

# ANTHERA PHARMACEUTICALS INC

## **FORM DEF 14A** (Proxy Statement (definitive))

Filed 03/16/17 for the Period Ending 04/27/17

Address	25801 INDUSTRIAL BOULEVARD, SUITE B HAYWARD, CA 94545
Telephone	(510) 856-5600
CIK	0001316175
Symbol	ANTH
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	12/31

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

SCHEDULE 14A  
(RULE 14a-101)

INFORMATION REQUIRED IN  
PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**ANTHERA PHARMACEUTICALS, INC.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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25801 Industrial Boulevard, Suite B  
Hayward, California 94545

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
April 27, 2017

The Annual Meeting of Stockholders of Anthera Pharmaceuticals, Inc. (the "Company") will be held on Thursday, April 27, 2017 at 11:00 a.m. local time, at the offices of Goodwin Procter LLP, Three Embarcadero Center, San Francisco, CA 94111, for the following purposes:

1. To elect one Class II director, as nominated by the Board of Directors, to hold office until the 2020 Annual Meeting of Stockholders or until each such successor is duly elected and qualified;
2. To ratify the appointment of BDO USA, LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2017;
3. To approve an amendment to the 2013 Stock Option and Incentive Plan to, among other things, increase the aggregate number of shares authorized for issuance under the plan by 4,000,000 shares;
4. To approve an amendment to the 2010 Employee Stock Purchase Plan to increase the maximum number of shares (i) authorized for issuance thereunder by 218,750 shares and (ii) automatically authorized for issuance pursuant to the evergreen from 31,250 to 250,000 shares;
5. To approve an amendment to the Company's Fifth Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of the outstanding shares of the Company's common stock, par value \$0.001 per share, in the range of 1:5 to 1:8 with the exact ratio to be determined by the Board of Directors or a committee of the Board of Directors of the Company in its sole discretion;
6. To approve, under applicable NASDAQ Listing Rules, the issuance of 247,119 shares of our common stock upon conversion of the Series X Convertible Preferred Stock; and
7. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Proposal 1 relates solely to the election of one Class II director nominated by the Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any stockholder of the Company.

The Board of Directors has fixed the close of business on February 28, 2017 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting of Stockholders, or at any adjournments of the Annual Meeting of Stockholders.

To ensure your representation at the Annual Meeting of Stockholders, you are requested to submit your proxy as instructed in the Notice Regarding the Availability of Proxy Materials that you will receive in the mail. You may also request a paper proxy card at any time on or before April 13, 2017 to submit your vote by mail. If you attend the Annual Meeting of Stockholders and file with the Secretary of the Company an instrument revoking your proxy or a duly executed proxy bearing a later date, your proxy will not be used.

All stockholders are cordially invited to attend the Annual Meeting of Stockholders.

By Order of the Board of Directors  
Anthera Pharmaceuticals, Inc.

Craig Thompson  
*President and Chief Executive Officer*

Hayward, California  
March 16, 2017

**Your vote is important, whether or not you expect to attend the Annual Meeting of Stockholders. You are urged to vote either via the Internet or telephone, or vote by mail by requesting a printed copy of the proxy card, as instructed in the Notice Regarding the Availability of Proxy Materials that you will receive in the mail. Voting promptly will help avoid the additional expense of further solicitation to assure a quorum at the meeting.**

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ANTHERA PHARMACEUTICALS, INC.

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**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON APRIL 27, 2017**

March 16, 2017

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

This proxy statement is furnished in connection with the solicitation of proxies for use prior to or at the Annual Meeting of Stockholders (the “Annual Meeting”) of Anthera Pharmaceuticals, Inc. (the “Company”), a Delaware corporation, to be held at 11:00 a.m. local time on Thursday, April 27, 2017 and at any adjournments or postponements thereof for the following purposes:

- To elect one Class II director, as nominated by the Board of Directors, to hold office until the 2020 Annual Meeting of Stockholders or until each such successor is duly elected and qualified;
- To ratify the appointment of BDO USA, LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2017;
- To approve an amendment to the 2013 Stock Option and Incentive Plan to, among other things, increase the aggregate number of shares authorized for issuance under the plan by 4,000,000 shares ;
- To approve an amendment to the 2010 Employee Stock Purchase Plan to increase the maximum number of shares (i) authorized for issuance thereunder by 218,750 shares and (ii) automatically authorized for issuance pursuant to the evergreen from 31,250 shares to 250,000 shares;
- To approve an amendment of the Company’s Fifth Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of the outstanding shares of the Company’s common stock, par value \$0.001 per share, in the range of 1:5 to 1:8 with the exact ratio to be determined by the Board of Directors or a committee of the Board of Directors of the Company in its sole discretion
- To approve, under applicable NASDAQ Listing Rules, the issuance of 247,119 shares of our common stock upon conversion of the Series X Convertible Preferred Stock; and
- To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Annual Meeting will be held at the offices of Goodwin Procter LLP, Three Embarcadero Center, San Francisco, CA 94111. The Notice Regarding the Availability of Proxy Materials, or the Notice of Internet Availability, containing instructions on how to access this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2016 (the “Annual Report”), will be mailed to stockholders on or about March 16, 2017.

**Solicitation**

This solicitation is made on behalf of the Board of Directors (the “Board”). We will bear the costs of preparing, mailing, online processing and other costs of the proxy solicitation made by our Board of Directors. Certain of our officers and employees may solicit the submission of proxies authorizing the voting of shares in accordance with the Board of Directors’ recommendations. Such solicitations may be made by telephone, facsimile transmission or personal solicitation. No additional compensation will be paid to such officers, directors or regular employees for such services. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in sending proxy material to stockholders.

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## Voting Rights and Outstanding Shares

Only holders of record of our common stock as of the close of business on February 28, 2017 are entitled to receive notice of, and to vote at, the Annual Meeting. Each holder of common stock shall be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting. At the close of business on February 20, 2017, there were 50,609,310 shares of common stock issued and outstanding.

A quorum of stockholders is necessary to take action at the Annual Meeting. Stockholders representing a majority of the outstanding shares of our common stock (present in person or represented by proxy) will constitute a quorum. We will appoint election inspectors for the meeting to determine whether or not a quorum is present and to tabulate votes cast by proxy or in person at the Annual Meeting. Abstentions, withheld votes and broker non-votes (which occur when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular matter because such broker, bank or other nominee does not have discretionary authority to vote on that matter and has not received voting instructions from the beneficial owner) are counted as present for purposes of determining the presence of a quorum for the transaction of business at the Annual Meeting.

## Important Notice Regarding the Availability of Proxy Materials

In accordance with rules and regulations of the Securities and Exchange Commission (the "SEC"), instead of mailing a printed copy of our proxy materials to each stockholder of record, the Company may furnish proxy materials via the internet. Accordingly, all the Company's stockholders will receive a Notice of Internet Availability, to be mailed on or about March 17, 2017.

On the date of mailing the Notice of Internet Availability, stockholders will be able to access all the proxy materials on the website at [www.proxyvote.com](http://www.proxyvote.com). The proxy materials will be available free of charge. The Notice of Internet Availability will instruct you as to how you may access and review all the important information contained in the proxy materials (including the Annual Report) over the internet or through other methods specified on the website. The website contains instructions as to how to vote by internet or over the telephone. The Notice of Internet Availability also instructs you as to how you may request a paper copy of the proxy card. If you received a Notice of Internet Availability and would like to receive printed copies of the proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability.

## Votes Required for Each Proposal

To elect our directors and approve the other proposals being considered at the Annual Meeting, the voting requirements are as follows:

<b>Proposal</b>	<b>Vote Required</b>	<b>Discretionary Voting Permitted</b>
Election of Director	Plurality	No
Ratification of BDO USA, LLP	Majority	Yes
Amendment of the 2013 Stock Option and Incentive Plan	Majority	No
Amendment of the 2010 Employee Stock Purchase Plan	Majority	No
Amendment of the Fifth Amended and Restated Certificate of Incorporation, as amended, to effect reverse stock-split	Majority	No
Approval of issuance of 247,119 shares of common stock upon conversion of the Series X Convertible Preferred Stock.	Majority	No

“*Discretionary Voting Permitted*” means that brokers will have discretionary voting authority with respect to shares held in street name for their clients, even if the broker does not receive voting instructions from their client.

“*Majority*” means a majority of the votes properly cast for and against such matter.

“*Plurality*” means a plurality of the votes properly cast on such matter.

The vote required and method of calculation for the proposals to be considered at the Annual Meeting are as follows:

*Proposal One — Election of Director.* If a quorum is present, the director nominee receiving the highest number of votes, in person or by proxy, will be elected as a director. You may vote “FOR” the nominee or “WITHHOLD” for the nominee. Withheld votes and broker non-votes will have no effect on the outcome of the election of the director.

*Proposal Two — Approval of the Ratification of BDO USA, LLP as independent registered public accountants.* Approval of this proposal requires the affirmative vote of a majority of the votes properly cast for and against such matter. You may vote “FOR,” “AGAINST” or “ABSTAIN” from voting on this proposal. If you abstain from voting on this matter, your shares will not be counted as “votes cast” with respect to such matter, and the abstention will have no effect on the proposal. Broker non-votes will not be counted as “votes cast” and will therefore have no effect on the proposal.

*Proposal Three — Amendment of the 2013 Stock Option and Incentive Plan.* Approval of this proposal requires the affirmative vote of a majority of the votes properly cast for and against such matter. You may vote “FOR,” “AGAINST” or “ABSTAIN” from voting on this proposal. If you abstain from voting on this matter, your shares will not be counted as “votes cast” with respect to such matter, and the abstention will have no effect on the proposal. Broker non-votes will not be counted as “votes cast” and will therefore have no effect on the proposal.

*Proposal Four— Amendment of the 2010 Employee Stock Purchase Plan.* Approval of this proposal requires the affirmative vote of a majority of the votes properly cast for and against such matter. You may vote “FOR,” “AGAINST” or “ABSTAIN” from voting on this proposal. If you abstain from voting on this matter, your shares will not be counted as “votes cast” with respect to such matter, and the abstention will have no effect on the proposal. Broker non-votes will not be counted as “votes cast” and will therefore have no effect on the proposal.

*Proposal Five – Amendment of the Fifth Amended and Restated Certificate of Incorporation, as amended, to Effect a Reverse Stock Split.* Approval of this proposal requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding. You may vote “FOR,” “AGAINST” or “ABSTAIN” from voting on this proposal. If you abstain from voting on this matter, your shares will not be counted as “votes cast” with respect to such matter, and the abstention will have no effect on the proposal. Broker non-votes will not be counted as “votes cast” and will therefore have no effect on the proposal.

*Proposal Six- Approval of Issuance of 247,119 Shares of Common Stock .* Approval of this proposal, requires the affirmative vote of a majority of the votes properly cast for and against such matter. You may vote “FOR,” “AGAINST” or “ABSTAIN” from voting on this proposal. If you abstain from voting on this matter, your shares will not be counted as “votes cast” with respect to such matter, and the abstention will have no effect on the proposal. Broker non-votes will not be counted as “votes cast” and will therefore have no effect on the proposal.

We request that you vote your shares by proxy following the methods as instructed by the notice: over the Internet, by telephone or by mail if you request a printed copy of the proxy card. If you choose to vote by mail, your shares will be voted in accordance with your voting instructions if the proxy card is received prior to or at the meeting. If you sign and return your proxy card but do not give voting instructions, your shares will be voted FOR (1) the election of the Company’s nominee as director; (2) the ratification of the appointment of BDO USA, LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2017; (3) the amendment of the 2013 Stock Option and Incentive Plan; (4) the amendment of the 2010 Employee Stock Purchase Plan; (5) the amendment of the Company’s Fifth Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of our common stock ; (6) approve, under applicable NASDAQ Listing Rules, the issuance of 247,119 shares of our common stock upon conversion of the Series X Convertible Preferred Stock; and (7) as the proxy holders deem advisable, in their discretion, on other matters that may properly come before the Annual Meeting.



## **Voting by Proxy Over the Internet or by Telephone**

Stockholders whose shares are registered in their own names may vote by proxy by mail if they request a printed copy of the proxy materials, over the Internet or by telephone. Instructions for voting by proxy over the Internet or by telephone are set forth on the website indicated in the Notice of Internet Availability. The Internet and telephone voting facilities will close at 11:59 p.m. Eastern Time on Wednesday, April 26, 2017. The Notice of Internet Availability will also provide instructions on how you can elect to receive future proxy materials electronically or in printed form by mail. If you choose to receive future proxy materials electronically, you will receive an email next year with instructions containing a link to the proxy materials and a link to the proxy voting site. If you choose to receive future proxy materials by mail, you will receive a printed copy of the proxy and annual report next year. Your election to receive proxy materials electronically or in printed form by mail will remain in effect until you terminate such election.

If your shares are held in street name, the voting instruction form sent to you by your broker, bank or other nominee should indicate whether the institution has a process for beneficial holders to provide voting instructions over the Internet or by telephone. A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote over the Internet or by telephone. If your bank or brokerage firm gives you this opportunity, the voting instructions from the bank or brokerage firm that accompany the Notice of Internet Availability will tell you how to use the Internet or telephone to direct the vote of shares held in your account. If your voting instruction form does not include Internet or telephone information, please complete and return the voting instruction form in the self-addressed, postage-paid envelope provided by your broker. Stockholders who vote by proxy over the Internet or by telephone need not return a proxy card or voting instruction form by mail, but may incur costs, such as usage charges, from telephone companies or Internet service providers.

## **Revocability of Proxies**

Any proxy may be revoked at any time before it is exercised by filing an instrument revoking it with the Company's Secretary or by submitting a duly executed proxy bearing a later date prior to the time of the Annual Meeting. Stockholders who have voted by proxy over the Internet or by telephone or have executed and returned a proxy and who then attend the Annual Meeting and desire to vote in person are requested to notify the Secretary in writing prior to the time of the Annual Meeting. We request that all such written notices of revocation to the Company be addressed to Bradley A. Bugdanowitz, Secretary, c/o Anthera Pharmaceuticals, Inc., at the address of our principal executive offices at 25801 Industrial Boulevard, Suite B, Hayward, California 94545. Our telephone number is (510) 856-5600. Stockholders may also revoke their proxy by entering a new vote over the Internet or by telephone.

## **Stockholder Proposals to be Presented at the Next Annual Meeting**

Any stockholder who meets the requirements of the proxy rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), may submit proposals to the Board of Directors to be presented at the 2018 annual meeting. Such proposals must comply with the requirements of Rule 14a-8 under the Exchange Act and be submitted in writing by notice delivered or mailed by first-class United States mail, postage prepaid, to our Secretary at our principal executive offices at the address set forth above no later than November 15, 2017 in order to be considered for inclusion in the proxy materials to be disseminated by the Board of Directors for such annual meeting. If the date of the annual meeting is moved by more than 30 days from the date contemplated at the time of the previous year's proxy statement, then notice must be received within a reasonable time before we begin to print and send proxy materials. If that happens, we will publicly announce the deadline for submitting a proposal in a press release or in a document filed with the SEC. A proposal submitted outside the requirements of Rule 14a-8 under the Exchange Act will be considered untimely if received after January 29, 2018.

Our Amended and Restated Bylaws also provide for separate notice procedures to recommend a person for nomination as a director or to propose business to be considered by stockholders at a meeting. To be considered timely under these provisions, the stockholder's notice must be received by our Secretary at our principal executive offices at the address set forth above no earlier than December 28, 2017 and no later than January 27, 2018. Our Amended and Restated Bylaws also specify requirements as to the form and content of a stockholder's notice.

The Board of Directors, a designated committee thereof or the chairman of the meeting may refuse to acknowledge the introduction of any stockholder proposal if it is not made in compliance with the applicable notice provisions.

**PROPOSAL 1  
ELECTION OF DIRECTOR**

**General**

Our certificate of incorporation provides for a Board of Directors that is divided into three classes. The term for each class is three years, staggered over time. This year, the terms of the directors in Class II expire. One of our Class I directors will stand for re-election at the Annual Meeting and one will not. Our Board of Directors is currently composed of eight members, and effective as of the Annual Meeting, our Board will consist of seven members. If the nominee is re-elected at the Annual Meeting of Stockholders, the composition of our Board will be as follows: Class I — Messrs. Craig Thompson, David Thompson and Furse; Class II — Dr. Sager; and Class III — Dr. Henney and Messrs. Mueller and Truex. Mr. Engle will not stand for re-election at the Annual Meeting and no new director is currently nominated to fill his place on the Board. As a result, following the Annual Meeting, there will be one vacancy on the Board. Fewer nominees are named than the number of directors fixed by the Board, but proxies cannot be voted for a greater number of directors than the nominees named in this Proxy Statement. Our Board is actively searching for an independent and qualified candidate to fill the vacancy and if a qualified nominee is found after the mailing of this Proxy Statement, the Board may elect him or her to the Board in accordance with the Company's Bylaws.

In the absence of instructions to the contrary, the persons named as proxy holders in the accompanying proxy intend to vote in favor of the election of the nominees designated below to serve until the 2020 Annual Meeting of Stockholders and until his successors shall have been duly elected and qualified. The nominee is currently a director and has consented to being named in this Proxy Statement and serve on the Board, if elected. The Board of Directors expects that the nominee will be available to serve as a director, but if such nominee should become unavailable or unwilling to stand for election, it is intended that the shares represented by the proxy will be voted for such substitute nominee as may be designated by the Board of Directors. The biographies of our directors and their ages as of February 1, 2017 are set forth below.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Craig Thompson	50	Chief Executive Officer and Director
Paul F. Truex	48	Executive Chairman of the Board
Brent V. Furse	48	Director
Christopher S. Henney, Ph.D.	75	Director
Steven B. Engle	62	Director
Brian R. Mueller	43	Director
David E. Thompson	69	Director
Philip T. Sager, M.D.	61	Director

**Nominee for Director**

***Class II:***

The person listed below is nominated for re-election to Class II of the Board of Directors to serve a three-year term ending at the 2020 annual meeting of stockholders and until his respective successor is elected and qualified. The biography of the nominee and continuing directors below contain information regarding each such person's service as a director, business experience, director positions held currently or at any time during the last five years and the experiences, qualifications, attributes or skills that caused the nominating and corporate governance committee to determine that the person should serve as a director of the Company.

**The Board of Directors recommends that you vote FOR the following nominee.**

*Philip T. Sager, M.D.* Dr. Sager was appointed to serve on our Board in June 2014. Dr. Sager is a Fellow of the American College of Cardiology, a Fellow of the American Heart Association and a Fellow of the Heart Rhythm Society. Dr. Sager has been a member of the International Conference on Harmonization (“ICH”) E14 Discussion Group since 2014, a full voting member of the United States Food and Drug Administration Cardiovascular and Renal Drugs Advisory Committee from 2011 until July 2016 and has been the Chair of such Committee since 2016. Dr. Sager has also been a member of the Executive Committee of the Cardiac Safety Research Consortium since 2016, and served as Chair of the Scientific Programs Committee and Scientific Oversight Committee at various times. Dr. Sager has served as a Consulting or Adjunct Professor of Medicine at the Stanford University School of Medicine since 2013 and provided pharmaceutical device and diagnostics consulting service independently since 2010. From 2009 through 2010, Dr. Sager was Vice President, Clinical Research and Head, CV/Metabolic Development for Gilead Sciences, a biotechnology company. Dr. Sager holds an M.D. from Yale University School of Medicine and B.S. degrees in chemistry and biology from the Massachusetts Institute of Technology.

The Board of Directors has concluded that Dr. Sager is suited to serve on our Board due to his extensive global regulatory expertise and broad pharmaceutical industry experience.

**Class I Director not Standing for Re-election:**

The person listed below is not standing for re-election at the Annual Meeting.

*Steven B. Engle.* Mr. Engle was appointed to serve as a member of our Board of Directors on March 25, 2014 and will not be standing for re-election as of the Annual Meeting. Mr. Engle has served as the Chief Executive Officer of Averigon Consulting, an advisory firm to the life sciences industry, since 2011. Prior to Averigon, he was the Chairman, Chief Executive Officer and President of XOMA, LLC (Nasdaq: XOMA), a biotechnology company that developed antibody therapeutics for multiple diseases from 2007 to 2011. Prior to XOMA, LLC, Mr. Engle was Chairman and Chief Executive Officer of La Jolla Pharmaceutical Company (Nasdaq: LJPC), a biotechnology company that discovered the biology of B-cell tolerance, developed the first B-cell toleragen for patients with lupus and received an approvable letter from the FDA. Prior to La Jolla Pharmaceuticals Company, Mr. Engle served as the Vice President of Marketing for Cygnus, a drug delivery company, where he helped gain FDA approval of Nicotrol for smoking cessation. Mr. Engle has served as a Nonexecutive Chairman of Prescient Therapeutics, Limited, (ASX: PTX) since 2014. Mr. Engle has served on the boards of the Lupus Foundation of America, the Biotechnology Industry Organization, Baybio, and BIOCUM. Mr. Engle holds a B.S. and an M.S. in electrical engineering from the University of Texas at Austin.

**Continuing Directors**

***Class III: Currently Serving Until the 2018 Annual Meeting***

*Paul F. Truex.* Mr. Truex has served as Executive Chairman of the Board since December 2016. Mr. Truex previously served as our Director, Chief Executive Officer and President from our inception in September 2004 until January 2016 and as our Director and Chief Executive Officer from September 2004 until January 2016. He was responsible for negotiating our product licenses for both blisibimod, our anti-BAFF peptibody program from Amgen, Inc. and Sollpura™ (liprotamase), a novel enzyme product, from Eli Lilly and Company. Prior to founding Anthera, Mr. Truex served as a founder, Director, President and Chief Executive Officer of Peninsula Pharmaceuticals, Inc. (“Peninsula”), from the commencement of its operations in October 2001. During that time, Mr. Truex negotiated both of Peninsula’s product agreements with Shionogi & Co., Ltd. (Doribax®, doripenem) and Takeda Chemical Industries (Teflaro®, ceftriaxone). Peninsula was acquired by Johnson and Johnson for \$245 million in an all cash transaction. The remaining entity, Cerexa was subsequently acquired for \$480 million in cash by Forest Laboratories. Prior to Peninsula, Mr. Truex was Vice President of Commercial Development for Versicor, Inc. (acquired by Pfizer) from April 2000 to September 2001 where he directed early commercial efforts for Versicor’s infectious disease portfolio and participated in Versicor’s initial public offering. From July 1997 to April 2000, Mr. Truex worked at Eli Lilly and Company (“Eli Lilly”) where he served in various marketing and sales roles during the launch of three different products for the primary care physician market (Actos®’ Evista®’ and Humalog 75/25®). His business development experience included the Lilly ICOS LLC joint venture’s two major product divestitures and numerous small research collaborations. Mr. Truex obtained his M.B.A. in marketing and finance from Indiana University and a B.A. in economics from the University of Waterloo. Mr. Truex is currently the Chairman and a director of Milestone Pharmaceuticals, Inc., CymaBay Therapeutics Inc., (Nasdaq: CBAY) and LQT Therapeutics. He previously served on the board of directors of both Trius Therapeutics Inc (acquired by Cubist Pharmaceuticals, Inc. in July 2013) and Protagonist Therapeutics, Inc (Nasdaq: PTGX).

The Board of Directors believes Mr. Truex is suited to serve on our Board due to his deep knowledge of the Company gained from his previous position as President and Chief Executive Officer, as well as his substantial experience in the pharmaceutical industry.

*Christopher S. Henney, Ph.D.* Dr. Henney served as the Chairman of our Board of Directors from August 2008 until December 2016 and has been a member of our Board of Directors since April 2005. Dr. Henney has served as Chairman and Chief Executive Officer of Dendreon Corporation, a biotechnology company he co-founded, from 1995 until his retirement in July 2004. Dr. Henney founded Immunex Corp. and ICOS Corp. and served as an executive officer and director in both companies. Dr. Henney is currently the Chairman and a director of Cascadian Therapeutics (formerly Oncothyreon, Inc.) (Nasdaq: CASC) and has served as its interim President and Chief Executive Officer from January 11, 2016 until April 2016. Dr. Henney is also a Vice-Chairman and a director of Cyclacel Pharmaceuticals, Inc. (Nasdaq: CYCC), and a director of Prothena Corporation (Nasdaq: PRTA). Dr. Henney served as a director of AVI BioPharma Inc. from March 2009 until June 2010, and as a director of Mymetics Corporation from March 2012 until November 2012. Dr. Henney holds a B.Sc. with honors in medical biochemistry, a Ph.D. in experimental pathology and a D.Sc. for contributions to the field of immunology, all from the University of Birmingham, England. In 2012, Dr. Henney was elected to the International Biotechnology CEOs Hall of Fame.

