

AmpliPhi Biosciences Corp  
Form DEFM14A  
April 04, 2019

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

AMPLIPHI BIOSCIENCES CORPORATION

(Exact name of Registrant as specified in its charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)

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

(4)

Proposed maximum aggregate value of transaction:

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Total fee paid:

Fee paid previously with preliminary materials.

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(1)

Amount Previously Paid:

(2)

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(3)

Filing Party:

(4)

Date Filed:

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To the Shareholders of AmpliPhi Biosciences Corporation:

You are cordially invited to attend a special meeting of the shareholders of AmpliPhi Biosciences Corporation, a Washington corporation, which we refer to as “we”, “AmpliPhi”, or the “Company”, which will be held at 8:30 a.m., local time, on May 8, 2019, at Cooley LLP, 4401 Eastgate Mall, San Diego, California 92121, unless postponed or adjourned to a later date. This is an important meeting that affects your investment in AmpliPhi.

On January 3, 2019, AmpliPhi and C3J Therapeutics, Inc. (“C3J”) entered into an Agreement and Plan of Merger and Reorganization (as amended, the “Merger Agreement”), pursuant to which Ceres Merger Sub, Inc., a wholly owned subsidiary of AmpliPhi, will merge with and into C3J, with C3J surviving as a wholly owned subsidiary of AmpliPhi, and AmpliPhi common stock will be issued to the former C3J shareholders at the effective time of such merger (the “Merger”). Immediately following the Merger, we anticipate that the securityholders of AmpliPhi as of immediately prior to the Merger will own approximately 30% of the aggregate number of shares of AmpliPhi common stock and the former C3J shareholders will own approximately 70% of the aggregate number of shares of AmpliPhi common stock (in each case on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money-warrants, and determined before accounting for the financing transaction discussed below). The Merger has been unanimously approved by the boards of directors of both companies and is expected to close in May 2019, subject to approval of AmpliPhi’s shareholders as well as other customary conditions.

On February 5, 2019, AmpliPhi and C3J entered into share purchase agreements with certain shareholders of C3J (the “Investors”), pursuant to which AmpliPhi will sell, and the Investors have agreed to buy, in a private placement, shares of AmpliPhi common stock immediately following the effective time of the Merger, having an aggregate purchase price of \$10.0 million (the “Financing”). The AmpliPhi shares of common stock to be issued in the Financing will be sold at a price per share equal to \$40.0 million divided by the total number of shares of AmpliPhi’s common stock outstanding on a fully diluted, as-converted basis, excluding out-of-the-money options, out-of-the-money warrants, shares reserved for issuance under equity incentive plans that are not subject to outstanding awards, and shares issuable in the Financing. Immediately following the closing of the Merger and the Financing, the former C3J securityholders (including the Investors) are expected to own approximately 76% of the aggregate number of shares of AmpliPhi common stock (of which approximately 20% will be represented by the shares issued in the Financing to the Investors) and the securityholders of AmpliPhi as of immediately prior to the Merger are expected to own approximately 24% of the aggregate number of shares of AmpliPhi common stock (on a fully diluted basis but using the treasury stock method and in each case excluding out-of-the-money options and out-of-the-money-warrants). Additionally, given that the calculation of the price of the shares of AmpliPhi common stock to be sold in the Financing is tied to the number of shares outstanding immediately following the effective time of the Merger, the price per share of common stock sold in the Financing could be a discount to the closing price of our common stock as reported on the NYSE American on the execution date of the share purchase agreements for the Financing, February 5, 2019.

At the effective time of the Merger, the officers of AmpliPhi will include Todd R. Patrick, the current chief executive officer of C3J, who will become the chief executive officer of AmpliPhi, replacing Paul C. Grint, M.D., in such capacity, Brian Varnum, Ph.D., the chief development officer of C3J, who will become the president and chief development officer of AmpliPhi, Steve R. Martin, the current chief financial officer of AmpliPhi, who will retain his position as chief financial officer, and Duane Morris, the vice president, operations of C3J, who will become the vice president, operations of AmpliPhi. In addition, each of Louis Drapeau, Paul C. Grint, M.D., Wendy S. Johnson and Vijay Samant will resign from AmpliPhi’s board of directors effective upon the effective time of the Merger, and the designees of C3J pursuant to the

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Merger Agreement, Richard Bastiani, Ph.D., Richard Bear, H. Stewart Parker, Todd R. Patrick and Joseph M. Patti, Ph.D. will be appointed to fill the vacancies created by the resignations of the current AmpliPhi directors listed above. Following the Merger, the headquarters of AmpliPhi will be located in Marina del Rey, at C3J's current headquarters. Shares of AmpliPhi common stock are currently listed on the NYSE American under the symbol "APHB." Prior to consummation of the Merger, AmpliPhi intends to file an initial listing application with the NYSE American pursuant to NYSE American "change of control" rules. After completion of the Merger, AmpliPhi will be renamed "Armata Pharmaceuticals, Inc." and expects to trade on the NYSE American under the symbol "ARMP."

AmpliPhi is holding a special meeting of shareholders (the "Special Meeting") for the following purposes, as more fully described in the accompanying proxy statement:

1.

To approve the consummation of a Business Combination (as defined in AmpliPhi's amended and restated articles of incorporation) pursuant to the Merger and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement;

2.

To approve the issuance of shares of AmpliPhi common stock having an aggregate purchase price of \$10,000,000 immediately following the effective time of the Merger in a private placement financing transaction, as described in this proxy statement (the "Financing");

3.

To approve an amendment to AmpliPhi's amended and restated articles of incorporation to effect a Reverse Split of AmpliPhi's common stock (the "Reverse Split") at a ratio in the range of between 1-for-3 to 1-for-20, inclusive, with such ratio to be determined in the discretion of AmpliPhi's board of directors and with such Reverse Split to be effected prior to the effective time of the Merger;

4.

To approve an amendment to AmpliPhi's 2016 Equity Incentive Plan to increase the shares authorized for issuance thereunder by 13,822,963 shares (without giving effect to the Reverse Split) (the "EIP Amendment");

5.

To authorize the adjournment of the Special Meeting in order to permit the solicitation of additional proxies if there are not sufficient votes to approve Proposal Nos. 1 through 4 described above at the time of the Special Meeting; and

6.

To transact any other business that may be properly brought before the meeting or any continuation, adjournment or postponement thereof.

After careful consideration, AmpliPhi's board of directors has determined that the Merger is fair to, and in the best interests of, AmpliPhi and its shareholders, has approved the Merger Agreement, the Merger, the issuance of shares of AmpliPhi common stock to C3J's shareholders pursuant to the terms of the Merger Agreement and to certain C3J shareholders pursuant to the Financing, the amendment to AmpliPhi's articles of incorporation to implement the Reverse Split, the EIP Amendment, and the other actions contemplated by the Merger Agreement, and has determined to recommend that the AmpliPhi shareholders vote to approve each of the proposals set forth in this proxy statement. Accordingly, AmpliPhi's board of directors unanimously recommends that the AmpliPhi shareholders vote FOR each of the Proposal Nos. 1 through 4 described above; and FOR the authorization to adjourn the Special Meeting in order to permit the solicitation of additional proxies if there are not sufficient votes to approve Proposal Nos. 1 through 4 described above at the time of the Special Meeting.

Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the Special Meeting in person, please complete, date, sign and promptly return the accompanying proxy card in the enclosed postage paid envelope to ensure that your shares will be represented and voted at the Special Meeting.

More information about AmpliPhi, C3J and the proposed transactions is contained in this proxy statement. AmpliPhi urges you to read the accompanying proxy statement carefully and in its entirety. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER “RISK FACTORS” BEGINNING ON PAGE 24.

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AmpliPhi is excited about the opportunities the Merger brings to its shareholders, and thanks you for your consideration and continued support.

Sincerely,

Jeremy Curnock Cook

Chairman of the Board of Directors

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Merger or the Financing described in this proxy statement or the AmpliPhi common stock to be issued in connection with the Merger or the Financing or passed upon the adequacy or accuracy of this proxy statement. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated April 4, 2019, and is first being mailed to AmpliPhi shareholders on or about April 5, 2019.

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AMPLIPHI BIOSCIENCES CORPORATION

3579 Valley Centre Drive, Suite 100  
San Diego, California 92130  
(858) 829-0829

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 8, 2019

Dear Shareholders of AmpliPhi Biosciences Corporation:

You are cordially invited to attend the Special Meeting (the “Special Meeting”) of the shareholders of AmpliPhi Biosciences Corporation (“AmpliPhi”) to be held at 8:30 a.m., local time, on May 8, 2019, at Cooley LLP, 4401 Eastgate Mall, San Diego, California 92121, for the following purposes:

1.

To approve the consummation of a Business Combination (as defined in AmpliPhi’s amended and restated articles of incorporation) pursuant to the merger of Ceres Merger Sub, Inc., a wholly owned subsidiary of AmpliPhi, with and into C3J Therapeutics, Inc. (“C3J”), with C3J surviving as a wholly owned subsidiary of AmpliPhi (the “Merger”), and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by that certain Agreement and Plan of Merger and Reorganization, dated January 3, 2019, by and among AmpliPhi, Ceres Merger Sub, Inc. and C3J, as amended on March 25, 2019 (the “Merger Agreement”);

2.

To approve the issuance of shares of AmpliPhi common stock having an aggregate purchase price of \$10.0 million immediately following the closing of the Merger in a private placement financing transaction, as described in this proxy statement (the “Financing”);

3.

To approve an amendment to AmpliPhi’s amended and restated articles of incorporation to effect a Reverse Split of AmpliPhi’s common stock (the “Reverse Split”) at a ratio in the range of between 1-for-3 to 1-for-20, inclusive, with such ratio to be determined in the discretion of AmpliPhi’s board of directors and with such Reverse Split to be effected prior to the effective time of the Merger;

4.

To approve an amendment to AmpliPhi’s 2016 Equity Incentive Plan to increase the shares authorized for issuance thereunder by 13,822,963 shares (without giving effect to the Reverse Split) (the “EIP Amendment”);

5.

To authorize the adjournment of the Special Meeting in order to permit the solicitation of additional proxies if there are not sufficient votes to approve Proposal Nos. 1 through 4 described above at the time of the Special Meeting; and

6.

To transact any other business that may be properly brought before the Special Meeting or any continuation, adjournment or postponement thereof.

The board of directors of AmpliPhi has fixed March 21, 2019 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Special Meeting and any adjournment or postponement thereof. Only holders of record of shares of AmpliPhi common stock at the close of business on the record date are entitled to notice of, and to vote at, the Special Meeting. At the close of business on the record date, AmpliPhi had 32,774,690 shares of common stock outstanding and entitled to vote.

Your vote is important. The affirmative vote of at least 51% of the outstanding shares of AmpliPhi common stock on the record date for the Special Meeting is required for approval of Proposal No. 1. The affirmative vote of a majority of the outstanding shares of AmpliPhi common stock on the record date for the Special Meeting is required for

approval of Proposal No. 3. The affirmative vote of the majority of votes properly cast on Proposal Nos. 2, 4 and 5 is required for approval of Proposal Nos. 2, 4 and 5. We encourage you to read this proxy statement carefully. If you have any questions or need assistance voting your shares, please call our proxy solicitor, Alliance Advisors, LLC, at 1-844-670-2134.

Even if you plan to attend the Special Meeting in person, AmpliPhi requests that you sign and return the enclosed proxy card or grant your proxy by telephone or through the Internet to ensure that your shares will be represented at the Special Meeting if you are unable to attend.

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By Order of the Board of Directors of  
AmpliPhi Biosciences Corporation,

Jeremy Curnock Cook  
Chairman of the Board of Directors  
San Diego, California  
April 4, 2019

THE AMPLIPHI BOARD OF DIRECTORS HAS DETERMINED AND BELIEVES THAT EACH OF THE PROPOSALS OUTLINED ABOVE IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, AMPLIPHI AND ITS SHAREHOLDERS AND HAS APPROVED EACH SUCH PROPOSAL. THE AMPLIPHI BOARD OF DIRECTORS RECOMMENDS THAT AMPLIPHI SHAREHOLDERS VOTE “FOR” EACH SUCH PROPOSAL.

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement incorporates important business and financial information about AmpliPhi that is not included in or delivered with this document. You may obtain this information without charge through the Securities and Exchange Commission (the “SEC”) website ([www.sec.gov](http://www.sec.gov)) or upon your written or oral request by contacting the Chief Financial Officer of AmpliPhi Biosciences Corporation, 3579 Valley Centre Drive, Suite 100, San Diego, California 92130, or by calling (858) 829-0829.

You may also request information from Alliance Advisors, LLC, AmpliPhi’s proxy solicitor, at the following address and telephone number:

Alliance Advisors, LLC  
200 Broadacres Drive, 3rd Floor  
Bloomfield, NJ 07003  
Toll Free: 1-844-670-2134

To facilitate timely delivery of these documents, any request should be made no later than April 29, 2019 to receive them before the Special Meeting.

For additional details about where you can find information about AmpliPhi, please see the section entitled “Where You Can Find More Information” in this proxy statement.

**ABOUT THIS DOCUMENT**

AmpliPhi Biosciences Corporation, which we refer to herein as the “Company,” “AmpliPhi,” “we,” “our,” or “us,” is providing these proxy materials in connection with the solicitation by our board of directors of proxies to be voted at our Special Meeting of our shareholders to be held on May 8, 2019, commencing at 8:30 a.m., local time, at Cooley LLP, 4401 Eastgate Mall, San Diego, California 92121, or at any adjournment or postponement thereof. This proxy statement and the enclosed proxy card will be mailed to each shareholder entitled to notice of, and to vote at, the Special Meeting of shareholders commencing on or about April 5, 2019.

You are cautioned not to rely on any information other than the information contained in or incorporated by reference into this proxy statement. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this proxy statement. This proxy statement is dated April 4, 2019. You should not assume that the information contained in this proxy statement is accurate as of any other date, nor should you assume that the information incorporated by reference into this proxy statement is accurate as of any date other than the date of such incorporated document. The mailing of this proxy statement to our shareholders will not create any implication to the contrary.

Except where specifically noted, the following information and all other information contained in this proxy statement does not give effect to a Reverse Split described in Proposal No. 3, beginning on page 107 of this proxy statement.

This proxy statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

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### QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following section provides answers to frequently asked questions about the Merger and other matters relating to the Special Meeting. This section, however, provides only summary information. For a more complete response to these questions and for additional information, please refer to the cross-referenced sections. AmpliPhi urges its shareholders to read this document in its entirety prior to making any decision.

What is the Merger?

AmpliPhi Biosciences Corporation (“AmpliPhi”) and C3J Therapeutics, Inc. (“C3J”) have entered into an Agreement and Plan of Merger and Reorganization, dated as of January 3, 2019, as amended on March 25, 2019 (the “Merger Agreement”). The Merger Agreement contains the terms and conditions of the proposed business combination of AmpliPhi and C3J. Under the Merger Agreement, Ceres Merger Sub, Inc., a wholly owned subsidiary of AmpliPhi (the “Merger Sub”), will merge with and into C3J, with C3J surviving as a wholly owned subsidiary of AmpliPhi (the “Merger”).

At the effective time of the Merger, we anticipate that each share of C3J common stock outstanding immediately prior to the effective time of the Merger (excluding certain shares to be canceled pursuant to the Merger Agreement, and shares held by shareholders who have exercised and perfected dissenters’ rights as more fully described under “The Merger — Dissenters’ Rights” below) will be converted into the right to receive approximately 0.6892 shares of AmpliPhi common stock, subject to adjustment to account for a Reverse Split of AmpliPhi common stock, at a Reverse Split ratio of between 1-for-3 and 1-for-20, inclusive, to be determined by AmpliPhi’s board of directors and to be implemented prior to the consummation of the Merger. Unless the context requires otherwise, when we refer to the “Merger” or the “Business Combination” in this proxy statement, we are referring to the merger of Ceres Merger Sub, Inc. with and into C3J with C3J surviving as a wholly owned subsidiary of AmpliPhi, together with the issuance of AmpliPhi common stock to the former C3J shareholders at the effective time of such merger. As a result of the Merger, immediately following the Merger, the former C3J securityholders will own approximately 70% of the aggregate number of shares of AmpliPhi common stock and the securityholders of AmpliPhi as of immediately prior to the Merger will own approximately 30% of the aggregate number of shares of AmpliPhi common stock (in each case, on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money-warrants, and determined before accounting for the Financing discussed below). After the completion of the Merger, AmpliPhi will change its corporate name to “Armata Pharmaceuticals, Inc.”

For a more complete description of the Merger, please see the section entitled “The Merger Agreement” in this proxy statement.

What will happen to AmpliPhi if, for any reason, the Merger does not close?

If, for any reason, the Merger does not close, the AmpliPhi board of directors may, following the termination of the Merger Agreement, elect to, among other things, attempt to complete another strategic transaction like the Merger, attempt to sell or otherwise dispose of the various assets of AmpliPhi or continue to operate the business of AmpliPhi. If AmpliPhi decides to dissolve and liquidate its assets, AmpliPhi would be required to pay all of its contractual obligations, and to set aside certain reserves for potential future claims, and there can be no assurances as to the amount or timing of available cash left to distribute to shareholders after paying the obligations of AmpliPhi and setting aside funds for reserves.

