annual meeting, you will need to obtain a proxy from the broker or other nominee who holds your shares.

Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy card, you may change your vote at any time before the proxy is exercised by filing with the Secretary either a notice of revocation or a duly executed proxy card bearing a later date. If you are a street name stockholder, you must contact your broker or other nominee and follow its instructions if you wish to change your vote. The powers of the proxy holders will be suspended if you attend the 2014 annual meeting in person and so request, although your attendance at the 2014 annual meeting will not by itself revoke a previously granted proxy.

What are the Board's recommendations?

Our Board of Directors unanimously recommends that you vote:

1. FOR the election of five directors to serve on our Board of Directors for a one-year term;
2. FOR the approval of an amendment to our Certificate of Incorporation to increase the number of shares of common stock, par value \$.001 per share, that we are authorized to issue from 250,000,000 to 300,000,000 shares;
3. FOR the approval of the 2014 Equity Compensation Plan;
4. FOR the advisory vote to approve the compensation of our named executive officers; and
5. FOR ratification of the selection of BDO USA, LLP as our independent auditor for 2014.

What happens if I do not specify how my shares are to be voted?

If you submit a proxy but do not indicate any voting instructions, your shares will be voted FOR each of Proposals 1 through 5.

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Will any other business be conducted at the 2014 annual meeting?

As of the date hereof, our Board of Directors knows of no business that will be presented at the annual meeting other than the proposals described in this Proxy Statement. If any other business is properly brought before the 2014 annual meeting, the proxy holders will vote your shares in accordance with their best judgment.

What vote is required to approve each item?

1. The director nominees will be elected to serve on our Board of Directors for a term of one year if they receive a plurality of the votes cast on the shares of common stock present in person or represented by proxy at the 2014 annual meeting and entitled to vote on the subject matter. This means that the director nominees will be elected if they receive more votes than any other person at the 2014 annual meeting. If you vote to **Withhold Authority** with respect to the election of one or more director nominees, your shares of common stock will not be voted with respect to the person or persons indicated, although they will be counted for the purpose of determining whether there is a quorum at the meeting.
2. The amendment to our Certificate of Incorporation to increase the number of shares of common stock, par value \$.001 per share, that we are authorized to issue from 250,000,000 to 300,000,000 shares will be approved if a majority of the outstanding shares of common stock entitled to vote in person or by proxy are voted in favor of the amendment.
3. The approval of our 2014 Equity Compensation Plan will be approved if a majority of the shares of common stock present in person or represented by proxy at the 2014 annual meeting and entitled to vote on the subject matter are voted in favor of the proposal.
4. The advisory vote to approve the compensation of our named executive officers will be approved if a majority of the shares of common stock present in person or represented by proxy at the 2014 annual meeting and entitled to vote on the subject matter are voted in favor of the proposal.
5. The selection of BDO USA, LLP as our independent auditor for 2014 will be ratified if a majority of the shares of common stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter are voted in favor of the proposal.

How will Abstentions and Broker Non-Votes be Treated?

You do not have the option of abstaining from voting on Proposal 1, but you may abstain from voting on Proposals 2 through 5. With respect to Proposal 1, because the directors are elected by a plurality vote, an abstention will have no effect on the outcome of the vote and, therefore, is not offered as a voting option on the proposal. In the case of an abstention on Proposals 2 through 5, your shares of common stock would be included in the number of shares of common stock considered present at the meeting for the purpose of determining whether there is a quorum. Because your shares of common stock would be voted but not in favor of Proposals 2 through 5, your abstention would have the same effect as a negative vote in determining the outcome of the vote on the proposal.

Broker non-votes occur when a brokerage firm, bank, or other nominee does not vote shares that it holds in street name on behalf of the beneficial owner because the beneficial owner has not provided voting instructions to the nominee with respect to a non-discretionary item. Proposals 1, 3 and 4 are non-discretionary

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items for which a nominee will not have discretion to vote in the absence of voting instructions from you. However, Proposals 2 and 5 are discretionary items on which your nominee will be entitled to vote your shares of common stock even in the absence of instructions from you. Accordingly, it is possible for there to be broker non-votes with respect to Proposals 1, 3 and 4, but there will not be broker non-votes with regard to Proposals 2 and 5. In the case of a broker non-vote, your shares of common stock would be included in the number of shares of common stock considered present at the meeting for the purpose of determining whether there is a quorum. A broker non-vote, being shares of common stock not entitled to vote, would not have any effect on the outcome of the vote on Proposals 1, 3 and 4.