The Board of Directors believes Dr. Henney is suited to serve on our Board due to his long history with the Company, his extensive experience in the biotechnology industry and his service as a director of multiple publicly-traded biopharmaceutical companies.

*Brian R. Mueller.* Mr. Mueller has served as a member of our Board since June 2014, and currently serves as Group Vice President, Corporate Controller and Chief Accounting Officer of BioMarin Pharmaceutical Inc. (Nasdaq: BMRN). From March 2009 to March 2014, Mr. Mueller served as BioMarin's Vice President, Corporate Controller. Prior to joining BioMarin in 2002, Mr. Mueller spent a combination of seven years in public accounting with Arthur Andersen, LLP and KPMG, LLP in the audit and business advisory services practices of both firms. Mr. Mueller holds a B.S. in Accountancy from Northern Illinois University in DeKalb, Illinois, and is a member of the American Institute of Certified Public Accountants.

The Board of Directors believes Mr. Mueller is suited to serve on our Board due to his extensive financial background and operational experience in the biotechnology industry.

***Class I: Currently Serving Until the 2019 Annual Meeting***

*David E. Thompson.* Mr. Thompson has served as a member of our Board of Directors since November 2005. Mr. Thompson served as Vice President of Corporate Strategy Business Development for Eli Lilly and Company from January 2001 until his retirement in July 2005. Thereafter, he was a partner at VantagePoint Venture Partners from 2006 through 2008. Mr. Thompson holds a B.S. and an M.B.A. from Michigan State University.

The Board of Directors believes Mr. Thompson is suited to serve on our Board due to his substantial prior experience in the pharmaceutical industry.

*Craig Thompson.* Mr. Thompson has served as a member of our Board of Directors since December 2016. Mr. Thompson was appointed to serve as the Company's President effective January 7, 2016 and to serve on the board of directors and as the Company's Chief Executive Officer effective December 6, 2016. Mr. Thompson has over 20 years of experience in pharmaceutical development and commercialization. Most recently he served as the Chief Operating Officer for Tetrphase Pharmaceuticals from February 2014 to December 2015, where he oversaw the development and implementation of the commercial strategy as well as the business development and commercial manufacturing. Prior to Tetrphase Pharmaceuticals, from January 2011 to December 2014, Mr. Thompson served as the Chief Commercial Officer for Trius Therapeutics resulting in the acquisition of Trius by Cubist Pharmaceuticals for over \$700 million. Prior to Trius Therapeutics, Mr. Thompson held various positions of increasing responsibility with Pfizer from November 2003 to December 2010, with his last position as Vice President of Marketing, Specialty Care. Prior to Pfizer he held various positions of increasing responsibility at Merck and Co, Inc. from April 1993 to November 2003. Mr. Thompson holds a Bachelor's degree in Commerce from McMaster University and a Master's degree in Business Administration from the University of Notre Dame.

The Board of Directors believes Mr. Thompson is suited to serve on our Board due to his knowledge of the Company gained from his position as President and Chief Operating Officer, as well as his substantial experience in the pharmaceutical industry.

*Brent V. Furse*. Mr. Furse has served as a member of our board since April 2016. Mr. Furse has over 25 years of healthcare commercial leadership experience with extensive experience in the areas of sales and marketing, commercial product launch and partnerships. Mr. Furse currently serves as President and Chief Commercial Officer at Cardiorentis AG, a biopharmaceutical company that is developing novel medicines for acute heart failure. Prior to Cardiorentis AG, from 2000 to 2015, Mr. Furse served as Chief Customer Officer and Executive Vice President at The Medicines Company (Nasdaq: MDCO). Prior to the Medicines Company, he worked in the cardiovascular divisions of Schering-Plough and Bristol-Myers Squibb. Mr. Furse holds a Bachelor of Science from Keenesaw State University and holds an M.B.A. from Mercer University.

The Board of Directors believes Mr. Furse is suited to serve on our Board due to his extensive experience in sales, marketing and commercial product launch in the pharmaceutical industry.

There are no family relationships between any of our directors or executive officers.

### **Board of Directors' Role in Risk Management**

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

The Board of Directors has delegated day-to-day responsibility for administering and interpreting the Company's Code of Business Conduct and Ethics to the Company's Principal Accounting Officer as compliance officer.

As part of its oversight of the Company's financial reporting process and audits of the Company's financial statements, our Audit Committee is responsible for reviewing financial risk exposures, including monitoring the quality and integrity of the Company's financial statements, the effectiveness of internal control over financial reporting, compliance with legal or regulatory requirements, the performance of the internal audit function and the performance and independence of the Company's independent registered public accounting firm, among other responsibilities as set forth in the Audit Committee Charter. The Audit Committee receives periodic internal control and related assessments from the Company's finance department. In addition, our Audit Committee ensures that the Company's business is conducted with the highest standards of ethical conduct in compliance with applicable laws and regulations by monitoring our Code of Business Conduct and Ethics Policy and our Employee Feedback Hotline, and the Audit Committee discusses other risk assessment and risk management policies of the Company periodically with management.

Our Compensation Committee participates in the design of compensation structures that create incentives that encourage a level of risk-taking behavior consistent with the Company's business strategy.

Our Nominating and Corporate Governance Committee oversees governance-related risks by working with management to develop and recommend to the Board corporate governance guidelines applicable to the Company, making recommendations regarding director nominees and membership on Board committees and overseeing the annual evaluation of the Board and management.

## Compensation Plans Risk Assessment

As part of its oversight function, our Board of Directors and our Compensation Committee in particular, along with our management team, considers potential risks when reviewing and approving various compensation plans, including executive compensation. Based on this review, our Board of Directors has concluded that such compensation plans, including executive compensation, do not encourage risk taking to a degree that is reasonably likely to have a materially adverse impact on us or our operations.

## Board of Directors and Committees of the Board

During 2016, the Board of Directors held a total of nine meetings. All directors attended at least 75% of the total number of Board meetings and meetings of Board committees on which the director served during the time he served on the Board or such committees.

The Board of Directors has determined each of the following current directors is an “independent director” as such term is defined in Nasdaq Rule 5605(a) (2) and Section 10A of the Exchange Act: Messrs. Engle, Furse, Mueller, David Thompson and Drs. Henney and Sager.

The Board of Directors has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Each of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee is composed entirely of independent directors in accordance with current Nasdaq listing standards. Furthermore, our Audit Committee meets the enhanced independence standards established by the Sarbanes-Oxley Act of 2002 and related rulemaking of the SEC. The Board of Directors has further determined that Brian R. Mueller, Chairman of the Audit Committee of the Board of Directors, is an “Audit Committee Financial Expert,” as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC. Copies of our Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee charters and our corporate governance guidelines are available, free of charge, on our website at <http://www.anthera.com>.

*Audit Committee.* The Audit Committee appoints, approves the compensation of, and assesses the independence of our independent registered public accounting firm and pre-approves auditing and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm. The Audit Committee is also responsible for reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures and preparing the report required by the rules of the SEC to be included in our annual proxy statement. The Audit Committee also coordinates the oversight and reviews the adequacy of our internal control over financial reporting and establishes policies and procedures for the receipt and retention of accounting-related complaints and concerns. Currently, the Audit Committee is comprised of Mr. Mueller (Chair), Dr. Henney and Mr. Furse. During 2016, the Audit Committee held six meetings.

*Compensation Committee.* The Compensation Committee annually reviews and approves our goals and objectives relevant to compensation of our Chief Executive Officer, evaluates our Chief Executive Officer in light of such goals and determines the compensation of our Chief Executive Officer. The Compensation Committee also reviews and approves the compensation of all our other officers, oversees and administers our incentive-based compensation and equity plans and reviews and makes recommendations to our Board of Directors with respect to director compensation. The Compensation Committee also produces an annual report on executive compensation for inclusion in our proxy statement. Currently, the Compensation Committee is comprised of Mr. Steven Engle (Chair), Mr. David Thompson and Dr. Philip Sager. During 2016, the Compensation Committee held 20 meetings.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee is responsible for developing and recommending to our Board of Directors individuals to be nominated as directors and committee members. This includes establishing procedures for identifying and evaluating director candidates (including nominees recommended by stockholders). The Nominating and Corporate Governance Committee is also responsible for developing and recommending to our Board of Directors corporate governance guidelines, as well as overseeing the evaluation of our Board of Directors, committees of the Board and management. Currently, the Nominating and Corporate Governance Committee is comprised of Dr. Sager (Chair), Dr. Henney, and Mr. David Thompson. During 2016, the Nominating and Corporate Governance Committee held two meetings.

## **Board Leadership**

The positions of Executive Chairman of the Board and Chief Executive Officer are presently separated and the Chairman and Chief Executive positions have historically been separated at Anthera. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Executive Chairman of the Board to lead the Board of Directors in its fundamental role of providing advice to, and independent oversight of, management. Our Board of Directors recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Executive Chairman, particularly as the Board of Directors' oversight responsibilities continue to grow. Our Board of Directors also believes that this structure ensures a greater role for the independent directors in the oversight of our Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of our Board of Directors. Our Board of Directors believes its administration of its risk oversight function has not affected its leadership structure.

While our bylaws and corporate governance guidelines do not require that our Chairman and Chief Executive Officer positions be separate, our Board of Directors believes that having separate positions and having an independent outside director serve as Chairman is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance. Our separated Chairman and Chief Executive Officer positions are augmented by the independence of six of our seven directors, and our three entirely independent Board committees that provide appropriate oversight in the areas described above. At executive sessions of independent directors, these directors speak candidly on any matter of interest, without the Chief Executive Officer or other executives present. The independent directors met five times in 2016 without management present. We believe this structure provides consistent and effective oversight of our management and the Company.

## **Director Nominations**

The director qualifications developed to date focus on what our Board believes to be essential competencies to effectively serve on the Board of Directors. The Nominating and Corporate Governance Committee must reassess such criteria annually and submit any proposed changes to the Board of Directors for approval. Presently, at a minimum, the Nominating and Corporate Governance Committee must be satisfied that each nominee it recommends has the highest personal and professional integrity, demonstrates exceptional ability and judgment and shall be most effective, in conjunction with the other nominees to the Board of Directors, in collectively serving the long-term interests of the stockholders.

In addition to those minimum qualifications, the Nominating and Corporate Governance Committee shall recommend that our Board of Directors select persons for nomination to help ensure that:

- a majority of our Board is “independent” in accordance with NASDAQ standards;
- each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee be composed entirely of independent directors; and
- at least one member of the Audit Committee shall have the experience, education and other qualifications necessary to qualify as an “audit committee financial expert” as defined by the rules of the SEC.

In addition to other standards the Nominating and Corporate Governance Committee may deem appropriate from time to time for the overall structure and compensation of the Board of Directors, the Nominating and Corporate Governance Committee may consider the following factors when recommending that our Board select persons for nomination:

- whether a nominee has direct experience in the pharmaceuticals industry or in the markets in which the Company operates; and
- whether the nominee, if elected, assists in achieving a mix of Board members that represents a diversity of background and experience.



Although the Nominating and Corporate Governance Committee may consider whether nominees assist in achieving a mix of Board members that represents a diversity of background and experience, which is not only limited to race, gender or national origin, we have no formal policy regarding board diversity.

The Nominating and Corporate Governance Committee adheres to the following process for identifying and evaluating nominees for the Board of Directors. First, it solicits recommendations for nominees from non-employee directors, our Chief Executive Officer, other executive officers, third-party search firms or any other source it deems appropriate. The Nominating and Corporate Governance Committee then reviews and evaluates the qualifications of proposed nominees and conducts inquiries it deems appropriate; all proposed nominees are evaluated in the same manner, regardless of who initially recommended such nominee. In reviewing and evaluating proposed nominees, the Nominating and Corporate Governance Committee may consider, in addition to the minimum qualifications and other criteria for Board membership approved by our Board from time to time, all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the proposed nominee, his or her depth and breadth of business experience or other background characteristics, his or her independence and the needs of the Board.

If the Nominating and Corporate Governance Committee decides to retain a third-party search firm to identify proposed nominees, it has sole authority to retain and terminate such firm and to approve any such firm's fees and other retention terms.

The nominee for election as a director at the 2017 Annual Meeting are recommended by the Nominating and Corporate Governance Committee and is presently a director and stands for re-election by the stockholders. From time to time, the Company may pay fees to third-party search firms to assist in identifying and evaluating potential nominees, although no such fees have been paid in connection with nominations to be acted upon at the 2017 Annual Meeting.

Pursuant to our bylaws, stockholders who wish to nominate persons for election to the Board of Directors at an annual meeting must be a stockholder of record at the time of giving the notice, entitled to vote at the meeting, present (in person or by proxy) at the meeting and must comply with the notice procedures in our bylaws. A stockholder's notice of nomination to be made at an annual meeting must be delivered to our principal executive offices not less than 90 days nor more than 120 days before the anniversary date of the immediately preceding annual meeting. However, if an annual meeting is more than 30 days before or more than 60 days after such anniversary date, the notice must be delivered no later than the 90th day prior to such annual meeting or, if later, the 10th day following the day on which the first public announcement of the date of such annual meeting was made. A stockholder's notice of nomination may not be made at a special meeting unless such special meeting is held in lieu of an annual meeting. The stockholder's notice must include the following information for the person making the nomination:

- name and address;
- the class and number of shares of the Company owned beneficially or of record;
- disclosure regarding any derivative, swap or other transactions which give the nominating person economic risk similar to ownership of shares of the Company or provide the opportunity to profit from an increase in the price of value of shares of the Company;
- any proxy, agreement, arrangement, understanding or relationship that confers a right to vote any shares of the Company;
- any agreement, arrangement, understanding or relationship engaged in for the purpose of acquiring, holding, disposing or voting of any shares of any class or series of capital stock of the Company;
- any rights to dividends on the shares that are separate from the underlying shares;

- any performance-related fees that the nominating person is entitled to based on any increase or decrease in the value of any shares of the Company;
- a description of all agreements, arrangements or understandings by and between the proposing stockholder and another person relating to the proposed business (including an identification of each party to such agreement, arrangement or understanding and the names, addresses and class and number of shares owned beneficially or of record of other stockholders known by the proposing stockholder to support such proposed business;
- a statement whether or not the proposing stockholder will deliver a proxy statement and form of proxy to holders of, in the case of a business proposal, at least the percentage of voting power of all shares of capital stock required to approve the proposal or, in the case of director nominations, at least the percentage of voting power of all of the shares of capital stock reasonably believed by the proposing stockholder to be sufficient to elect the nominee; and
- any other information relating to the nominating person that would be required to be disclosed in a proxy statement filed with the SEC.

With respect to proposed director nominees, the stockholder's notice must include all information required to be disclosed in a proxy statement in connection with a contested election of directors or otherwise required pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

For matters other than the election of directors, the stockholder's notice must also include a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of the stockholder(s) proposing the business.

The stockholder's notice must be updated and supplemented, if necessary, so that the information required to be provided in the notice is true and correct as of the record date for the meeting and as of the date that is ten business days prior to the meeting.

The Board of Directors, a designated committee thereof or the chairman of the meeting will determine if the procedures in the bylaws have been followed, and if not, declare that the proposal or nomination be disregarded. The nominee must be willing to provide any other information reasonably requested by the Nominating and Corporate Governance Committee in connection with its evaluation of the nominee's independence.

#### **Stockholder Communications with the Board of Directors**

Stockholders may send correspondence to the Board of Directors c/o the Secretary at our principal executive offices at the address set forth above. The Secretary will review all correspondence addressed to the Board, or any individual Board member, for any inappropriate correspondence and correspondence more suitably directed to management. However, the Secretary will summarize all correspondence not forwarded to the Board and make the correspondence available to the Board for its review at the Board's request. The Secretary will forward stockholder communications to the Board prior to the next regularly scheduled meeting of the Board of Directors following the receipt of the communication.

#### **Director Attendance at Annual Meetings**

Directors are invited to attend the Annual Meeting of Stockholders. Seven member of the Board of Directors attended our 2016 Annual Meeting.

#### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee is or has at any time during the past fiscal year been an officer or employee of the Company. None of the members of the Compensation Committee has formerly been an officer of the Company. None of our executive officers serve or in the past fiscal year has served as a member of the board of directors or Compensation Committee of any other entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

## Director Compensation

During 2016, each of our non-employee directors received a \$40,000 annual retainer fee instead of per-meeting fees. In consideration for their services, the Chairman of our Board of Directors receives an additional \$40,000, the Chairman of our Audit Committee receives an additional \$15,000 and the Chairman of our Compensation Committee receives an additional \$10,000, each on an annual basis. In addition, our director compensation program provided for the grant of non-qualified stock options to our non-employee directors in amounts based on the aggregate fair value of such grants. Pursuant to the program, each new non-employee director received a non-qualified stock option, which vests over a four-year period, to purchase shares of our common stock equal in value to approximately \$100,000, or \$150,000, in the case of a new Chairman. In addition, each non-employee director received an annual grant of non-qualified stock options, which vest monthly over a one-year period, to purchase shares of our common stock equal in value to approximately \$120,000, or \$180,000, in the case of the Chairman of our Board of Directors. The number of shares subject to such options are determined based on the aggregate fair value, divided by the fair value per share, calculated using the Black-Scholes option pricing model on the grant date. All members of our Board of Directors are eligible to receive full reimbursement for travel expenses arising from their attendance at our Board meetings.

Effective January 1, 2017, each of our non-employee directors receives a \$40,000 annual retainer fee instead of per-meeting fees. In consideration for their services, the Executive Chairman of the Board receives an additional \$60,000, the Chairman of our Board of Directors receives an additional \$40,000, the Chairman of our Audit Committee receives an additional \$15,000, the Chairman of our Compensation Committee receives an additional \$14,000, and the Chairman of our Nominating and Corporate Governance Committee receives an additional \$8,000, each on an annual basis. Other members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee each receives an additional annual cash retainers of \$7,500, \$6,000 and \$4,000, respectively. In addition, our director compensation program provides for the grant of non-qualified stock options to our non-employee directors in amounts based on the aggregate fair value of such grants. Pursuant to the program, each new non-employee director receives a non-qualified stock option, which vests monthly over three years with equal monthly installments, to purchase shares of our common stock equal in value to approximately \$150,000. In addition, each non-employee director receives an annual grant of non-qualified stock options, which vest monthly over one year with equal monthly installments, to purchase shares of our common stock equal in value to approximately \$120,000. The number of shares subject to such options are determined based on the aggregate fair value, divided by the fair value per share, calculated using the Black-Scholes option pricing model on the grant date. All members of our Board of Directors are eligible to receive full reimbursement for travel expenses arising from their attendance at our Board meetings.

### Director Compensation Table — 2016

The following table sets forth information with respect to the compensation earned by our non-employee directors during the fiscal year ended December 31, 2016. Mr. Truex, our former Chief Executive Officer who was appointed to serve as the Company's Executive Chairman of the Board on December 2, 2016, did not receive compensation for his services as a director and Executive Chairman of the Board during the fiscal year ended December 31, 2016.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards (\$)(2)</b>	<b>Total (\$)</b>
Christopher S. Henney, Ph.D. (Chairman)(3)	\$80,000	\$309,095	\$389,095
Steven B. Engle(4)	\$46,750	\$119,457	\$166,207
Brian R. Mueller(5)	\$55,000	\$119,457	\$174,457
Philip T. Sager, M.D.(6)	\$40,000	\$119,457	\$159,457
David E. Thompson(7)	\$40,000	\$249,365	\$289,365
Brent V. Furse (8)	\$27,000	\$196,662	\$223,662
Sanford Zweifach(9)	\$12,500	\$103,062	\$115,562

- (1) This column reflects retainer fees earned in 2016. Director retainer fees are paid quarterly in arrears. Fees earned in the fourth quarter of 2016 were paid in the first quarter of 2017.
- (2) This column reflects the aggregate grant date fair value of equity awards granted in 2016 and calculated in accordance with FASB ASC 718. See Note 10 to our financial statements included in our Annual Report for a discussion of the assumptions made in determining the valuation of option awards.
- (3) Dr. Henney held 242,373 shares underlying stock options as of December 31, 2016.
- (4) Mr. Engle held 113,975 shares underlying stock options as of December 31, 2016.
- (5) Mr. Mueller held 103,975 shares underlying stock options as of December 31, 2016.
- (6) Dr. Sager held 113,975 shares underlying stock options as of December 31, 2016.
- (7) Mr. Thompson held 196,880 shares underlying stock options as of December 31, 2016.
- (8) Mr. Furse held 75,049 shares underlying stock options as of December 31, 2016.
- (9) Mr. Zweifach did not stand for re-election at our 2016 Annual Shareholder meeting. Our Board of Directors extended the exercise period for Mr. Zweifach's vested stock option upon his departure. In connection with the extension of Mr. Zweifach's exercise period, we recognized an incremental stock-based compensation of \$103,062 pursuant to the accounting guidance prescribed by FASB ASC 718. Mr. Zweifach held 85,096 shares underlying stock options as of December 31, 2016.

#### **Required Vote**

The nominee receiving the highest number of affirmative votes of all the votes properly cast shall be elected as a director to serve until the 2020 Annual Meeting of Stockholders or until his successor has been duly elected and qualified.

#### **Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the election of the nominee listed above**

**PROPOSAL 2**  
**RATIFICATION OF AUDITORS**

The Audit Committee has appointed BDO USA, LLP as the Company's independent registered public accounting firm for 2017. Representatives of BDO USA, LLP will attend the Annual Meeting of Stockholders and will have the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

The following is a summary of fees billed by BDO USA, LLP for fiscal years ended December 2016 and 2015:

<b>Fees billed by BDO USA, LLP</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Audit Fees(1)	\$ 491,272	\$ 374,098
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
<b>Total</b>	<u><u>\$ 491,272</u></u>	<u><u>\$ 374,098</u></u>

- (1) Includes service fees associated with the annual audit of our financial statements, the reviews of our interim financial statements and the issuance of consent and comfort letters in connection with registration statement.

**Audit Committee Pre-Approval Policies**

The Audit Committee is directly responsible for the appointment, retention and termination, and for determining the compensation, of the Company's independent registered public accounting firm. The Audit Committee shall pre-approve all auditing services and the terms thereof and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the Public Company Accounting Oversight Board), except that pre-approval is not required for the provision of non-audit services if the "de minimus" provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant pre-approvals for non-audit services, provided such approvals are presented to the Audit Committee at a subsequent meeting. All services provided by BDO USA, LLP during fiscal years 2016 and 2015 were pre-approved by the Audit Committee in accordance with the pre-approval policy described above.

**Required Vote**

The ratification of the selection of BDO USA, LLP requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting.

**Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the ratification of the appointment of BDO USA, LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2017.**

**PROPOSAL 3**  
**APPROVING THE AMENDMENT TO THE 2013 STOCK OPTION AND INCENTIVE PLAN**

**Overview**

The Board of Directors believes that stock options and other stock-based incentive awards can play an important role in the success of the Company by encouraging and enabling the employees, officers, non-employee directors and other key persons of the Company and its subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. The Board of Directors anticipates that providing such persons with a direct stake in the Company will assure a closer identification of the interests of such individuals with those of the Company and its stockholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

On February 16, 2017, the Board of Directors approved an amendment to the 2013 Stock Option and Incentive Plan (as amended, the "2013 Plan"), subject to stockholder approval, to increase the aggregate number of shares authorized for issuance under the 2013 Plan by 4,000,000 shares, plus the number of shares of common stock underlying any awards under the Company's previous equity incentive plans that are forfeited, cancelled or terminated (apart from those shares of common stock underlying awards that are forfeited to satisfy tax withholding). This amendment was designed to enhance the flexibility of the Compensation Committee in granting stock options and other awards to our officers, employees, non-employee directors and other key persons and to ensure that the Company can continue to grant stock options and other awards to such persons at levels determined to be appropriate by the Compensation Committee. A copy of the 2013 Plan (as amended by the proposed amendment) is attached as Annex A to this Proxy Statement and is incorporated herein by reference.

***Summary of Material Features***

The material features of the 2013 Plan are:

- The maximum number of shares of common stock to be issued under the 2013 Plan is 9,640,818; plus the number of shares of common stock underlying any awards under the Company's previous equity incentive plans that are forfeited, cancelled or terminated (apart from those shares of common stock underlying awards that are forfeited to satisfy tax withholding);
- Grants of "full-value" awards are deemed for purposes of determining the number of shares available for future grants under the 2013 Plan as an award for 1.5 shares for each share of common stock subject to the award. Grants of stock options or stock appreciation rights are deemed to be an award of one share for each share of common stock subject to the award;
- Shares tendered or held back for taxes will not be added back to the reserved pool under the 2013 Plan. Upon the exercise of a stock appreciation right, the full number of shares underlying the Award will be charged to the reserved pool. Additionally, shares reacquired by the Company on the open market will not be added to the reserved pool;
- The award of stock options (both incentive and non-qualified options), stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, performance shares, dividend equivalent rights and cash-based awards is permitted;
- Minimum vesting periods are required for grants of restricted stock, restricted stock units and performance share awards;
- Stock options and stock appreciation rights will not be repriced in any manner without stockholder approval;
- Any material amendment to the 2013 Plan is subject to approval by our stockholders; and

- The term of the 2013 Plan will expire on May 16, 2023.