Why are the two companies proposing to merge?

AmpliPhi and C3J believe that the Merger will result in a combined company that will lead the development of innovative natural and synthetic bacteriophage therapies for patients with antibiotic-resistant infections. AmpliPhi’s board of directors considered a number of factors that supported its decision to approve the Merger Agreement. In the course of its deliberations, AmpliPhi’s board of directors also considered a variety of risks and other countervailing factors related to entering into the Merger Agreement.

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For a discussion of AmpliPhi’s reasons for the Merger, please see the section entitled “The Merger — Reasons for the Merger.”

Why am I receiving these materials?

You are receiving these proxy materials because you have been identified as a shareholder of AmpliPhi as of the record date, and you are entitled to vote at the Special Meeting to approve the matters described in this proxy statement. This proxy statement contains important information about the proposed Merger, Financing, Reverse Split, EIP Amendment and the Special Meeting and you should read it carefully and in its entirety. The enclosed voting materials allow you to authorize a proxy to vote your shares of AmpliPhi common stock without attending the Special Meeting. As promptly as practicable, please complete, sign, date and mail your proxy card in the pre-addressed postage-paid envelope provided or call the toll-free telephone number listed on your proxy card or access the Internet Web site described in the instructions on the enclosed proxy card.

What am I voting on?

There are five matters scheduled for a vote at the Special Meeting:

1.  
The approval of the consummation of the Business Combination pursuant to the Merger and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement;
2.  
The approval of the issuance of shares of AmpliPhi common stock having an aggregate purchase price of \$10.0 million immediately following the effective time of the Merger in the Financing;
3.  
The approval of an amendment to AmpliPhi’s amended and restated articles of incorporation to effect a reverse split of AmpliPhi’s outstanding common stock (the “Reverse Split”) at a ratio in the range of between 1-for-3 to 1-for-20, inclusive, with such ratio to be determined in the discretion of AmpliPhi’s board of directors and with such Reverse Split to be effected prior to the effective time of the Merger;
4.  
The approval of an amendment to AmpliPhi’s 2016 Equity Incentive Plan to increase the shares authorized for issuance thereunder by 13,822,963 shares (without giving effect to the Reverse Split) (the “EIP Amendment”); and
5.  
The authorization of the adjournment of the Special Meeting in order to permit the solicitation of additional proxies if there are not sufficient votes to approve Proposal Nos. 1 through 4 described above at the time of the Special Meeting.

What is required to consummate the Merger?

To consummate the Merger, Proposal Nos. 1, 2 and 3 must be approved at the Special Meeting, or at any permitted adjournment thereof, by the requisite holders of AmpliPhi common stock on the record date for the Special Meeting.

The Financing will not occur if Proposal No. 1 is not approved by AmpliPhi’s shareholders.

In addition to the requirement of obtaining such shareholder approvals, each of the other closing conditions set forth in the Merger Agreement must be satisfied or waived.

For a more complete description of the closing conditions under the Merger Agreement, we urge you to read the section entitled “The Merger Agreement — Conditions to the Completion of the Merger” in this proxy statement.

Are there any federal or state regulatory requirements that must be complied with or federal or state regulatory approvals or clearances that must be obtained in connection with the Merger and the Financing?

Neither AmpliPhi nor C3J is required to make any filings or obtain any approvals or clearances from any antitrust regulatory authorities in the United States or other countries to consummate the Merger or the Financing. In the United States, AmpliPhi must comply with applicable federal and state securities laws

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and NYSE American rules and regulations in connection with the issuance of the shares in connection with the Merger and the Financing, including the filing with the SEC of this proxy statement. Prior to consummation of the Merger, AmpliPhi intends to file an initial listing application with the NYSE American pursuant to the NYSE American's "change of control" rules and to effect the initial listing of AmpliPhi's common stock issuable in connection with the Merger and the Financing or upon exercise of C3J's outstanding stock options or warrants that will be assumed by AmpliPhi in connection with the Merger.

What will C3J shareholders, warrant holders and option holders receive in the Merger?

As a result of the Merger, C3J shareholders will become entitled to receive shares of AmpliPhi common stock in exchange for shares of C3J common stock in an amount to be calculated by the application of an exchange ratio formula (the "Exchange Ratio") in the Merger Agreement.

Under the Exchange Ratio described in the Merger Agreement, immediately following the Merger (but without giving effect to the Financing), the former C3J securityholders are expected to own approximately 70% of the aggregate number of shares of AmpliPhi common stock and the securityholders of AmpliPhi as of immediately prior to the Merger are expected to own approximately 30% of the aggregate number of shares of AmpliPhi common stock (in each case on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money-warrants). The Exchange Ratio is based on a \$28.0 million valuation of C3J and a \$12.0 million valuation for AmpliPhi, a 70% premium to the 30-day volume-weighted average share price of AmpliPhi on the date of the Merger Agreement. The approximate post-closing ownership percentages in this paragraph were calculated without giving effect to the Financing.

For a more complete description of what C3J shareholders, warrant holders and option holders will receive in the Merger, please see the sections entitled "Market Price and Dividend Information" and "The Merger Agreement — Merger Consideration" in this proxy statement.

Will holders of the AmpliPhi common shares issued in the Merger and the Financing be able to sell those shares without restriction?

The shares of AmpliPhi common stock issued as consideration in the Merger or in connection with the Financing will be issued in transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") in reliance on Section 4(a)(2) of the Securities Act, and Regulation D promulgated thereunder and may not be offered or sold by the holders of those shares absent registration or an applicable exemption from registration requirements. As a general matter, holders of such shares will not be able to transfer any of their shares until at least six (6) months after receiving shares of AmpliPhi common stock, which is when the shares would first be eligible to be sold under Rule 144 promulgated under the Securities Act, assuming the conditions thereof are otherwise satisfied. In connection with the Financing, AmpliPhi has agreed to register for resale on Form S-3 (or on Form S-1 if AmpliPhi is not eligible to use Form S-3 at the time of the proposed filing of the registration statement) the AmpliPhi shares of common stock issued to the C3J investors in the Financing. However, even when the shares issued in the Financing are registered for resale, such shares may be subject to lock-up agreements that restrict the sale of those shares, as described in the following paragraph.

Certain shareholders of C3J, including all of the shareholders of C3J that will be purchasing shares in the Financing, and each director and executive officer of C3J, have agreed to certain transfer restrictions on the shares of common stock to be issued to them in the Merger and, if applicable, the Financing, for a period of 180 days following the effective time of the Merger. See the section entitled "Agreements Related to the Merger — Lock-Up Agreements" in this proxy statement for more detail.

Who will be the directors of AmpliPhi following the Merger?

At and immediately after the effective time of the Merger, the board of directors of AmpliPhi and its committees is expected to be composed of the individuals set forth in the table below. The directors shall serve until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal.

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Designee	Director	Age	Position(s)
C3J Designees	Richard Bastiani, Ph.D.	77	Director
	Richard Bear	56	Director
	H. Stewart Parker	63	Director
	Todd R. Patrick	56	Chief Executive Officer and Director
	Joseph M. Patti, Ph.D.	54	Director
AmpliPhi Designees	Jeremy Curnock Cook	69	Director
	Michael S. Perry, D.V.M., Ph.D.	59	Director

Who will be the executive officers of AmpliPhi immediately following the Merger?

Immediately following the Merger, the executive management team of AmpliPhi is expected to be composed as set forth below:

Name	Position with the Combined Company	Current Position
Todd R. Patrick	Chief Executive Officer and Director	President and Chief Executive Officer of C3J
Brian Varnum, Ph.D.	President and Chief Development Officer	Chief Development Officer of C3J
Steve Martin	Chief Financial Officer	Chief Financial Officer of AmpliPhi
Duane Morris	Vice President of Operations	Vice President, Operations of C3J

What are the material U.S. federal income tax consequences of the Merger to me?

Each of AmpliPhi and C3J intends that the Merger qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code. However, regardless of whether the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, the Merger will not result in any taxable gain or loss for U.S. federal income tax purposes to C3J, AmpliPhi or any AmpliPhi shareholder in his or her capacity as an AmpliPhi shareholder.

As an AmpliPhi shareholder, how does the AmpliPhi board of directors recommend that I vote?

After careful consideration, the AmpliPhi board of directors recommends that AmpliPhi shareholders vote:

- 
- “FOR” Proposal No. 1 to approve the consummation of a Business Combination pursuant to the Merger and the issuance of shares of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement;
- 
- “FOR” Proposal No. 2 to approve the issuance of shares of AmpliPhi common stock in the Financing;
- 
- “FOR” Proposal No. 3 to approve the amendment of the amended and restated articles of incorporation of AmpliPhi to effect a Reverse Split;
- 
- “FOR” Proposal No. 4 to approve the EIP Amendment; and
- 
- “FOR” Proposal No. 5 to adjourn the Special Meeting in order to solicit additional proxies if there are not sufficient votes in favor of Proposal Nos. 1, 2, 3 and 4 at the time of the Special Meeting.

What risks should I consider in deciding whether to vote in favor of the share issuance, Reverse Split and name change?

You should carefully review the section of this proxy statement entitled “Risk Factors,” which sets forth certain risks and uncertainties related to the Merger, risks and uncertainties to which the combined



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organization's business will be subject, risks and uncertainties to which AmpliPhi, as an independent company, is subject and risks and uncertainties to which C3J, as an independent company, is subject.

When do you expect the Merger to be consummated?

We anticipate that the Merger will occur as promptly as practicable after the Special Meeting to be held May 8, 2019 and following satisfaction or waiver of all closing conditions, but we cannot predict the exact timing. For a more complete description of the closing conditions under the Merger Agreement, please see the section entitled "The Merger Agreement — Conditions to the Completion of the Merger" in this proxy statement.

How will the Merger affect stock options and restricted stock awards to acquire C3J common stock?

Upon the effectiveness of the Merger, (a) each C3J stock option to purchase shares of C3J common stock (a "C3J Stock Option") would be assumed in the Merger and would become options and rights for AmpliPhi's common stock based on the Exchange Ratio and (b) each restricted stock award with respect to C3J common stock (a "C3J RSA") that is outstanding immediately prior to the effective time of the Merger will be assumed by AmpliPhi and converted into restricted stock awards with respect to AmpliPhi common stock based on the Exchange Ratio, and AmpliPhi will assume the applicable restricted stock agreements and each such C3J RSA in accordance with its terms. There are no outstanding warrants to purchase C3J common stock.

If effected, how will the Reverse Split and the Merger affect stock options and warrants to acquire AmpliPhi's common stock and AmpliPhi's stock option plans?

As of the effective time of the Reverse Split, AmpliPhi will adjust and proportionately decrease the number of shares of AmpliPhi's common stock reserved for issuance upon exercise of, and adjust and proportionately increase the exercise price of, all options and warrants to acquire AmpliPhi's common stock at the Reverse Split ratio approved by our board of directors. All stock options and warrants to acquire shares of AmpliPhi's common stock that are outstanding immediately prior to the effective time of the Merger will remain outstanding following the effective time of the Merger, with the exception of certain warrants outstanding as of January 18, 2019 exercisable for an aggregate of 274,879 shares of AmpliPhi common stock, which warrants by their terms are required to be purchased by AmpliPhi concurrently with the closing of the Merger for approximately \$38,000. In addition, as of the effective time of the Reverse Split, AmpliPhi will adjust and proportionately decrease the total number of shares of AmpliPhi's common stock that may be the subject of future grants under AmpliPhi's stock plans at the selected Reverse Split ratio.

What do I need to do now?

AmpliPhi urges you to read this proxy statement carefully, including its annexes, and to consider how the Merger affects you.

If you are a shareholder of record of AmpliPhi, you may provide your proxy instructions in one of two different ways. First, you can mail your signed proxy card in the enclosed return envelope. Second, you may also provide your proxy instructions via telephone or the Internet by following the instructions on your proxy card or instruction form. Please provide your proxy instructions only once, unless you are revoking a previously delivered proxy instruction, and as soon as possible so that your shares can be voted at the Special Meeting of AmpliPhi shareholders. The laws of the State of Washington, under which AmpliPhi is incorporated, permit electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspector of elections can determine that the proxy was authorized by the shareholder.

The telephone and Internet voting procedures below are designed to authenticate shareholders' identities, to allow shareholders to grant a proxy to vote their shares and to confirm that shareholders' instructions have been recorded properly. Shareholders granting a proxy to vote via the Internet should understand there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the shareholder.

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Whether you hold your shares directly as the shareholder of record or beneficially in “street name”, you may vote your shares by proxy without attending the Special Meeting. Depending on how you hold your shares, you may vote your shares in one of the following ways:

Shareholders of Record: For Shares Registered in Your Name

1.

BY INTERNET: Go to [www.envisionreports.com/APHB](http://www.envisionreports.com/APHB)

2.

BY TOLL-FREE TELEPHONE: Call 1-800-652-8683

3.

BY MAIL: Mark, sign, date and promptly mail the enclosed proxy card in the postage-paid envelope.

•

By telephone or over the Internet. You may vote your shares by telephone or via the Internet by following the instructions provided on your proxy card. If you vote by telephone or via the Internet, you do not need to return a proxy card by mail. If you have Internet access, we encourage you to record your vote on the Internet. It is convenient, reduces the use of natural resources and saves significant postage and processing costs. In addition, when you vote via the Internet or by phone prior to the meeting date, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted.

•

By Mail. If you received printed proxy materials, you may submit your vote by completing, signing and dating each proxy card received and returning it in the prepaid envelope. Sign your name exactly as it appears on the proxy card.

•

In person at the Special Meeting. You may vote your shares in person at the Special Meeting. Even if you plan to attend the Special Meeting in person, we recommend that you also submit your proxy card or voting instructions or vote by telephone or via the Internet by the applicable deadline so that your vote will be counted if you later decide not to attend the Special Meeting.

Beneficial Shareholders: For Shares Registered in the Name of a Broker or Bank

Most beneficial owners whose stock is held in “street name” receive instructions for granting proxies from their banks, brokers or other agents, rather than using AmpliPhi’s proxy card. If you are a beneficial owner of your shares, you should have received a Voting Instruction Form from the broker or other nominee holding your shares. You should follow the voting instructions provided by your broker or nominee in order to instruct your broker or other nominee on how to vote your shares. The availability of telephone and Internet voting will depend on the voting process of the broker or nominee. Shares held beneficially may be voted in person at the Special Meeting only if you contact the broker or nominee giving you the right to vote the shares and obtain a legal proxy from such broker or nominee.

General Information for All Shares Voted Via the Internet or By Telephone

Votes submitted by telephone or via the Internet must be received by 11:59 p.m., Eastern Time on May 7, 2019.

Submitting your proxy by telephone or via the Internet will not affect your right to vote in person should you decide to attend the Special Meeting.

Who can vote at the Special Meeting?

If, on the record date, your shares of AmpliPhi common stock are registered directly in your name with the AmpliPhi transfer agent, you are considered to be the shareholder of record with respect to those shares, and the proxy materials and proxy card are being sent directly to you by AmpliPhi. If you are an AmpliPhi shareholder of record, you may attend the Special Meeting of AmpliPhi shareholders and vote your shares in person. Even if you plan to attend the Special Meeting in person, AmpliPhi requests that you sign and return the enclosed proxy to ensure that your shares will be represented at the Special Meeting if you are unable to attend.



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If, on the record date, your shares of AmpliPhi common stock are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in “street name,” and the proxy materials are being forwarded to you by your broker or other nominee together with a voting instruction card. As the beneficial owner, you are also invited to attend the Special Meeting of AmpliPhi shareholders. Because a beneficial owner is not the shareholder of record, you may not vote these shares in person at the Special Meeting unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting.

How are votes counted?

Votes will be counted by the inspector of elections appointed for the meeting, who will separately count votes “For” and “Against,” abstentions and, if applicable, broker non-votes. Under the rules of the NYSE American, abstentions are considered to be votes “cast” and will have the same effect as “Against” votes for each of Proposal Nos. 1, 2, 3, 4 and 5. Broker non-votes will not be counted towards the vote total for any proposal, except Proposal Nos. 1 and 3, for which broker non-votes will have the same effect as “Against” votes.

What are “broker non-votes”?

As discussed above, when a beneficial owner of shares held in “street name” does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed by the New York Stock Exchange to be “non-routine,” the broker or nominee cannot vote the shares. These unvoted shares are counted as “broker non-votes.”

How many votes are needed to approve each proposal?

The following table summarizes the minimum vote needed to approve each proposal and the effect of abstentions and broker non-votes.