Table of Contents**STOCK OWNERSHIP****Directors, Executive Officers, and Other Stockholders**

The following table provides information about the beneficial ownership of common stock as of March 31, 2014, by each of our directors, each of our executive officers named in the Summary Compensation Table of this Proxy Statement and all of our directors and executive officers as a group. We do not believe any person beneficially owns more than 5% of our outstanding common stock. Each outstanding share of common stock entitles its holder to cast one vote on each matter to be voted on at the 2014 annual meeting.

Name and Address ⁽¹⁾	Amount and Nature of Beneficial Ownership ⁽²⁾	Percentage of Class ⁽³⁾
Directors and Executive Officers:		
H. Craig Dees	5,747,859 ⁽⁴⁾	3.2%
Peter R. Culpepper	4,708,332 ⁽⁵⁾	2.7%
Timothy C. Scott	6,005,966 ⁽⁶⁾	3.4%
Eric A. Wachter	7,889,017 ⁽⁷⁾	4.5%
Alfred E. Smith, IV	150,000 ⁽⁸⁾	*
Kelly M. McMasters	300,000 ⁽⁹⁾	*
Jan Koe	1,186,300 ⁽¹⁰⁾	*
All directors and executive officers as a group (7 persons)	25,987,474 ⁽¹¹⁾	13.8%

* Less than 1% of the outstanding shares of common stock.

(1) If no address is given, the named individual is an officer or director of Provectus Biopharmaceuticals, Inc., whose business address is 7327 Oak Ridge Highway, Knoxville, TN 37931.

(2) Shares of common stock that a person has the right to acquire within 60 days of March 31, 2014 are deemed outstanding for computing the percentage ownership of the person having the right to acquire such shares, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by a note, each stockholder listed in the table has sole voting and investment power as to the shares owned by that person.

(3) As of March 31, 2014, there were 173,125,972 shares of common stock issued and outstanding.

(4) Dr. Dees' beneficial ownership includes 4,250,000 shares of common stock subject to options which are exercisable within 60 days.

(5) Mr. Culpepper's beneficial ownership includes 121,000 shares of common stock held in a 401(k) plan, 3,308,334 shares of common stock subject to options which are exercisable within 60 days and 266,666 shares of common stock issuable upon the exercise of warrants.

(6) Dr. Scott's beneficial ownership includes 55,996 shares of common stock held by Scott Family Investment Limited Partnership, a limited partnership established for the benefit of Dr. Scott's family, 300,000 shares of common stock held in a 401(k) plan, and 4,250,000 shares of common stock subject to options which are exercisable within 60 days.

(7) Dr. Wachter's beneficial ownership includes 4,867 shares of common stock held by the Eric A. Wachter 1998 Charitable Remainder Unitrust, 639,248 shares of common stock held in a 401(k) plan, 1,185,000 shares of

common stock subject to options which are exercisable within 60 days and 666,666 shares of common stock issuable upon the exercise of warrants.

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- (8) Mr. Smith's beneficial ownership includes 150,000 shares of common stock subject to options which are exercisable within 60 days.
- (9) Dr. McMasters' beneficial ownership includes 300,000 shares of common stock subject to options which are exercisable within 60 days.
- (10) Mr. Koe's beneficial ownership includes 100,000 shares of common stock subject to options which are exercisable within 60 days, 150,000 shares of common stock held by Vekoe Partners LLC, of which Mr. Koe is an affiliate, and 350,000 shares of common stock issuable upon the exercise of warrants. Mr. Koe disclaims beneficial ownership of the shares held by Vekoe Partners LLC except to the extent of his pecuniary interest therein.
- (11) Includes 14,826,666 shares of common stock subject to options and warrants which are exercisable within 60 days.

Section 16(a) Beneficial Ownership Reporting Compliance

The federal securities laws require our directors and executive officers and persons who beneficially own more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission (the SEC) initial reports of ownership and reports of changes in ownership of our securities. Based solely on our review of the copies of these forms received by us or representations from reporting persons, we believe that SEC beneficial ownership reporting requirements for 2013 were met.