Based solely on the closing price of our common stock as reported by The NASDAQ Global Market on March 13, 2017 and the maximum number of shares that would have been available for awards as of such date taking into account the proposed increase described herein, the maximum aggregate market value of the common stock that could potentially be issued under the 2013 Plan is approximately \$3.1 million. The shares we issue under the 2013 Plan will be authorized but unissued shares or shares that we reacquire. The shares of common stock underlying any awards that are forfeited, canceled or are otherwise terminated (other than by exercise or to satisfy tax withholding) under the 2013 Plan, the 2010 Stock Option and Incentive Plan or the 2005 Equity Incentive Plan are added back to the shares of common stock available for issuance under the 2013 Plan.

#### ***Qualified Performance-Based Compensation under Code Section 162(m)***

To ensure that certain awards granted under the 2013 Plan to a “Covered Employee” (as defined in the Internal Revenue Code of 1986 (the “Code”)) qualify as “performance-based compensation” under Section 162(m) of the Code, the 2013 Plan provides that the Compensation Committee may require that the vesting of such awards be conditioned on the satisfaction of performance criteria that may include any or all of the following: (1) total shareholder return; (2) achievement of key clinical milestones; (3) earnings before interest, taxes, depreciation and amortization; (4) net income (loss) (either before or after interest, taxes, depreciation and/or amortization); (5) changes in the market price of the stock; (6) economic value-added; (7) funds from operations or similar measures; (8) sales or revenue; (9) acquisitions or strategic transactions; (10) operating income (loss); (11) cash flow (including, but not limited to, operating cash flow and free cash flow); (12) return on capital, assets, equity or investment; (13) return on sales; (14) gross or net profit levels; (15) productivity; (16) expense; (17) margins; (18) operating efficiency; (19) customer satisfaction; (20) working capital; (21) earnings (loss) per share of common stock; (22) sales or market shares; and (23) number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Compensation Committee will select the particular performance criteria within 90 days following the commencement of a performance cycle. Subject to adjustments for stock splits and similar events, the maximum award granted to any one individual that is intended to qualify as “performance-based compensation” under Section 162(m) of the Code will not exceed 750,000 shares of common stock for any performance cycle and options or stock appreciation rights with respect to no more than 750,000 shares of common stock may be granted to any one individual during any calendar year period. If a performance-based award is payable in cash, it cannot exceed \$2.0 million for any performance cycle.

#### ***Rationale for Share Increase***

The 2013 Plan is critical to our ongoing effort to build stockholder value. Our equity incentive program is broad-based and equity incentive awards are also an important component of our executive and non-executive employees’ compensation. Our Compensation Committee and Board believe we must continue to offer a competitive equity compensation program in order to attract, retain and motivate the talented and qualified employees necessary for our continued growth and success.

We manage our long-term stockholder dilution by limiting the number of equity incentive awards granted annually. The Compensation Committee carefully monitors our annual net burn rate, total dilution and equity expense in order to maximize stockholder value by granting only the appropriate number of equity incentive awards that it believes are necessary to attract, reward and retain employees. Our commitment to a carefully managed equity incentive program is demonstrated by the following facts:

- Our historical three-year average burn rate, as calculated by the ISS, is 5.92 %, which is below the 2016 Russell 3000 industry benchmark of 6.77% that ISS applies to companies in our Global Industry Classification Standard, or GICS industry group (3520).
- Our compensation philosophy reflects broad-based eligibility for equity incentive awards, and we grant awards to substantially all of our employees. By doing so, we link employee interests with stockholder interests throughout the organization and motivate our employees to act as owners of the business.

The following table shows our historical dilution and burn rate percentages for our most recent three fiscal years:

	December 31,		
	2016	2015	2014
Full dilution (1)	12.17%	11.08%	12.46%
Gross burn rate (2)	7.17%	3.91%	6.69%

(1) Full dilution is calculated as (shares available for grant + shares subject to outstanding equity incentive awards)/(common stock outstanding + shares available for grant + share subject to outstanding equity incentive awards).

(2) Gross burn rate is calculated as (shares subject to options granted + shares subject to other equity incentive awards granted)/weighted average common shares outstanding.

If our request to increase the share reserve of the 2013 Plan by 4,000,000 is approved by stockholders, we will have approximately 4,465,853 shares available for grant after the Annual Meeting, which is based on shares available for grant under the 2013 Plan as of the date hereof and the shares subject to this proposal. Our Compensation Committee determined the size of the requested share increase based on projected equity awards to anticipated new hires, projected annual equity awards to existing employees, and an assessment of the magnitude of increase that our institutional investors and the firms that advise them would likely find acceptable. We anticipate that if our request to increase the share reserve is approved by stockholders, it will be sufficient to provide equity incentives to attract, retain and motivate employees through the next twelve months.

### Summary of the 2013 Plan

The following description of certain features of the 2013 Plan is intended to be a summary only. The summary is qualified in its entirety by the full text of the 2013 Plan that is attached hereto as Annex A.

*Plan Administration* . The 2013 Plan is administered by the Compensation Committee. The Compensation Committee has full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the 2013 Plan. The Compensation Committee may delegate to our Chief Executive Officer the authority to grant stock options to employees who are not subject to the reporting and other provisions of Section 16 of the Exchange Act and not subject to Section 162(m) of the Code, subject to certain limitations and guidelines.

*Eligibility* . Persons eligible to participate in the 2013 Plan will be those full or part-time officers, employees, non-employee directors and other key persons (including consultants and prospective officers) of the Company and its subsidiaries as selected from time to time by the Compensation Committee in its discretion. Approximately 35 individuals are currently eligible to participate in the 2013 Plan, which includes 6 officers, 22 employees who are not officers, and 7 non-employee directors.

*Plan Limits* . The maximum award of stock options or stock appreciation rights granted to any one individual will not exceed 750,000 shares of common stock (subject to adjustment for stock splits and similar events) for any calendar year period. If any award of restricted stock, restricted stock units or performance shares granted to an individual is intended to qualify as “performance-based compensation” under Section 162(m) of the Code, then the maximum award shall not exceed 750,000 shares of common stock (subject to adjustment for stock splits and similar events) to any one such individual in any performance cycle. If any cash-based award is intended to qualify as “performance-based compensation” under Section 162(m) of the Code, then the maximum award to be paid in cash in any performance cycle may not exceed \$2.0 million. In addition, no more than 6,250,000 shares will be issued in the form of incentive stock options.



*Effect of Awards* . For purposes of determining the number of shares of common stock available for issuance under the 2013 Plan, the grant of any “full value” award, such as a restricted stock award, restricted stock unit, unrestricted stock award or performance share will be counted as 1.5 shares for each share of common stock actually subject to the award. The grant of any stock option or stock appreciation right will be counted for this purpose as one share from each share of common stock actually subject to the award.

*Stock Options* . The 2013 Plan permits the granting of (1) options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and (2) options that do not so qualify. Options granted under the 2013 Plan will be non-qualified options if they fail to qualify as incentive options or exceed the annual limit on incentive stock options. Incentive stock options may only be granted to employees of the Company and its subsidiaries. Non-qualified options may be granted to any persons eligible to receive incentive options and to non-employee directors and key persons. The option exercise price of each option will be determined by the Compensation Committee but may not be less than 100% of the fair market value of the common stock on the date of grant. Fair market value for this purpose will be the last reported sale price of the shares of common stock on The NASDAQ Global Market on the date of grant. The exercise price of an option may not be reduced after the date of the option grant, other than to appropriately reflect changes in our capital structure.

The term of each option will be fixed by the Compensation Committee and may not exceed ten years from the date of grant. The Compensation Committee will determine at what time or times each option may be exercised. Options may be made exercisable in installments and the exercisability of options may be accelerated by the Compensation Committee. In general, unless otherwise permitted by the Compensation Committee, no option granted under the 2013 Plan is transferable by the optionee other than by will or by the laws of descent and distribution, and options may be exercised during the optionee’s lifetime only by the optionee, or by the optionee’s legal representative or guardian in the case of the optionee’s incapacity.

Upon exercise of options, the option exercise price must be paid in full either in cash, by certified or bank check or other instrument acceptable to the Compensation Committee or by delivery (or attestation to the ownership) of shares of common stock that are beneficially owned by the optionee for at least six months or were purchased in the open market. Subject to applicable law, the exercise price may also be delivered to the Company by a broker pursuant to irrevocable instructions to the broker from the optionee. In addition, the Compensation Committee may permit non-qualified options to be exercised using a net exercise feature which reduces the number of shares issued to the optionee by the number of shares with a fair market value equal to the exercise price.

To qualify as incentive options, options must meet additional federal tax requirements, including a \$100,000 limit on the value of shares subject to incentive options that first become exercisable by a participant in any one calendar year.

*Stock Appreciation Rights* . The Compensation Committee may award stock appreciation rights subject to such conditions and restrictions as the Compensation Committee may determine. Stock appreciation rights entitle the recipient to shares of common stock equal to the value of the appreciation in the stock price over the exercise price. The exercise price is the fair market value of the common stock on the date of grant. The maximum term of a stock appreciation right is ten years.

*Restricted Stock* . The Compensation Committee may award shares of common stock to participants subject to such conditions and restrictions as the Compensation Committee may determine. These conditions and restrictions may include the achievement of certain performance goals (as summarized above) and/or continued employment with us through a specified restricted period. However, except in the case of retirement, death, disability or a change of control, in the event these awards granted to employees have a performance-based goal, the restriction period will be at least one year, and in the event these awards granted to employees have a time-based restriction, the restriction period will be at least three years, but vesting can occur incrementally over the three-year period.

*Restricted Stock Units* . The Compensation Committee may award restricted stock units to any participants. Restricted stock units are ultimately payable in the form of shares of common stock and may be subject to such conditions and restrictions as the Compensation Committee may determine. These conditions and restrictions may include the achievement of certain performance goals (as summarized above) and/or continued employment with the Company through a specified vesting period. However, except in the case of retirement, death, disability or a change of control, in the event these awards granted to employees have a performance-based goal, the restriction period will be at least one year, and in the event these awards granted to employees have a time-based restriction, the restriction period will be at least three years, but vesting can occur incrementally over the three-year period. In the Compensation Committee's sole discretion, it may permit a participant to make an advance election to receive a portion of his or her future cash compensation otherwise due in the form of a deferred stock unit award, subject to the participant's compliance with the procedures established by the Compensation Committee and requirements of Section 409A of the Code. During the deferral period, the deferred stock awards may be credited with dividend equivalent rights.

*Unrestricted Stock Awards* . The Compensation Committee may also grant shares of common stock which are free from any restrictions under the 2013 Plan. Unrestricted stock may be granted to any participant in recognition of past services or other valid consideration and may be issued in lieu of cash compensation due to such participant.

*Performance Share Awards* . The Compensation Committee may grant performance share awards to any participant which entitle the recipient to receive shares of common stock upon the achievement of certain performance goals (as summarized above) and such other conditions as the Compensation Committee shall determine. Except in the case of retirement, death, disability or a change in control, these awards granted to employees will have a vesting period of at least one year.

*Dividend Equivalent Rights* . The Compensation Committee may grant dividend equivalent rights to participants which entitle the recipient to receive credits for dividends that would be paid if the recipient had held specified shares of common stock. Dividend equivalent rights granted as a component of another award subject to performance vesting may be paid only if the related award becomes vested. Dividend equivalent rights may be settled in cash, shares of common stock or a combination thereof, in a single installment or installments, as specified in the award.

*Cash-Based Awards* . The Compensation Committee may grant cash bonuses under the 2013 Plan to participants. The cash bonuses may be subject to the achievement of certain performance goals (as summarized above).

*Change of Control Provisions* . The 2013 Plan provides that upon the effectiveness of a "sale event" as defined in the 2013 Plan, except as otherwise provided by the Compensation Committee in the award agreement, all stock options and stock appreciation rights will automatically become fully exercisable and the restrictions and conditions on all other awards with time-based conditions will automatically be deemed waived, unless the parties to the sale event agree that such awards will be assumed or continued by the successor entity. Awards with conditions and restrictions relating to the attainment of performance goals may become vested and non-forfeitable in connection with a sale event in the Committee's discretion. In addition, in the case of a sale event in which the Company's stockholders will receive cash consideration, the Company may make or provide for a cash payment to participants holding options and stock appreciation rights equal to the difference between the per share cash consideration and the exercise price of the options or stock appreciation rights.

*Adjustments for Stock Dividends, Stock Splits, Etc.* The 2013 Plan requires the Compensation Committee to make appropriate adjustments to the number of shares of common stock that are subject to the 2013 Plan, to certain limits in the 2013 Plan, and to any outstanding awards to reflect stock dividends, stock splits, extraordinary cash dividends and similar events.

*Tax Withholding* . Participants in the 2013 Plan are responsible for the payment of any federal, state or local taxes that the Company is required by law to withhold upon the exercise of options or stock appreciation rights or vesting of other awards. Subject to approval by the Compensation Committee, participants may elect to have the minimum tax withholding obligations satisfied by authorizing the Company to withhold shares of common stock to be issued pursuant to the exercise or vesting.

*Amendments and Termination* . The Board may at any time amend or discontinue the 2013 Plan and the Compensation Committee may at any time amend or cancel any outstanding award for the purpose of satisfying changes in the law or for any other lawful purpose. However, no such action may adversely affect any rights under any outstanding award without the holder's consent. To the extent required under the rules of The NASDAQ Global Market, any amendments that materially change the terms of the 2013 Plan will be subject to approval by our stockholders. Amendments shall also be subject to approval by our stockholders if and to the extent determined by the Compensation Committee to be required by the Code to preserve the qualified status of incentive options or to ensure that compensation earned under the 2013 Plan qualifies as performance-based compensation under Section 162(m) of the Code.

*Effective Date of 2013 Plan* . The Board adopted the 2013 Plan on March 25, 2013, and the 2013 Plan became effective on May 16, 2013, the date it was approved by stockholders. Awards of incentive options may be granted under the 2013 Plan until March 25, 2023. No other awards may be granted under the 2013 Plan after the date that is 10 years from the date of stockholder approval.

### New Plan Benefits

Because the grant of awards under the 2013 Plan is within the discretion of the Compensation Committee, the Company cannot determine the dollar value or number of shares of common stock that will in the future be received by or allocated to any participant in the 2013 Plan. Accordingly, in lieu of providing information regarding benefits that will be received under the 2013 Plan, the following table provides information concerning the benefits that were received by the following persons and groups during 2016: each named executive officer; all current executive officers, as a group; all current directors who are not executive officers, as a group; and all employees and consultants who are not executive officers, as a group.

Name	Option Awards	
	Average Exercise Price Per Share	Number of Shares
Craig Thompson, Chief Executive Officer and Director	\$3.06	750,000
William Shanahan, M.D., Senior Vice President, Chief Medical Officer	\$3.17	390,000
Klara Dickinson-Eason, Senior Vice President, Chief Regulatory Officer	\$3.47	113,395
Chuck Olson, Chief Technology Officer	\$3.55	155,626
May Liu, Senior Vice President, Finance and Administration	\$3.46	87,407
Paul F. Truex, former Chief Executive Officer & current Executive Chairman (1)	\$3.49	315,816
All current executive officers, as a group	\$3.25	1,812,244
All current directors who are not executive officers, as a group	\$3.16	470,454
All current employees and consultants who are not executive officers, as a group	\$3.40	677,444

(1) Mr. Truex resigned from the role of Chief Executive Officer on December 2, 2016 and concurrently assumed the role of Executive Chairman of the Board.

### Tax Aspects Under the Code

The following is a summary of the principal federal income tax consequences of certain transactions under the 2013 Plan. It does not describe all federal tax consequences under the 2013 Plan, nor does it describe state or local tax consequences.

*Incentive Options* . No taxable income is generally realized by the optionee upon the grant or exercise of an incentive option. If shares of common stock issued to an optionee pursuant to the exercise of an incentive option are sold or transferred after two years from the date of grant and after one year from the date of exercise, then (i) upon sale of such shares, any amount realized in excess of the option price (the amount paid for the shares) will be taxed to the optionee as a long-term capital gain, and any loss sustained will be a long-term capital loss, and (ii) the Company will not be entitled to any deduction for federal income tax purposes. The exercise of an incentive option will give rise to an item of tax preference that may result in alternative minimum tax liability for the optionee.

If shares of common stock acquired upon the exercise of an incentive option are disposed of prior to the expiration of the two-year and one-year holding periods described above (a “disqualifying disposition”), generally (i) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares of common stock at exercise (or, if less, the amount realized on a sale of such shares of common stock) over the option price thereof, and (ii) we will be entitled to deduct such amount. Special rules will apply where all or a portion of the exercise price of the incentive option is paid by tendering shares of common stock.

If an incentive option is exercised at a time when it no longer qualifies for the tax treatment described above, the option is treated as a non-qualified option. Generally, an incentive option will not be eligible for the tax treatment described above if it is exercised more than three months following termination of employment (or one year in the case of termination of employment by reason of disability). In the case of termination of employment by reason of death, the three-month rule does not apply.

*Non-Qualified Options* . No income is realized by the optionee at the time the option is granted. Generally (i) at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the option price and the fair market value of the shares of common stock on the date of exercise, and we receive a tax deduction for the same amount, and (ii) at disposition, appreciation or depreciation after the date of exercise is treated as either short-term or long-term capital gain or loss depending on how long the shares of common stock have been held. Special rules will apply where all or a portion of the exercise price of the non-qualified option is paid by tendering shares of common stock. Upon exercise, the optionee will also be subject to Social Security taxes on the excess of the fair market value over the exercise price of the option.

*Other Awards* . The Company generally will be entitled to a tax deduction in connection with an award under the 2013 Plan in an amount equal to the ordinary income realized by the participant at the time the participant recognizes such income. Participants typically are subject to income tax and recognize such tax at the time that an award is exercised, vests or becomes non-forfeitable, unless the award provides for a further deferral.

*Parachute Payments* . The vesting of any portion of an option or other award that is accelerated due to the occurrence of a change in control (such as a sale event) may cause a portion of the payments with respect to such accelerated awards to be treated as “parachute payments” as defined in the Code. Any such parachute payments may be non-deductible to the Company, in whole or in part, and may subject the recipient to a non-deductible 20% federal excise tax on all or a portion of such payment (in addition to other taxes ordinarily payable).

*Limitation on Deductions* . Under Section 162(m) of the Code, the Company’s deduction for certain awards under the 2013 Plan may be limited to the extent that the Chief Executive Officer or other executive officer whose compensation is required to be reported in the summary compensation table (other than the Principal Financial Officer) receives compensation in excess of \$1 million a year (other than performance-based compensation that otherwise meets the requirements of Section 162(m) of the Code). The 2013 Plan is structured to allow certain awards to qualify as performance-based compensation.

#### **Required Vote**

The approval of the 2013 Plan Amendment requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting.

#### **Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the approval of the amendment to the 2013 Plan.**

**PROPOSAL 4**  
**APPROVING THE AMENDMENT TO THE 2010 EMPLOYEE STOCK PURCHASE PLAN**

**Overview**

The Board of Directors has adopted an amendment to the Anthera Pharmaceuticals, Inc. 2010 Employee Stock Purchase Plan (the “2010 ESPP”), subject to stockholder approval, to increase the number of shares of common stock reserved for issuance thereunder by 218,750 shares, plus on January 1, 2018 and each January 1 thereafter, by the number of shares of stock equal to the lesser of (i) one percent (1%) of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or (ii) 250,000 shares of common stock. Under the 2010 ESPP, eligible employees of the Company and certain designated subsidiaries of the Company may authorize the Company to deduct amounts from their compensation, which amounts are used to enable the employees to purchase shares of the Company’s common stock. The purpose of the 2010 ESPP is to attract and retain key personnel, and encourage stock ownership by the Company’s employees.

The 2010 ESPP is a broad-based employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the “Code”).

**Summary of the 2010 ESPP**

The following description of certain features of the 2010 ESPP, as amended by the proposed amendment, is intended to be a summary only. The summary is qualified in its entirety by the full text of the 2010 ESPP that is attached hereto as *Appendix B*.

The 2010 ESPP is administered by the person or persons appointed by the Company’s Board of Directors. The 2010 ESPP provides that all employees of the Company and any designated subsidiaries of the Company who work at least 20 hours per week are eligible to participate in the 2010 ESPP, except for persons who are deemed under Section 423(b)(3) of the Code to own five percent (5%) or more of the voting stock of the Company. Participation by any eligible employee is voluntary. The number of employees potentially eligible to participate in the 2010 ESPP is approximately 28 persons.

The 2010 ESPP provides for two “offering periods” within each year. Unless otherwise determined by the administration, offering periods will commence on the first business day occurring on or after each January 1 and ending on the last business day occurring on or before the following June 30, and the second commencing on the first business day occurring on or after each July 1 and ending on the last business day occurring on or before the following December 31. Eligible employees may elect to become participants in the 2010 ESPP by enrolling prior to each semi-annual date to purchase shares under the 2010 ESPP. Shares are purchased through the accumulation of payroll deductions of not less than one percent (1%) nor more than ten percent (10%) of each participant’s compensation. The maximum number of shares of common stock that can be purchased under the 2010 ESPP during any one calendar year is that number having a fair market value of \$25,000 on the first day of the purchase period pursuant to which the shares are purchased. The number of shares to be purchased with respect to any purchase period will be the lesser of (a) the number of shares determined by dividing the participant’s balance in the plan account on the last day of the purchase period by the purchase price per share for the stock, (b) 12,500 shares, and (c) such other lesser maximum number of shares as shall have been established by the administrator in advance of the offering. The purchase price per share will be 85% of the fair market value of the common stock as of the first date or the ending date of the applicable semi-annual purchase period, whichever is less.

A participant’s right to purchase shares during a purchase period under the 2010 ESPP is not transferable by the participant except by will or by the laws of descent and distribution. Employees may cease their participation in the offering at any time during the offering period, and participation automatically ceases on termination of employment with the Company.

The number of shares that are reserved for issuance under the 2010 ESPP is subject to adjustment for stock splits and similar events. The proceeds received by the Company from exercise under the 2010 ESPP will be used for the general purposes of the Company. Shares issued under the 2010 ESPP may be authorized but unissued shares or shares reacquired by the Company and held in its treasury.

Based solely on the closing price of our common stock, as reported by the NASDAQ Global Market on March 13, 2017 and the maximum aggregate number of shares that may be added under the proposed increase herein, the maximum aggregate market value of the common stock that could be issued under the ESPP is \$0.7 million.

The Board of Directors may, at any time, terminate the 2010 ESPP; provided that the 2010 ESPP shall automatically terminate in accordance with its terms as of the tenth anniversary of its adoption by the Board of Directors (i.e., February 2020). The Board of Directors may at any time, and from time to time, amend the 2010 ESPP in any respect, *except* that without the approval within 12 months of such Board action by the stockholders, no amendment may be made increasing the number of shares approved for the 2010 ESPP or making any other change that would require stockholder approval in order for the 2010 ESPP, as amended, to qualify as an “employee stock purchase plan” under Section 423(b) of the Code.

### **Tax Aspects Under the Code**

The 2010 ESPP is intended to qualify as an “employee stock purchase plan” as defined in Section 423(b) of the Code, which provides that an employee participating in the plan is not required to pay any federal income tax when joining the 2010 ESPP or when purchasing the shares of common stock at the end of an offering. The employee is, however, required to pay federal income tax on the difference, if any, between the price at which he or she sells the shares and the price he or she paid for them.

If shares acquired under the 2010 ESPP are sold more than two years after the first day of the purchase period pursuant to which the shares were purchased, the employee will generally recognize ordinary income for the year in which the sale occurs equal to the lesser of (a) fifteen percent (15%) of the fair market value of the common stock on the first day of the offering period pursuant to which the shares were purchased or (b) the excess of the amount actually received for the shares over the amount paid. No taxable income results if the proceeds of the sale are equal to or less than the price paid for the shares. In addition, the employee may recognize long-term capital gain or loss in an amount equal to the difference between the proceeds of the sale and the employee’s basis in the shares (i.e., the employee’s purchase price plus the amount taxed to the employee as ordinary income). The employee will receive long-term capital gain or loss treatment if he or she has held the shares for at least 12 months. No deduction is allowed to the Company.