Proposal Number	Proposal Description	Vote Required for Approval	Effect of Abstentions	Effect of Broker Non-Votes
1	To approve the consummation of a Business Combination pursuant to the Merger and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement.	“For” votes from the holders of at least 51% of the shares outstanding on the record date.	Against	Against
2	To authorize the issuance of AmpliPhi common stock having an aggregate purchase price of \$10.0 million in a private placement transaction immediately following the closing of the Merger.	The number of shares that vote “For” the proposal must exceed the number of shares that vote “Against” the proposal.	Against	None
3	To approve an amendment to AmpliPhi’s amended and restated articles of incorporation to effect a Reverse Split of AmpliPhi’s common stock (the “Reverse Split”) at a ratio in the range between 1-for-3 to 1-for-20, inclusive, with such ratio to be determined in the discretion of AmpliPhi’s board of directors	“For” votes from the holders of at least a majority of the shares outstanding on the record date.	Against	Against

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Proposal Number	Proposal Description	Vote Required for Approval	Effect of Abstentions	Effect of Broker Non-Votes
	and with such Reverse Split to be effected prior to the effective time of the Merger.			
4	To approve an amendment to AmpliPhi's 2016 Equity Incentive Plan to increase the shares available for issuance thereunder by 13,822,963 shares (without giving effect to the Reverse Split) (the "EIP Amendment").	The number of shares that vote "For" the proposal must exceed the number of shares that vote "Against" the proposal.	Against	None
5	To authorize an adjournment of the Special Meeting if there are not sufficient votes to approve Proposal Nos. 1 through 4 at the time of the Special Meeting.	The number of shares that vote "For" the proposal must exceed the number of shares that vote "Against" the proposal.	Against	None

When and where will the Special Meeting of AmpliPhi shareholders be held?

The Special Meeting of AmpliPhi shareholders will be held at 8:30 a.m., local time, on May 8, 2019 at Cooley LLP, San Diego, California 92121. Subject to space availability, all AmpliPhi shareholders as of the record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 8:00 a.m., local time.

What happens if I do not return a proxy card or otherwise provide proxy instructions, as applicable?

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record and do not vote by telephone, through the Internet, by completing the enclosed proxy card or in person at the Special Meeting, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If you are a beneficial owner and do not instruct your broker, bank, or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange ("NYSE") deems the particular proposal to be a "routine" matter. Brokers and nominees can use their discretion to vote "uninstructed" shares with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters. Under the rules and interpretations of the NYSE, "non-routine" matters are matters that may substantially affect the rights or privileges of shareholders, such as Mergers, shareholder proposals, elections of directors (even if not contested), executive compensation (including any advisory shareholder votes on executive compensation and on the frequency of shareholder votes on executive compensation), and certain corporate governance proposals, even if management-supported. Proposal No. 1 (approval of the Merger), Proposal No. 2 (approval of the issuance of AmpliPhi common stock in the Financing) and Proposal No. 4 (approval of the EIP Amendment) are non-routine matters, and accordingly your broker or nominee may not vote your shares on such proposals without your instructions. Proposal No. 3 (approval of the Reverse Split) and Proposal No. 5 (authorization to adjourn the Special Meeting in order to solicit additional votes, if necessary) are considered routine matters and accordingly your broker or nominee may vote your shares on such proposals in the absence of any instructions by you. Any resulting broker non-votes will have no effect on any proposals in this proxy statement except Proposal No. 1 and Proposal No. 3, which will have the same effect as against votes. To make sure that your vote is counted, you should instruct your broker to vote your shares, following the procedures provided by your broker.

If you are an AmpliPhi shareholder, the failure to return your proxy card or otherwise provide proxy instructions will reduce the aggregate number of votes required to approve Proposal Nos. 2, 4 and 5, and

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your shares will not be counted for purposes of determining whether a quorum is present at the Special Meeting. For AmpliPhi shares that are held in “street name” by your broker, see the below question and answer for information regarding your broker voting your shares.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted, as applicable, “For” the approval of the Business Combination contemplated by the Merger Agreement, including the Merger and the issuance of shares of common stock of AmpliPhi at the effective time of the Merger (Proposal No. 1), “For” the approval of the issuance of shares of common stock of AmpliPhi in the Financing (Proposal No. 2), “For” the approval of the amendment to the articles of incorporation of AmpliPhi to effect a Reverse Split of AmpliPhi’s common stock prior to the effective time of the Merger at a ratio of between 1-for-3 and 1-for-20, inclusive, with such specific ratio to be determined by our board of directors (Proposal No. 3), “For” the approval of the EIP Amendment (Proposal No. 4) and “For” the authorization to adjourn the Special Meeting to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1, Proposal No. 2, Proposal No. 3 or Proposal No. 4 on the date of the Special Meeting.

May I change my vote after I have submitted a proxy or provided proxy instructions?

AmpliPhi shareholders of record, other than those AmpliPhi shareholders who are parties to Support Agreements (as defined herein), may change their vote at any time before their proxy is voted at the Special Meeting in one of three ways. First, a shareholder of record of AmpliPhi can send a written notice to the Chief Financial Officer of AmpliPhi stating that it would like to revoke its proxy. Second, a shareholder of record of AmpliPhi can submit new proxy instructions either on a new proxy card or via telephone or the Internet. Third, a shareholder of record of AmpliPhi can attend the Special Meeting and vote in person. Attendance alone will not revoke a proxy. If an AmpliPhi shareholder of record or a shareholder who owns AmpliPhi shares in “street name” has instructed a broker to vote its shares of AmpliPhi common stock, the shareholder must follow directions received from its broker to change those instructions. Your most current proxy card or telephone or Internet proxy is the one that is counted.

Should C3J’s and AmpliPhi’s shareholders send in their stock certificates now?

No. After the Merger is consummated, C3J’s shareholders will receive written instructions from the exchange agent for exchanging their certificates representing shares of C3J common stock for certificates representing shares of AmpliPhi’s common stock. Each C3J shareholder who otherwise would be entitled to receive a fractional share of AmpliPhi common stock (after aggregating all fractional shares of AmpliPhi common stock issuable to such holder) will be entitled to receive an amount in cash, without interest, determined by multiplying such fraction by the volume-weighted average closing trading price of a share of AmpliPhi common stock on the NYSE American for the five trading days ending five trading days immediately prior to the date upon which the Merger becomes effective.

In addition, AmpliPhi’s shareholders will receive written instructions, as applicable, from AmpliPhi’s transfer agent for exchanging their certificates representing shares of AmpliPhi’s common stock for new certificates giving effect to the Reverse Split, if effected. AmpliPhi’s shareholders will also receive a cash payment for any fractional shares.

Am I entitled to dissenters’ rights?

No, AmpliPhi’s shareholders are not entitled to dissenters’ rights in connection with the Business Combination.

Have C3J’s shareholders agreed to adopt the Merger Agreement?

Yes. On January 10, 2019, C3J’s shareholders adopted the Merger Agreement and approved the Merger and related transactions.

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Who is paying for this proxy solicitation?

AmpliPhi and C3J will split the cost of soliciting proxies. In addition to these proxy materials, AmpliPhi's directors and employees, and AmpliPhi's proxy solicitor, Alliance Advisors, LLC, may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies, Alliance Advisors, LLC will be paid its customary fee of approximately \$10,000, plus out-of-pocket expenses if it solicits proxies. We and C3J may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shareholders holding at least a majority of the outstanding shares entitled to vote on a matter and be counted collectively upon such matter are present at the meeting in person or represented by proxy. On the record date, there were 32,774,690 shares outstanding and entitled to vote. Thus, the holders of 16,387,346 shares must be present in person or represented by proxy at the Special Meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Special Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares at the meeting in person or represented by proxy may adjourn the meeting to another date.

Are representatives of AmpliPhi's independent registered accounting firm expected to be present at the Special Meeting?

Yes, representatives of Ernst & Young LLP, the independent registered accounting firm for AmpliPhi, are expected to be present at the Special Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Who can help answer my questions?

If you are an AmpliPhi shareholder and would like additional copies, without charge, of this proxy statement or if you have questions about the Merger and related transactions, including the procedures for voting your shares, you should contact Alliance Advisors, LLC, AmpliPhi's proxy solicitor, by telephone at the following address and phone number, or Steve R. Martin, Chief Financial Officer of AmpliPhi, at the following address, phone number and email address:

Alliance Advisors, LLC  
200 Broadacres Drive, 3rd Floor  
Bloomfield, NJ 07003  
Toll Free: 1-844-670-2134

AmpliPhi Biosciences Corporation  
3579 Valley Centre Drive, Suite 100  
San Diego, California 92130  
Attn: Steve R. Martin, Chief Financial Officer  
Tel: (858) 829-0829  
Email: sm@ampliphio.com

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SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To better understand the Merger, and the proposals being considered at the Special Meeting, you should read this entire proxy statement carefully, including the Merger Agreement attached as Appendix A, the form of Share Purchase Agreement attached as Appendix B, the opinion of Ladenburg Thalmann & Co., Inc. attached as Appendix C and the other annexes to which you are referred herein. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in the section entitled “Where You Can Find More Information” beginning on page 174.

The Companies

AmpliPhi Biosciences Corporation  
AmpliPhi Biosciences Corporation  
3579 Valley Centre Drive, Suite 100  
San Diego, California 92130  
(858) 829-0829

We are a clinical-stage biotechnology company focused on precisely targeted bacteriophage therapeutics for patients with serious and life-threatening antibiotic-resistant bacterial infections. Phages have a powerful and highly selective mechanism of action that enables them to bind to and kill specific bacteria. We believe that phages represent a promising means to treat bacterial infections, especially those that have developed resistance to current therapies, including the so-called multi-drug-resistant or “superbug” strains of bacteria. We are a leading developer of bacteriophage therapeutics. We are combining our expertise in the manufacture of drug-quality bacteriophages and our proprietary approach and expertise in identifying, characterizing and developing naturally occurring bacteriophages to develop state-of-the-art therapeutics. We are developing bacteriophage products to combat multi- or pan-drug-resistant bacterial pathogens, leveraging advances in sequencing and molecular biology. We have developed certain bacteriophage combinations that we believe maximize efficacy and minimize development of resistance. We currently have two product candidates in clinical development, AB-SA01 and AB-PA01 for the treatment of *Staphylococcus aureus*, or *S. aureus*, infections, including methicillin-resistant *S. aureus*, or MRSA, and *Pseudomonas aeruginosa*, or *P. aeruginosa*, infections, respectively. Based on funding availability, we would develop both product candidates for the treatment of serious or life-threatening, multi-drug resistant infections.

C3J Therapeutics, Inc.  
4503 Glencoe Avenue  
Marina del Rey, California 90292  
(310) 655-2928

C3J is a clinical-stage biotechnology company focused on the discovery and development of novel targeted antimicrobials that treat infectious diseases and address microbial dysbiosis associated with human disease. C3J has two platforms — a proprietary synthetic bacteriophage (phage) platform, or Synthetic Phage Platform, and a proprietary specifically targeted antimicrobial peptide, or STAMP, platform. The Synthetic Phage Platform utilizes synthetic biology to engineer natural phage for improved antimicrobial activity. C3J believes that engineered (synthetic) phage represent a promising means to treat bacterial infections, especially those that have developed resistance to current therapies, including the multidrug-resistant or “superbug” strains of bacteria. C3J’s lead product candidate is a synthetic phage for *P. aeruginosa* respiratory infections, which C3J anticipates advancing into clinical trials in 2019. C3J has a partnered Synthetic Phage Program with a U.S. based global pharmaceutical company for a large market indication. Additional preclinical programs are expected to target other multi-drug-resistant pathogens, or ESKAPE pathogens, such as *Escherichia coli*. C3J is also developing a synthetic phage for *Streptococcus mutans*, or *S. mutans*, a primary driver of dental caries in children and adults, and plans to engineer *S. mutans* phage with C16G2, a STAMP with specificity for *S. mutans*. A STAMP platform proof-of-concept

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was previously demonstrated with C16G2 advancing to Phase 2 clinical trials under an Investigational New Drug, or IND, application. C3J is headquartered in Marina del Rey, California with a 35,000 square-foot research and development facility built for product development with capabilities spanning from bench to clinic. In addition to microbiology, synthetic biology, formulation, chemistry and analytical laboratories, the facility is equipped with two licensed GMP drug manufacturing suites enabling the production, testing and release of clinical trial material.

The Merger and the Financing (see page 64 and page 103)

Under the Merger Agreement, Merger Sub, a wholly owned subsidiary of AmpliPhi formed in connection with the Merger, will merge with and into C3J, with C3J surviving as a wholly owned subsidiary of AmpliPhi. In connection with the closing of the Merger, AmpliPhi will change its name to “Armata Pharmaceuticals, Inc.”, which name change will be authorized by AmpliPhi’s board of directors without a shareholder vote on the name change as permitted under Washington law.

C3J and AmpliPhi expect the Merger to be consummated in May 2019, subject to the satisfaction of applicable conditions. Immediately following the effective time of the Merger, the former C3J securityholders are expected to own approximately 70% of the aggregate number of shares of AmpliPhi common stock, and the securityholders of AmpliPhi as of immediately prior to the Merger are expected to own approximately 30% of the aggregate number of shares of AmpliPhi common stock (in each case on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants, and determined before accounting for the Financing discussed below).

As of February 5, 2019, AmpliPhi, C3J and certain shareholders of C3J (the “Investors”) entered into share purchase agreements (the “Share Purchase Agreements”), as contemplated by equity commitment letters previously entered into among such parties on January 3, 2019. Pursuant to the Share Purchase Agreements, AmpliPhi agreed to sell and issue, and the Investors agreed to purchase from AmpliPhi, \$10.0 million of shares of the AmpliPhi’s common stock immediately following the effective time of the Merger, at a purchase price equal to approximately \$0.36 per share. This price per share is equal to (i) \$40.0 million, divided by (ii) the total number of shares of common stock outstanding on a fully diluted, as-converted basis, assuming the conversion, exercise or settlement of all outstanding options, warrants, and restricted stock units as of immediately after the effective time of the Merger, but excluding (A) any shares of common stock issuable pursuant to the Share Purchase Agreements and (B) any shares of Company Common Stock reserved for issuance under any equity incentive plan, stock option plan or similar arrangement but for which awards have not yet been granted as of the effective time of the Merger and any shares of common stock issuable in connection with out-of-the-money options and out-of-the-money warrants. We refer to the anticipated sale and purchase of shares of common stock immediately following the effective time of the Merger pursuant to the Share Purchase Agreements as the “Financing.”

After the closing of the Financing, it is expected that (a) the former C3J securityholders will own approximately 76% of the aggregate number of the outstanding AmpliPhi common stock on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants, of which approximately 20% will be represented by the shares of AmpliPhi common stock issued in the Financing to the Investors, and (b) the AmpliPhi securityholders as of immediately prior to the Merger will own approximately 24% of the aggregate number of the outstanding AmpliPhi common stock (on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants).

The shares of common stock to be issued in the Financing will be offered and sold in reliance on an exemption from registration under Regulation D promulgated under Section 4(a)(2) of the Securities Act. Appropriate restrictive legends will be affixed to the shares issued in the Financing.

The form of Share Purchase Agreement is attached to this proxy statement as Appendix B.

At the closing of the Financing, the combined company will enter into a registration rights agreement with each of the Investors, pursuant to which the combined company will agree to register for resale the shares of common stock issued in the Financing within a reasonable and specified time period following the closing of the Financing.

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The form of registration rights agreement to be entered into at the closing of the Financing is attached as Exhibit D to the form of Share Purchase Agreement attached to this proxy statement as Appendix B.

Reasons for the Merger (see page [73](#))

Our board considered various reasons for the Merger, as described later in this proxy statement.

Opinion of Ladenburg Thalmann & Co., Inc. (see page [76](#))

Pursuant to an engagement letter dated December 13, 2017 and amended on December 17, 2018, AmpliPhi retained Ladenburg Thalmann to act as a financial advisor in connection with the Merger and to render an opinion to the AmpliPhi board of directors as to the fairness, from a financial point of view, of the Exchange Ratio formula described in the Merger Agreement to the AmpliPhi shareholders. On January 3, 2019, Ladenburg Thalmann rendered its oral opinion, subsequently confirmed by delivery of a written opinion dated January 3, 2019, to the AmpliPhi board of directors, that, as of the date of such opinion, and based upon the various assumptions and limitations set forth therein, that the Exchange Ratio was fair from a financial point of view to the AmpliPhi shareholders.

The full text of the written opinion of Ladenburg Thalmann, dated January 3, 2019 (the “Opinion”), is attached as Appendix C to this proxy statement and is incorporated by reference. AmpliPhi encourages AmpliPhi shareholders to read the Opinion in its entirety for the assumptions made, procedures followed, other matters considered and limits of the review by Ladenburg Thalmann. The summary of the written opinion of Ladenburg Thalmann set forth herein is qualified by reference to the full text of the Opinion. Ladenburg Thalmann provided the Opinion for the sole benefit and use of AmpliPhi’s board of directors in its consideration of the Merger. Ladenburg Thalmann’s opinion is not a recommendation to any shareholder as to how to vote with respect to the proposed Merger or to take any other action in connection with the Merger or otherwise.