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CORPORATE GOVERNANCE

Board Leadership Structure

Our Board of Directors consists of five members, H. Craig Dees, Timothy C. Scott, Jan E. Koe, Kelly M. McMasters and Alfred E. Smith, IV. Dr. Dees, who is our Chief Executive Officer, serves as chairman of our Board of Directors. Three members of our Board of Directors, Mr. Koe, Dr. McMasters and Mr. Smith, are considered independent under the independence standards of the Nasdaq Stock Market. Our Board of Directors considered the payment of consulting fees by the Company to Dr. McMasters in the amount of \$54,000 for consulting services performed in 2013 in connection with scientific and technical issues in clinical development and overseeing our compassionate use program and the payment of consulting fees in the amount of \$75,000 paid by the Company to each of Mr. Smith and Mr. Koe for consulting services performed in 2013 with respect to investor relations in determining that each of Dr. McMasters and Messrs. Koe and Smith are independent under the independence standards of the Nasdaq Stock Market. See Compensation Discussion and Analysis Director Compensation below regarding changes we have made to our non-employee director compensation in 2013.

We believe that the leadership structure of our Board of Directors is appropriate given that we have only four employees. In addition, our entire Board of Directors is responsible for our risk oversight function due to the fact that we have only four employees, two of whom are members of our Board of Directors.

Board of Directors and Committees

Our Board of Directors met three times and took action by unanimous written consent twenty times during 2013. Each member of our Board of Directors attended more than 75% of the total number of meetings of our Board of Directors and its committees on which he served during 2013. Members of our Board of Directors are encouraged to attend the 2014 annual meeting of stockholders. A majority of the members of our Board of Directors attended the 2013 annual meeting of stockholders either in person or via telephone conference.

Because our Board of Directors consists of only five members and our operations remain amenable to oversight by a limited number of directors, our Board of Directors had not delegated any of its functions to standing committees prior to July 2, 2012. Accordingly, prior to July 2, 2012, our entire Board of Directors acted as our audit committee, nominating committee, and compensation committee. Effective July 2, 2012, our Board of Directors established an audit committee, corporate governance and nominating committee (the nominating committee) and a compensation committee and appointed Jan E. Koe, Kelly M. McMasters and Alfred E. Smith, IV to serve on each of these committees. Beginning July 2, 2012, all members of the audit committee, the compensation committee and the nominating committee are independent under the independence standards of the Nasdaq Stock Market. We believe that all members of our Board of Directors have been and remain qualified to serve on the committees of our Board of Directors and have the experience and knowledge to perform the duties required of the committees.

Audit Committee

The audit committee currently consists of Jan E. Koe, Kelly M. McMasters and Alfred E. Smith, IV, all of whom are independent directors under the listing standards of the Nasdaq Stock Market. Alfred E. Smith, IV is the chairman of the audit committee. Our Board of Directors has determined that Alfred E. Smith, IV qualifies as an audit committee financial expert, as defined under the rules of the SEC. The audit committee met four times during 2013.

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The audit committee's responsibilities include:

hire one or more independent registered public accountants to audit our books, records and financial statements and to review our systems of accounting (including our systems of internal control);

discuss with the independent registered public accounting firm the results of the annual audit and quarterly reviews;

conduct periodic independent reviews of the systems of accounting (including systems of internal control);

make reports periodically to our Board of Directors with respect to its findings; and

undertake other activities described more fully in the section called "Audit Committee Report."

Our audit committee charter is posted on our website at <http://www.pvct.com/AuditCommitteeCharter.html> and is also available in print to any stockholder or other interested party who makes such a request to the Company's Secretary. The information on our website, however, is not a part of this Proxy Statement.

Compensation Committee

The compensation committee currently consists of Jan E. Koe, Kelly M. McMasters and Alfred E. Smith, IV, all of whom are independent directors under the listing standards of the Nasdaq Stock Market. Alfred E. Smith, IV is the chairman of the compensation committee. The compensation committee met one time during 2013.

The compensation committee's responsibilities include:

review and approve annually the corporate goals and objectives relevant to the Chief Executive Officer, and at least annually, evaluate the Chief Executive Officer's performance in light of these goals and objectives and set the Chief Executive Officer's compensation, including salary, bonus and incentive compensation, based on this evaluation;

determining, or recommending to our Board for determination, the compensation and benefits our executive officers other than the Chief Executive Officer;

reviewing our compensation and benefits plans;

reviewing and recommending to the entire Board of Directors the compensation for members of our Board of Directors; and

other matters that our Board of Directors specifically delegates to the compensation committee from time to time.

The responsibilities of the compensation committee are described in more detail in the section called Compensation Discussion and Analysis.

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Prior to July 2, 2012, each member of our Board of Directors participated in the consideration of the compensation of our directors and executive officers.