If shares acquired under the 2010 ESPP are sold within two years of the first day of the purchase period pursuant to which the shares were purchased, the employee will recognize ordinary income equal to the difference between the fair market value of the shares on the last day of the offering and the employee’s purchase price. This amount is reportable as ordinary income even if no profit was realized on the sale of shares or the shares were sold at a loss. Long-term or short-term (depending on the holding period for the shares) capital gain or loss will be recognized in an amount equal to the difference between the proceeds of sale and the employee’s basis in the shares. The amount reportable as ordinary income from a sale made within two years of the first day of the purchase period pursuant to which the shares were purchased will generally be allowed as a tax deduction to the Company.

### **New 2010 ESPP Plan Benefits**

Since participation in the 2010 ESPP is voluntary, the benefits or amounts that will be received by or allocated to any individual or group of individuals under the 2010 ESPP are not determinable.

### **Required Vote**

The approval of the amendment to the 2010 ESPP requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting.

**Recommendation of the Board of Directors**

The Board of Directors unanimously recommends that stockholders vote FOR the approval of the 2010 Employee Stock Purchase Plan.

**Equity Compensation Plan Information**

The following table provides information regarding our equity compensation plan in effect as of December 31, 2016.

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted Average price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plan (excluding securities referenced in column (a))</b>
	(a)	(b)	(c)
Equity compensation plans approved by security holders:	5,996,024	\$ 3.73	472,676
Equity compensation plans not approved by security holders:	N/A	N/A	N/A
<b>Total</b>	<b>5,996,024</b>	<b>\$ 3.73</b>	<b>472,676</b>

## PROPOSAL 5 REVERSE STOCK SPLIT

The Board is recommending that the stockholders approve amendments to the Company's certificate of incorporation to effect a reverse stock split of the Company's outstanding shares of common stock at a ratio within a range of 1:5 to 1:8 (the "Reverse Stock Split"). If this proposal is approved, the Board or a committee of the Board will have the authority to decide, within twelve months from the Annual Meeting, whether to implement the Reverse Stock Split, and if it decides to do so, the authority to set a specific ratio within range of 1:5 to 1:8. If the Board decides to implement the Reverse Stock Split, it will become effective upon the filing of the amendment of the Company's Certificate of Incorporation with the Secretary of State of the State of Delaware (the "Effective Date"). The form of amendment of the Company's certificate of incorporation to effect the Reverse Stock Split is attached as *Annex C* to this proxy statement and incorporated herein by reference.

### **Purpose and Background of the Reverse Stock Split**

The Board's primary objectives in proposing the Reverse Stock Split is to raise the per share trading price of our common stock. The Board believes that the Reverse Stock Split would, among other things, (i) better enable the Company to maintain the listing of its common stock on The NASDAQ Global Market, (ii) facilitate higher levels of institutional stock ownership, where investment policies generally prohibit investments in lower-priced securities and (iii) better enable the Company to raise funds to finance its planned operations.

The Company's common stock is currently listed on The NASDAQ Global Market. On February 10, 2017, the Company received a letter from The NASDAQ Stock Market LLC ("NASDAQ") advising that for the previous 30 consecutive business days, the bid price of the Company's common stock had closed below the minimum \$1.00 per share requirement for continued inclusion on the NASDAQ Global Market pursuant to NASDAQ Marketplace Rule 4450(a)(5). This notification had no immediate effect on the listing of the common stock. NASDAQ stated in its letter that in accordance with NASDAQ Marketplace Rule 4450(e)(2), the Company is provided 180 calendar days, or until August 9, 2017, to regain compliance with the minimum bid price requirement. The NASDAQ letter also stated that if, at any time before August 9, 2017, the bid price of the common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days, the NASDAQ staff will provide the Company with written notification that it has achieved compliance with the minimum bid price requirement.

If the Company does not regain compliance with the minimum bid price requirement by August 9, 2017, the NASDAQ staff will provide the Company with written notification that the common stock will be delisted from the NASDAQ Global Market. At that time, the Company may appeal the delisting determination to a NASDAQ Listings Qualifications Panel pursuant to applicable NASDAQ rules. Alternatively, NASDAQ Marketplace Rule 4450(i) may permit the Company to transfer the common stock to the NASDAQ Capital Market if the common stock satisfies all criteria, other than compliance with the minimum bid price requirement, for initial inclusion on such market. In the event of such a transfer, the NASDAQ Marketplace Rules provide that the Company will be afforded an additional 180 calendar days to comply with the minimum bid price requirement while listed on the NASDAQ Capital Market.

If a delisting from NASDAQ Global Market were to occur, the common stock might be eligible for listing on the NASDAQ Capital Market as described above. If a delisting from the NASDAQ Capital Market were to occur, the common stock would then trade on the OTC Bulletin Board or in the "pink sheets." These alternative markets are generally considered to be less efficient than, and not as broad as, The NASDAQ Capital Market or The NASDAQ Global Market.

The closing sale price of the Company's common stock on February 23, 2017 was \$0.69 per share. The Board has considered the potential harm to the Company of a delisting from the NASDAQ Global Market and believes that the Reverse Stock Split would help the Company regain compliance with NASDAQ's minimum bid price listing standard.



The Board further believes that an increased stock price may encourage investor interest and improve the marketability of the Company's common stock to a broader range of investors, and thus improve liquidity. Because of the trading volatility often associated with low-priced stocks, many brokerage firms and institutional investors have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers. The Board believes that the anticipated higher market price resulting from a reverse stock split would enable institutional investors and brokerage firms with policies and practices such as those described above to invest in the Company's common stock.

Furthermore, the Board believes that the Reverse Stock Split would facilitate the Company's efforts to raise capital to fund its planned operations. As previously disclosed in the Company's periodic reports filed with the Securities and Exchange Commission (the "SEC"), the Company will need to raise additional capital and may elect to do so through the issuance of equity securities. The Reverse Stock Split would increase the number of shares of authorized common stock. As a result, the Company would have a larger number of authorized but unissued shares from which to issue additional shares of common stock, or securities convertible or exercisable into shares of common stock, in equity financing transactions. Currently, except as contemplated by its existing stock option plans and employee stock purchase plan, the Company has no agreements, plans, arrangements or understandings, written or oral, relating to the issuance of any of the additional shares of common stock to be authorized upon the approval of this proposal.

The purpose of seeking stockholder approval of a range of exchange ratios from 1:5 to 1:8 (rather than a fixed exchange ratio) is to provide the Company with the flexibility to achieve the desired results of the Reverse Stock Split. If the stockholders approve this proposal, the Board or a committee of the Board would effect the Reverse Stock Split only upon the Board or committee's determination that the Reverse Stock Split would be in the best interests of the Company at that time. If the Board were to effect the Reverse Stock Split, the Board would set the timing for such a split and select the specific ratio within the range of 1:5 to 1:8. No further action on the part of stockholders would be required to either implement or abandon the Reverse Stock Split. If the stockholders approve the proposal, and the Board or a committee of the Board determines to effect the Reverse Stock Split, we would communicate to the public, prior to the Effective Date, additional details regarding the Reverse Stock Split, including the specific ratio selected by the Board or committee. If the Board or a committee of the Board does not implement the Reverse Stock Split within twelve months from the Annual Meeting, the authority granted in this proposal to implement the Reverse Stock Split will terminate. The Board reserves its right to elect not to proceed with the Reverse Stock Split if it determines, in its sole discretion, that this proposal is no longer in the best interests of the Company.

#### **Material Effects of Proposed Reverse Stock Split**

The Board believes that the Reverse Stock Split will increase the price level of the Company's common stock in order to, among other things, ensure continued compliance with the NASDAQ Global Market's minimum bid price listing standard and generate interest in the Company among investors. The Board cannot predict, however, the effect of the Reverse Stock Split upon the market price for the common stock, and the history of similar reverse stock splits for companies in like circumstances is varied. The market price per share of common stock after the Reverse Stock Split may not rise in proportion to the reduction in the number of shares of common stock outstanding resulting from the Reverse Stock Split, which would reduce the market capitalization of the Company. The market price per post- Reverse Stock Split share may not remain in excess of the \$1.00 minimum bid price as required by the NASDAQ Global Market, or the Company may not otherwise meet the additional requirements for continued listing on the NASDAQ Global Market. The market price of the common stock may also be based on our performance and other factors, the effect of which the Board cannot predict.

The Reverse Stock Split will affect all stockholders of the Company uniformly and will not affect any stockholder's percentage ownership interests or proportionate voting power, except to the extent that the Reverse Stock Split results in any of stockholders owning a fractional share. In lieu of issuing fractional shares, the Company may either (i) directly pay each stockholder who would otherwise have been entitled to a fraction of a share an amount in cash equal to the closing sale price of the common stock, as quoted on the NASDAQ Global Market on the Effective Date, multiplied by the fractional share amount, or (ii) make arrangements with the Company's transfer agent or exchange agent to aggregate all fractional shares otherwise issuable in the Reverse Stock Split and sell these whole shares as soon as possible after the Effective Date at then prevailing market prices on the open market on behalf of those holders, and then pay each such holder his, her or its pro rata portion of the sale proceeds.

The principal effects of the Reverse Stock Split will be that (i) all outstanding options and warrants entitling the holders thereof to purchase shares of common stock will enable such holders to purchase, upon exercise of their options or warrants, one-fifth to one-eighth of the number of shares of common stock which such holders would have been able to purchase upon exercise of their options or warrants immediately preceding the Reverse Stock Split, at an exercise price equal to five to eight times the exercise price specified before the Reverse Stock Split, resulting in the same aggregate price being required to be paid upon exercise thereof immediately preceding the Reverse Stock Split, and (ii) the number of shares reserved for issuance pursuant to the Company's 2013 Stock Option and Incentive Plan and 2010 Employee Stock Purchase Plan will be reduced to one-fifth to one-eighth of the number of shares currently included in each such plan.

The Reverse Stock Split will not affect the par value of the common stock. As a result, on the Effective Date of the Reverse Stock Split, the stated capital on the Company's balance sheet attributable to the common stock will be reduced to one-fifth to one-eighth of its present amount, depending on the exact amount of the split, and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per share net income or loss and net book value of the common stock will be retroactively increased for each period because there will be fewer shares of common stock outstanding.

The amendment will not change the terms of the common stock. After the Reverse Stock Split, the shares of common stock will have the same voting rights and rights to dividends and distributions and will be identical in all other respects to the common stock now authorized. Each stockholder's percentage ownership of the new common stock will not be altered except for the effect of eliminating fractional shares. The common stock issued pursuant to the Reverse Stock Split will remain fully paid and non-assessable. The Reverse Stock Split is not intended as, and will not have the effect of a "going private transaction" covered by Rule 13e-3 under the Securities Exchange Act of 1934. Following the Reverse Stock Split, the Company will continue to be subject to the periodic reporting requirements of the Securities Exchange Act of 1934.

The Reverse Stock Split will not change the number of authorized shares of the Company's preferred stock or the terms of the preferred stock.

The Reverse Stock Split may result in some stockholders owning "odd-lots" of less than 100 shares of our common stock. Brokerage commissions and other costs of transactions in odd-lots are generally higher than the costs of transactions in "round-lots" of even multiples of 100 shares.

#### **Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates**

If the Reverse Stock Split is approved by the Company's stockholders, and the Board or a committee of the Board determines it is in the best interests of the Company to effect the Reverse Stock Split, the Reverse Stock Split would become effective at such time as the amendment of the Company's Fifth Amended and Restated Certificate of Incorporation, as amended, the form of which is attached as *Annex C* to this proxy statement, is filed with the Secretary of State of the State of Delaware. Upon the filing of the amendment, all the Company's existing common stock will be converted into new common stock as set forth in the amendment.

As soon as practicable after the Effective Date, stockholders will be notified that the Reverse Stock Split has been effected. American Stock Transfer and Trust Company, the Company's transfer agent, will act as exchange agent for purposes of implementing the exchange of stock certificates. Holders of pre- Reverse Stock Split shares will be asked to surrender to the exchange agent certificates representing pre- Reverse Stock Split shares in exchange for certificates representing post- Reverse Stock Split shares in accordance with the procedures to be set forth in a letter of transmittal that will be delivered to the Company's stockholders. No new certificates will be issued to a stockholder until the stockholder has surrendered to the exchange agent his, her or its outstanding certificate(s) together with the properly completed and executed letter of transmittal. STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATES AND SHOULD NOT SUBMIT ANY CERTIFICATES UNTIL REQUESTED TO DO SO. Stockholders whose shares are held by their stockbroker do not need to submit old share certificates for exchange. These shares will automatically reflect the new quantity of shares based on the Reverse Stock Split. Beginning on the Effective Date, each certificate representing pre- Reverse Stock Split shares will be deemed for all corporate purposes to evidence ownership of post- Reverse Stock Split shares.

## **Fractional Shares**

The Company will not issue fractional certificates for post- Reverse Stock Split shares in connection with the Reverse Stock Split. In lieu of issuing fractional shares, the Company may either (i) directly pay each stockholder who would otherwise have been entitled to a fraction of a share an amount in cash equal to the closing sale price of the common stock, as quoted on the NASDAQ Global Market on the Effective Date, multiplied by the fractional share amount, or (ii) make arrangements with the Company's transfer agent or exchange agent to aggregate all fractional shares otherwise issuable in the Reverse Stock Split and sell these whole shares as soon as possible after the Effective Date at then prevailing market prices on the open market on behalf of those holders, and then pay each such holder his, her or its pro rata portion of the sale proceeds.

## **Criteria to be Used for Decision to Apply the Reverse Stock Split**

If the stockholders approve Reverse Stock Split, the Board or a committee of the Board will be authorized to proceed with the Reverse Stock Split. In determining whether to proceed with the Reverse Stock Split and setting the exact amount of split, if any, the Board or committee will consider a number of factors, including market conditions, existing and expected trading prices of the Company's common stock, the NASDAQ Global Market listing requirements, the Company's additional funding requirements and the amount of the Company's authorized but unissued common stock.

## **No Dissenter's Rights**

Under the Delaware General Corporation Law, stockholders will not be entitled to dissenter's rights with respect to the proposed amendment of the Company's Fifth Amended and Restated Certificate of Incorporation, as amended, to effect the Reverse Stock Split, and the Company does not intend to independently provide stockholders with any such right.

## **Certain U.S. Federal Income Tax Consequences of the Reverse Stock Split**

The following is a summary of certain U.S. federal income tax consequences relating to the Reverse Stock Split as of the date hereof. Except where noted, this summary deals only with a stockholder who holds common stock as a capital asset.

For purposes of this summary, a "U.S. holder" means a beneficial owner of common stock who is any of the following for U.S. federal income tax purposes: (i) a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. A non-U.S. holder of common stock is a stockholder who is not a U.S. holder.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax considerations different from those summarized below. This summary does not represent a detailed description of the U.S. federal income tax consequences to a stockholder in light of his, her or its particular circumstances. In addition, it does not represent a description of the U.S. federal income tax consequences to a stockholder who is subject to special treatment under the U.S. federal income tax laws and does not address the tax considerations applicable to stockholders who may be subject to special tax rules, such as:

- partnerships;
- financial institutions;

- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- dealers or traders in securities or currencies;
- stockholders who hold common stock as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or U.S. holders that have a functional currency other than the U.S. dollar;
- stockholders who actually or constructively own 10 percent or more of the Company's voting stock; or
- a non-U.S. holder who is a U.S. expatriate, "controlled foreign corporation" or "passive foreign investment company."

Moreover, this description does not address the U.S. federal estate and gift tax, alternative minimum tax or other tax consequences of the Reverse Stock Split.

If an entity classified as a partnership for U.S. federal income tax purposes holds common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership.

**Each stockholder should consult his, her or its own tax advisers concerning the particular U.S. federal tax consequences of the Reverse Stock Split, as well as the consequences arising under the laws of any other taxing jurisdiction, including any state, local or foreign income tax consequences.**

**To ensure compliance with Treasury Department Circular 230, each holder of common stock is hereby notified that: (a) any discussion of U.S. federal tax issues in this proxy statement is not intended or written to be used, and cannot be used, by such holder for the purpose of avoiding penalties that may be imposed on such holder under the Code; (b) any such discussion has been included by the Company in furtherance of the Reverse Stock Split on the terms described herein; and (c) each such holder should seek advice based on its particular circumstances from an independent tax advisor.**

*U.S. Holders.* Generally, a reverse stock split will not result in the recognition of gain or loss by a U.S. holder for U.S. federal income tax purposes (except to the extent of cash received in lieu of a fractional share). The aggregate adjusted basis of the new shares of common stock will be the same as the aggregate adjusted basis of the common stock exchanged for such new shares, reduced by the amount of the adjusted basis of any common stock exchanged for such new shares that is allocated to the fractional share for which cash is received. The holding period of the new, post- Reverse Stock Split shares of the common stock resulting from implementation of the reverse stock split will include a U.S. holder's holding periods for the pre- Reverse Stock Split shares. A stockholder who receives cash in lieu of a fractional share of new common stock generally will recognize taxable gain or loss equal to the difference, if any, between the amount of cash received and the portion of the stockholder's aggregate adjusted tax basis in the shares of old common stock allocated to the fractional share. If the shares of old common stock allocated to the fractional shares were held by the stockholder as capital assets, the gain or loss resulting from the payment of cash in lieu of the issuance of a fractional share will be taxed as capital gain or loss. Such capital gain or loss will be short term if the pre- Reverse Stock Split shares were held for one year or less and long term if held more than one year.

*Non-U.S. Holders.* A non-U.S. holder of the Company's common stock generally will not be subject to U.S. federal income tax with respect to any gain recognized as a result of cash received in lieu of a fractional share in connection with the Reverse Stock Split; provided, however, that gain will be subject to tax if (i) the gain is effectively connected with a trade or business of the non-U.S. holder in the U.S. (in which case, for a non-U.S. holder that is a foreign corporation, the branch profits tax may also apply), and, where a tax treaty applies, is attributable to a U.S. permanent establishment of the non-U.S. holder, (ii) the gain is recognized by a non-U.S. holder who is present in the United States for 183 or more days in the taxable year of the reverse stock split and certain other conditions are met, or (iii) the Company is or has been a "U.S. real property holding corporation" for U.S. federal income tax purposes. The Company believes it currently is not and it does not anticipate becoming, a "U.S. real property holding corporation" for U.S. federal income tax purposes.

*Information Reporting and Backup Withholding.* Payment of cash in lieu of fractional shares within the United States or conducted through certain U.S. related financial intermediaries is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is not a U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. holder) or the stockholder otherwise establishes an exemption. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such stockholder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

### **Approval Required**

The affirmative vote of the holders of a majority of the shares of the Company's common stock outstanding as of the record date is required to approve the amendment of the Company's Fifth Amended and Restated Certificate of Incorporation, as amended, to effect the Reverse Stock split of the common stock in the range of 1:5 to 1:8, such ratio to be determined in the discretion of the Board. Abstentions and "broker non-votes" will not be counted as having been voted on the proposal, and therefore will have the same effect as negative votes.

### **Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the amendment of the Company's Fifth Amended and Restated Certificate of Incorporation, as amended, to effect the Reverse Stock Split of Anthera's common stock in the range of 1:5 to 1:8, with the exact ratio to be determined by the Board of Directors or a committee of the Board of Directors of the Company in its sole discretion.**

**PROPOSAL 6**  
**APPROVE, UNDER APPLICABLE NASDAQ LISTING RULES, THE ISSUANCE**  
**OF 247,119 SHARES OF OUR COMMON STOCK UPON CONVERSION OF THE**  
**SERIES X CONVERTIBLE PREFERRED STOCK**

**Sale of Series X Convertible Preferred Stock**

As set forth in the Company's Form 8-K filed on September 12, 2016, on September 6, 2016, we entered into a subscription agreement (the "Subscription Agreement") with purchasers affiliated with Biotechnology Value Fund, L.P. ("BVF") and Rock Springs Capital Master Fund LP ("Rock Springs", and together with BVF, the "Series X Purchasers"). Pursuant to the Subscription Agreement, the Company agreed to issue shares of its Series X Convertible Preferred Stock (the "Series X Preferred Stock"), warrants to purchase common stock (the "Warrants") and shares of its Series X-1 Convertible Preferred Stock in two tranches. The first tranche consisted of 17,000 Series X Units, with each unit consisting of one share of Series X Preferred Stock and a Warrant to purchase shares of common stock.

Under the terms of the Subscription Agreement, the conversion price for the Series X Preferred Stock (the "Series X Conversion Price") was to be equal to the lower of: (a) \$2.95, the closing price for the common stock as reported on NASDAQ on September 6, 2016, or (b) the five-day volume-weighted average price ("VWAP") of the Company's common stock over the five full trading days following the earlier of (1) the date of the Company's initial public announcement of topline and/or efficacy data from the ongoing Chablis-SC1 study or (2) if applicable, the date of the Company's initial public announcement of the suspension (including through the imposition of a clinical hold), abandonment or other termination of the Chablis-SC1 study. The Series X Conversion Price was later set at \$1.9692, which was the five-day VWAP of the Company's common stock following the date of the Company's initial public announcement of topline and/or efficacy data from the Chablis-SC1 study.

In the event of the Company's liquidation, dissolution or winding up, holders of Series X Preferred Stock will receive any dividends declared but unpaid on such shares, before any proceeds are distributed to the holders of the Company's common stock, and will participate *pari passu* with any distribution of proceeds to holders of the Company's common stock. Shares of Series X Preferred Stock will generally have no voting rights.

**Nasdaq Listing Requirements**

Because our common stock is listed on the NASDAQ Global Market, we are subject to the NASDAQ's Listing Rules. The potential issuance of the shares of our common stock upon conversion of the Series X Convertible Preferred Stock implicates certain of the NASDAQ listing standards requiring prior stockholder approval in order to maintain our listing on the NASDAQ Global Market, including under NASDAQ Listing Rule 5635(d) which requires prior stockholder approval for the issuance, other than in a public offering, of common stock (or securities convertible into common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock (the "Nasdaq Cap"). Even if securities are issued at a premium to the then current market price of the common stock, this rule will apply if the conversion price is subject to certain types of anti-dilution adjustments.

Pursuant to our Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series X Convertible Preferred Stock (the "CoD") which the Company adopted in connection with the sale of Series X Preferred Stock, the Series X Preferred Stock is convertible into common stock. However, in order to comply with NASDAQ Listing Rules, the CoD contains a limitation on the maximum number of shares of common stock issuable upon conversion of the Series X Preferred Stock, such that absent stockholder approval of this proposal in accordance with the stockholder approval requirements of NASDAQ Marketplace Rule 5635(d) (the "Series X Proposal"), the Company is not required to issue shares of common stock upon conversion of any shares of Series X Stock to the extent that (i) the aggregate issuance of such Shares would be greater than 8,385,828 or 19.99% of the total outstanding shares of the Company calculated at the time of the issuance (the "Threshold Amount") and (ii) the issuance of such shares had not been approved by the Company's stockholders in accordance with the stockholder approval requirements of Nasdaq Marketplace Rule 5635(d) (a "Blocked Conversion"). If the Company's stockholders approve the issuance in accordance with Nasdaq Marketplace Rule 5635(d) then based on the Series X Conversion Price of \$1.9692, the 17,000 units of Series X Preferred Stock would be convertible into 8,632,947 shares of the Company's common stock. This means that because the Threshold Amount is set at 8,385,828 shares, that there are currently 247,119 shares of the Company's common stock (the "Blocked Shares") that the Series X Purchasers cannot acquire pursuant to conversion of their Series X Preferred Stock because they are subject to a Blocked Conversion. The Series X Purchasers have converted the maximum number of Series X Preferred Stock into the Company's common stock under Nasdaq Marketplace Rule 5635(d).

## **EFFECT OF THE SERIES X PROPOSAL ON STOCKHOLDERS**

If stockholders approve this proposal, we will be able to convert all of their Series X Preferred Stock into common stock and there would be no Blocked Shares. If stockholders do not approve this proposal, our issuance of the Blocked Shares will remain subject to limitation under the Nasdaq Cap. In the event of a Blocked Conversion that takes place at any time after April 30, 2017, each Series X Purchaser, will have the right to require us to redeem the shares of Series X Preferred Stock that are subject to the Blocked Conversion at a redemption price equal to the product of: (x) 247,119 shares, or the number of conversion shares underlying the to-be-redeemed Series X Preferred Stock, multiplied by (y) the two-day volume weighted average price (as reported by Bloomberg) of the Corporation's common stock prior to the date of delivery of such notice of redemption.

### **Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the approval under Nasdaq Listing Rules of issuance of 247,119 shares of our common stock upon conversion of the Series X Convertible Preferred Stock.**

## COMPENSATION DISCUSSION AND ANALYSIS

This section discusses our executive compensation policies and arrangements as they relate to our named executive officers who are listed in the compensation tables set forth below. The following discussion should be read together with the compensation tables and related disclosures set forth below.