Overview of the Merger Agreement

Merger Consideration and Exchange Ratio (see page [84](#))

C3J shareholders will receive shares of AmpliPhi common stock in exchange for shares of C3J common stock in an amount equal to the number of shares of C3J common stock held by such shareholder multiplied by the Exchange Ratio. No fractional shares of AmpliPhi common stock will be issued in connection with the Merger. Instead, each C3J shareholder who otherwise would be entitled to receive a fractional share of AmpliPhi common stock (after aggregating all fractional shares of AmpliPhi common stock issuable to such holder) will be entitled to receive an amount in cash, without interest, determined by multiplying such fraction by the volume-weighted average closing trading price of a share of AmpliPhi common stock on the NYSE American for the five trading days ending five trading days immediately prior to the date upon which the Merger becomes effective.

Under the Exchange Ratio formula described in the Merger Agreement, immediately following the Merger (but without giving effect to the Financing), the former C3J securityholders are expected to own approximately 70% of the aggregate number of shares of AmpliPhi common stock, and the securityholders of AmpliPhi as of immediately prior to the Merger are expected to own approximately 30% of the aggregate number of shares of AmpliPhi common stock (in each case on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants). The Exchange Ratio formula is based on a \$28.0 million valuation of C3J and a \$12.0 million valuation for AmpliPhi, a 70% premium to the 30-day volume-weighted average share price of AmpliPhi on the date of the Merger Agreement.

Treatment of AmpliPhi Stock Options and Warrants

As of the effective time of the Reverse Split, AmpliPhi will adjust and proportionately decrease the number of shares of AmpliPhi’s common stock reserved for issuance upon exercise of, and adjust and proportionately increase the exercise price of, all options and warrants to acquire AmpliPhi’s common stock at the Reverse Split ratio approved by our board of directors. All stock options and warrants to acquire

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shares of AmpliPhi's common stock that are outstanding immediately prior to the effective time of the Merger will remain outstanding following the effective time of the Merger, with the exception of certain warrants outstanding as of January 18, 2019 exercisable for an aggregate of 274,879 shares of AmpliPhi common stock, which warrants by their terms are required to be purchased by AmpliPhi concurrently with the closing of the Merger for approximately \$38,000.

In addition, in connection with the Merger, AmpliPhi's board of directors amended and accelerated the vesting of certain stock options held by certain officers and directors as described in more detail in the section entitled "The Merger — Interests of the AmpliPhi Directors and Executive Officers in the Merger."

Treatment of C3J Stock Options and RSAs (see page 88)

Under the terms of the Merger Agreement, each C3J stock option to purchase shares of C3J common stock (a "C3J Stock Option") under C3J's Amended and Restated 2006 Stock Option Plan and 2016 Stock Plan (together, the "C3J Stock Plans") that is outstanding and unexercised immediately prior to the effective time of the Merger, whether or not vested, will be converted into an option to purchase shares of AmpliPhi common stock, and AmpliPhi will assume the C3J Stock Plans and each outstanding C3J Stock Option in accordance with its terms. Accordingly, from and after the effective time: (i) each C3J Stock Option assumed by AmpliPhi may be exercised solely for shares of AmpliPhi common stock; (ii) the number of shares of AmpliPhi common stock subject to each C3J Stock Option assumed by AmpliPhi will be determined by multiplying (A) the number of shares of C3J common stock that were subject to such C3J Stock Option, as in effect immediately prior to the effective time, by (B) the Exchange Ratio, and rounding the resulting number down to the nearest whole number of shares of AmpliPhi common stock; (iii) the per share exercise price for the AmpliPhi common stock issuable upon exercise of each C3J Stock Option assumed by AmpliPhi will be determined by dividing (A) the per share exercise price of the C3J common stock subject to such C3J Stock Option, as in effect immediately prior to the effective time, by (B) the Exchange Ratio and rounding the resulting exercise price up to the nearest whole cent; and (iv) any restriction on the exercise of any C3J Stock Option assumed by AmpliPhi will continue in full force and effect and the term, exercisability, vesting schedule and other provisions of such C3J Stock Option will otherwise remain unchanged, except that: (A) AmpliPhi may amend the terms of the C3J Stock Option and the C3J Stock Plans to reflect AmpliPhi's substitution of the C3J Stock Options with options to purchase AmpliPhi common stock; and (B) the AmpliPhi board of directors will succeed to the authority and responsibility of C3J's board of directors with respect to each C3J Stock Option assumed by AmpliPhi.

AmpliPhi will file with the SEC, promptly, but no later than thirty calendar days after the effective time of the Merger, a registration statement on Form S-8, if available for use by AmpliPhi, relating to the shares of AmpliPhi common stock issuable with respect to the C3J Stock Options assumed by AmpliPhi in accordance with the Merger Agreement. Each C3J RSA that is outstanding immediately prior to the effective time of the Merger will be assumed by AmpliPhi and converted into restricted stock awards with respect to AmpliPhi common stock, and AmpliPhi will assume the applicable restricted stock agreements and each such C3J's RSA in accordance with its terms. All rights with respect to C3J common stock under the C3J RSAs assumed by AmpliPhi will be converted into rights with respect to AmpliPhi common stock. Accordingly, from and after the effective time: (i) each C3J RSA assumed by AmpliPhi will relate to shares of AmpliPhi common stock; (ii) the number of shares of AmpliPhi common stock subject to each C3J RSA assumed by AmpliPhi will be determined by multiplying (A) the number of shares of C3J common stock that were subject to such C3J RSA, as in effect immediately prior to the effective time, by (B) the Exchange Ratio and rounding the resulting number down to the nearest whole number of shares of AmpliPhi common stock; and (iii) any restriction on any C3J RSA assumed by AmpliPhi will continue in full force and effect and the vesting schedule and other provisions of such C3J RSA will otherwise remain unchanged, subject to certain exceptions.

Employee Benefit Matters (see page 89)

Under the terms of the Merger Agreement, for purposes of vesting, eligibility to participate, and level of benefits under the employee benefit plans, programs, contracts or arrangements of AmpliPhi or any of its subsidiaries (including, following the closing of the Merger, C3J and its subsidiary), each employee who

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continues to be employed by AmpliPhi, C3J or any of their respective subsidiaries immediately following the closing will be credited with his or her years of service with AmpliPhi, C3J or any of their respective subsidiaries and their respective predecessors.

Conditions to the Completion of the Merger (see page 90)

The obligations to consummate the Merger and the other transactions contemplated by the Merger Agreement shall be subject to the satisfaction or waiver, on or prior to the effective time of the Merger, of the conditions set forth in the section entitled “The Merger Agreement — Conditions to the Completion of the Merger” below.

No Solicitation by AmpliPhi and C3J (see page 94)

Both AmpliPhi and C3J are prohibited by the terms of the Merger Agreement from (i) soliciting, initiating, responding to or taking any action to or knowingly encouraging, inducing or facilitating the communication, making, submission or announcement of any acquisition proposal or acquisition inquiry or taking any action that could reasonably be expected to lead to an acquisition proposal or acquisition inquiry. AmpliPhi, however, may provide information in response to an acquisition proposal if (1) after consulting with outside financial advisors and outside legal counsel, AmpliPhi’s board of directors determines in good faith that such acquisition proposal constituted, or would reasonably be expected to result in, a superior offer (as defined in the Merger Agreement) and it is not withdrawn, (2) AmpliPhi has not breached the non-solicit provisions of the Merger Agreement in any material respect, (3) the AmpliPhi board of directors concludes in good faith, based upon the advice of its outside legal counsel, that the failure to take such action would be reasonably inconsistent with the fiduciary obligations to the AmpliPhi shareholders under applicable law, and (4) proper notice is provided to C3J pursuant to the Merger Agreement.

Termination and Termination Fees (see page 99)

The Merger Agreement may be terminated by either party only under certain circumstances, including, among others (further described in the section entitled “The Merger Agreement — Termination” and “The Merger Agreement — Termination Fee” below): (i) if the closing has not occurred by June 1, 2019 (subject to extension in certain circumstances); (ii) if a court or other governmental entity has issued a final and non-appealable order prohibiting the closing; (iii) if AmpliPhi’s shareholders fail to approve the required AmpliPhi Shareholder Matters; (iv) upon the occurrence of certain triggering events on the part of the other party; or (v) a material uncured breach by the other party of representations or covenants that would result in a failure of the applicable condition to the closing. AmpliPhi may also terminate the Merger Agreement in connection with a superior offer, subject to certain conditions and payment to C3J of a termination fee of \$1.0 million with two days of the termination.

AmpliPhi must also pay C3J a termination fee of \$1.0 million within two business days of consummating an alternative transaction, if (i) the Merger Agreement is terminated by C3J pursuant to certain triggering events in accordance with the Merger Agreement, (ii) an acquisition proposal is publicly announced or disclosed or otherwise communicated to AmpliPhi or its board of directors after the date of the Merger Agreement but prior to the termination of the Merger Agreement and (iii) within nine months after the date of such termination, AmpliPhi enters into a definitive agreement for an alternative transaction in respect of such acquisition proposal.

C3J must pay AmpliPhi a termination fee of \$1.0 million within ten business days of consummating an alternative transaction, if (i) the Merger Agreement is terminated by AmpliPhi pursuant to C3J entering into any letter of intent or similar document for an alternative acquisition proposal, or C3J’s management public endorses or recommends an alternative acquisition proposal, (ii) an acquisition proposal with respect to C3J is publicly announced or otherwise made to C3J or its board of directors after the date of the Merger Agreement but prior to the termination of the Merger Agreement and (iii) within nine months after the date of such termination, C3J consummates an alternative transaction in respect of such acquisition proposal.

**TABLE OF CONTENTS****Share Purchase Agreements (see page 103)**

On February 5, 2019, AmpliPhi, C3J and the Investors entered into the Share Purchase Agreements, as contemplated by equity commitment letters previously entered into among such parties on January 3, 2019. Pursuant to the Share Purchase Agreements, AmpliPhi agreed to sell and issue, and the Investors agreed to purchase from AmpliPhi, \$10.0 million of shares of the AmpliPhi's common stock immediately following the effective time of the Merger, at a purchase price per share equal to (i) \$40.0 million, divided by (ii) the total number of shares of common stock outstanding on a fully diluted, as-converted basis, assuming the conversion, exercise or settlement of all outstanding options, warrants, and restricted stock units as of immediately after the effective time of the Merger, but excluding (A) any shares of common stock issuable pursuant to the Share Purchase Agreements and (B) any shares of Company Common Stock reserved for issuance under any equity incentive plan, stock option plan or similar arrangement but for which awards have not yet been granted as of the effective time of the Merger and any shares of common stock issuable in connection with out-of-the-money options and out-of-the-money warrants.

After the closing of the Financing, it is expected that (a) the former C3J securityholders will own approximately 76% of the aggregate number of the outstanding AmpliPhi common stock on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants, of which approximately 20% will be represented by the shares issued in the Financing to the Investors, and (b) the AmpliPhi securityholders as of immediately prior to the Merger will own approximately 24% of the aggregate number of the outstanding AmpliPhi common stock (on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants).

The shares of common stock to be issued in the Financing will be offered and sold in reliance on an exemption from registration under Regulation D promulgated under Section 4(a)(2) of the Securities Act. Appropriate restrictive legends will be affixed to the shares issued in the Financing.

**Executive Officers of AmpliPhi Following the Merger (see page 158)**

Immediately following the Merger, the executive management team of AmpliPhi is expected to be composed as set forth below:

Name	Position with the Combined Company	Current Position
Todd R. Patrick	Chief Executive Officer and Director	President and Chief Executive Officer of C3J
Brian Varnum, Ph.D.	President and Chief Development Officer	Chief Development Officer of C3J
Steve Martin	Chief Financial Officer	Chief Financial Officer of AmpliPhi
Duane Morris	Vice President of Operations	Vice President, Operations of C3J

**Directors of AmpliPhi Following the Merger (see page 152)**

At the effective time of the Merger, the combined company is expected to initially have a seven-member board of directors, comprised of Richard Bastiani, Ph.D., Richard Bear, Jeremy Curnock Cook, H. Stewart Parker, Todd R. Patrick, Joseph M. Patti, Ph.D. and Michael S. Perry, D.V.M., Ph.D., until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal.

The board of directors of the combined company will have an audit committee, a compensation committee and a nominating and corporate governance committee, in accordance with the rules of the NYSE American. Louis Drapeau, Paul C. Grint, M.D., Wendy S. Johnson and Vijay Samant are expected to resign from their positions as directors of AmpliPhi, effective upon the effective time of the Merger. Dr. Grint is also expected to resign as the Chief Executive Officer of AmpliPhi, effective at the effective time of the Merger.

Laura Czelada, Steve Semmelmayr, Richard Bisson, Fred Eichmiller and Wenyan Shi, each a current member of the C3J board of directors, are expected to resign from their positions as directors of C3J as of the effective time of the Merger.

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Interests of the AmpliPhi Directors and Executive Officers in the Merger (see page 83)

In considering the recommendation of AmpliPhi's board of directors with respect to the issuance of shares of AmpliPhi common stock in connection with the Merger and the Financing and the other matters to be acted upon by AmpliPhi's shareholders at the Special Meeting, AmpliPhi's shareholders should be aware that members of the board of directors and executive officers of AmpliPhi have interests in the Merger that may be different from, or in addition to, your interests.

As of December 31, 2018, all directors and executive officers of AmpliPhi, together with their affiliates, beneficially owned approximately 2.3% of the outstanding shares of the AmpliPhi common stock. The affirmative vote of the holders of at least 51% of the shares of AmpliPhi common stock having voting power outstanding on the record date for the Special Meeting is required for approval of Proposal No. 1 and the affirmative vote of the holders of at least a majority of the shares of AmpliPhi common stock having voting power outstanding on the record date for the Special Meeting is required for approval of Proposal No. 3. The affirmative vote of a majority of votes properly cast on Proposal Nos. 2, 4 and 5 are required for approval of such proposals.

Certain Material U.S. Federal Income Tax Consequences of the Merger (see page 85)

Regardless of whether the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, the Merger will not result in any taxable gain or loss for U.S. federal income tax purposes to C3J, AmpliPhi or any AmpliPhi shareholder in his or her capacity as an AmpliPhi shareholder.

Risk Factors (see page 24)

Both AmpliPhi and C3J are subject to various risks associated with their businesses and their industries. In addition, the Merger, including the possibility that the Merger may not be completed, poses a number of risks to each company and its respective shareholders, including the following risks:

- The Exchange Ratio is not adjustable based on the market price of AmpliPhi common stock so the Merger consideration at the closing may have a greater or lesser value than the market price of AmpliPhi common stock at the time the Merger Agreement was signed;

- The announcement and pendency of the Merger could have an adverse effect on the market price of AmpliPhi common stock and/or the business, financial condition, results of operations, or business prospects for AmpliPhi and/or C3J;

- The Merger may be completed even though material adverse changes may result solely from the announcement of the Merger, changes in the industry in which AmpliPhi and C3J operate that apply to all companies generally and other causes;

- Some AmpliPhi officers and directors have interests that are different than, or in addition to, those of other AmpliPhi shareholders and may influence them to support or approve the transactions contemplated by the Merger Agreement without regard to your interests;

- AmpliPhi's common stock could be delisted from the NYSE American if we do not comply with NYSE American's listing standards;

- AmpliPhi and C3J shareholders may not realize a benefit from the Merger commensurate with the ownership dilution they will experience in connection with the Merger;

-

AmpliPhi's shareholders will experience immediate and substantial dilution upon the completion of the Merger and Financing;

•

During the pendency of the Merger, AmpliPhi may not be able to enter into a business combination with another party under certain circumstances because of restrictions in the Merger Agreement;

•

Certain provisions of the Merger Agreement may discourage third parties from submitting alternative takeover proposals, including proposals that may be superior to the arrangements contemplated by the Merger Agreement;

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• Because the lack of a public market for C3J shares makes it difficult to evaluate its securities, AmpliPhi may pay more than the fair market value of the C3J shares;

• The issuance of the shares pursuant to the Merger and Financing and certain related matters are subject to approval by AmpliPhi shareholders, and there can be no assurance that AmpliPhi's shareholders will approve such matters;

• If the conditions to the Merger are not met or waived, the Merger will not occur;

• Failure to complete the Merger may result in AmpliPhi paying a termination fee or expenses to C3J and could harm the common stock price of AmpliPhi and the future business and operations of AmpliPhi;

• Failure to complete the Merger may result in AmpliPhi filing for liquidation and dissolution;

• The announcement and pendency of the Merger could cause disruptions in the business of C3J and/or AmpliPhi, which could have an adverse effect on their respective businesses and financial results;

• The success of the proposed business combination of AmpliPhi and C3J will depend in part on relationships with third parties, which relationships may be affected by third-party preferences or public attitudes about the Merger, and any adverse changes in these relationships could adversely affect AmpliPhi's or C3J's business, financial condition, or results of operations; and

• If any of the events described in "Risks Related to C3J's Development, Commercialization and Regulatory Approval" or "Risks Related to C3J's Reliance on Third Parties" or "Risks Related to C3J's Business" occur, those events could cause the potential benefits of the Merger not to be realized.