Our compensation committee charter is posted on our website at <http://www.pvct.com/CompensationCommitteeCharter.html> and is also available in print to any stockholder or other interested party who makes such a request to the Company's Secretary. The information on our website, however, is not a part of this Proxy Statement.

Nominating Committee and Director Nominations

The nominating committee currently consists of Jan E. Koe, Kelly M. McMasters and Alfred E. Smith, IV, all of whom are independent directors under the listing standards of the Nasdaq Stock Market. Alfred E. Smith, IV is the chairman of the nominating committee. The nominating committee did not meet during 2013.

Our Board adopted a written charter for our nominating committee, which is available to our stockholders and other interested parties on our web site at <http://www.pvct.com/NominatingCommitteeCharter.html> and is also available in print to any stockholder or other interested party who makes such a request to the Company's Secretary. The information on our website, however, is not a part of this Proxy Statement.

The nominating committee has the authority and responsibility to:

assist our Board of Directors by identifying and approving the nomination of individuals qualified to serve as members of our Board of Directors;

review the qualifications and performance of incumbent directors to determine whether to recommend them as nominees for reelection;

develop and recommend to our Board of Directors corporate governance policies for the Company;

review periodically the management succession plan of the Company and formally recommend to our Board of Directors as needed, successors to departing executive officers if a vacancy occurs; and

evaluate the performance of our Board of Directors.

Our nominating committee has no set procedures or policy on the selection of nominees or evaluation of stockholder recommendations and will consider these issues on a case-by-case basis. Our nominating committee will consider stockholder recommendations for director nominees that are properly received in accordance with our bylaws and the applicable rules and regulations of the SEC. Our nominating committee screens all potential candidates in the same manner. Our nominating committee's review will typically be based on all information provided with respect to the potential candidate. Our nominating committee has not established specific minimum qualifications that must be met by a nominee for a position on our Board of Directors or specific qualities and skills for a director. Our nominating committee may consider the diversity of qualities and skills of a nominee, but our nominating committee has no formal policy in this regard. For more information, please see the section below entitled **ADDITIONAL**

INFORMATION.

Stockholders who wish to contact the members of our Board of Directors may do so by sending an e-mail addressed to them at info@pvct.com.

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COMPENSATION DISCUSSION AND ANALYSIS

Until July 2, 2012, our entire Board of Directors served as our compensation committee. Effective July 2, 2012, our Board of Directors reconstituted our compensation committee and appointed Jan E. Koe, Alfred E. Smith, IV and Dr. Kelly M. McMasters, Ph.D. to the compensation committee. The primary objectives of our compensation committee with respect to executive compensation are to attract, retain, and motivate the best possible executive talent. Our focus is to tie short and long-term cash and equity incentives to achievement of measurable corporate and individual performance objectives, and to align our executive officers' incentives with stockholder value creation. To achieve these objectives, our compensation committee has maintained, and continues to develop, compensation plans that tie a substantial portion of executives' overall compensation to our scientific, medical and clinical milestones. Our compensation committee has reviewed these compensation practices and now also takes into consideration commercial and operational performance in addition to our scientific, medical and clinical milestones in determining the amount and types of compensation awarded to our executive officers.

Our compensation committee has a pay-for-performance compensation philosophy, which is intended to bring base salaries and total executive compensation in line to ensure the competitiveness of the compensation packages we provide to our named executive officers. In 2012, we undertook a comprehensive review of our executive compensation practices with respect to compensation of our executive officers, other than base salaries, which remained the same. We undertook this review because we had completed certain scientific, medical and clinical milestones, which was the basis for executive compensation (other than base salaries) until April 30, 2012. As a result of this review and feedback we received from our stockholders with respect to our executive compensation practices, we decided to eliminate the payment of cash bonuses as part of our compensation package for executive officers after April 30, 2012. Thus, we awarded bonuses to our named executive officers in January 2012 and April 2012 in the aggregate amount of \$600,000 to each named executive officer based on completion of certain scientific, medical and clinical milestones, but we did not pay any bonuses after April 30, 2012. We determined that any cash bonuses that the compensation committee awards in the future will be made with the consideration of commercial and operational performance milestones, achievement of specific scientific, medical and clinical milestones, as well as peer company compensation data. In 2013, we engaged an independent compensation consultant to assist the compensation committee in reviewing our executive officer and director compensation practices, as discussed further below under Compensation Consultant.

We work within the framework of this pay-for-performance philosophy to determine each component of an executive officer's initial compensation package based on numerous factors, including:

the individual's particula