### Background and Objectives

We are a biopharmaceutical company focused on advancing the development and commercialization of innovative medicines that benefit patients with unmet medical needs. The success of development companies is significantly influenced by the quality and motivation of their work forces. As a result, we face significant competition for executives and other talented employees from numerous pharmaceutical research and development companies in the San Francisco Bay Area. With this in mind, we strive to provide what we believe is a competitive total compensation package to our executive officers through a combination of base salary, short-term cash incentives and long-term equity compensation, in addition to broad-based employee benefits programs, in order to closely align the interests of our executive officers with those of our stockholders, to attract talented individuals to manage and operate all aspects of our business, to reward these individuals fairly and to retain those individuals who meet our high expectations and support the achievement of our business objectives.

### Role of Compensation Committee and Executive Officers

Our executive compensation program is administered by our Board of Directors upon recommendation of our Compensation Committee. Our Compensation Committee is responsible for overseeing our executive compensation policies, plans and programs, reviewing our achievements as a company and the achievements of our individual officers, and recommending to our Board of Directors the type and level of compensation for our named executive officers and our directors. The primary goal of our Compensation Committee is to closely align the interests of our named executive officers with those of our stockholders. To achieve this goal, our Compensation Committee relies on compensation that is designed to attract and retain executives whose abilities are critical to our long-term success, that motivates individuals to perform at their highest level and that rewards achievement.

The annual responsibilities of our Compensation Committee include the following:

- reviewing and recommending corporate goals and objectives relevant to the compensation of our Chief Executive Officer and named executive officers;
- evaluating the performance of our Chief Executive Officer and named executive officers in light of such corporate goals and objectives and determining the compensation of our Chief Executive Officer; and
- reviewing and approving the level of equity awards, annual salary and bonuses for our named executive officers and other employees.

In reviewing and approving these matters, our Compensation Committee considers such matters as it deems appropriate, including our financial and operating performance, the alignment of interests of our executive officers and our stockholders and our ability to attract and retain qualified individuals. For executive compensation decisions, including decisions relating to the grant of equity awards to our named executive officers, our Compensation Committee typically considers the recommendations of our Chief Executive Officer. Mr. Truex, as the Company's former Chief Executive Officer, generally participated in our Compensation Committee's deliberations about executive compensation matters during 2016, other than the deliberation or determination of his own compensation. Mr. Thompson, in his role as the Company's current Chief Executive Officer, will generally participate in our Compensation Committee's deliberations about executive compensation matters going forward. However, Mr. Thompson will not participate in the deliberation or determination of his own compensation.



Our Compensation Committee has not established any formal policies or guidelines for allocating compensation between current and long-term equity compensation, or between cash and non-cash compensation. In determining the amount and mix of compensation elements and whether each element provides the correct incentives and rewards for performance consistent with our short-term and long-term goals and objectives, our Compensation Committee relies on its judgment about each individual's performance in a rapidly changing business environment rather than adopting a formulaic approach to compensatory decisions that are too narrowly responsive to short-term changes in business performance. In making determinations about performance, our Compensation Committee does not solely rely on formal goals or metrics, but rather takes into account input from appropriate members of management with respect to an individual's performance, as well as its own observations.

### **Use of Peer Group Companies**

Our Compensation Committee has utilized executive compensation data published by our peer group companies in its review of the competitiveness our executive compensation since 2012. Peer group companies are selected based on market capitalization, stage of development, number of employees and geographical locations. In May 2016, our Compensation Committee engaged Marsh & McLennan Insurance Agency LLC, an insurance firm with a compensation consulting division specializing in the life sciences and technology industries, to review and provide comparative data on the base salary, bonus, equity compensation and total direct compensation of our executive officers as compared against 24 similar peer group public biotechnology companies.

- Admis Pharmaceuticals Corp.
- Alimera Sciences, Inc.
- Concert Pharmaceuticals, Inc.
- Evoke Pharma, Inc
- Flexion Therapeutics, Inc.
- Karyopharm Therapeutics, Inc.
- MediciNova, Inc.
- Agile Therapeutics, Inc.
- Arelyx, Inc.
- ArQule, Inc.
- Aurinia Pharmaceuticals, Inc.
- ChemoCentryx, Inc.
- Codexis, Inc.
- Cobus Pharmaceuticals, Inc.
- Curis, Inc.
- CymaBay Pharmaceuticals, Inc.
- Cytokinetics, Inc.
- CytRx, Inc.
- Es perion Therapeutics, Inc.
- Lipocine, Inc.
- Rigel Pharmaceuticals, Inc.
- Tetrphase Pharmaceuticals, Inc.
- Threshold Pharmaceuticals, Inc.
- Versartis, Inc.

Based on the review of peer group companies, our Compensation Committee made changes to our executive compensation in 2016, based in part, to align our executives' cash compensation to the 50<sup>th</sup> percentile of our peer group companies. Our Compensation Committee currently does not intend to make changes to our executives' compensation in 2017 since they have determined that, following the adjustments in 2016, our executives' compensation is in line with the 50th percentile of our peer group companies.

### **Compensation Elements**

*Base Salary.* The base salaries of our named executive officers are primarily established based on the scope of their responsibilities and performance, taking into account comparable company data from our compensation consultants and based upon our Compensation Committee's understanding of compensation paid to similarly situated executives, and adjusted as necessary to recruit or retain specific individuals. We typically review the base salaries of our named executive officers annually. We may increase the base salary of an executive officer at other times if a change in the scope of the executive's responsibilities, such as promotion, justifies such consideration. We believe that a competitive base salary relative to the companies with which we compete for executives is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance. Base salaries are established in part based on experience, skills and expected contributions of our executives and our executives' performance during the prior year. In making determinations about the performance of our named executive officers, our Compensation Committee takes into account the achievement of corporate goals, which are set annually by our Compensation Committee and generally include milestones related to our preclinical and clinical studies and fundraising, as well as informal individual goals, which are position-specific and are communicated to the named executive officer over the course of the year.

As part of its annual review of compensation, effective April 1, 2016, our Board of Directors, upon the recommendation of the Compensation Committee, approved the following annual base salaries for certain of our named executive officers. The salaries for our named executive officers were targeted towards the 50th percentile of base compensation in our peer group companies, taking into consideration adjustments for promotions. The salaries for certain of our named executive officers are as follows:

<b>Named Executive Officer</b>	<b>Annual Base Salary Effective April 1, 2016</b>
Paul F. Truex, Former Chief Executive Officer and Director (1)	\$ —
Craig Thompson, Chief Executive Officer and Director	\$ 460,000
William R. Shanahan, M.D., Chief Medical Officer	\$ 400,000
Klara Dickinson-Eason, Senior Vice President, Chief Regulatory Officer	\$ 335,000
Chuck Olson, D.Sc., Chief Technology Officer	\$ 315,000
May Liu, SVP, Finance and Administration, Chief Accounting Officer	\$ 300,000

- (1) Mr. Truex resigned from the role of Chief Executive Officer and assumed the role of Executive Chairman on December 2, 2016.
- (2) Mr. Thompson was promoted to the role of Chief Executive Officer on December 6, 2016. Prior to December 6, 2016, Mr. Thompson's annual base salary was \$400,000.
- (3) Dr. Shanahan joined the Company on August 15, 2016.

*Cash Bonuses.* In March 2010, the Board of Directors adopted the Company's Executive Incentive Bonus Plan, or the Bonus Plan, which applies to certain key executives, or the Executives, that are recommended by the Compensation Committee and selected by the Board. The Bonus Plan provides for bonus payments based upon the attainment of performance targets established by the Board and related to financial and operational metrics with respect to the Company or any of its subsidiaries, or the Performance Goals, which would include the achievement of clinical study or operational milestones, results of clinical studies and achievement of specified financial metrics or objectives. Any bonuses paid under the Bonus Plan shall be based upon objectively determinable bonus formulas that tie such bonuses to one or more performance targets relating to the Performance Goals. The bonus formulas shall be adopted in each performance period by the Board and communicated to each Executive. No bonuses shall be paid under the Bonus Plan unless and until the Board makes a determination with respect to the attainment of the performance objectives. Notwithstanding the foregoing, the Company may adjust bonuses payable under the Bonus Plan based on achievement of individual performance goals or pay bonuses (including, without limitation, discretionary bonuses) to Executives under the Bonus Plan based upon such other terms and conditions as the Board may in its discretion determine.

Each Executive is given a targeted bonus opportunity set for each performance period. The maximum bonus payable to an Executive under the Bonus Plan is 125% of the Executive's bonus opportunity. The Performance Goals are measured at the end of each fiscal year after the Company's financial reports have been published or such other appropriate time as the Board shall determine. If the Performance Goals are met, payments are made within 30 days thereafter, and if met for the previous fiscal year, not later than March 31. An Executive must be employed by the Company as of the payment date in order to receive a bonus payment, provided that the Board may make exceptions to this requirement, in its sole discretion, including, without limitation, in the case of an Executive's termination of employment, retirement, death or disability.

On February 16, 2017, our Board of Directors, upon recommendation of the Compensation Committee, approved annual cash bonuses under the Bonus Plan for performance in 2016. The annual target bonus opportunities for 2016 (expressed as a percentage of base salary and targeted towards the 50th percentile of our peer group) for our 2016 named executive officers were as follows: Mr. Truex (55%), Mr. Thompson (40% for the period in which he served as Chief Operating Officer and 50% for the period in which he served as Chief Executive Officer), Dr. Shanahan (35%), Ms. Dickinson (30%), Dr. Olson (25%) and Ms. Liu (30%). These bonus payments were based upon the achievement of the following corporate goals:

- advance development of Sollpura in patients with exocrine pancreatic insufficiency caused by cystic fibrosis and manufacturing for both the active pharmaceutical ingredient and drug product

- advance development of blisibimod through the completion of a Phase 3 study for systemic lupus erythematosus (“SLE”); initiate second clinical study in SLE; report topline data for Phase 2 study in IgA nephropathy; and
- opportunistically support our corporate development objectives with appropriate financing and budgeting efforts.

In determining bonuses earned under the Bonus Plan, our Board determined that 82% of the 2016 corporate goals had been achieved. Each individual’s target bonus was then adjusted for personal performance. The following bonus amounts for 2016 performance were approved for our 2016 named executive officers: Mr. Truex (\$193,554), Mr. Thompson (\$136,017), Dr. Shanahan (\$44,439), Ms. Dickinson (\$85,386), Dr. Olson (\$67,232) and Ms. Liu (\$76,942).

*Equity Incentive Compensation.* We generally grant stock options to our employees, including our named executive officers, in connection with their initial employment with us. We also typically grant stock options on an annual basis as part of annual performance reviews of our employees.

In 2016, our Board of Directors granted options to purchase 2,960,142 shares of common stock to our employees, named executive officers, and directors. In exercising its discretion to determine the amount of each grant for recommendation to our Board of Directors, the Compensation Committee generally took into account each individual’s contributions towards the achievement of our annual corporate goals.

Stock option awards provide our named executive officers and other employees with the right to purchase shares of our common stock at a fixed exercise price, subject to their continued employment. Stock options are earned on the basis of continued service and generally vest over four years, beginning with vesting as to 25% of the award on the one-year anniversary of the date of grant, and pro-rata vesting monthly thereafter. Stock options granted under the 2013 Plan or previously granted under the Amended and Restated 2010 Stock Option and Incentive Plan (the “2010 Plan”) may not be exercised prior to the award vesting in full. Stock options previously granted under the 2005 Equity Incentive Plan (the “2005 Plan”) may be exercised prior to the award vesting in full, subject to our right of repurchase. In addition, in the past, we have also granted options to purchase smaller amounts of stock, typically fewer than 2,000 shares, which are immediately vested to recognize employee contributions, including those of our named executive officers. Furthermore, we generally grant incentive stock options to employees up to the statutory limit, then non-statutory options thereafter and non-statutory options to non-employees. See the sections entitled “Potential Payments Upon Termination or Change in Control at December 31, 2016” and “Potential Payments Upon Termination under Employment Agreements with Certain Executive Officers” for a discussion of the acceleration provisions related to stock options.

In 2010, we adopted an equity award grant policy that formalized how we grant equity-based awards to officers and employees. Under our equity award grant policy, all grants must be approved by our Board of Directors or Compensation Committee. In 2015, we further formalized the policy to provide for the ability of the Compensation Committee to delegate to management the authority to grant equity awards to employees having a rank below Vice President, provided that such grants are within the predetermined range authorized by the Board of Directors. All stock options are awarded with an exercise price equal to the fair value of our common stock on the date of grant.

*Other Compensation.* We currently maintain broad-based benefits that are provided to all employees, including health insurance, life and disability insurance, dental insurance and a 401(k) plan.

As discussed below in “Severance and Change in Control Arrangements with our Named Executive Officers as of December 31, 2016”, we had, for certain named executive officers and certain executive officers, entered into agreements providing for certain benefits upon termination of their employment in relation to a change in control, including the acceleration of vesting of restricted stock and options. As discussed below in “Employment Agreements with Certain Executive Officers,” we have entered into employment agreements with certain executive officers providing for benefits upon termination of their employment, including the acceleration of vesting of restricted stock and options. Our goal in providing severance benefits is to offer sufficient cash continuity protection such that our executives will focus their full time and attention on the requirements of the business rather than the potential implications of their respective positions. We prefer to have certainty regarding the potential severance amounts payable to the named executive officers under certain circumstances, rather than negotiating severance at the time that a named executive officer’s employment terminates.

*Tax and Accounting Treatment of Compensation.* Section 162(m) of the Internal Revenue Code places a limit of \$1.0 million per person on the amount of compensation that we may deduct in any one year with respect to each of our named executive officers other than the chief financial officer. There is an exemption from the \$1.0 million limitation for performance-based compensation that meets certain requirements. Certain awards under our 2013 Plan and 2010 Plan may qualify for the exemption if certain additional requirements are satisfied. To maintain flexibility in compensating officers in a manner designed to promote varying corporate goals, our Compensation Committee has not adopted a policy requiring all compensation to be deductible. Although tax deductions for some amounts that we pay to our named executive officers as compensation may be limited by section 162(m), that limitation does not result in the current payment of increased federal income taxes by us due to our significant net operating loss carry-forwards. Our Compensation Committee may approve compensation or changes to plans, programs or awards that may cause the compensation or awards to exceed the limitation under section 162(m) if it determines that such action is appropriate and in our best interests.

We account for equity compensation paid to our employees under the rules of FASB ASC 718, which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is incurred.

**COMPENSATION OF EXECUTIVE OFFICERS**

**Summary Compensation Table**

The following table summarizes the compensation earned by our current and former Principal Executive Officer, Principal Financial Officer and our other three most highly compensated executive officers as of December 31, 2015, for the years ended December 31, 2016, 2015 and 2014. We refer to these officers in this proxy statement as our named executive officers.

Name and Principal Position as of December 31, 2016	Year	Salary \$	Stock Awards (\$) (3)	Option Awards (\$) (4)	Non-Equity Incentive Plan Compensation (\$) (5)	Total (\$)
Craig Thompson CEO and Director (1)	2016	\$ 397,538	\$ —	\$ 1,786,299	\$ 136,017	\$ 2,319,854
Paul F. Truex (2) Former CEO and Director	2016	\$ 432,765	\$ —	\$ 821,888	\$ 193,554	\$ 1,448,207
	2015	\$ 466,250	\$ —	\$ 2,536,275	\$ 235,125	\$ 3,237,650
	2014	\$ 515,000	\$ 12,750	\$ 449,759	\$ 401,718	\$ 1,379,227
William R. Shanahan, M.D. (3) SVP, Chief Medical Officer	2016	\$ 151,515	\$ —	\$ 957,920	\$ 44,439	\$ 1,153,875
Klara Dickinson-Eason SVP, Chief Regulatory Office	2016	\$ 332,500	\$ —	\$ 287,661	\$ 85,386	\$ 705,547
	2015	\$ 306,411	\$ —	\$ 579,720	\$ 93,600	\$ 979,731
	2014	\$ —	\$ —	\$ 180,795	\$ —	\$ 180,795
Chuck Olson, D.Sc. Chief Technology Officer	2016	\$ 314,167	\$ —	\$ 417,408	\$ 67,232	\$ 798,806
	2015	\$ 260,000	\$ —	\$ 362,325	\$ 62,725	\$ 685,050
	2014	\$ 204,000	\$ 5,648	\$ 165,348	\$ 64,701	\$ 439,697
May Liu SVP, Finance & Administration	2016	\$ 296,500	\$ —	\$ 219,170	\$ 76,942	\$ 592,612
	2015	\$ 279,750	\$ —	\$ 507,255	\$ 82,583	\$ 869,588
	2014	\$ 261,000	\$ 11,961	\$ 145,692	\$ 89,752	\$ 508,405

(1) Mr. Thompson joined the Company on January 7, 2016.

(2) Mr. Truex resigned from the role of Chief Executive Officer and assumed the role of Executive Chairman on December 2, 2016. Mr. Truex deferred a portion of his annual salary and performance cash awards during the years ended December 31, 2012, 2013, 2014, 2015 and 2016 as follows:

- a. During the year ended December 31, 2016, 60% of Mr. Truex's base salary and 100% of his annual performance cash bonus award were deferred for a total of \$451,054.
- b. During the year ended December 31, 2015, 10% of Mr. Truex's base salary and 25% of his annual performance cash bonus award were deferred for a total of \$105,406.
- c. During the year ended December 31, 2014, 35% of Mr. Truex's base salary and 40% of his annual performance cash bonus award were deferred for a total of \$340,937.
- d. During the year ended December 31, 2013, 20% of Mr. Truex's base salary and 50% of his annual performance cash bonus award were deferred for a total of \$158,615.
- e. During the year ended December 31, 2012, 50% of Mr. Truex's annual performance cash bonus award was deferred for \$28,033.

The deferral period expired on January 1, 2017 and consequently, we paid out Mr. Truex's deferred compensation in January 2017.

(3) Dr. Shanahan joined the Company on August 15, 2016.

- (3) Represents the aggregate grant date fair value of the performance bonuses paid in the form of restricted stock units in 2014 for 2013 performance.
- (4) During 2016, 2015 and 2014, we granted stock options to our named executive officers and the grant date fair value is calculated in accordance with FASB ASC 718. See Note 10 to our financial statements included in our Annual Report for a discussion of the assumptions made in determining the valuation of option awards.
- (5) Annual performance cash bonus awards earned in the respective year.

**Grants of Plan-Based Awards**

The following table sets forth certain information with respect to awards under our 2013 Plan made by us to our named executive officers and stock options awarded to our named executive officers for the year ended December 31, 2016.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)		All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/sh)	Grant Date Fair Value of Stock and Option Awards \$(3)
		Target (\$)	Maximum \$(2)			
		Paul F. Truex	2/12/2016			
	6/9/2016			300,000	\$ 3.52	\$ 281,888
		\$ 261,250	\$ 593,750			
Craig Thompson	1/7/2016			380,000	\$ 3.70	\$ 1,090,182
	6/9/2016			170,000	\$ 3.52	\$ 465,736
	12/6/2016			200,000	\$ 1.47	\$ 230,381
		\$ 230,000	\$ 575,000			
William R. Shanahan, M.D.	8/15/2016			390,000	\$ 3.17	\$ 957,920
		\$ 140,000	\$ 500,000			
Klara Dickinson-Eason	2/12/2016			8,395	\$ 2.86	\$ 18,720
	6/9/2016			105,000	\$ 3.52	\$ 287,661
		\$ 100,500	\$ 418,750			
Chuck Olson, D.Sc.	1/7/2016			50,000	\$ 3.70	\$ 143,445
	2/12/2016			5,626	\$ 2.86	\$ 12,543
	6/9/2016			100,000	\$ 3.52	\$ 273,963
		\$ 78,750	\$ 393,750			
May Liu	2/12/2016			7,407	\$ 2.86	\$ 16,517
	6/9/2016			80,000	\$ 3.52	\$ 219,170
		\$ 90,000	\$ 375,000			

- (1) The plan does not have a threshold.
- (2) The plan allows for a bonus payment of up to 125% of the executive officer's salary.
- (3) The grant date fair value of each equity award is calculated based on the closing sales price of our common stock on the date of grant in accordance with FASB ASC 718, excluding the effect of estimated forfeitures. See Note 10 to our financial statements included in our Annual Report for a discussion of the assumptions made in determining the valuation of stock and option awards.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth certain information with respect to outstanding equity awards as of December 31, 2016 with respect to our named executive officers.

**Option Awards**

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards:		Option Exercise Price (\$)	Option Expiration Date
			Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)		
Paul F. Truex	25,845	—			\$ 2.08	1/23/2017
	8,297	—			\$ 12.08	2/18/2019
	2,655	—			\$ 12.08	2/18/2019
	506,249(1)	168,751(1)			\$ 4.88	5/17/2023
	18,440	—			\$ 3.30	3/25/2024
	164,999(2)	165,001(2)			\$ 1.61	12/30/2024
	15,816(3)	—			\$ 2.86	2/12/2026
	68,750(4)	231,250(4)			\$ 3.52	6/9/2026
Craig Thompson	—	380,000(5)			\$ 3.70	1/7/2026
	—		170,000(6)		\$ 3.52	6/9/2026
		200,000(7)			\$ 1.47	12/6/2026
William R. Shanahan, M.D	—	390,000(8)			\$ 3.17	8/15/2026
Klara Dickinson-Eason	10,000	—			\$ 1.87	11/03/2024
	38,333(9)	41,667(9)			\$ 1.75	12/17/2024
	25,000(2)	25,000(2)			\$ 1.61	12/30/2024
	25,000(10)	25,000(10)			\$ 9.48	9/17/2025
	9,375(11)	20,625(11)			\$ 9.48	9/17/2025
	8,395(3)	—			\$ 2.86	2/12/2026
	24,062(4)	80,938(4)			\$ 3.52	6/9/2026
Chuck Olson, D.Sc.	32,812(1)	10,938(1)			\$ 4.88	5/17/2023
	922	—			\$ 3.30	3/25/2024
	27,187(12)	17,813(12)			\$ 2.89	7/29/2024
	24,999(2)	25,001(2)			\$ 1.61	12/30/2024
	19,999(10)	20,001(10)			\$ 9.48	9/17/2025
	3,125(11)	6,875(11)			\$ 9.48	9/17/2025
	—	50,000(13)			\$ 3.70	1/7/2026
	5,626(3)	—			\$ 2.86	2/12/2026
	22,916(4)	77,084(4)			\$ 3.52	6/9/2026
May Liu	2,921	—			\$ 12.08	2/18/2019
	73	—			\$ 12.08	4/15/2019
	65,624(1)	21,876(1)			\$ 4.88	5/17/2023
	63,333(13)	16,667(13)			\$ 3.02	12/16/2023
	6,745	—			\$ 3.30	3/25/2024
	59,999(2)	60,001(2)			\$ 1.61	12/30/2024
	19,999(10)	20,001(10)			\$ 9.48	9/17/2025
	9,375(11)	20,625(11)			\$ 9.48	9/17/2025
	7,407(3)	—			\$ 2.86	2/12/2026
	18,333(4)	61,667(4)			\$ 3.52	6/9/2026

(1) This stock option vests annually over four years. The vesting commencement date is March 25, 2013.

(2) This stock option vests monthly over 48 months. The vesting commencement date is December 30, 2014.

- (3) This stock option vested immediately on grant date.
- (4) This stock option vests monthly over 48 months. The vesting commencement date is January 1, 2016
- (5) This stock option vests over four years as follows: 25% of the stock options shall vest one year following the vesting commencement date, with the remaining 75% of the stock options vesting in 36 equal monthly installments thereafter. The vesting commencement date is January 7, 2016.
- (6) The option shall have a term of two years and vest as follows: 85,000 shares will vest upon the completion of a transaction with an expected realized value of at least \$100 million; 85,000 remaining shares shall vest upon the completion of a transaction with an expected realized value of at least \$200 million.
- (7) This stock option vests over four years as follows: 25% of the stock options shall vest one year following the vesting commencement date, with the remaining 75% of the stock options vesting in 36 equal monthly installments thereafter. The vesting commencement date is December 6, 2016.
- (8) This stock options vests over four years as follows: 25% of the shares vest one year following the vesting commencement date, with the remaining 75% vest in 36 equal monthly installments thereafter. The vesting commencement date is August 15, 2016.
- (9) This option vests over four years as follows: 25% of the shares vest one year following the vesting commencement date, with the remaining 75% vesting in equal monthly installments over the next three years. The vesting commencement date is January 5, 2015.
- (10) This stock option vests monthly over 48 months. The vesting commencement date is December 30, 2014.
- (11) This stock option vests monthly over 48 months. The vesting commencement date is September 17, 2015.
- (12) This stock option vests monthly over four years. The vesting commencement date is July 1, 2014.
- (13) This stock option vests monthly over 48 months. The vesting commencement date is October 1, 2013.