These risks and other risks are discussed in greater detail under the section entitled "Risk Factors" in this proxy statement. AmpliPhi encourages you to read and consider all of these risks carefully.

Regulatory Approvals (see page 85)

In the United States, AmpliPhi must comply with applicable federal and state securities laws and the rules and regulations of the NYSE American in connection with the issuance of shares of AmpliPhi common stock and the filing of this proxy statement with the SEC. AmpliPhi does not intend to seek any regulatory approval to consummate the transactions.

NYSE American Stock Market Listing (see page 85)

Prior to consummation of the Merger, AmpliPhi intends to file an initial listing application with the NYSE American pursuant to NYSE American "change of control" rules. If such application is accepted, AmpliPhi anticipates that AmpliPhi common stock will be listed on the NYSE American following the closing of the Merger and will trade under AmpliPhi's new name, "Armata Pharmaceuticals, Inc." and new trading symbol, "ARMP."

Anticipated Accounting Treatment (see page 85)

The Merger will be treated by AmpliPhi as a reverse Merger under the acquisition method of accounting in accordance with accounting principles generally accepted in the United States. For accounting purposes, C3J is considered to be acquiring AmpliPhi in the Merger.

Dissenters' Rights (see page 86)

Holders of AmpliPhi common stock will not be entitled to dissenters' rights in connection with the Merger.

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**TABLE OF CONTENTS****SELECTED HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL DATA**

The following tables present summary historical financial data for each of AmpliPhi and C3J, unaudited pro forma combined financial data for AmpliPhi and C3J and comparative historical and unaudited pro forma per share data for AmpliPhi and C3J.

**Selected Historical Financial Data of AmpliPhi**

The following table summarizes AmpliPhi's consolidated financial data as of the dates and for each of the periods indicated. The tables below present selected financial data of AmpliPhi, prepared in accordance with U.S. generally accepted accounting principles. AmpliPhi's selected statements of operations data for the years ended December 31, 2018 and 2017 and balance sheet data as of December 31, 2018 and 2017 are derived from AmpliPhi's audited financial statements incorporated by reference into this proxy statement from AmpliPhi's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on March 25, 2019 (the "AmpliPhi 10-K"). AmpliPhi's historical results are not necessarily indicative of the results to be expected for any other period in the future. The following selected financial data are only a summary and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto appearing in the AmpliPhi 10-K, which is incorporated by reference in this proxy statement.

	For the year ended December 31,	
	2018	2017
<b>Statement of Operations Data:</b>		
Revenue	\$ —	\$ 115,000
Loss from operations	\$ (12,524,000)	\$ (16,156,000)
Net loss	\$ (12,110,000)	\$ (12,838,000)
Net loss per share, basic	\$ (0.64)	\$ (2.01)
Net loss per share, diluted	\$ (0.64)	\$ (2.18)
Shares used in computing net loss per share, basic	18,980,796	6,387,425
Shares used in computing net loss per share, diluted	19,059,895	6,574,117

As of December 31,

	2018	2017
<b>Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 8,157,000	\$ 5,132,000
Working capital	5,836,000	3,417,000
Total assets	11,887,000	11,138,000
Total liabilities	3,413,000	3,407,000
Accumulated deficit	(406,316,000)	(394,206,000)
Total stockholders' equity	\$ 8,474,000	\$ 7,731,000

**Selected Historical Financial Data of C3J**

The following table summarizes C3J's financial data as of the date and for each of the periods indicated. The tables below present selected financial data of C3J prepared in accordance with U.S. generally accepted accounting principles. C3J's selected statement of operations for the years ended December 31, 2018 and 2017 and balance sheet data as of December 31, 2018 and 2017 are derived from C3J's audited financial statements appearing elsewhere in this proxy statement. C3J's historical results are not necessarily indicative of the results to be expected for any other period in the future. The following selected financial data should be read in conjunction with "C3J Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto appearing elsewhere in this proxy statement.

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	For the year ended December 31,	
	2018	2017
Statement of Operations Data:		
Loss from operations	\$ (17,658,000)	\$ (15,458,000)
Net loss	\$ (16,702,000)	\$ (15,128,000)
Net loss per share, basic	\$ (0.18)	\$ (0.16)
Net loss per share, diluted	\$ (0.18)	\$ (0.16)
Shares used in computing net loss per share, basic and diluted	94,320,106	94,320,106
	As of December 31,	
	2018	2017
Balance Sheet Data:		
Cash, cash equivalents and short-term investments	\$ 9,663,000	\$ 11,376,000
Working capital	\$ 8,328,000	\$ 20,629,000
Total assets	\$ 14,545,000	\$ 26,245,000
Total liabilities	\$ 6,851,000	\$ 1,902,000
Accumulated deficit	\$ (138,042,000)	\$ (121,340,000)
Total stockholders' equity	\$ 7,694,000	\$ 24,343,000

## Selected Unaudited Pro Forma Combined Financial Data of AmpliPhi and C3J

The following selected unaudited pro forma combined financial data was prepared based on the historical financial results reported by AmpliPhi and C3J and is intended to show how the Merger might have affected historical financial statements if the Merger had been completed on January 1, 2018 for the purpose of the statement of operations and comprehensive loss for the year ended December 31, 2018, and for the purpose of the balance sheet as of December 31, 2018. The following should be read in conjunction with the section entitled "Unaudited Pro Forma Combined Financial Statements" beginning on page 162, the AmpliPhi 10-K incorporated by reference in this proxy statement, C3J's audited historical financial statements and the notes thereto beginning on page F-1, the sections entitled "AmpliPhi Management's Discussion and Analysis of Financial Condition and Results of Operations" and "C3J Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 144 of this proxy statement, and the other information contained in this proxy statement. The following information does not give effect to a Reverse Split of AmpliPhi's common stock described in Proposal No. 3.

The Merger will be accounted for as a reverse acquisition under the acquisition method of accounting. Under the acquisition method of accounting, C3J will be treated as the accounting acquirer and AmpliPhi will be treated as the acquiree for financial reporting purposes because, immediately upon completion of the Merger, the C3J shareholders prior to the Merger will hold a majority of the voting interest of the combined company. In addition, the seven-member board of directors of the combined company will include five of the current members of the C3J board of directors, and therefore, members of C3J's current board of directors will possess majority control of the board of directors of the combined company.

The unaudited pro forma combined financial statements were prepared in accordance with the regulations of the SEC. The pro forma adjustments reflecting the completion of the Merger are based upon the acquisition method of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and upon the assumptions set forth in the unaudited pro forma combined financial statements.

The unaudited pro forma combined balance sheet as of December 31, 2018 is presented as if the merger had been completed on December 31, 2018. The unaudited pro forma combined statements of operations and comprehensive loss for the year ended December 31, 2018 combines the historical statements of operations of AmpliPhi and C3J and gives pro forma effect to the Merger as if it had been completed on January 1, 2018.

The historical financial data has been adjusted to give pro forma effect to events that are (i) directly attributable to the Merger, (ii) factually supportable and (iii) with respect to the statements of operations,



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expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on management's estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the acquisition and certain other adjustments.

The unaudited pro forma combined financial data is presented for illustrative purposes only and is not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realized had the entities been combined during the periods presented. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma combined financial statements (see the section entitled "Unaudited Pro Forma Combined Financial Statements" beginning on page 162), the preliminary acquisition-date fair value of the identifiable assets acquired and liabilities assumed reflected in the unaudited pro forma combined financial statements is subject to adjustment and may vary from the actual amounts that will be recorded upon completion of the Merger.

Year Ended  
December 31,  
2018

## Statement of Operations Data:

Revenue	\$ —
Loss from operations	\$ (34,333,000)
Net loss	\$ (32,963,000)
Net loss per share, basic	\$ (0.25)
Net loss per share, diluted	\$ (0.25)
Shares used in computing net loss per share, basic	133,991,631
Shares used in computing net loss per share, diluted	133,991,631

As of  
December 31,  
2018

## Balance Sheet Data:

Cash and cash equivalents	\$ 24,029,000
Working capital	19,842,000
Total assets	35,977,000
Total liabilities	9,136,000
Accumulated deficit	(145,376,000)
Total stockholders' equity	\$ 26,841,000

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## Comparative Historical and Unaudited Pro Forma Per Share Data

The following table shows per common share data regarding basic and diluted earnings, cash dividends and book value for (a) AmpliPhi on a historical basis, (b) C3J on a historical basis, and (c) AmpliPhi and C3J on a pro forma combined basis (which also gives effect to the SGI asset acquisition).

The following pro forma information has been derived from and should be read in conjunction with AmpliPhi's and C3J's respective audited consolidated financial statements for the year ended December 31, 2018, which, in the case of AmpliPhi's financial statements, are incorporated herein by reference, and in the case of C3J's financial statements, are included elsewhere in this proxy statement. This information is presented for illustrative purposes only. You should not rely on the pro forma combined amounts, as they are not necessarily indicative of the operating results or financial position that would have occurred if the Merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of potential cost savings, the impact of restructuring and Merger-related costs (except Merger-related costs that are reflected in the unaudited pro forma combined balance sheet included elsewhere herein), or other factors that may result as a consequence of the Merger and, accordingly, does not attempt to predict or suggest future results. The information below should be read in conjunction with the section entitled "Unaudited Pro Forma Combined Financial Statements."

	AmpliPhi Historical	C3J Historical	Pro Forma Combined
For the year ended December 31, 2018:			
Basic earnings per share	\$ (0.64)	\$ (0.18)	\$ (0.25)
Diluted earnings per share	(0.64)	(0.18)	(0.25)
Cash dividends per share(1)	—	—	—
Book value per common share as of period end	0.26	0.07	0.38

(1)

Although the dividend policy of the combined company will be determined by the board of directors of the combined company following completion of the Merger, it is expected that the combined company will not declare cash dividends for the foreseeable future.

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MARKET INFORMATION

AmpliPhi common stock is listed on the NYSE American under the symbol “APHB.” C3J is a private company and its common stock and preferred stock are not publicly traded.

The closing price of AmpliPhi common stock on January 3, 2019, the date immediately prior to the public announcement of the Merger on January 4, 2019, as reported on the NYSE American, was \$0.23 per share. The closing price of AmpliPhi common stock on March 21, 2019, as reported on the NYSE American, was \$0.32 per share.

Because the market price of AmpliPhi common stock is subject to fluctuation, the market value of the shares of AmpliPhi common stock that C3J shareholders will be entitled to receive in the Merger may increase or decrease and the price at which our shares are sold in the Financing may be more or less than the market price of our shares of common stock on the date of the sale of our shares in the Financing.

Assuming approval of Proposal No. 3 and successful application for initial listing with the NYSE American, following the consummation of the Merger, AmpliPhi common stock will be listed on the NYSE American and will trade under AmpliPhi’s new name, “Armata Pharmaceuticals, Inc.” and new trading symbol, “ARMP.”

As of March 21, 2019, the record date for the Special Meeting, AmpliPhi had 90 holders of record of its common stock. As of December 31, 2018, C3J had 60 holders of record of its common stock.

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RISK FACTORS

The combined company will be faced with a market environment that cannot be predicted and that involves significant risks, many of which will be beyond its control. In addition to the other information contained in this proxy statement, you should carefully consider the material risks described below before deciding how to vote your shares of AmpliPhi common stock. You should also read and consider the risks associated with the business of AmpliPhi because these risks may also affect the combined company — these risks can be found in the AmpliPhi 10-K, which is filed with the SEC and incorporated by reference herein. You should also read and consider the other information in this proxy statement and the other documents incorporated by reference into this proxy statement. Please see the section entitled “Where You Can Find More Information” on page 174 of this proxy statement.

Risks Related to the Merger

If the proposed merger with C3J is not consummated, AmpliPhi’s business could suffer materially and AmpliPhi’s stock price could decline.

The consummation of the proposed merger with C3J is subject to a number of closing conditions, including the approval by AmpliPhi’s shareholders, approval by NYSE American of AmpliPhi’s Supplemental Listing Application of its common stock in connection with the merger, and other customary closing conditions. AmpliPhi is targeting a closing of the transaction in May 2019.

If the proposed merger is not consummated, AmpliPhi may be subject to a number of material risks, and its business and stock price could be adversely affected, as follows:

- AmpliPhi has incurred and expects to continue to incur significant expenses related to the proposed merger with C3J, even if the Merger is not consummated.

- The Merger Agreement contains covenants restricting AmpliPhi’s solicitation of competing acquisition proposals and the conduct of AmpliPhi’s business between the date of signing the Merger Agreement and the closing of the Merger. As a result, significant business decisions and transactions before the closing of the Merger require the consent of C3J. Accordingly, AmpliPhi may be unable to pursue business opportunities that would otherwise be in its best interest as a standalone company. AmpliPhi has invested significant time and resources in the transaction process and if the Merger Agreement is terminated AmpliPhi will have a limited ability to continue its current operations without obtaining additional financing.

- AmpliPhi could be obligated to pay C3J a \$1.0 million termination fee in connection with the termination of the Merger Agreement, depending on the reason for the termination.

- AmpliPhi’s customers, prospective customers, collaborators and other business partners and investors in general may view the failure to consummate the Merger as a poor reflection on its business or prospects.

- Some of AmpliPhi’s suppliers, distributors, collaborators and other business partners may seek to change or terminate their relationships with AmpliPhi as a result of the proposed Merger.

- As a result of the Merger, current and prospective employees could experience uncertainty about their future roles within the combined company. This uncertainty may adversely affect AmpliPhi’s ability to retain its key employees, who may seek other employment opportunities.

- AmpliPhi’s management team may be distracted from day to day operations as a result of the Merger.

In addition, if the Merger Agreement is terminated and AmpliPhi's board of directors determines to seek another business combination, it may not be able to find a third party willing to provide equivalent or more attractive consideration than the consideration to be provided by each party in the Merger. In such circumstances, AmpliPhi's board of directors may elect to, among other things, divest all or a portion of AmpliPhi's business, or take the steps necessary to liquidate all of AmpliPhi's business and assets, and in either such case, the consideration that AmpliPhi receives may be less attractive than the consideration to be received by AmpliPhi pursuant to the Merger Agreement and the concurrent \$10.0 million Financing.

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Some of AmpliPhi's officers and directors have conflicts of interest that may influence them to support or approve the Merger.

Officers and directors of AmpliPhi participate in arrangements that provide them with interests in the Merger that are different from yours, including, among others, to the extent applicable, their continued service as an officer or director of the combined company, retention and severance benefits, the acceleration of restricted stock and stock option vesting and continued indemnification. These interests, among others, may influence the officers and directors of AmpliPhi to support or approve the Merger. For a more detailed discussion see "The Merger — Interests of the AmpliPhi Directors and Executive Officers in the Merger."

The Merger may be completed even though material adverse changes may result from the announcement of the Merger, industry-wide changes and other causes.

In general, either party can refuse to complete the Merger if there is a material adverse change affecting the other party following January 3, 2019, the date of the Merger Agreement. However, some types of changes do not permit either party to refuse to complete the Merger, even if such changes would have a material adverse effect on AmpliPhi or C3J, to the extent they resulted from the following (unless, in some cases, they have a disproportionate effect on AmpliPhi or C3J, as the case may be):

- changes in the general business or economic conditions affecting the industry in which AmpliPhi and C3J, and their respective affiliates, operate;
- acts of war, armed hostilities or terrorism;
- changes in financial, banking or securities markets;
- changes caused by the performance of any action required to be taken by the Merger Agreement;
- any change in, or any compliance with or action taken for the purpose of complying with, any federal, state, national, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any governmental authority;
- any change in U.S. generally accepted accounting principles;
- the taking of any action required to be taken by the Merger Agreement;
- with respect to AmpliPhi, any change in the stock price or trading volume of AmpliPhi's common stock;
- with respect to AmpliPhi, any failure to meet analysts' expectations or projections;
- with respect to AmpliPhi, any clinical trial programs or studies, including any adverse data, event or outcome arising out of or related to any such programs or studies; and

- with respect to AmpliPhi, the announcement of the Merger Agreement or the pendency of the Merger.

If adverse changes occur but AmpliPhi and C3J must still complete the Merger, the combined company's stock price may suffer.

The market price of the combined company's common stock may decline as a result of the Merger.

The market price of the combined company's common stock may decline as a result of the Merger for a number of reasons, including if:

- the combined company does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by financial or industry analysts;

- the effect of the Merger on the combined company's business and prospects is not consistent with the expectations of financial or industry analysts; or

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• investors react negatively to the effect on the combined company's business and prospects from the Merger.

AmpliPhi's shareholders may not realize a benefit from the Merger commensurate with the ownership dilution they will experience in connection with the Merger.