**Options Exercised and Stock Vested — 2016**

The following table sets forth certain information with respect to the options exercised and vesting of stock awards during the year ended December 31, 2016 with respect to our named executive officers.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)
Paul F. Truex	5,008	\$ 4,357

- (1) This column reflects the value realized for vested options exercised in 2016. The dollar amounts are determined by multiplying (x) the number of options exercised by (y) the difference between the market price of our common stock on the date of exercise and the exercise price of the stock option.

**Stock and Benefit Plans**

**2005 Equity Incentive Plan**

Our 2005 Plan was adopted by our Board of Directors and approved by our stockholders in April 2005. We initially reserved 271,977 shares of our common stock for the issuance of awards under the 2005 Plan.



Our 2005 Plan is administered by our Board of Directors, which has the authority to delegate full power and authority to a committee of the board. Our Board of Directors or any committee delegated by our Board of Directors has the power to select the individuals to whom awards will be granted, to make any combination of awards to participants, to accelerate the exercisability or vesting of any award, to provide substitute awards and to determine the specific terms and conditions of each award, subject to the provisions of the 2005 Plan.

The 2005 Plan permits us to make grants of incentive stock options, non-qualified stock options, restricted stock awards and stock appreciation rights to employees, directors and consultants. Stock options granted under the 2005 Plan have a maximum term of 10 years from the date of grant and incentive stock options have an exercise price of no less than the fair market value of our common stock on the date of grant. Upon a sale event in which all awards are not assumed or substituted by the successor entity, the vesting of awards under the 2005 Plan shall be accelerated in full prior to the sale event and all stock options issued thereunder will terminate.

All stock option awards that are granted to our named executive officers are covered by a stock option agreement. Except as noted above, under the stock option agreements, 25% of the shares vest on the first anniversary of the grant date and the remaining shares vest monthly over the following three years. Our Board of Directors may accelerate the vesting schedule in its discretion. We did not engage in any option repricing or other modification to any of our outstanding equity awards during the fiscal year ended December 31, 2016.

Our Board of Directors determined not to grant any further awards under the 2005 Plan after the completion of our IPO. We adopted the 2010 Plan effective upon the consummation of our IPO in March 2010.

#### ***Amended and Restated 2010 Stock Option and Incentive Plan***

In February 2010, our Board of Directors, upon the recommendation of our Compensation Committee, approved the 2010 Plan, which was then approved by our stockholders. Our Board of Directors subsequently approved the amendment and restatement of our 2010 Plan, which was approved by our stockholders at our annual stockholders' meeting held in July 2010. Our Board of Directors subsequently amended the 2010 Plan on June 10, 2011. The 2010 Plan became effective upon the consummation of our IPO and replaced the 2005 Plan, as our Board of Directors determined not to make additional awards under the 2005 Plan once the 2010 Plan became effective. The 2010 Plan provides flexibility to our Compensation Committee to use various equity-based incentive awards as compensation tools to motivate our workforce.

We initially reserved 29,205 shares of our common stock for the issuance of awards under the 2010 Plan plus an additional 4,458 shares of common stock available for grant under our 2005 Plan, which shares were added to the shares reserved under our 2010 Plan, and an additional 25,000 shares that were added by the amendment and restatement approved at our 2010 annual stockholders' meeting. The 2010 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning in 2011, by 4% of the outstanding number of shares of common stock on the immediately preceding December 31. This resulted in automatic additions of 164,401, 204,690 and 395,757 shares on January 1, 2011, January 1, 2012 and January 1, 2013, respectively.

The shares we issue under the 2010 Plan are authorized but unissued shares or shares that we reacquire. The shares of common stock underlying any awards that are forfeited, canceled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without any issuance of stock, expire or are otherwise terminated (other than by exercise) under the 2010 Plan are added to the shares of common stock available for issuance under the 2013 Plan.

The 2010 Plan is administered by our Board of Directors under recommendation by our Compensation Committee. Our Board of Directors has full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants and to determine the specific terms and conditions of each award, subject to the provisions of the 2010 Plan. The Board of Directors may delegate to our Compensation Committee or our Chief Executive Officer the authority to grant options to certain individuals. Persons eligible to participate in the 2010 Plan will be those of our full or part-time officers, employees, non-employee directors and other key persons (including consultants and prospective employees) as selected from time to time by our Board of Directors in its discretion.

The 2010 Plan permits the granting of (i) options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, or the Code, and (ii) options that do not so qualify. The option exercise price of each option will be determined by our Compensation Committee but may not be less than 100% of the fair market value of the common stock on the date of grant. The term of each option will be fixed by our Compensation Committee and may not exceed 10 years from the date of grant. Our Compensation Committee will determine at what time or times each option may be exercised.

Our Board of Directors may award stock appreciation rights subject to such conditions and restrictions as our compensation Board of Directors may determine. Stock appreciation rights entitle the recipient to shares of common stock equal to the value of the appreciation in the stock price over the exercise price. The exercise price shall not be less than the fair market value of the common stock on the date of grant.

Our Board of Directors may award restricted shares of common stock to participants, subject to such conditions and restrictions as our Compensation Committee may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified restricted period. Our Compensation Committee may award restricted stock units to any participants. Restricted stock units are ultimately payable in the form of shares of common stock and may be subject to such conditions and restrictions as our Compensation Committee may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment through a specified vesting period. Our Board of Directors may also grant shares of common stock which are free from any restrictions under the 2010 Plan. Unrestricted stock may be granted to any participant in recognition of past services or other valid consideration and may be issued in lieu of cash compensation due to such participant.

Our Board of Directors may grant performance share awards to any participant which entitles the recipient to receive shares of common stock upon the achievement of certain performance goals and such other conditions as our Compensation Committee shall determine.

Our Board of Directors may grant dividend equivalent rights to participants which entitle the recipient to receive credits for dividends that would be paid if the recipient had held specified shares of common stock.

Our Board of Directors may grant cash bonuses under the 2010 Plan to participants. The cash bonuses may be subject to the achievement of certain performance goals.

The 2010 Plan also provides that upon the effectiveness of a “sale event” as defined in the 2010 Plan, except as otherwise provided by our Compensation Committee in the award agreement, all awards will automatically terminate, unless the parties to the sale event agree that such awards will be assumed or continued by the successor entity. Awards with conditions and restrictions relating to the attainment of performance goals may become vested and non-forfeitable in connection with a sale event in the Compensation Committee’s discretion. In addition, in the case of a sale event in which our stockholders will receive cash consideration, we may make or provide for a cash payment to participants holding options and stock appreciation rights equal to the difference between the per share cash consideration and the exercise price of the options or stock appreciation rights.

No awards may be granted under the 2010 Plan after the date that is 10 years from the date of stockholder approval. Our Board of Directors has determined not to grant any further awards under the 2010 Plan, as approved by our stockholders at the 2013 Annual Meeting.

### ***2013 Stock Option and Incentive Plan .***

See Proposal 3.

### ***2010 Employee Stock Purchase Plan***

See Proposal 4.

**401(k) Savings Plan**

We maintain a defined contribution 401(k) plan (the “401(k) Plan”). Employee contributions are voluntary and are determined on an individual basis, limited by the maximum amounts allowable under federal tax regulations. Prior to 2011, we had not made any contributions to the 401(k) Plan. In December 2012, we amended our 401(k) plan to provide for non-elective employer contribution, effective in plan year 2012. The total contribution made to the 401(k) plan by the Company during the year ended December 31, 2016 was approximately \$264,000.

**Pension Benefits**

None of our named executive officers participate in or have account balances in pension benefit plans sponsored by us.

**Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans**

Except as described below, none of our named executive officers participate in or have account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by us. We previously entered into an agreement with Paul Truex, our CEO, pursuant to which Mr. Truex could have elected to defer in advance all or a portion of his annual cash compensation otherwise payable by us, as described above in the Summary Compensation Table. Under the terms of the agreement, the deferred amounts would be paid out upon the earliest of certain specified events and January 1, 2017. Accordingly, the agreement with Mr. Truex terminated on January 1, 2017 and all deferred amounts were paid to him.

The following table summarizes the nonqualified deferred compensation arrangement for Mr. Truex during 2016:

Name	Executive Contributions in Last Fiscal Year (\$ (1))	Aggregate Balance at Last Fiscal Year End (\$ (2))
Paul Truex	\$ 451,054	\$ 1,084,045

- (1) Reflects the amounts Mr. Truex deferred in 2016. An election was made in December 2015 for the year ended December 31, 2016
- (2) Reflects the aggregate amounts Mr. Truex deferred in 2012, 2013, 2014, 2015 and 2016. The deferred amount did not accrue any interest or earnings.

**Employment Agreements with Certain Executive Officers**

On January 25, 2016, we entered into employment agreements with certain of our executive officers, including Paul Truex, Craig Thompson, Klara Dickinson-Eason, Dr. Chuck Olson and May Liu, collectively, the “Employment Agreements”). Mr. Truex’s Employment Agreement was terminated on December 2, 2016 upon his new role of Executive Chairman. The Employment Agreements terminate and supersede any prior severance and change of control agreements between the Company and these executive officers, including the severance and change in control agreements with our Named Executive Officers.

The Employment Agreements provide for an annual base salary (the “Base Salary”), subject to annual review and increase as determined by the Board. In addition, each executive is considered for a bonus target from time to time, in an amount of up to a percentage of the executive’s then-current base salary (the “Bonus Percentage”), and is also eligible to participate in the Company’s long-term incentive equity program and receive annual equity grants as determined by the Board.

Pursuant to the Employment Agreements, each executive's employment is at-will. In the event that the executive's employment is terminated by the executive for Good Reason or by the Company without Cause (as such terms are defined below), the executive will be entitled to receive (i) the amount of his or her accrued but unpaid Base Salary and unpaid expense reimbursements as of the date of termination, (ii) any vested benefits the executive may have under any employee benefit plan, which shall be paid in accordance with the terms of such employee benefit plans, as of the date of termination, (iii) continued payment of the executive's Base Salary for a period following such termination (the "Severance Period") plus his or her annual target incentive compensation for such Severance Period, (iv) acceleration of vesting of all equity awards that would have vested within twelve months following such termination, (v) continuation of health benefits for twelve months after termination, and (vi) outplacement services, in the case of each of (iii), (iv), (v), and (vi), subject to the execution of a separation agreement and release.

The Employment Agreements define "Cause" as a termination of employment as a result of the executive's: (i) indictment for any felony or certain misdemeanors, or conduct that would reasonably be expected to cause the Company material injury or reputational harm if the executive's employment continued; (ii) disclosure of material trade secrets or other confidential information relating to the Company; (iii) failure to perform his or her duties after demand by the Board (other than as a result of incapacity); (iv) involvement in releasing false or materially misleading financial statements or submission of false certifications to the SEC; or (v) failure to cooperate with internal, regulatory or law enforcement investigations after demand by the Board, or the destruction or failure to preserve documents in connection with such investigations.

The Employment Agreements define "Good Reason" as the executive's compliance with certain procedures specified in the Employment Agreements, including notice and a cure period, after the occurrence of any of the following events: (i) a substantial reduction in the executive's duties, responsibilities, or authority or a title change (other than in connection with a change in control, as defined in the Employment Agreements), each without the executive's consent; (ii) a reduction in the Base Salary or Bonus Percentage (other than certain across-the-board reductions); (iii) the relocation of the Company's office under certain circumstances.

As of December 31, 2016, the Base Salary for each executive officer is as follows: Mr. Thompson, \$460,000, Ms. Dickinson-Eason, \$335,000, Dr. Olson, \$315,000 and Ms. Liu, \$300,000.

The Bonus Percentage for each executive officer is as follows: Mr. Thompson 50%, Ms. Dickinson-Eason, and Ms. Liu, 30%, and Dr. Olson, 25%.

The Severance Period for each of the executive officer is as follows: Mr. Thompson, nine months; Ms. Dickinson-Eason, Dr. Olson and Ms. Liu, six months.

#### **Potential Payments Upon Termination under Employment Agreements with Certain Executive Officers**

The tables below reflect potential payments and benefits currently available for certain executive officers upon termination in connection with a termination under the Employment Agreements described above. See section entitled "Employment Agreements with Certain Executive Officers" above.

##### ***Executive Officer Benefits and Payments Upon Termination (1)***

<b>Name</b>	<b>Payment (2)</b>
Craig Thompson	\$ 526,235
Klara Dickinson-Eason	\$ 233,656
Chuck Olson, D.Sc.	\$ 215,891
May Liu	\$ 203,681

(1) Assumes triggering event effective as of December 31, 2016.

- (2) Includes continuation of base salary and target bonus as follow: 9 months for Mr. Thompson, 6 months for Ms. Dickinson-Eason, Dr. Olson and Ms. Liu, and health; medical, dental and vision benefits for 12 months and outplacement services for the executive officers.

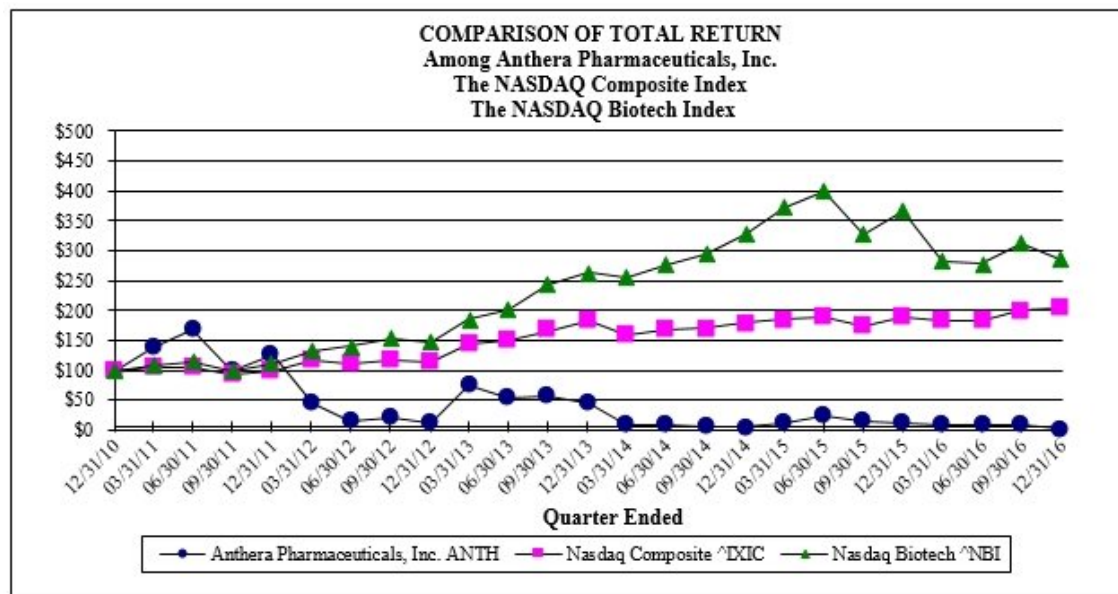
**Acceleration of Vesting of Options Upon Termination (1)**

Executive Officer	Number of Shares # (1)	Intrinsic Value Upon Termination (2)
Craig Thompson, President and Chief Executive Officer	232,082	\$ —
Klara Dickinson-Eason, Senior Vice President, Chief Regulatory Officer	78,750	\$ —
Chuck Olson, D.Sc., Chief Technology Officer	96,146	\$ —
May Liu, Senior Vice President, Finance and Administration	106,043	\$ —

- (1) Assumes triggering event effective as of December 31, 2016, includes acceleration of options for 12 months as of such date.
- (2) There was no intrinsic value of the accelerated option shares based on the difference between our closing price of \$0.65 per share on December 31, 2016 and the exercise prices of such accelerated options.

**Performance Graph**

The following graph shows a comparison of cumulative total return of our common stock, the NASDAQ Composite Index and the NASDAQ Biotech Index from March 1, 2010 (the date of our IPO) through December 31, 2016. The graph and table assume that \$100 was invested on March 1, 2010 in each of our common stock, the NASDAQ Composite Index and the NASDAQ Biotech Index, and that all dividends were reinvested. The past performance of our common stock is no indication of future performance.



**EXECUTIVE OFFICERS**

The names of the current executive officers of the Company, their ages as of February 1, 2017, and certain other information about them are set forth below (unless set forth elsewhere in this proxy statement).

<b>Name</b>	<b>Age</b>	<b>Position</b>
Craig Thompson	50	President and Chief Executive Officer
William R. Shanahan, M.D.	68	Chief Medical Officer
Klara Dickinson-Eason	49	Senior Vice President, Chief Regulatory Officer
Chuck Olson, D.Sc.	59	Chief Technology Officer
May Liu	41	Senior Vice President, Finance and Administration
Renee Martin, Ph.D.	48	Senior Vice President, Medical Science

The biographies of our current executive officers, other than Mr. Craig Thompson, whose biography is set forth above, appear below.

*William R. Shanahan, M.D.* Dr. Shanahan has served as Chief Medical Officer since August 2016. Dr. Shanahan served as the Chief Medical Officer of Arena Pharmaceuticals, Inc. from 2004 to June 2016 and served as its Senior Vice President from June 2010 to June 2016. Dr. Shanahan also served as Vice President of Arena Pharmaceuticals Inc. from March 2004 to June 2010. He served as Tanox Inc.'s Chief Medical Officer from August 2000 until March 2004 and served as Vice President, Drug Development of Isis Pharmaceuticals from 1994 to August 2000. Prior to that, he was Director of Clinical Research at Pfizer Central Research where he directed the clinical development of new anti-inflammatory pharmacologic agents from 1990 to 1994. At Searle Research and Development, he held Associate Director and Director of Clinical Research positions. In addition, at the University of Connecticut School of Medicine he held various positions in the Division of Rheumatology including a full-time faculty position as Assistant Professor and a voluntary and part-time position as Clinical Associate Professor. Dr. Shanahan holds an A.B. degree from Dartmouth College, an M.D. degree from the University of California, San Francisco, and a J.D. degree from Loyola University, Chicago.

*Klara Dickinson-Eason* . Ms. Dickinson has served as our Senior Vice President, Chief Regulatory Officer since January 2015. Prior to that, during 2014, Ms. Dickinson provided regulatory consulting advice to us. Ms. Dickinson served as Senior Vice President of Regulatory Affairs and Compliance at Hyperion Therapeutics Inc. from October 2007 to July 2014. In that role, Ms. Dickinson led the filing of the NDA and label negotiations for Hyperion Therapeutics' initial product, RAVICTI® (glycerol phenylbutyrate) Oral Liquid for chronic management of adult and pediatric patients more than two years of age with urea cycle disorders (UCDs). Prior to Hyperion Therapeutics, Ms. Dickinson spent three years at CoTherix, Inc and was most recently Vice President, Regulatory Affairs and Healthcare Compliance Officer from January 2004 to January 2007. In that role, Ms. Dickinson led the filing of the NDA and label negotiations for CoTherix's initial product, Ventavis® (iloprost) Inhalation Solution. Prior to CoTherix, Inc., Ms. Dickinson held various positions at biopharmaceutical companies Scios, Inc. and DEY Laboratories, a subsidiary of Mylan, Inc. Ms. Dickinson holds a B.S. in Biology from the College of Great Falls in Montana and is certified by the Regulatory Affairs Certification Board.

*Chuck Olson D. Sc.* Dr. Olson has served as our Chief Technology Officer since January 7, 2016. Dr. Olson joined Anthera in April 2010 as our Vice President, Protein Sciences. Prior to joining us, Dr. Olson held management positions with increasing levels of responsibilities from 2001 to 2010 at Onyx, BioMarin and cell Genesys. Prior to that, Dr. Olson was a Scientist at Genentech and Staff Scientist at Bayer from 1986 to 2001. Dr. Olson has a Bachelor's degree in biology, a Master's degree in chemistry and a Doctorate's degree in biochemistry.

*May Liu.* Ms. Liu has served as our Senior Vice President, Finance and Administration since June 2013 and as our Principal Accounting Officer since May 2013. Prior to that, she served as our Vice President, Finance from January 2011 to June 2013, and as our Corporate Controller from October 2007 to January 2011. Ms. Liu joined us as our Director of Finance in April 2007. Prior to joining us, Ms. Liu served as SEC Reporting and Technical Accounting Manager at Renovis, Inc., a clinical-stage pharmaceutical company, from October 2005 to March 2007. Ms. Liu has been a Certified Public Accountant since 2007 and was a part of Ernst & Young LLP's audit and assurance practice from 2000 to 2005, focusing primarily in the life science industry. Ms. Liu holds a B.S. in business administration with a concentration in accounting from San Francisco State University.

*Renee Martin, Ph.D.* Dr. Martin served as our Senior Vice President, Medical Science since April 2016 and as our Vice President, Nonclinical and Translational Sciences from November 2011 to March 2016. Prior to that, she served as our Senior Director of Clinical and Translational Sciences in March 2010 to October 2011. Prior to joining Anthera, Dr. Martin spent over 14 years from October 1996 to March 2010 at Roche Pharmaceuticals in both drug discovery and drug development. Counting her time at Roche, Dr. Martin has over 24 years of experience in the pharmaceutical industry, including a 4-year postgraduate research position from May 1992 through October 1996 at Wellcome/GlaxoWellcome Research Laboratories in the UK. Dr. Martin holds a B.A. in Natural Sciences from Cambridge University, UK and a Ph.D. in Pharmacology from King's College University of London, UK .

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since January 1, 2016, we have engaged in no transactions in an amount exceeding \$120,000 with our directors, executive officers, holders of more than 5% of our voting securities, each of whom we refer to as a Beneficial Owner, or any member of the immediate family of any of the foregoing persons.

### Indemnification Agreements

We have entered into indemnification agreements with each of our directors and certain of our executive officers. As permitted by the Delaware General Corporation Law, we have adopted provisions in our amended and restated certificate of incorporation that limit or eliminate the personal liability of our directors to us for monetary damages for a breach of their fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any unlawful payments related to dividends or unlawful stock repurchases, redemptions or other distributions; or
- any transaction from which the director derived an improper personal benefit.

Pursuant to our amended and restated certificate of incorporation and amended and restated bylaws, we are obligated, to the maximum extent permitted by Delaware law, to indemnify each of our directors and officers against expenses (including attorneys' fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the corporation. A "director" or "officer" includes any person who is or was a director or officer of us or as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity which such person is or was serving at our request, but does not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Company with respect to such person's activities prior to said transaction unless specifically authorized by our Board of Directors or our stockholders. Pursuant to our amended and restated bylaws, we also have the power to indemnify our employees to the extent permitted under Delaware law. Our amended and restated bylaws provide that we shall advance expenses to directors in connection with any proceeding in which such director is involved because of his or her status as a director and we may, at the discretion of our Board of Directors, advance expenses to officers and employees in connection with any proceeding in which such officer or employee is involved because of his or her status as such. Our amended and restated bylaws permit us to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of us or, at our request, served in such a capacity for another enterprise.

We have entered into indemnification agreements with each of our directors and certain of our executive officers that are, in some cases, broader than the specific indemnification provisions permitted by Delaware law, and that may provide additional procedural protection. The indemnification agreements require us, among other things, to:

- indemnify officers and directors against certain liabilities that may arise because of their status as officers or directors; and
- advance expenses, as incurred, to officers and directors in connection with a legal proceeding, subject to limited exceptions.

At present, there is no pending litigation or proceeding involving any of our directors, officers or employees in which indemnification is sought, nor are we aware of any threatened litigation or proceeding that may result in claims for indemnification.



**Procedures for Approval of Related Person Transactions**

The Audit Committee conducts an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and the approval of the Audit Committee is required for all such transactions. The Audit Committee may establish such policies and procedures as it deems appropriate to facilitate such review.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information with respect to the beneficial ownership of shares of our common stock by (i) each director, (ii) each named executive officer, (iii) all directors and executive officers as a group, and (iv) each person who we know beneficially owns more than 5% of our common stock as of February 1, 2017, unless otherwise indicated below.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include shares of common stock issuable upon the exercise of stock options that are immediately exercisable or exercisable within 60 days after February 1, 2017, but excludes unvested stock options. Except as otherwise indicated, all the shares reflected in the table are shares of common stock and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. The information is not necessarily indicative of beneficial ownership for any other purpose.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of February 1, 2017. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Percentage ownership calculations for beneficial ownership for each person or entity are based on 47,535,474 shares outstanding as of February 1, 2017. Except as otherwise indicated in the table below, addresses of named beneficial owners are in care of Anthera Pharmaceuticals, Inc., 25801 Industrial Blvd., Suite B, Hayward, California 94545.

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percent of Class</b>
Biotechnology Value Fund (1)	4,649,588	9.78%
Franklin Advisers, Inc. (2)	3,197,712	6.73%
<b>Executive Officers and Directors:</b>		
Craig Thompson (3)	118,022	*
William R. Shanahan, M.D. (4)	—	*
Klara Dickinson-Eason (5)	174,540	*
Chuck Olson, D.Sc. (6)	198,960	*
May Liu (7)	333,196	*
Paul F. Truex (8)	1,093,927	2.25%
Christopher S. Henney, Ph.D. (9)	199,570	*
Steven B. Engle (10)	104,666	*
Brent Furse (11)	37,930	*
Brian R. Mueller (12)	104,066	*
Philip T. Sager, M.D. (13)	104,066	*
David E. Thompson (14)	146,523	*
All executive officers and directors as a group (13 persons) (15)	2,806,267	5.60%

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

- (1) Based solely on information disclosed in a Schedule 13G/A filed on February 14, 2017 on behalf of Biotechnology Value Fund, L.P. (“BVF”). Includes 7,499 of Series X Preferred Stock, which is convertible into approximately 3,808,145 shares of Common Stock, assuming all the Series X Preferred Stock owned by Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., and Biotechnology Value Trading Fund OS LP and held in the Partners Managed Account would be fully converted. Also includes 1,904,325 shares of common stock underlying certain warrants (the “Warrants”). As of the close of business on December 31, 2016, (i) BVF beneficially owned approximately 2,573,192 shares of Common Stock, including approximately 1,764,168 shares of Common Stock issuable upon the conversion of 3,474 shares of Series X Preferred Stock held by it and 779,151 shares of Common Stock issuable upon the exercise of certain warrants held by it and excluding 103,060 shares of Common Stock issuable upon the exercise of certain warrants held by it, (ii) Biotechnology Value Fund II, L.P. (“BVF2”) beneficially owned approximately 1,172,483 shares of Common Stock, including approximately 1,153,260 shares of Common Stock issuable upon the conversion of 2,271 shares of Series X Preferred Stock held by it, and excluding 576,630 warrants held by it, and (iii) Biotechnology Value (“Trading Fund OS LP”) beneficially owned 349,026 shares of Common Stock, including approximately 343,287 shares of Common Stock issuable upon the conversion of 676 shares of Series X Preferred Stock held by it, and excluding 171,643 warrants held by it. BVF Partners OS Ltd. (“Partners OS”), as the general partner of Trading Fund OS may be deemed to beneficially own 349,026 shares of Common Stock beneficially owned by Trading Fund OS. BVF Partners L.P. (“Partners”), as the general partner of BVF, BVF2, the investment manager of Trading Fund OS, and the sole member of Partners OS, may be deemed to beneficially own the approximately 4,649,588 shares of Common Stock beneficially owned in the aggregate by BVF, BVF2, Trading Fund OS, and a certain Partners managed account (the “Partners Managed Account”), including approximately 554,887 shares of Common Stock held in the Partners Managed Account issuable upon the conversion of 1,078 shares of Series X Preferred Stock, and excluding 273,841 shares of Common Stock underlying certain warrants held in the Partners Managed Account. BVF Inc., as the general partner of Partners, may be deemed to beneficially own the 4,649,588 shares of Common Stock beneficially owned by Partners. Mr. Lampert, as a director and officer of BVF Inc., may be deemed to beneficially own the 4,649,588 shares of Common Stock beneficially owned by BVF Inc. The foregoing should not be construed in and of itself as an admission by any reporting person as to beneficial ownership of any shares of Common Stock owned by another reporting person. Partners OS disclaims beneficial ownership of the shares of Common Stock beneficially owned by Trading Fund OS. Each of Partners, BVF Inc. and Mr. Lampert disclaims beneficial ownership of the shares of Common Stock beneficially owned by BVF, BVF2, Trading Fund OS, and the Partners Managed Account, and the filing of this statement shall not be construed as an admission that any such person or entity is the beneficial owner of any such securities. The address for BVF is 1 Sansome Street, 30<sup>th</sup> Floor San Francisco, CA 94104.
- (2) Based solely on information disclosed in a Schedule 13G/A filed on February 9, 2017 on behalf of Franklin Resources Inc. The securities are beneficially owned by one or more open or closed end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries (each, an “Investment Management Subsidiary” and, collectively, the “Investment Management Subsidiaries”) of Franklin Resources, Inc. (“FRI”). When an investment management contract (including a sub advisory agreement) delegates to an Investment Management Subsidiary investment discretion or voting power over the securities held in the investment advisory accounts that are subject to that agreement, FRI treats the Investment Management Subsidiary as having sole investment discretion on voting authority, as the case may be, unless the agreement specifies otherwise. Accordingly, each Investment Management Subsidiary reports on Schedule 13G that it has sole investment discretion and voting authority over the securities covered by any such investment management agreement, unless otherwise noted. As a result, for purposes of Rule 13d-3 under the Act, the Investment Management Subsidiaries listed in the Schedule 13G may be deemed to be the beneficial owners of the securities reported in the Schedule 13G filed on February 9, 2017. The address for FRI is One Franklin Parkway, San Mateo, CA 94403-1906.
- (3) Includes (i) 7,190 shares of common stock, and (ii) options to purchase 110,832 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Mr. Thompson
- (4) Dr. Shanahan joined the Company on August 15, 2016. He does not hold any shares of common stock as of February 1, 2017 and none of his options are exercisable within 60 days of February 1, 2017.
- (5) Includes (i) 12,500 shares of common stock, and (ii) options to purchase 162,040 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Ms. Dickinson-Eason.

- (6) Includes (i) 17,519 shares of common stock and (ii) options to purchase an additional 181,441 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Dr. Olson.
- (7) Includes (i) 32,302 shares of common stock and (ii) options to purchase 300,894 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Ms. Liu.
- (8) Includes (i) 94,345 shares of common stock, all of which are owned of record by the 2005 Truex Family Trust U/D/T 04/20/2005 and (ii) options to purchase an additional 999,582 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Paul F. Truex.
- (9) Includes (i) 25,303 shares of common stock and (ii) options to purchase an additional 174,267 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Dr. Henney.
- (10) Includes options to purchase 104,666 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Mr. Engle. Mr. Engle is not standing for re-election at the Annual General Meeting on April 27, 2017.
- (11) Includes options to purchase 37,930 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Mr. Furse.
- (12) Includes (i) 10,000 shares of common stock and (ii) options to purchase 94,666 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Mr. Mueller.
- (13) Includes options to purchase 104,666 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Dr. Sager.
- (14) Includes (i) 16,025 shares of common stock and (ii) options to purchase 130,498 shares of common stock that are exercisable within 60 days of February 1, 2017, owned of record by Mr. Thompson.
- (15) Includes (i) 9,554 shares of common stock and (ii) options to purchase 180,047 shares of common stock which are exercisable within 60 days of February 1, 2017, owned of record by Renee Martin.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the SEC. Officers, directors and greater than 10% stockholders are required to furnish us with copies of all such forms which they file.

To our knowledge, based solely on our review of such reports or written representations from certain reporting persons, we believe that all of the filing requirements applicable to our officers, directors, greater than 10% beneficial owners and other persons subject to Section 16 of the Exchange Act were complied with during the year ended December 31, 2016.

*The following Compensation Committee Report and Audit Committee Report are not considered proxy solicitation materials and are not deemed filed with the SEC. Notwithstanding anything to the contrary set forth in any of the Company's filings made under the Securities Act of 1933 or the Exchange Act that might incorporate filings made by the Company under those statutes, the Compensation Committee Report and Audit Committee Report shall not be incorporated by reference into any prior filings or into any future filings made by the Company under those statutes.*

### COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors (the "Compensation Committee") has furnished this report on executive compensation. None of the members of the Compensation Committee is currently an officer or employee of the Company and all are "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act and "outside directors" for purposes of Section 162(m) of the Internal Revenue Code. The Compensation Committee is responsible for designing, recommending to the Board of Directors for approval and evaluating the compensation plans, policies and programs of the Company and reviewing and approving the compensation of the Chief Executive Officer and other officers and directors.

This report, filed in accordance with Item 407(e)(5) of Regulation S-K, should be read in conjunction with the other information relating to executive compensation which is contained elsewhere in this proxy statement and is not repeated here.

In this context, the Compensation Committee hereby reports as follows:

1. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section contained herein with management.
2. Based on the review and discussions referred to in paragraph (1) above, the Compensation Committee recommended to the Board of Directors, and the Board of Directors has approved, that the Compensation Discussion and Analysis be included in this proxy statement on Schedule 14A for filing with the SEC.

#### COMPENSATION COMMITTEE

STEVEN ENGLE, CHAIRMAN  
DAVID E. THOMPSON  
PHILIP T. SAGER, M.D.

### AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors (the "Audit Committee") has furnished this report concerning the independent audit of the Company's financial statements. Each member of the Audit Committee meets the enhanced independence standards established by the Sarbanes-Oxley Act of 2002 and rulemaking of the Securities and Exchange Commission (the "SEC") and The NASDAQ Global Market regulations. A copy of the Audit Committee Charter is available on the Company's website at <http://www.anthera.com>.

The Audit Committee's responsibilities include assisting the Board of Directors regarding the oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, and the performance of the Company's internal audit function and the independent registered public accounting firm.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the Company's financial statements for the fiscal year ended December 31, 2016 with the Company's management and BDO USA, LLP. In addition, the Audit Committee has discussed with BDO USA, LLP, with and without management present, their evaluation of the Company's internal control over financial reporting and overall quality of the Company's financial reporting. The Audit Committee also discussed with BDO USA, LLP the matters required to be discussed by statement on Auditing Standards No. 16 - *Communications with Audit Committees* (AS 16), as adopted by the Public Company Accounting Oversight Board. The Audit Committee also received the written disclosures and the letter from BDO USA, LLP required by the Public Company Accounting Oversight Board Rule 3526 and the Audit Committee discussed the independence of BDO USA, LLP with that firm.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in the Company's Annual Report for the fiscal year ended December 31, 2016.

The Audit Committee and the Board of Directors have recommended the selection of BDO USA, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017.

#### AUDIT COMMITTEE

BRIAN R. MUELLER, CHAIRMAN  
CHRISTOPHER S. HENNEY, PH.D.  
BRENT FURSE

#### HOUSEHOLDING OF PROXY MATERIALS

We have adopted a procedure approved by the SEC known as "householding." This procedure allows multiple stockholders residing at the same address the convenience of receiving a single copy of our Notice, Annual Report and proxy materials, as applicable. This allows us to save money by reducing the number of documents we must print and mail, and helps protect the environment as well.

Householding is available to both registered stockholders (i.e., those stockholders with certificates registered in their name) and street name holders (i.e., those stockholders who hold their shares through a brokerage).

#### Registered Stockholders

If you are a registered stockholder and have consented to our mailing of proxy materials and other stockholder information only to one account in your household, as identified by you, we will deliver or mail a single copy of our Annual Report and proxy materials for all registered stockholders residing at the same address. Your consent will be perpetual unless you revoke it, which you may do at any time by contacting the Householding Department of Broadridge Financial Solutions, Inc., at 51 Mercedes Way, Edgewood, NY 11717, or by calling 1-800-542-1061. If you revoke your consent, we will begin sending you individual copies of future mailings of these documents within 30 days after we receive your revocation notice. If you received a household mailing this year, and you would like to receive additional copies of our Annual Report and proxy materials, please submit your request to Investor Relations who will promptly deliver the requested copy.

Registered stockholders who have not consented to householding will continue to receive copies of annual reports and proxy materials for each registered stockholder residing at the same address. As a registered stockholder, you may elect to participate in householding and receive only a single copy of annual reports or proxy statements for all registered stockholders residing at the same address by contacting Broadridge as outlined above.

## Street Name Holders

Stockholders who hold their shares through a brokerage may elect to participate in householding or revoke their consent to participate in householding by contacting their respective brokers.

## OTHER MATTERS

We are not aware of any matters that may come before the meeting other than those referred to in the Notice of Annual Meeting of Stockholders. If any other matter shall properly come before the Annual Meeting, however, the persons named in the accompanying proxy intend to vote all proxies in accordance with their best judgment.

Our Annual Report is available free of charge on our website at [www.anthera.com](http://www.anthera.com) or you can request a copy free of charge by calling Investor Relations at 510-856-5600 or sending an e-mail request to Investor Relations by accessing our website ([www.anthera.com](http://www.anthera.com)), selecting the “Investors” tab and then selecting “Investor Contact.” Please include your contact information with the request.

By Order of the Board of Directors

Anthera Pharmaceuticals, Inc.  
Sincerely,

CRAIG THOMPSON

Craig Thompson  
*Chief Executive Officer*

Hayward, California  
March 16, 2017

**Annex A**  
**2013 Plan, as amended**

**ANTHERA PHARMECEUTICALS, INC.**

**2013 STOCK OPTION AND INCENTIVE PLAN**

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Anthera Pharmaceuticals, Inc. 2013 Stock Option and Incentive Plan (the “Plan”). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and other key persons (including Consultants) of Anthera Pharmaceuticals, Inc. (the “Company”) and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company’s welfare will assure a closer identification of their interests with those of the Company and its stockholders, thereby stimulating their efforts on the Company’s behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

“*Act*” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“*Administrator*” means either the Board or the compensation committee of the Board or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

“*Award*” or “*Awards*,” except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Units, Restricted Stock Awards, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards and Dividend Equivalent Rights.

“*Award Certificate*” means a written or electronic document setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Certificate is subject to the terms and conditions of the Plan.

“*Board*” means the Board of Directors of the Company.

“*Cash-Based Award*” means an Award entitling the recipient to receive a cash-denominated payment.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

“*Consultant*” means any natural person that provides bona fide services to the Company, and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities.

“*Covered Employee*” means an employee who is a “Covered Employee” within the meaning of Section 162(m) of the Code.

“*Dividend Equivalent Right*” means an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the grantee.

“*Effective Date*” means the date on which the Plan is approved by stockholders as set forth in Section 21.



“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

“*Fair Market Value*” of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), NASDAQ Global Market or another national securities exchange, the determination shall be made by reference to market quotations. If there are no market quotations for such date, the determination shall be made by reference to the last date preceding such date for which there are market quotations.

“*Incentive Stock Option*” means any Stock Option designated and qualified as an “incentive stock option” as defined in Section 422 of the Code.

“*Non-Employee Director*” means a member of the Board who is not also an employee of the Company or any Subsidiary.

“*Non-Qualified Stock Option*” means any Stock Option that is not an Incentive Stock Option.

“*Option*” or “*Stock Option*” means any option to purchase shares of Stock granted pursuant to Section 5.

“*Performance-Based Award*” means any Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award granted to a Covered Employee that is intended to qualify as “performance-based compensation” under Section 162(m) of the Code and the regulations promulgated thereunder.

“*Performance Criteria*” means the criteria that the Administrator selects for purposes of establishing the Performance Goal or Performance Goals for an individual for a Performance Cycle. The Performance Criteria (which shall be applicable to the organizational level specified by the Administrator, including, but not limited to, the Company or a unit, division, group, or Subsidiary of the Company) that will be used to establish Performance Goals are limited to the following: total shareholder return, achievement of key clinical milestones, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of the Stock, economic value-added, funds from operations or similar measure, sales or revenue, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of Stock, sales or market shares and number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group.

“*Performance Cycle*” means one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Criteria will be measured for the purpose of determining a grantee’s right to and the payment of a Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award, the vesting and/or payment of which is subject to the attainment of one or more Performance Goals. Each such period shall not be less than 12 months.

“*Performance Goals*” means, for a Performance Cycle, the specific goals established in writing by the Administrator for a Performance Cycle based upon the Performance Criteria.

“*Performance Share Award*” means an Award entitling the recipient to acquire shares of Stock upon the attainment of specified Performance Goals.

“*Restricted Stock Award*” means an Award of shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant.

“*Restricted Stock Units*” means an Award of phantom stock units to a grantee.

“*Sale Event*” shall mean (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company’s outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all of the Stock of the Company to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company’s outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

“*Sale Price*” means the value as determined by the Administrator of the consideration payable, or otherwise to be received by stockholders, per share of Stock pursuant to a Sale Event.

“*Section 409A*” means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

“*Stock*” means the Common Stock, par value \$0.001 per share, of the Company, subject to adjustments pursuant to Section 3.

“*Stock Appreciation Right*” means an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

“*Subsidiary*” means any corporation or other entity (other than the Company) in which the Company has at least a 50 percent interest, either directly or indirectly.

“*Ten Percent Owner*” means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation.

“*Unrestricted Stock Award*” means an Award of shares of Stock free of any restrictions.

## SECTION 2. ADMINISTRATIO OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Administrator, provided that the amount, timing and terms of the grants of Awards to Non-Employee Directors shall be determined by the compensation committee or similar committee comprised solely of Non-Employee Directors.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the forms of Award Certificates;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award provided that the Administrator generally shall not exercise such discretion to accelerate Awards subject to Sections 7 and 8 except in the event of the grantee's death, disability or retirement, or a change in control (including a Sale Event);

(vi) subject to the provisions of Section 5(b), to extend at any time the period in which Stock Options may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Options. Subject to applicable law, the Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Options to individuals who are (i) not subject to the reporting and other provisions of Section 16 of the Exchange Act and (ii) not Covered Employees. Any such delegation by the Administrator shall include a limitation as to the amount of Options that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

(d) Award Certificate. Awards under the Plan shall be evidenced by Award Certificates that set forth the terms, conditions and limitations for each Award which may include, without limitation, the term of an Award and the provisions applicable in the event employment or service terminates.

(e) Indemnification. Neither the Board nor the Administrator, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Administrator (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(f) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have employees or other individuals eligible for Awards, the Administrator, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Administrator determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Administrator determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be the sum of (i) 9,640,818 shares plus (ii) the number of shares of Stock that remain available for grants under the Anthera Pharmaceuticals, Inc. Amended and Restated 2010 Stock Option and Incentive Plan (the "2010 Plan"), subject to adjustment as provided in this Section 3. For purposes of this limitation, the shares of Stock underlying any Awards under the Plan, as well as any shares of Stock underlying any awards under the 2010 Plan or the Anthera Pharmaceuticals, Inc. 2005 Equity Incentive Plan, that are forfeited, canceled or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. Notwithstanding the foregoing, the following shares shall not be added to the shares authorized for grant under the Plan: (i) shares tendered or held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, and (ii) shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right upon exercise thereof. In the event the Company repurchases shares of Stock on the open market, such shares shall not be added to the shares of Stock available for issuance under the Plan. Subject to such overall limitations, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Stock Options or Stock Appreciation Rights with respect to no more than 750,000 shares of Stock may be granted to any one individual grantee during any one calendar year period, no more than 10 percent of the total number of shares of Stock authorized for issuance under the Plan may be granted in the form of Unrestricted Stock Awards and no more than 6,250,000 shares of the Stock may be issued in the form of Incentive Stock Options. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Effect of Awards. The grant of any full value Award (i.e., an Award other than an Option or a Stock Appreciation Right) shall be deemed, for purposes of determining the number of shares of Stock available for issuance under Section 3(a), as an Award of 1.5 shares of Stock for each such share of Stock actually subject to the Award. The grant of an Option or a Stock Appreciation Right shall be deemed, for purposes of determining the number of shares of Stock available for issuance under Section 3(a), as an Award for one share of Stock for each such share of Stock actually subject to the Award. Any forfeitures, cancellations or other terminations (other than by exercise) of such Awards shall be returned to the reserved pool of shares of Stock under the Plan in the same manner.

(c) Changes in Stock. Subject to Section 3(d) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, including the maximum number of shares that may be issued in the form of Incentive Stock Options, (ii) the number of Stock Options or Stock Appreciation Rights that can be granted to any one individual grantee and the maximum number of shares that may be granted under a Performance-Based Award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iv) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award, and (v) the exercise price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The Administrator shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(d) Mergers and Other Transactions. Except as the Administrator may otherwise specify with respect to particular Awards in the relevant Award Certificate, in the case of and subject to the consummation of a Sale Event, the parties thereto may cause the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree. To the extent the parties to such Sale Event do not provide for the assumption, continuation or substitution of Awards, all Options and Stock Appreciation Rights that are not exercisable immediately prior to the effective time of the Sale Event shall become fully exercisable as of the effective time of the Sale Event, all other Awards with time-based vesting, conditions or restrictions shall become fully vested and nonforfeitable as of the effective time of the Sale Event and all Awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with a Sale Event in the Administrator's discretion or to the extent specified in the relevant Award Certificate and—upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate. In the event of such termination, (i) the Company shall have the option (in its sole discretion) to make or provide for a cash payment to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the Sale Price multiplied by the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights; or (ii) each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights (to the extent then exercisable) held by such grantee.

(e) Substitute Awards. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with the merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 3(a).

#### SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, Non-Employee Directors and key persons (including Consultants) of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

#### SECTION 5. STOCK OPTIONS

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a “subsidiary corporation” within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

Stock Options granted pursuant to this Section 5 shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the optionee's election, subject to such terms and conditions as the Administrator may establish.

(a) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5 shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the option price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

(b) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the date of grant.

(c) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(d) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written or electronic notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award Certificate:

(i) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(ii) Through the delivery (or attestation to the ownership) of shares of Stock that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(iii) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or

(iv) With respect to Stock Options that are not Incentive Stock Options, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Award Certificate or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

(e) Annual Limit on Incentive Stock Options. To the extent required for “incentive stock option” treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 6. STOCK APPRECIATION RIGHTS

(a) Exercise Price of Stock Appreciation Rights. The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator independently of any Stock Option granted pursuant to Section 5 of the Plan.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Administrator. The term of a Stock Appreciation Right may not exceed ten years.

SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Administrator shall determine the restrictions and conditions applicable to each Restricted Stock Award at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award Certificate shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock and receipt of dividends; provided that if the lapse of restrictions with respect to the Restricted Stock Award is tied to the attainment of performance goals, any dividends paid by the Company during the performance period shall accrue and shall not be paid to the grantee until and to the extent the performance goals are met with respect to the Restricted Stock Award. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Stock shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Stock are vested as provided in Section 7(d) below, and (ii) certificated Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Administrator may prescribe.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award Certificate. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, if a grantee's employment (or other service relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Stock that has not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such grantee or such grantee's legal representative simultaneously with such termination of employment (or other service relationship), and thereafter shall cease to represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of unvested Restricted Stock that is represented by physical certificates; a grantee shall surrender such certificates to the Company upon request without consideration.

(d) Vesting of Restricted Stock. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Notwithstanding the foregoing, in the event that any such Restricted Stock granted to employees shall have a performance-based goal, the restriction period with respect to such shares shall not be less than one year, and in the event any such Restricted Stock granted to employees shall have a time-based restriction, the total restriction period with respect to such shares shall not be less than three years; provided, however, that Restricted Stock with a time-based restriction may become vested incrementally over such three-year period. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the grantee's termination of employment (or other service relationship) with the Company and its Subsidiaries and such shares shall be subject to the provisions of Section 7(c) above.



SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Administrator shall determine the restrictions and conditions applicable to each Restricted Stock Unit at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award Certificate shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. Notwithstanding the foregoing, in the event that any such Restricted Stock Units granted to employees shall have a performance-based goal, the restriction period with respect to such Award shall not be less than one year, and in the event any such Restricted Stock Units granted to employees shall have a time-based restriction, the total restriction period with respect to such Award shall not be less than three years; provided, however, that any Restricted Stock Units with a time-based restriction may become vested incrementally over such three-year period. At the end of the deferral period, the Restricted Stock Units, to the extent vested, shall be settled in the form of shares of Stock. To the extent that an award of Restricted Stock Units is subject to Section 409A, it may contain such additional terms and conditions as the Administrator shall determine in its sole discretion in order for such Award to comply with the requirements of Section 409A.

(b) Election to Receive Restricted Stock Units in Lieu of Compensation. The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of future cash compensation otherwise due to such grantee in the form of an award of Restricted Stock Units. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with Section 409A and such other rules and procedures established by the Administrator. Any such future cash compensation that the grantee elects to defer shall be converted to a fixed number of Restricted Stock Units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee if such payment had not been deferred as provided herein. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate. Any Restricted Stock Units that are elected to be received in lieu of cash compensation shall be fully vested, unless otherwise provided in the Award Certificate.

(c) Rights as a Stockholder. A grantee shall have the rights as a stockholder only as to shares of Stock acquired by the grantee upon settlement of Restricted Stock Units; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Restricted Stock Units, subject to such terms and conditions as the Administrator may determine.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

SECTION 9. UNRESTRICTED STOCK AWARDS

Grant or Sale of Unrestricted Stock. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

SECTION 10. CASH-BASED AWARDS

Grant of Cash-Based Awards. The Administrator may, in its sole discretion, grant Cash-Based Awards to any grantee in such number or amount and upon such terms, and subject to such conditions, as the Administrator shall determine at the time of grant. The Administrator shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Administrator shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Administrator. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash or in shares of Stock, as the Administrator determines.