If the combined company is unable to realize the strategic and financial benefits currently anticipated from the Merger, AmpliPhi's shareholders will have experienced substantial dilution of their ownership interest without receiving any commensurate benefit. Significant management attention and resources will be required to integrate the two companies. Delays in this process could adversely affect the combined company's business, financial results, financial condition and stock price following the Merger. Even if the combined company were able to integrate the business operations successfully, there can be no assurance that this integration will result in the realization of the full benefits of synergies, innovation and operational efficiencies that may be possible from this integration and that these benefits will be achieved within a reasonable period of time.

During the pendency of the Merger, AmpliPhi and C3J will be subject to contractual limitations set forth in the Merger Agreement that restrict the parties' ability to enter into business combination transactions with another party. Covenants in the Merger Agreement impede the ability of AmpliPhi or C3J to make acquisitions or complete other transactions that are not in the ordinary course of business pending completion of the Merger. As a result, if the Merger is not completed, the parties may be at a disadvantage to their competitors. In addition, while the Merger Agreement is in effect and subject to limited exceptions, each party is prohibited from soliciting, initiating, encouraging or taking actions designed to facilitate any inquiries or the making of any proposal or offer that could lead to the entering into certain extraordinary transactions with any third party, such as a sale of assets, an acquisition of AmpliPhi's common stock, a tender offer for AmpliPhi's common stock, a Merger or other business combination outside the ordinary course of business. Any such transactions could be favorable to such party's shareholders. Because the lack of a public market for C3J's common stock makes it difficult to evaluate the fairness of the Merger, C3J's shareholders may receive consideration in the Merger that is greater than or less than the fair market value of C3J's common stock.

The outstanding share capital of C3J is privately held and is not traded in any public market. The lack of a public market makes it difficult to determine the fair market value of C3J. Since the number of shares of AmpliPhi's common stock to be issued to C3J's shareholders was determined based on negotiations between the parties, it is possible that the value of the AmpliPhi's common stock to be issued in connection with the Merger will be greater than the fair market value of C3J.

The combined company will incur significant transaction costs as a result of the Merger, including investment banking, legal and accounting fees. In addition, the combined company will incur significant consolidation and integration expenses which cannot be accurately estimated at this time. Actual transaction costs may substantially exceed estimates and may have an adverse effect on the combined company's financial condition and operating results. Because the Merger will result in an ownership change under Section 382 of the Internal Revenue Code for AmpliPhi, AmpliPhi's pre-merger net operating loss carryforwards and certain other tax attributes will be subject to limitations. The net operating loss carryforwards and other tax attributes of C3J and of the combined organization may also be subject to limitations as a result of ownership changes.

If a corporation undergoes an "ownership change" within the meaning of Section 382 of the Code ("Section 382"), the corporation's net operating loss carryforwards and certain other tax attributes arising from before the ownership change are subject to limitations on use after the ownership change. In general, an ownership change occurs if there is a cumulative change in the corporation's equity ownership by certain stockholders that exceeds fifty percentage points over a rolling three-year period. Similar rules may apply under state tax laws. The Merger will result in an ownership change for AmpliPhi and, accordingly, AmpliPhi's net operating loss carryforwards and certain other tax attributes will be subject to limitations

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(or disallowance) on their use after the merger. C3J's net operating loss carryforwards may also be subject to limitation as a result of prior shifts in equity ownership and/or the Merger. Additional ownership changes in the future could result in additional limitations on AmpliPhi's, C3J's and the combined organization's net operating loss carryforwards. Consequently, even if the combined organization achieves profitability, it may not be able to utilize a material portion of AmpliPhi's, C3J's or the combined organization's net operating loss carryforwards and other tax attributes, which could have a material adverse effect on cash flow and results of operations.

The Opinion received by AmpliPhi's board of directors from Ladenburg Thalmann has not been, and is not expected to be, updated to reflect changes in circumstances that may have occurred since the date of the Opinion.

Ladenburg Thalmann delivered its Opinion to the board of directors of AmpliPhi that, as of January 3, 2019, and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations set forth in its Opinion, the Exchange Ratio provided for in the Merger Agreement was fair, from a financial point of view, to AmpliPhi. The Opinion does not speak as of the time the Merger will be completed or any date other than the date of such Opinion. The Opinion does not reflect changes that may occur or may have occurred after the date of the Opinion, including changes to the operations and prospects of AmpliPhi or C3J, changes in general market and economic conditions or regulatory or other factors. Any such changes may materially alter or affect the relative values of AmpliPhi and C3J. Ladenburg Thalmann does not have any obligation to update, revise or reaffirm its Opinion to reflect subsequent developments and has not done so. See the section entitled "The Merger — Opinion of Opinion of Ladenburg Thalmann & Co., Inc." and Appendix C to this proxy statement. C3J's principal shareholders, and certain executive officers and directors, will own a significant percentage of AmpliPhi common stock and will be able to exert significant control over matters submitted to the shareholders for approval.

Under the terms of the Merger Agreement, on a pro-forma basis and after closing of the Merger but prior to the closing of the Financing, the former C3J securityholders will own approximately 70% of the AmpliPhi common stock, while current AmpliPhi securityholders will own approximately 30% of the AmpliPhi common stock (in each case on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants). On a pro forma basis, after giving effect to the contemplated \$10.0 million Financing, the former C3J securityholders (including the Investors) will own approximately 76% of the combined company and AmpliPhi securityholders as of immediately prior to the Merger will own approximately 24% of the combined company, in each case on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants.

After the Merger with AmpliPhi, any of C3J's officers and directors, and shareholders who held more than 5% of the C3J common stock, will beneficially own a significant percentage of AmpliPhi common stock. This is further described below in the section entitled "Principal Shareholders of C3J Therapeutics." This significant concentration of share ownership may adversely affect the trading price for AmpliPhi common stock because investors often perceive disadvantages in owning stock in companies with controlling shareholders. These shareholders, if they acted together, could significantly influence all matters requiring approval by the shareholders following the Merger, including the election of directors and the approval of Mergers or other business combination transactions. The interests of these shareholders may not always coincide with the interests of other shareholders.

Certain shareholders could attempt to influence changes within AmpliPhi that could adversely affect AmpliPhi's operations, financial condition and the value of AmpliPhi's common stock.

AmpliPhi's shareholders may from time-to-time seek to acquire a controlling stake in AmpliPhi, engage in proxy solicitations, advance shareholder proposals or otherwise attempt to effect changes. Campaigns by shareholders to effect changes at publicly-traded companies are sometimes led by investors seeking to increase short-term shareholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to proxy

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contests and other actions by activist shareholders can be costly and time-consuming and could disrupt AmpliPhi's operations and divert the attention of the AmpliPhi board of directors and senior management from the pursuit of the proposed transaction. These actions could adversely affect AmpliPhi's operations, financial condition, AmpliPhi's ability to consummate the Merger and the value of AmpliPhi common stock.

AmpliPhi and C3J may become involved in securities litigation or shareholder derivative litigation in connection with the Merger, and this could divert the attention of AmpliPhi and C3J management and harm the combined company's business, and insurance coverage may not be sufficient to cover all related costs and damages.

Securities litigation or shareholder derivative litigation frequently follows the announcement of certain significant business transactions, such as the sale of a business division or announcement of a business combination transaction. AmpliPhi and C3J may become involved in this type of litigation in connection with the Merger, and the combined company may become involved in this type of litigation in the future. Litigation often is expensive and diverts management's attention and resources, which could adversely affect the business of AmpliPhi, C3J and the combined company.

If any of the events described in "Risks Related to C3J's Business", "Risks Related to C3J's Development, Commercialization and Regulatory Approval", "Risks Related to C3J's Reliance on Third Parties", "Risks Related to C3J's Intellectual Property", or "Risks Related to the Combined Company" occur, those events could cause the potential benefits of the Merger not to be realized.

C3J's business is expected to constitute a significant portion of the business of the combined company following the Merger. As a result, the risks described below in the sections entitled "Risks Related to C3J's Business" beginning on page 31, "Risks Related to C3J's Development, Commercialization and Regulatory Approval" beginning on page 39, "Risks Related to C3J's Reliance on Third Parties" beginning on page 43, "Risks Related to C3J's Intellectual Property" beginning on page 44, and "Risks Related to the Combined Company" beginning on page 47 are among the most significant risks to the combined company if the Merger is completed. To the extent any of the events in the risks described in the sections referenced in the previous sentence occur, those events could cause the potential benefits of the Merger not to be realized and the market price of the combined company's common stock to decline.

### Risks Related to the Proposed Reverse Split

The Reverse Split may not increase AmpliPhi's stock price over the long-term.

The principal purpose of the Reverse Split is to increase the per-share market price of AmpliPhi's common stock above the minimum bid price requirement under the rules of the NYSE American so that the listing of the combined company and the shares of AmpliPhi common stock being issued in the Merger on either the NYSE American will be approved. It cannot be assured, however, that the Reverse Split will accomplish this objective for any meaningful period of time. While it is expected that the reduction in the number of outstanding shares of common stock will proportionally increase the market price of AmpliPhi's common stock, it cannot be assured that the Reverse Split will increase the market price of its common stock by a multiple of the reverse stock split ratio chosen by its board of directors in its sole discretion, or result in any permanent or sustained increase in the market price of AmpliPhi's common stock, which is dependent upon many factors, including AmpliPhi's business and financial performance, general market conditions, and prospects for future success. Thus, while the stock price of the combined company might meet the continued listing requirements for the NYSE American initially, it cannot be assured that it will continue to do so.

The Reverse Split may decrease the liquidity of AmpliPhi's common stock.

Although AmpliPhi's board of directors believes that the anticipated increase in the market price of AmpliPhi's common stock could encourage interest in its common stock and possibly promote greater liquidity for its shareholders, such liquidity could also be adversely affected by the reduced number of shares outstanding after the Reverse Split. The reduction in the number of outstanding shares may lead to reduced trading and a smaller number of market makers for AmpliPhi's common stock.

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The Reverse Split may lead to a decrease in AmpliPhi's overall market capitalization.

Should the market price of AmpliPhi's common stock decline after the Reverse Split, the percentage decline may be greater, due to the smaller number of shares outstanding, than it would have been prior to the Reverse Split. A reverse stock split is often viewed negatively by the market and, consequently, can lead to a decrease in AmpliPhi's overall market capitalization. If the per share market price does not increase in proportion to the reverse stock split ratio, then the value of the combined company, as measured by its stock capitalization, will be reduced. In some cases, the per-share stock price of companies that have effected reverse stock splits subsequently declined back to pre-reverse split levels, and accordingly, it cannot be assured that the total market value of AmpliPhi's common stock will remain the same after the Reverse Split is effected, or that the Reverse Split will not have an adverse effect on AmpliPhi's stock price due to the reduced number of shares outstanding after the Reverse Split.

### Risks Related to AmpliPhi

For risks related to the business of AmpliPhi, please refer to the section entitled "Item 1A. Risk Factors" set forth in AmpliPhi's Annual Report on Form 10-K, as filed with the SEC on March 25, 2019, which report is incorporated by reference herein.

### Risks Related to AmpliPhi's Common Stock

The price of AmpliPhi's common stock has been and may continue to be volatile.

The stock markets in general, the markets for biotechnology stocks and, in particular, the stock price of AmpliPhi's common stock, have experienced extreme volatility. The market for AmpliPhi's common stock is characterized by significant price volatility when compared to the shares of larger, more established companies that trade on a national securities exchange and have large public floats, and AmpliPhi expects that its share price will continue to be more volatile than the shares of such larger, more established companies for the indefinite future. The volatility in AmpliPhi's share price is attributable to a number of factors. AmpliPhi's common shares are, compared to the shares of such larger, more established companies, infrequently and thinly traded. As a consequence of this limited liquidity, the trading of relatively small quantities of shares by AmpliPhi's shareholders may disproportionately influence the price of those shares in either direction. The price for AmpliPhi's shares could, for example, decline precipitously in the event that a large number of shares of its common stock are sold on the market without commensurate demand. AmpliPhi's common stock is also a speculative or "risky" investment due to the early stage of its drug development programs and AmpliPhi's lack of profits to date, and uncertainty of future market acceptance for its potential products and its ability to continue as a going concern. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a larger, more established company that has a large public float and broader shareholder base. Many of these factors are beyond AmpliPhi's control and may decrease the market price of AmpliPhi's common stock, regardless of AmpliPhi's operating performance. AmpliPhi cannot make any predictions or projections as to what the prevailing market price for its common shares will be at any time, including as to whether its common stock will sustain their current market prices, or as to what effect that the sale of shares or the availability of common stock for sale at any time will have on the prevailing market price.

Price declines in AmpliPhi's common stock could also result from general market and economic conditions and a variety of other factors, including:

- adverse results or delays in AmpliPhi's clinical trials;
- adverse actions taken by regulatory agencies with respect to AmpliPhi's product candidates, clinical trials or the manufacturing processes of its product candidates;
- announcements of technological innovations, patents or new products by AmpliPhi's competitors;
-

regulatory developments in the United States and foreign countries;

- 

any lawsuit involving AmpliPhi or its product candidates;

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- announcements concerning AmpliPhi's competitors, or the biotechnology or pharmaceutical industries in general;
- developments concerning any strategic alliances or acquisitions AmpliPhi may enter into;
- actual or anticipated variations in AmpliPhi's operating results;
- changes in recommendations by securities analysts or lack of analyst coverage;
- deviations in AmpliPhi's operating results from the estimates of analysts;
- AmpliPhi's inability, or the perception by investors that AmpliPhi will be unable, to continue to meet all applicable requirements for continued listing of its common stock on the NYSE American, and the possible delisting of its common stock;
- sales of AmpliPhi's common stock by AmpliPhi's executive officers, directors and principal shareholders or sales of substantial amounts of common stock; and
- loss of any of AmpliPhi's key scientific or management personnel.

In the past, following periods of volatility in the market price of a particular company's securities, litigation has often been brought against that company. Any such lawsuit could consume resources and management time and attention, which could adversely affect AmpliPhi's business.

A significant number of shares of AmpliPhi's common stock are subject to issuance upon exercise of outstanding warrants and options, which upon such exercise may result in dilution to AmpliPhi's securityholders.

As of December 31, 2018, AmpliPhi had outstanding common warrants to purchase an aggregate of 26,961,187 shares of its common stock at a weighted-average exercise price of \$1.08 per share, which includes 1,175,000 pre-funded warrants, each exercisable for one share of AmpliPhi's common stock at an aggregate purchase price per share of \$0.39, of which \$0.38 per share was pre-funded at the closing of AmpliPhi's October 2018 public offering. Although AmpliPhi cannot determine when these warrants or options will ultimately be exercised, it is reasonable to assume that such warrants and options will be exercised only if the exercise price is below the market price of AmpliPhi's common stock. To the extent any of AmpliPhi's outstanding warrants or options are exercised, additional shares of AmpliPhi's common stock will be issued that will generally be eligible for resale in the public market (subject to limitations under Rule 144 under the Securities Act for certain of its warrants and with respect to shares held by AmpliPhi's affiliates), which will result in dilution to its securityholders. The issuance of additional securities could also have an adverse effect on the market price of AmpliPhi's common stock.

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Provisions of Washington law and AmpliPhi's current articles of incorporation and bylaws may discourage another company from acquiring it and may prevent attempts by AmpliPhi's shareholders to replace or remove AmpliPhi's current management.

Provisions of Washington law and AmpliPhi's current articles of incorporation and bylaws may discourage, delay or prevent a Merger or acquisition that shareholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by AmpliPhi's shareholders to replace or remove AmpliPhi's current management by making it more difficult for shareholders to replace or remove AmpliPhi's board of directors. These provisions include:

- authorizing the issuance of "blank check" preferred stock without any need for action by shareholders;
- providing for a classified board of directors with staggered terms;
- requiring supermajority shareholder voting to effect certain amendments to AmpliPhi's articles of incorporation and bylaws; and
- establishing advance notice requirements for nominations for election to AmpliPhi's board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings.

In addition, because AmpliPhi is incorporated in Washington, AmpliPhi is governed by the provisions of Chapter 23B.19 of the Washington Business Corporation Act, which, among other things, restricts the ability of shareholders owning 10% or more of AmpliPhi's outstanding voting stock from merging or combining with AmpliPhi. These provisions could discourage potential acquisition attempts and could reduce the price that investors might be willing to pay for shares of AmpliPhi's common stock in the future and result in the market price being lower than it would without these provisions.

Although AmpliPhi believes these provisions collectively provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with AmpliPhi's board of directors, they would apply even if an offer may be considered beneficial by some shareholders. In addition, these provisions may frustrate or prevent any attempts by AmpliPhi's shareholders to replace or remove AmpliPhi's current management by making it difficult for shareholders to replace members of AmpliPhi's board of directors, which is responsible for appointing the members of AmpliPhi's management.

**Risks Related to C3J's Business**

C3J has a limited operating history, has incurred significant operating losses since inception and expects to incur significant operating losses for the foreseeable future. C3J may never become profitable or, if achieved, be able to sustain profitability.