SECTION 11. PERFORMANCE SHARE AWARDS

(a) Nature of Performance Share Awards . The Administrator may, in its sole discretion, grant Performance Share Awards independent of, or in connection with, the granting of any other Award under the Plan. The Administrator shall determine whether and to whom Performance Share Awards shall be granted, the Performance Goals, the periods during which performance is to be measured, which may not be less than one year except in the case of a Sale Event, and such other limitations and conditions as the Administrator shall determine.

(b) Rights as a Stockholder . A grantee receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the grantee under the Plan and not with respect to shares subject to the Award but not actually received by the grantee. A grantee shall be entitled to receive shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Performance Share Award Certificate (or in a performance plan adopted by the Administrator).

(c) Termination . Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in all Performance Share Awards shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

SECTION 12. PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES

(a) Performance-Based Awards . Any employee or other key person providing services to the Company and who is selected by the Administrator may be granted one or more Performance-Based Awards in the form of a Restricted Stock Award, Restricted Stock Units, Performance Share Awards or Cash-Based Award payable upon the attainment of Performance Goals that are established by the Administrator and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Administrator. The Administrator shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for any Performance Cycle. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Administrator, in its discretion, may adjust or modify the calculation of Performance Goals for such Performance Cycle in order to prevent the dilution or enlargement of the rights of an individual (i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development, (ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or (iii) in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions provided however, that the Administrator may not exercise such discretion in a manner that would increase the Performance-Based Award granted to a Covered Employee. Each Performance-Based Award shall comply with the provisions set forth below.

(b) Grant of Performance-Based Awards . With respect to each Performance-Based Award granted to a Covered Employee, the Administrator shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the Performance Criteria for such grant, and the Performance Goals with respect to each Performance Criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-Based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The Performance Criteria established by the Administrator may be (but need not be) different for each Performance Cycle and different Performance Goals may be applicable to Performance-Based Awards to different Covered Employees.

(c) Payment of Performance-Based Awards. Following the completion of a Performance Cycle, the Administrator shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-Based Awards earned for the Performance Cycle. The Administrator shall then determine the actual size of each Covered Employee's Performance-Based Award, and, in doing so, may reduce or eliminate the amount of the Performance-Based Award for a Covered Employee if, in its sole judgment, such reduction or elimination is appropriate.

(d) Maximum Award Payable. The maximum Performance-Based Award payable to any one Covered Employee under the Plan for a Performance Cycle is 750,000 shares of Stock (subject to adjustment as provided in Section 3(c) hereof) or \$2,000,000 in the case of a Performance-Based Award that is a Cash-Based Award.

#### SECTION 13. DIVIDEND EQUIVALENT RIGHTS

(a) Dividend Equivalent Rights. A Dividend Equivalent Right may be granted hereunder to any grantee as a component of an award of Restricted Stock Units, Restricted Stock Award or Performance Share Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Certificate. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of an award of Restricted Stock Units or Restricted Stock Award with performance vesting or Performance Share Award shall provide that such Dividend Equivalent Right shall be settled only upon settlement or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award.

(b) Interest Equivalents. Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in all Dividend Equivalent Rights or interest equivalents granted as a component of an award of Restricted Stock Units, Restricted Stock Award or Performance Share Award that has not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

#### SECTION 14. TRANSFERABILITY OF AWARDS

(a) Transferability. Except as provided in Section 14(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Administrator Action. Notwithstanding Section 14(a), the Administrator, in its discretion, may provide either in the Award Certificate regarding a given Award or by subsequent written approval that the grantee (who is an employee or director) may transfer his or her Non-Qualified Options to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award. In no event may an Award be transferred by a grantee for value.

(c) Family Member. For purposes of Section 14(b), “family member” shall mean a grantee’s child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the grantee’s household (other than a tenant of the grantee), a trust in which these persons (or the grantee) have more than 50 percent of the beneficial interest, a foundation in which these persons (or the grantee) control the management of assets, and any other entity in which these persons (or the grantee) own more than 50 percent of the voting interests.

(d) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee’s death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee’s estate.

#### SECTION 15. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company’s obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Administrator, a grantee may elect to have the Company’s minimum required tax withholding obligation satisfied, in whole or in part, by authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

#### SECTION 16. SECTION 409A AWARDS

To the extent that any Award is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A (a “409A Award”), the Award shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a “separation from service” (within the meaning of Section 409A) to a grantee who is then considered a “specified employee” (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee’s separation from service, or (ii) the grantee’s death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A.

#### SECTION 17. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

- (a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or
- (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee’s right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 18. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. Except as provided in Section 3(c) or 3(d), without prior stockholder approval, in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect repricing through cancellation and re-grants or cancellation of Stock Options or Stock Appreciation Rights in exchange for cash. To the extent required under the rules of any securities exchange or market system on which the Stock is listed, to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, or to ensure that compensation earned under Awards qualifies as performance-based compensation under Section 162(m) of the Code, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 18 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(c) or 3(d).

SECTION 19. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 20. GENERAL PROVISIONS

(a) No Distribution. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

(b) Delivery of Stock Certificates. Stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel (to the extent the Administrator deems such advice necessary or advisable), that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. All Stock certificates delivered pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Administrator may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that an individual make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(c) Stockholder Rights. Until Stock is deemed delivered in accordance with Section 20(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of a Stock Option or any other action by the grantee with respect to an Award.

(d) Other Compensation Arrangements: No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(e) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policies and procedures, as in effect from time to time.

(f) Forfeiture of Awards under Sarbanes-Oxley Act. If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, then any grantee who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 shall reimburse the Company for the amount of any Award received by such individual under the Plan during the 12-month period following the first public issuance or filing with the United States Securities and Exchange Commission, as the case may be, of the financial document embodying such financial reporting requirement.

#### SECTION 21. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon stockholder approval in accordance with applicable state law, the Company's bylaws and certificate of incorporation, and applicable stock exchange rules. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the Effective Date and no grants of Incentive Stock Options may be made hereunder after the tenth anniversary of the date the Plan is approved by the Board.

#### SECTION 22. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS: March 25, 2013

DATE APPROVED BY STOCKHOLDERS: May 16, 2013

DATE AMENDMENT APPROVED BY BOARD OF DIRECTORS: February 16, 2017

DATE AMENDMENT APPROVED BY STOCKHOLDERS

**Annex B**

**2010 Employee Stock Purchase Plan , as amended**

**ANTHERA PHARMACEUTICALS, INC.**

**2010 EMPLOYEE STOCK PURCHASE PLAN**

The purpose of the Anthera Pharmaceuticals, Inc. 2010 Employee Stock Purchase Plan (“the Plan”) is to provide eligible employees of Anthera Pharmaceuticals, Inc. (the “Company”) and each Designated Subsidiary (as defined in Section 11) with opportunities to purchase shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”). 250,002 shares of Common Stock have been approved and reserved for this purpose, plus on January 1, 2018 and each January 1 thereafter, the number of shares of Common Stock reserved and available for issuance under the Plan shall be cumulatively increased by the lesser of (i) 1 percent of the number of shares of Common Stock issued and outstanding on the immediately preceding December 31 or (ii) 250,000 shares of Common Stock. The Plan is intended to constitute an “employee stock purchase plan” within the meaning of Section 423(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and shall be interpreted in accordance with that intent.

1. Administration. The Plan will be administered by the person or persons (the “Administrator”) appointed by the Company’s Board of Directors (the “Board”) for such purpose. The Administrator has authority at any time to: (i) adopt, alter and repeal such rules, guidelines and practices for the administration of the Plan and for its own acts and proceedings as it shall deem advisable; (ii) interpret the terms and provisions of the Plan; (iii) make all determinations it deems advisable for the administration of the Plan; (iv) decide all disputes arising in connection with the Plan; and (v) otherwise supervise the administration of the Plan. All interpretations and decisions of the Administrator shall be binding on all persons, including the Company and the Participants. No member of the Board or individual exercising administrative authority with respect to the Plan shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

2. Offerings. The Company will make one or more offerings to eligible employees to purchase Common Stock under the Plan (“Offerings”). Unless otherwise determined by the Administrator, the initial Offering will begin on September 1, 2010 and will end on the following December 31, 2010 (the “Initial Offering”). Thereafter, unless otherwise determined by the Administrator, an Offering will begin on the first business day occurring on or after each January 1st and July 1st and will end on the last business day occurring on or before the following June 30th and December 31st, respectively. The Administrator may, in its discretion, designate a different period for any Offering, provided that no Offering shall exceed six months in duration or overlap any other Offering.

3. Eligibility. All individuals classified as employees on the payroll records of the Company and each Designated Subsidiary are eligible to participate in any one or more of the Offerings under the Plan, provided that as of the first day of the applicable Offering (the “Offering Date”) they are customarily employed by the Company or a Designated Subsidiary for more than 20 hours a week. Notwithstanding any other provision herein, individuals who are not contemporaneously classified as employees of the Company or a Designated Subsidiary for purposes of the Company’s or applicable Designated Subsidiary’s payroll system are not considered to be eligible employees of the Company or any Designated Subsidiary and shall not be eligible to participate in the Plan. In the event any such individuals are reclassified as employees of the Company or a Designated Subsidiary for any purpose, including, without limitation, common law or statutory employees, by any action of any third party, including, without limitation, any government agency, or as a result of any private lawsuit, action or administrative proceeding, such individuals shall, notwithstanding such reclassification, remain ineligible for participation. Notwithstanding the foregoing, the exclusive means for individuals who are not contemporaneously classified as employees of the Company or a Designated Subsidiary on the Company’s or Designated Subsidiary’s payroll system to become eligible to participate in this Plan is through an amendment to this Plan, duly executed by the Company, which specifically renders such individuals eligible to participate herein.

4. Participation.

(a) Participants in Offerings. An eligible employee who is not a Participant on any Offering Date may participate in such Offering by submitting an enrollment form to his or her appropriate payroll location at least 15 business days before the Offering Date (or by such other deadline as shall be established by the Administrator for the Offering).

(b) Enrollment. The enrollment form will (a) state a whole percentage to be deducted from an eligible employee's Compensation (as defined in Section 11) per pay period, (b) authorize the purchase of Common Stock in each Offering in accordance with the terms of the Plan and (c) specify the exact name or names in which shares of Common Stock purchased for such individual are to be issued pursuant to Section 10. An employee who does not enroll in accordance with these procedures will be deemed to have waived the right to participate. Unless a Participant files a new enrollment form or withdraws from the Plan, such Participant's deductions and purchases will continue at the same percentage of Compensation for future Offerings, provided he or she remains eligible.

(c) Notwithstanding the foregoing, participation in the Plan will neither be permitted nor be denied contrary to the requirements of the Code.

5. Employee Contributions. Each eligible employee may authorize payroll deductions at a minimum of 1 percent of such employee's Compensation for each pay period. The Company will maintain book accounts showing the amount of payroll deductions made by each Participant for each Offering. No interest will accrue or be paid on payroll deductions.

6. Deduction Changes. Except as may be determined by the Administrator in advance of an Offering, a Participant may not increase or decrease his or her payroll deduction during any Offering, but may increase or decrease his or her payroll deduction with respect to the next Offering (subject to the limitations of Section 5) by filing a new enrollment form at least 15 business days before the next Offering Date (or by such other deadline as shall be established by the Administrator for the Offering). The Administrator may, in advance of any Offering, establish rules permitting a Participant to increase, decrease or terminate his or her payroll deduction during an Offering.

7. Withdrawal. A Participant may withdraw from participation in the Plan by delivering a written notice of withdrawal to his or her appropriate payroll location. The Participant's withdrawal will be effective as of the next business day. Following a Participant's withdrawal, the Company will promptly refund such individual's entire account balance under the Plan to him or her (after payment for any Common Stock purchased before the effective date of withdrawal). Partial withdrawals are not permitted. Such an employee may not begin participation again during the remainder of the Offering, but may enroll in a subsequent Offering in accordance with Section 4.

8. Grant of Options. On each Offering Date, the Company will grant to each eligible employee who is then a Participant in the Plan an option ("Option") to purchase on the last day of such Offering (the "Exercise Date"), at the Option Price hereinafter provided for, the lowest of (a) a number of shares of Common Stock determined by dividing such Participant's accumulated payroll deductions on such Exercise Date by the Option Price (as defined herein), (b) 12,500 shares; or (c) such other lesser maximum number of shares as shall have been established by the Administrator in advance of the Offering; provided, however, that such Option shall be subject to the limitations set forth below. Each Participant's Option shall be exercisable only to the extent of such Participant's accumulated payroll deductions on the Exercise Date. The purchase price for each share purchased under each Option (the "Option Price") will be 85 percent of the Fair Market Value of the Common Stock on the Offering Date or the Exercise Date, whichever is less.

Notwithstanding the foregoing, no Participant may be granted an option hereunder if such Participant, immediately after the option was granted, would be treated as owning stock possessing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or any Parent or Subsidiary (as defined in Section 11). For purposes of the preceding sentence, the attribution rules of Section 424(d) of the Code shall apply in determining the stock ownership of a Participant, and all stock which the Participant has a contractual right to purchase shall be treated as stock owned by the Participant. In addition, no Participant may be granted an Option which permits his or her rights to purchase stock under the Plan, and any other employee stock purchase plan of the Company and its Parents and Subsidiaries, to accrue at a rate which exceeds \$25,000 of the fair market value of such stock (determined on the option grant date or dates) for each calendar year in which the Option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code and shall be applied taking Options into account in the order in which they were granted.



9. *Exercise of Option and Purchase of Shares*. Each employee who continues to be a Participant in the Plan on the Exercise Date shall be deemed to have exercised his or her Option on such date and shall acquire from the Company such number of whole shares of Common Stock reserved for the purpose of the Plan as his or her accumulated payroll deductions on such date will purchase at the Option Price, subject to any other limitations contained in the Plan. Any amount remaining in a Participant's account at the end of an Offering solely by reason of the inability to purchase a fractional share will be carried forward to the next Offering; any other balance remaining in a Participant's account at the end of an Offering will be refunded to the Participant promptly.

10. *Issuance of Certificates*. Certificates (or, in the case of uncertificated Common Stock, registration in book entry form) representing shares of Common Stock purchased under the Plan may be issued only in the name of the employee, in the name of the employee and another person of legal age as joint tenants with rights of survivorship, or in the name of a broker authorized by the employee to be his, her or their, nominee for such purpose.

11. *Definitions*.

The term "Compensation" means the amount of base pay, prior to salary reduction pursuant to Sections 125, 132(f) or 401(k) of the Code, but excluding overtime, commissions, incentive or bonus awards, allowances and reimbursements for expenses such as relocation allowances or travel expenses, income or gains on the exercise of Company stock options, and similar items.

The term "Designated Subsidiary" means any present or future Subsidiary (as defined below) that has been designated by the Board to participate in the Plan. The Board may so designate any Subsidiary, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders. The current list of Designated Subsidiaries is attached hereto as Appendix A.

The term "Fair Market Value of the Common Stock" on any given date means the fair market value of the Common Stock determined in good faith by the Administrator; provided, however, that if the Common Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), NASDAQ Global Market or another national securities exchange, the determination shall be made by reference to the closing price on such date. If there is no closing price for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price.

The term "Parent" means a "parent corporation" with respect to the Company, as defined in Section 424(e) of the Code.

The term "Participant" means an individual who is eligible as determined in Section 3 and who has complied with the provisions of Section 4.

The term "Subsidiary" means a "subsidiary corporation" with respect to the Company, as defined in Section 424(f) of the Code.

12. *Rights on Termination of Employment*. If a Participant's employment terminates for any reason before the Exercise Date for any Offering, no payroll deduction will be taken from any pay due and owing to the Participant and the balance in the Participant's account will be paid to such Participant or, in the case of such Participant's death, to his or her designated beneficiary as if such Participant had withdrawn from the Plan under Section 7. An employee will be deemed to have terminated employment, for this purpose, if the corporation that employs him or her, having been a Designated Subsidiary, ceases to be a Subsidiary, or if the employee is transferred to any corporation other than the Company or a Designated Subsidiary. An employee will not be deemed to have terminated employment for this purpose, if the employee is on an approved leave of absence for military service or sickness or for any other purpose approved by the Company, if the employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise provides in writing.

13. *Special Rules*. Notwithstanding anything herein to the contrary, the Administrator may adopt special rules applicable to the employees of a particular Designated Subsidiary, whenever the Administrator determines that such rules are necessary or appropriate for the implementation of the Plan in a jurisdiction where such Designated Subsidiary has employees; provided that such rules are consistent with the requirements of Section 423(b) of the Code. Any special rules established pursuant to this Section 13 shall, to the extent possible, result in the employees subject to such rules having substantially the same rights as other Participants in the Plan.



14. Optionees Not Stockholders. Neither the granting of an Option to a Participant nor the deductions from his or her pay shall constitute such Participant a holder of the shares of Common Stock covered by an Option under the Plan until such shares have been purchased by and issued to him or her.

15. Rights Not Transferable. Rights under the Plan are not transferable by a Participant other than by will or the laws of descent and distribution, and are exercisable during the Participant's lifetime only by the Participant.

16. Application of Funds. All funds received or held by the Company under the Plan may be combined with other corporate funds and may be used for any corporate purpose.

17. Adjustment in Case of Changes Affecting Common Stock. In the event of a subdivision of outstanding shares of Common Stock, the payment of a dividend in Common Stock or any other change affecting the Common Stock, the number of shares approved for the Plan and the share limitation set forth in Section 8 shall be equitably or proportionately adjusted to give proper effect to such event.

18. Amendment of the Plan. The Board may at any time and from time to time amend the Plan in any respect, except that without the approval within 12 months of such Board action by the stockholders, no amendment shall be made increasing the number of shares approved for the Plan or making any other change that would require stockholder approval in order for the Plan, as amended, to qualify as an "employee stock purchase plan" under Section 423(b) of the Code.

19. Insufficient Shares. If the total number of shares of Common Stock that would otherwise be purchased on any Exercise Date plus the number of shares purchased under previous Offerings under the Plan exceeds the maximum number of shares issuable under the Plan, the shares then available shall be apportioned among Participants in proportion to the amount of payroll deductions accumulated on behalf of each Participant that would otherwise be used to purchase Common Stock on such Exercise Date.

20. Termination of the Plan. The Plan may be terminated at any time by the Board; provided that the Plan shall automatically terminate upon the tenth anniversary of the adoption of the Plan by the Board. Upon termination of the Plan, all amounts in the accounts of Participants shall be promptly refunded.

21. Governmental Regulations. The Company's obligation to sell and deliver Common Stock under the Plan is subject to obtaining all governmental approvals required in connection with the authorization, issuance, or sale of such stock.

22. Governing Law. This Plan and all Options and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

23. Issuance of Shares. Shares may be issued upon exercise of an Option from authorized but unissued Common Stock, from shares held in the treasury of the Company, or from any other proper source.

24. Tax Withholding. Participation in the Plan is subject to any minimum required tax withholding on income of the Participant in connection with the Plan. Each Participant agrees, by entering the Plan, that the Company and its Subsidiaries shall have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant, including shares issuable under the Plan.

25. Notification Upon Sale of Shares. Each Participant agrees, by entering the Plan, to give the Company prompt notice of any disposition of shares purchased under the Plan where such disposition occurs within two years after the date of grant of the Option pursuant to which such shares were purchased.

26. Effective Date and Approval of Shareholders. The Plan shall take effect on the later of the date it is adopted by the Board and the date it is approved by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present or by written consent of the stockholders.

DATE APPROVED BY BOARD OF DIRECTORS: June 2, 2010

DATE APPROVED BY STOCKHOLDERS: June 8, 2010

DATE AMENDMENT APPROVED BY BOARD OF DIRECTORS: December 15, 2010

DATE AMENDMENT APPROVED BY STOCKHOLDERS: March 7, 2011

DATE AMENDMENT APPROVED BY BOARD OF DIRECTORS: December 5, 2012

DATE AMENDMENT APPROVED BY STOCKHOLDERS: March 26, 2013

DATE AMENDMENT APPROVED BY BOARD OF DIRECTORS: July 29, 2014

DATE AMENDMENT APPROVED BY STOCKHOLDERS: September 26, 2014

DATE AMENDMENT APPROVED BY BOARD OF DIRECTORS: February 16, 2017

DATE AMENDMENT APPROVED BY STOCKHOLDERS:

**Annex C**

**Amendment of Fifth Amended and Restated Certificate of Incorporation to Effect the Reverse Stock Split**

Below is the proposed Amendment to the Fifth Amended and Restated Certificate of Incorporation of Anthera Pharmaceuticals, Inc. to effect the Reverse Stock Split. If the Amendment is adopted, this language would be updated based on the exact amount of the Reverse Stock Split and would replace the Section “Capital Stock” in Article IV of the Company’s Fifth Amended and Restated Certificate of Incorporation, as amended.

“ **CAPITAL STOCK.** “The total number of shares of capital stock which the Corporation shall have authority to issue is one hundred five million (105,000,000), of which (i) one hundred million (100,000,000) shares shall be a class designated as common stock, par value \$0.001 per share (the “Common Stock”), and (ii) five million (5,000,000) shares shall be a class designated as undesignated preferred stock, par value \$0.001 per share (the “Undesignated Preferred Stock”).

Upon the filing and effectiveness (the “ **Effective Time** ”) pursuant to the Delaware General Corporation Law of this Certificate of Amendment to the Fifth Amended and Restated Certificate of Incorporation of the Corporation, each [\_\_\_\_\_] shares of Common Stock issued and outstanding immediately prior to the Effective Time shall, automatically and without any action on the part of the respective holders thereof, be combined and converted into one (1) share of Common Stock (the “ **Reverse Stock Split** ”). No fractional shares shall be issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares of Common Stock shall be entitled to receive cash (without interest or deduction) from the Corporation’s transfer agent in lieu of such fractional share interests upon the submission of a transmission letter by a stockholder holding the shares in book-entry form and, where shares are held in certificated form, upon the surrender of the stockholder’s Old Certificates (as defined below), in an amount equal to the product obtained by multiplying (a) the closing price per share of the Common Stock as reported on the NASDAQ Global Market as of the date of the Effective Time, by (b) the fraction of one share owned by the stockholder. Each certificate that immediately prior to the Effective Time represented shares of Common Stock (“Old Certificates”), shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional share interests as described above.”

**ANTHERA PHARMACEUTICALS, INC.**  
**ATTN: MAY LIU**  
**25801 INDUSTRIAL BLVD.**  
**SUITE B**  
**HAYWARD, CA 94545**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E19552-P87042

KEEP THIS PORTION FOR YOUR RECORDS  
 DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

ANTHERA PHARMACEUTICALS, INC.

The Board of Directors recommends you vote FOR the following:

<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	<b>To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below</b>
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1. Election of Class II Director  
**Nominees**  
 01) Dr. Philip T. Sager

\_\_\_\_\_

The Board of Directors recommends you vote FOR proposals 2, 3, 4, 5, 6, 7 and 8.

2. To ratify the appointment of BDO USA, LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2017.
3. To approve an amendment to the 2013 Stock Option and Incentive Plan to, among other things, increase the aggregate number of shares authorized for issuance under the plan by 4,000,000 shares.
4. To approve an amendment to the 2010 Employee Stock Purchase Plan to increase the maximum number of shares (i) authorized for issuance thereunder by 218,750 shares and (ii) automatically authorized for issuance pursuant to the evergreen from 31,250 to 250,000 shares.
5. To approve an amendment of the Company's Fifth Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of our common stock, par value \$0.001 per share, in the range of 1:5 to 1:8, with the exact ratio to be determined by the Board of Directors or a committee of the Board of Directors of the Company in its sole discretion.
6. To approve, under applicable NASDAQ Listing Rules, the issuance of 247,119 shares of our common stock upon conversion of the Series X Convertible Preferred Stock.
7. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

<b>For</b>	<b>Against</b>	<b>Abstain</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For address changes and/or comments, please check this box and write them on the back where indicated

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

\_\_\_\_\_  
 Signature [PLEASE SIGN WITHIN BOX]      Date

\_\_\_\_\_  
 Signature (Joint Owners)      Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement, Annual Report and Shareholder Letter are available at [www.proxyvote.com](http://www.proxyvote.com).

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**ANTHERA PHARMACEUTICALS, INC.**

**PROXY**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Craig Thompson and May Liu as proxies, and hereby authorizes each of them to represent and vote as designated on the other side (each with the power to act without the other and with the power of substitution), all the shares of common stock of Anthera Pharmaceuticals, Inc. (the "Company"), standing in the name of the undersigned as of the close of business on February 28, 2017, with all powers which the undersigned would possess if present at the Annual Meeting of Stockholders of the Company to be held on April 27, 2017 or any adjournment or postponement thereof.

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

**Address Changes/Comments:** \_\_\_\_\_  
\_\_\_\_\_

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**(Continued, and to be marked, dated and signed, on the other side)**