To date, C3J has funded its operations primarily through private placement offerings of equity securities. From inception through December 31, 2018, C3J received net proceeds of approximately \$136.6 million from the issuance of shares of its common stock and warrants to purchase common stock. In addition, in connection with the execution of the Merger Agreement, certain shareholders of C3J have agreed to invest \$10.0 million of gross proceeds in the Financing. As of December 31, 2018, C3J had cash and cash equivalents of \$9.7 million. C3J has incurred significant operating losses since its inception and expects to incur significant losses for the foreseeable future as C3J continues its development programs for Synthetic Phage for *P. aeruginosa* respiratory infections, and its STAMP-based product candidates, including C16G2, a STAMP targeting *S. mutans* that C3J is engineering into a phage to create a C16G2 Synthetic Phage, and STAMPs or Synthetic Phage, in combination or individually for other multi-drug resistant pathogens, collectively referred to herein as Product Candidates. In the future, C3J intends to continue to conduct research and development, clinical testing, regulatory compliance and, if its Product Candidates or other future product candidates, are approved for sale, and if C3J has not entered into partnerships for sales, marketing with third

party companies that would cover costs associated with these activities, sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in C3J incurring further significant losses for the foreseeable future.

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C3J currently generates no revenue from product sales, and may never be able to commercialize its Product Candidates, or other future product candidates. C3J does not currently have the required approvals to market its Product Candidates and C3J may never receive them. C3J may not be profitable even if it or any of its future development partners succeed in commercializing any of C3J's Product Candidates. Because of the numerous risks and uncertainties associated with developing and commercializing C3J's Product Candidates, C3J is unable to predict the extent of any future losses or when it will become profitable, if at all.

C3J has financed its research and development activities by raising over \$135.0 million in equity financings since its inception. As a result of the Merger, an additional \$10.0 million will be invested into the combined company. Without the \$10.0 million financing, and other equity or non-dilutive financings in the future, until C3J generates positive cash-flow from operations, C3J expects to continue to incur losses as it advances its product candidates in FDA (and international) regulated clinical trials. Although C3J has a successful track record, equity financings may not always be available and C3J's recurring losses and negative cash flows from operations raise substantial doubt about its ability to continue as a going concern. As a result, the audit report of C3J's independent registered public accounting firm contained in C3J's consolidated financial statements as of and for the years ended December 31, 2018 and 2017 included elsewhere in this proxy statement includes an explanatory paragraph that describes conditions that raise substantial doubt about C3J's ability to continue as a going concern. If C3J is unable to obtain adequate financing when needed, it could be forced to delay, reduce or eliminate its research and development programs or other operations. If any of these events occur, C3J's ability to achieve its development and commercialization goals would be adversely affected.

C3J's business depends on the success of its Product Candidates, which are still in preclinical or clinical development, and its other future product candidates. If C3J is unable to obtain regulatory approval for or successfully commercialize its Product Candidates, or its other future product candidates, its business will be materially harmed. To date, C3J's business has been focused on the acquisition and development of its Product Candidates, including its STAMP platform, led by its clinical testing of C16G2, and its Synthetic Phage Product Candidates led by the development of a Synthetic Phage for *P. aeruginosa*. Successful continued development and ultimate regulatory approval of its Product Candidates is critical to the future success of its business. C3J has invested, and will continue to invest, a significant portion of its time and financial resources in the clinical development of its Product Candidates. C3J will need to raise sufficient funds to successfully complete its clinical development programs for its Product Candidates. The future regulatory and commercial success of its Product Candidates are subject to a number of risks, including the following:

- C3J may not have sufficient financial and other resources to complete the necessary preclinical or clinical trials for its Product Candidates including but not limited to Phase 2 clinical trials and, later, registrational clinical trials to obtain drug approval;
- C3J may not be able to obtain adequate evidence from clinical trials of efficacy and safety for its Product Candidates;
- C3J does not know the degree to which its Product Candidates will be accepted as a therapy by physicians, patients and payors, even if approved;
- in its clinical programs for its Product Candidates, C3J may experience variability in patients, adjustments to clinical trial procedures and the need for additional clinical trial sites, which could delay its clinical trial progress;
- the results of its clinical trials may not meet the level of statistical or clinical significance required by the United States Food and Drug Administration, or FDA, or comparable foreign regulatory bodies for marketing approval;

- patients in C3J's clinical trials may die or suffer other adverse effects for reasons that may or may not be related to its Product Candidates, which could delay or prevent further clinical development;
- the standards implemented by clinical or regulatory agencies may change at any time;

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- the FDA or foreign clinical or regulatory agencies may require efficacy endpoints for a Phase 3 clinical trial that differ from the endpoints of C3J's current or future trials, which may require C3J to conduct additional clinical trials; and

- C3J may not be able to obtain, maintain or enforce its patents and other intellectual property rights.

Of the large number of drugs in development in the pharmaceutical industry, only a small percentage results in the submission of a new drug application, or NDA, to the FDA and even fewer are approved for commercialization. Furthermore, even if C3J does receive regulatory approval to market its Product Candidates, any such approval may be subject to limitations on the indicated uses or patient populations for which C3J may market the products. Accordingly, even if C3J is able to obtain the requisite financing to continue to fund its development programs, C3J may be unable to successfully develop or commercialize its Product Candidates. If C3J or any of its future development partners are unable to develop, or obtain regulatory approval for, or, if approved, successfully commercialize its Product Candidates, C3J may not be able to generate sufficient revenue to continue its business. The results of preclinical studies and early clinical trials are not always predictive of future results. Any Product Candidate that C3J advances into clinical trials may not have favorable results in later clinical trials or receive regulatory approval.

Drug development has inherent risk. C3J will be required to demonstrate through adequate and well-controlled clinical trials that its product candidates are safe and effective, with a favorable benefit-risk profile, for use in their target indications before C3J can seek regulatory approvals for their commercial sale. Clinical studies are expensive, difficult to design and implement, can take many years to complete and are uncertain as to outcome. Delay or failure can occur at any stage of development, including after commencement of any of C3J's clinical trials. In addition, success in early clinical trials does not mean that later clinical trials will be successful, because later-stage clinical trials may be conducted in broader patient populations and involve different study designs. For instance, C3J's Phase 1 results may not be predictive of any future Phase 2 results. Furthermore, C3J's future trials will need to demonstrate sufficient safety and efficacy in larger patient populations for approval by regulatory authorities. Companies frequently suffer significant setbacks in advanced clinical trials, even after earlier clinical trials have shown promising results. In addition, only a small percentage of drugs under development result in the submission of an NDA to the FDA and even fewer are approved for commercialization.

C3J cannot be certain that any of its ongoing or future clinical trials will be successful, and any safety concerns observed in any one of its clinical trials in its targeted indications could limit the prospects for regulatory approval of its product candidates in those and other indications.

If C3J encounters difficulties enrolling patients in its clinical trials, its clinical development activities could be delayed or otherwise adversely affected.

C3J may not be able to initiate, continue, or complete clinical trials required by the FDA or foreign regulatory agencies for its Product Candidates if it is unable to locate and enroll a sufficient number of eligible patients to participate in these clinical trials. Patient enrollment, a significant factor in the timing to conduct and complete clinical trials, is affected by many factors, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials, and clinicians' and patients' perceptions as to the potential advantages and disadvantages of the product candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications C3J is investigating. Potential patients for its Product Candidates may not be adequately diagnosed or identified with the diseases which C3J is targeting or may not meet the entry criteria for C3J's studies.

C3J will be required to identify and enroll a sufficient number of patients for each of its clinical trials of its Product Candidates for their respective indications. C3J also may encounter difficulties in identifying and enrolling patients with a stage of infection appropriate for its ongoing or future clinical trials. C3J may not be able to initiate or continue clinical trials if it is unable to locate a sufficient number of eligible

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patients to participate in the clinical trials required by the FDA or other foreign regulatory agencies. In addition, the process of finding and diagnosing patients may prove costly. C3J's inability to enroll a sufficient number of patients for any of its clinical trials would result in significant delays or may require C3J to abandon one or more clinical trials. If clinical trials or regulatory approval processes for C3J's Product Candidates are prolonged, delayed or suspended, C3J may be unable to commercialize its Product Candidates on a timely basis, which would require C3J to incur additional costs and delay C3J's receipt of any revenue from potential product sales.

C3J cannot predict whether it will encounter problems with any of its completed, ongoing or planned clinical trials that will cause C3J or any regulatory authority to delay or suspend those clinical trials or delay the analysis of data derived from them. A number of events, including any of the following, could delay the completion of C3J's ongoing and planned clinical trials and negatively affect its ability to obtain regulatory approval for, and to market and sell, a particular Product Candidate:

- conditions imposed on C3J by the FDA or other regulatory authorities regarding the scope or design of its clinical trials;
- insufficient supply of C3J product candidates or other materials necessary to conduct and complete its clinical trials;
- slow enrollment and retention rate of subjects in its clinical trials; and
- serious and unexpected drug-related side effects related to the product candidate being tested.

Commercialization of C3J's Product Candidates may be delayed by the imposition of additional conditions on its clinical trials by the FDA or any other applicable foreign regulatory authority or the requirement of additional supportive studies by the FDA or such foreign regulatory authority.

C3J does not know whether C3J's clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, if at all. Delays in the initiation, enrollment or completion of C3J's clinical trials will result in increased development costs for its Product Candidates, and its financial resources may be insufficient to fund any incremental costs. In addition, if C3J's clinical trials are delayed, its competitors may be able to bring products to market before it does and the commercial viability of its Product Candidates could be limited.

If C3J fails to obtain the capital necessary to fund its operations, C3J will be unable to successfully develop and commercialize its Product Candidates and/or other future product candidates.

Although C3J believes that AmpliPhi's net cash available at the closing of the Merger, together with C3J's existing cash and cash equivalents and the proceeds from the Financing, will be sufficient to fund the combined company's operations through the first half of 2020, C3J will require substantial additional future working capital in order to complete the remaining clinical development for its Product Candidates, and any of C3J's future product candidates, through potential regulatory approval and through potential commercialization of these product candidates. The amount and timing of any expenditure needed to implement C3J's development and commercialization programs will depend on numerous factors, including:

- the type, number, scope, progress, expansion costs, results of and timing of C3J's ongoing or future clinical trials or the need for additional clinical trials of its Product Candidates for their respective indications, or any other product candidates which C3J is pursuing or may choose to pursue in the future;
- the costs of obtaining, maintaining and enforcing its patents and other intellectual property rights;
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the costs and timing of obtaining or maintaining manufacturing for its Product Candidates for their respective indications, and any other product candidates, including commercial manufacturing if any product candidate is approved;

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the costs and timing of establishing sales, marketing and reimbursement capabilities and enhanced internal controls over financial reporting;

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- the terms and timing of establishing and maintaining collaborations, license agreements and other partnerships;
- costs associated with any new product candidates that C3J may develop, in-license or acquire;
- the effect of competing technological and market developments;
- the costs associated with being a public company; and
- the costs of obtaining regulatory approval.

Some of these factors are outside of C3J's control. C3J does not expect its existing capital resources, together with the net cash of AmpliPhi at the closing of the Merger and the proceeds from the Financing, to be sufficient to enable it to fund the completion of its clinical trials and commercialization of its Product Candidates. C3J expects that it will need to raise substantial additional funds in the future.

C3J has not sold any products, and it does not expect to sell or derive revenue from any product sales for the foreseeable future. C3J may seek additional funding through future debt financings and potentially dilutive equity financings, as well as potential additional collaborations or strategic partnerships with other companies or through non-dilutive financings. Additional funding may not be available to C3J on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of C3J's shareholders. In addition, the issuance of additional shares by C3J, or the possibility of such issuance, may cause the market price of C3J's shares to decline. If C3J is unable to obtain additional funding on a timely basis, C3J may be unable to complete planned clinical trials for its Product Candidates for their respective indications, and any of its other product candidates, and C3J may be required to significantly curtail some or all of its activities. C3J also could be required to seek funds through arrangements with collaborative partners or otherwise that may require C3J to relinquish rights to its product candidates or otherwise agree to terms unfavorable to C3J.

C3J's industry is highly competitive, and its product candidates may become obsolete.

C3J is engaged in a rapidly evolving field. Competition from other pharmaceutical companies, biotechnology companies and research and academic institutions is intense and likely to increase. Many of those companies and institutions have substantially greater financial, technical and human resources than C3J. Those companies and institutions also have substantially greater experience in developing products, conducting clinical trials, obtaining regulatory approval and in manufacturing and marketing pharmaceutical products. C3J's competitors may succeed in obtaining regulatory approval for their products more rapidly than it does. Competitors have developed or are in the process of developing technologies that are, or in the future may be, the basis for competitive products. Some of these competitive products may have an entirely different approach or means of accomplishing the desired therapeutic effect than products being developed by C3J. C3J's competitors may succeed in developing products that are more effective and/or cost competitive than those it is developing, or that would render its product candidates less competitive or even obsolete. In addition, one or more of C3J's competitors may achieve product commercialization or patent protection earlier than C3J, which could materially adversely affect C3J's business.

If the FDA or other applicable regulatory authorities approve generic products that compete with any of C3J's or any of its partners' product candidates, the sales of C3J's product candidates would be adversely affected.

Once an NDA or marketing authorization application outside the United States is approved, the product covered thereby becomes a "listed drug" that can, in turn, be cited by potential competitors in support of approval of an abbreviated new drug application in the United States. Agency regulations and other applicable regulations and policies provide incentives to manufacturers to create modified, non-infringing versions of a drug to facilitate the approval of an abbreviated new drug application or other application for generic substitutes in the United States and in

nearly every pharmaceutical market around the world. These manufacturers might only be required to conduct a relatively inexpensive study to show that their product has the same active ingredient(s), dosage form, strength, route of administration and conditions of use, or labeling, as C3J's product and that the generic product is bioequivalent to C3J's product, meaning it is absorbed in the body at the same rate and to the same extent as C3J's product. These

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generic equivalents, which must meet the same quality standards as branded pharmaceuticals, would be significantly less costly than C3J's product to bring to market, and companies that produce generic equivalents are generally able to offer their products at lower prices. Thus, after the introduction of a generic competitor, a significant percentage of the sales of any branded product are typically lost to the generic product. Accordingly, competition from generic equivalents to C3J's product or any of its partners' future products, if any, would materially adversely affect C3J's future revenue, profitability and cash flows and substantially limit its ability to obtain a return on the investments C3J has made and expects to make in its or any of its partners' product candidates, including its Product Candidates.

If physicians and patients do not accept C3J's future products or if the market for indications for which any Product Candidate is approved is smaller than expected, C3J may be unable to generate significant revenue, if any.

Even if any of C3J's Product Candidates or future product candidates obtain regulatory approval, they may not gain market acceptance among physicians, patients, and third-party payers. Physicians may decide not to recommend its treatments for a variety of reasons including:

- timing of market introduction of competitive products;
- demonstration of clinical safety and efficacy compared to other products;
- cost-effectiveness;
- limited or no coverage by third-party payers;
- convenience and ease of administration;
- prevalence and severity of adverse side effects;
- restrictions in the label of the drug;
- other potential advantages of alternative treatment methods; and
- ineffective marketing and distribution support of its products.

If any of C3J's Product Candidates are approved but fail to achieve market acceptance or such market is smaller than anticipated, C3J may not be able to generate significant revenue and its business would suffer.

As C3J evolves from a company that is primarily involved in clinical development to a company that is also involved in commercialization, it may encounter difficulties in expanding its operations successfully.

As C3J advances its Product Candidates through clinical trials, it will need to expand its development, regulatory, manufacturing, and marketing and sales capabilities and may need to further contract with third parties to provide these capabilities. As its operations expand, C3J likely will need to manage additional relationships with such third parties, as well as additional collaborators, distributors, marketers and suppliers.

Maintaining third party relationships for these purposes will impose significant added responsibilities on members of C3J's management and other personnel. C3J must be able to effectively manage its development efforts; recruit and train sales and marketing personnel, effectively manage its participation in the clinical trials in which its product

candidates are involved and improve its managerial, development, operational and finance systems, all of which may impose a strain on C3J's administrative and operational infrastructure.

If C3J enters into arrangements with third parties to perform sales, marketing or distribution services, any product revenues that it receives, or the profitability of these product revenues to C3J, are likely to be lower than if C3J were to market and sell any products that it develops without the involvement of these third parties. In addition, C3J may not be successful in entering into arrangements with third parties to sell and market its products or in doing so on terms that are favorable to C3J. C3J likely will have little control

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over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market its products effectively. If C3J does not establish sales and marketing capabilities successfully, either on its own or in collaboration with third parties, C3J will not be successful in commercializing its products.

The uncertainty associated with pharmaceutical reimbursement and related matters may adversely affect C3J's business.

Market acceptance and sales of any one or more of C3J's Product Candidates will depend on reimbursement policies and may be affected by future healthcare reform measures in the United States and in foreign jurisdictions.

Government authorities and third-party payers, such as private health insurers and health maintenance organizations, decide which drugs they will cover and establish payment levels. C3J cannot be certain that reimbursement will be available for any of C3J's product candidates. Also, C3J cannot be certain that reimbursement policies will not reduce the demand for, or the price paid for, C3J products. If reimbursement is not available or is available on a limited basis, C3J may not be able to successfully commercialize any product candidates that it develops.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, also called the Medicare Modernization Act, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation established Medicare Part D, which expanded Medicare coverage for outpatient prescription drug purchases by the elderly but provided authority for limiting the number of drugs that will be covered in any therapeutic class. The MMA also introduced a new reimbursement methodology based on average sales prices for physician-administered drugs.

The United States and several foreign jurisdictions are considering, or have already enacted, a number of legislative and regulatory proposals to change the healthcare system in ways that could affect its ability to sell its products profitably. Among policy makers and payers in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access to healthcare. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. C3J expects to experience pricing pressures in connection with the sale of any products that it develops due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative proposals.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively, ACA, became law in the United States, which substantially changed the way healthcare is financed by both governmental and private insurers. While C3J cannot predict what impact on federal reimbursement policies this legislation will have in general or on C3J's business specifically, the ACA may result in downward pressure on pharmaceutical reimbursement, which could negatively affect market acceptance of, and the price C3J may charge for, any products it develops that receive regulatory approval. C3J also cannot predict the impact of ACA on C3J as many of the ACA reforms require the promulgation of detailed regulations implementing the statutory provisions, which have not yet been fully implemented.

If any product liability lawsuits are successfully brought against C3J or any of its collaborative partners, C3J may incur substantial liabilities and may be required to limit commercialization of its product candidates.

C3J faces an inherent risk of product liability lawsuits related to the testing of its product candidates in seriously ill patients and will face an even greater risk if product candidates are approved by regulatory authorities and introduced commercially. Product liability claims may be brought against C3J or its partners by participants enrolled in C3J's clinical trials, patients, healthcare providers or others using, administering or selling any of C3J's future approved products. If C3J cannot successfully defend itself against any such claims, it may incur substantial liabilities.

Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any of C3J's future approved products;
- injury to C3J's reputation;
- withdrawal of clinical trial participants;



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- termination of clinical trial sites or entire trial programs;
- significant litigation costs;
- substantial monetary awards to or costly settlements with patients or other claimants;
- product recalls or a change in the indications for which products may be used;
- loss of revenue;
- diversion of management and scientific resources from C3J's business operations; and
- the inability to commercialize C3J's product candidates.

If any of C3J's product candidates are approved for commercial sale, C3J will be highly dependent upon consumer perceptions of C3J and the safety and quality of its products. C3J could be adversely affected if it is subject to negative publicity. C3J could also be adversely affected if any of its products or any similar products distributed by other companies prove to be, or are asserted to be, harmful to patients. Also, because of C3J's dependence upon consumer perceptions, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of C3J's products or any similar products distributed by other companies could have a material adverse impact on C3J's results of operations.

C3J does not currently hold product liability insurance coverage. Prior to commercialization of its product candidates, C3J will need to purchase insurance coverage. As a result, C3J may be unable to maintain or obtain sufficient insurance at a reasonable cost to protect C3J against losses that could have a material adverse effect on its business. These liabilities could prevent or interfere with C3J's product development and commercialization efforts. A successful product liability claim or series of claims brought against C3J, particularly if judgments exceed C3J's insurance coverage, could decrease C3J's cash resources and adversely affect its business, financial condition and results of operations.

C3J's employees, contractors and partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.

C3J is exposed to the risk of fraud or other misconduct by its employees, contractors or partners. Misconduct by these parties could include failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with federal and state healthcare fraud and abuse laws and regulations, to report financial information or data timely, completely or accurately, or to disclose unauthorized activities to C3J. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Third-party misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to C3J's reputation. It is not always possible to identify and deter misconduct, and the precautions C3J takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting C3J from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against C3J resulting from this misconduct and C3J is not successful in defending itself or

asserting its rights, those actions could have a significant impact on its business, including the imposition of significant fines or other sanctions.

C3J enters into various contracts in the normal course of its business in which C3J indemnifies the other party to the contract. In the event C3J has to perform under these indemnification provisions, it could have a material adverse effect on its business, financial condition and results of operations.

In the normal course of business, C3J periodically enters into academic, commercial, service, collaboration, licensing, consulting and other agreements that contain indemnification provisions. With respect to C3J's academic and other research agreements, C3J typically indemnifies the institution and related parties from losses arising from claims relating to the products, processes or services made, used, sold or performed pursuant to the agreements for which C3J has secured licenses, and from claims arising from C3J's or its potential sublicensees' exercise of rights under the agreement. With respect to C3J's

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commercial agreements, C3J indemnifies its vendors from any third-party product liability claims that could result from the production, use or consumption of the product, as well as for alleged infringements of any patent or other intellectual property right by a third party.

Should C3J's obligation under an indemnification provision exceed applicable insurance coverage or if C3J were denied insurance coverage, C3J's business, financial condition and results of operations could be adversely affected. Similarly, if C3J is relying on a collaborator to indemnify C3J and the collaborator is denied insurance coverage or the indemnification obligation exceeds the applicable insurance coverage, and if the collaborator does not have other assets available to indemnify C3J, its business, financial condition and results of operations could be adversely affected.

Because its Product Candidates have not yet received regulatory approval for any indication, it is difficult to predict the time and cost of development and C3J's ability to successfully complete clinical development and obtain the necessary regulatory approvals for commercialization.

C3J's Product Candidates have not yet received regulatory approval for their respective indications, and unexpected problems may arise that could cause C3J to delay, suspend or terminate its development efforts in any or all indications. Further, its Product Candidates have not yet demonstrated efficacy in patients, and the long-term safety consequences of each of its Product Candidates are not known.

Any product candidate in C3J's current or future clinical trials may cause unacceptable adverse events or have other properties that may delay or prevent its regulatory approval or commercialization or limit its commercial potential. Unacceptable adverse events caused by any of C3J's product candidates in current or future clinical trials could cause C3J or regulatory authorities to interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications and markets. This in turn could prevent C3J from completing development of or commercializing the affected product candidate and generating revenue from its sale. If any of C3J's product candidates cause unacceptable adverse events in clinical trials, C3J may not be able to obtain regulatory approval or commercialize such product candidate.

If C3J fails to develop and commercialize other product candidates, C3J may be unable to grow its business.

Although the development and commercialization of its Product Candidates is C3J's primary focus, as part of its longer-term growth strategy, C3J plans to evaluate the development and commercialization of other therapies developed from its STAMP Platform or Synthetic Phage Platform including products that are created by combining both platforms, such as a synthetic *S. mutans* phage engineered with the C16G2 STAMP. These other product candidates may require additional, time-consuming development efforts prior to commercial sale, including preclinical studies, clinical trials and approval by the FDA and/or applicable foreign regulatory authorities. All product candidates are prone to the risks of failure that are inherent in pharmaceutical product development, including the possibility that the product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. In addition, C3J cannot assure you that any such products that are approved will be manufactured or produced economically, be successfully commercialized, be widely accepted in the marketplace, or be more effective than other commercially available alternatives.

### Risks Related to C3J's Development, Commercialization and Regulatory Approval

If C3J is unable to obtain required regulatory approvals, it will be unable to market and sell its product candidates.

C3J's product candidates are subject to extensive governmental regulations relating to development, clinical trials, manufacturing, oversight of clinical investigators, recordkeeping and commercialization. Rigorous preclinical testing and clinical trials and an extensive regulatory review and approval process are required to be successfully completed in the United States and in each foreign jurisdiction in which C3J offers its products before a new drug can be sold in such jurisdictions. Satisfaction of these and other

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regulatory requirements is costly, time consuming, uncertain, and subject to unanticipated delays. The time required to obtain approval by the FDA, or the regulatory authority in such other jurisdictions is unpredictable and often exceeds five years following the commencement of clinical trials, depending upon the complexity of the product candidate. In connection with the clinical development of its product candidates, C3J faces risks that:

- the product candidate may not prove to be safe and efficacious;
- patients may die or suffer serious adverse effects for reasons that may or may not be related to the product candidate being tested;
- C3J may fail to maintain adequate records of observations and data from its clinical trials, to establish and maintain sufficient procedures to oversee, collect data from, and manage clinical trials, or to monitor clinical trial sites and investigators to the satisfaction of the FDA or other regulatory agencies;
- the results of later-phase clinical trials may not confirm the results of earlier clinical trials; and
- the results from clinical trials may not meet the level of statistical significance or clinical benefit-to-risk ratio required by the FDA or other regulatory agencies to receive marketing approval.

Only a small percentage of product candidates for which clinical trials are initiated receive approval for commercialization. Furthermore, even if C3J does receive regulatory approval to market a product candidate, any such approval may be subject to limitations such as those on the indicated uses for which C3J may market a particular product candidate.

If C3J loses key management personnel, or if C3J fails to recruit additional highly skilled personnel, its ability to identify, develop and commercialize products will be impaired.

C3J is highly dependent on its current Chief Executive Officer, Todd R. Patrick, who will continue as the Chief Executive Officer of the combined company following the Merger, its Chief Development Officer, Brian Varnum, Ph.D., who will transition to President and Chief Development Officer of the combined company, and its Vice President of Operations, Duane Morris, who will continue as the Vice President of Operations of the combined company. The loss of Mr. Patrick, Dr. Varnum, Mr. Morris, or any other key member of C3J's staff would impair C3J's ability to identify, develop and market new products. The loss of the services of these key personnel, or the inability to attract and retain additional qualified personnel, could result in delays to development or approval, loss of sales and diversion of management resources. In addition, C3J depends on its ability to attract and retain other highly skilled personnel. Competition for qualified personnel is intense, and the process of hiring and integrating such qualified personnel is often lengthy. C3J may be unable to recruit such personnel on a timely basis, if at all, which would negatively affect C3J's development and commercialization programs.

Additionally, C3J does not currently maintain "key person" life insurance on the lives of Mr. Patrick, Dr. Varnum, Mr. Morris, or any other key personnel and does not expect to maintain such a policy for the combined company following the Merger. This lack of insurance means that C3J may not receive adequate compensation for the loss of the services of these individuals.

C3J currently has no marketing, sales or distribution infrastructure with respect to its product candidates. If C3J is unable to develop its sales, marketing and distribution capability on its own or through collaborations with marketing partners, C3J will not be successful in commercializing its product candidates.

C3J currently has no marketing, sales or distribution capabilities and has limited sales or marketing experience within its organization. If any of C3J's product candidates, including its current Product Candidates, are approved, C3J intends either to establish a sales and marketing organization with technical expertise and supporting distribution

capabilities to commercialize its Product Candidates, or to outsource this function to a third party. Either of these options would be expensive and time consuming. Some or all of these costs may be incurred in advance of any approval of its Product Candidates. In addition, C3J may

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not be able to hire a sales force in the United States that is sufficient in size or has adequate expertise in the medical markets that C3J intends to target. Any failure or delay in the development of C3J's internal sales, marketing and distribution capabilities would adversely affect the commercialization of its Product Candidates and other future product candidates.

With respect to C3J's existing and future product candidates, C3J may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment its own sales force and distribution systems or as an alternative to C3J's own sales force and distribution systems. To the extent that C3J enters into co-promotion or other licensing arrangements, C3J's product revenue may be lower than if it directly marketed or sold any approved products. In addition, any revenue C3J receives will depend in whole or in part upon the efforts of these third parties, which may not be successful and are generally not within C3J's control. If C3J is unable to enter into these arrangements on acceptable terms or at all, C3J may not be able to successfully commercialize any approved products. If C3J is not successful in commercializing any approved products, either on its own or through collaborations with one or more third parties, C3J's future product revenue will suffer and it may incur significant additional losses.

C3J's product candidates will remain subject to ongoing regulatory review even if they receive marketing approval, and if C3J fails to comply with continuing regulations, C3J could lose these approvals and the sale of any approved C3J commercial products could be suspended.

Even if C3J receives regulatory approval to market a particular product candidate, the manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, and record keeping related to the product will remain subject to extensive regulatory requirements. If C3J fails to comply with the regulatory requirements of the FDA and other applicable domestic and foreign regulatory authorities, or previously unknown problems with any approved product, manufacturer, or manufacturing process are discovered, C3J could be subject to administrative or judicially imposed sanctions, including:

- restrictions on the products, manufacturers, or manufacturing processes;
- warning letters;
- civil or criminal penalties;
- fines;
- injunctions;
- product seizures or detentions;
- pressure to initiate voluntary product recalls;
- suspension or withdrawal of regulatory approvals; and
- refusal to approve pending applications for marketing approval of new products or supplements to approved applications.

Even if C3J obtains FDA approval of its Product Candidates or any other future product candidate, C3J or its partners may never obtain approval or commercialize its products outside of the United States, which would limit C3J's ability to realize their full market potential.

In order to market any products outside of the United States, C3J must establish and comply with numerous and varying regulatory requirements of other countries regarding clinical trial design, safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approvals could result in significant delays, difficulties and costs for C3J and may require additional preclinical studies or clinical trials which would be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of C3J's products in those countries. Satisfying these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. In addition, C3J's failure to obtain regulatory approval in any country may delay or

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have negative effects on the process for regulatory approval in other countries. C3J and its partners do not have any product candidates approved for sale in any jurisdiction, including international markets, and C3J does not have experience in obtaining regulatory approval in international markets. If C3J or its partners fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, C3J's target market will be reduced and its ability to realize the full market potential of its products will be harmed.

If C3J does not obtain protection under the Hatch-Waxman Amendments and similar foreign legislation by extending the term of patents covering each of C3J's product candidates, C3J's business may be materially harmed.

Depending upon the timing, duration and conditions of FDA marketing approval of C3J's product candidates, one or more of C3J's United States patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, C3J may not receive an extension if it fails to apply within applicable deadlines, fails to apply prior to expiration of relevant patents or otherwise fails to satisfy applicable requirements. Moreover, the length of the extension could be less than C3J requests. If C3J is unable to obtain a patent term extension or the term of any such extension is less than C3J requests, the period during which C3J can enforce its patent rights for that product may not extend beyond the current patent expiration dates and C3J's competitors may obtain approval to market competing products sooner. As a result, C3J's revenue could be materially reduced.

If C3J or its partners market products in a manner that violates fraud and abuse and other healthcare laws, or if C3J or its partners violate government price reporting laws, C3J or its partners may be subject to administrative, civil and/or criminal penalties.

In addition to FDA restrictions on marketing of pharmaceutical products, several other types of state and federal healthcare laws, including those commonly referred to as "fraud and abuse" laws, have been applied in recent years to restrict certain marketing practices in the pharmaceutical industry. These laws include, among others, false claims and anti-kickback statutes. At such time, if ever, as C3J or any of its partners market any of its future approved products, it is possible that some of the business activities of C3J and/or its partners could be subject to challenge under one or more of these laws.

Federal false claims, false statements and civil monetary penalties laws prohibit, among other things, any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. The federal healthcare program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other. Although there are several statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution, the exceptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exception or safe harbor.

In addition, C3J and/or its partners may be subject to data privacy and security regulation, including the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, and their respective implementing regulations, which impose specified requirements relating to the privacy, security and transmission of individually identifiable health information.

Most states also have statutes or regulations similar to these federal laws, which may apply to items such as pharmaceutical products and services reimbursed by private insurers. C3J and/or its partners may be subject to administrative, civil and criminal sanctions for violations of any of these federal and state laws. Pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of

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promotional and marketing activities, such as: providing free trips, free goods, sham consulting fees and grants and other monetary benefits to prescribers; reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates.

Risks Related to C3J's Reliance on Third Parties

C3J relies on third parties for aspects of product development.

C3J relies on third parties for certain aspects of product development, such as for animal pharmacology and toxicology studies, and analytical assay development. In particular, C3J entered into the Research and Option Agreement with PharmaCo (each as defined below) to engage in research of engineered phage, or a combination of two or more engineered phages, that infect specific bacteria, pursuant to the criteria set forth in the research plan. For more information about the Research and Option Agreement, please refer to the section entitled "C3J Business — Preclinical and Clinical Development Programs — Research Collaboration and Option to License Agreement" below. Because C3J relies on third parties to conduct certain activities, C3J has less control over the success of these programs than it would if it was conducting them on its own. Factors beyond C3J's control that could impact the success of these programs include the amount of resources devoted to the programs by the applicable third party, the staffing of those projects by third-party personnel, and the amount of time such personnel devote to its programs compared to other programs. Failure of C3J's third-party collaborators to successfully complete the projects that C3J is working on with them could result in delays in product development and the need to expend additional resources, increasing C3J's expenses beyond current expectations. In addition, the termination of any material agreement with any third party upon which C3J relies, including but not limited to PharmaCo, could have a material adverse impact on C3J's business, product development efforts, and ability to commercialize its products or obtain regulatory approval. C3J will rely on third parties to conduct C3J's clinical trials, and their failure to perform their obligations in a timely or competent manner may delay development and commercialization of its product candidates.

C3J expects to use third parties, such as clinical research organizations, to assist in conducting its clinical trials. However, C3J may face delays outside of its control if these third parties do not perform their obligations in a timely or competent fashion or if C3J is forced to change service providers. This risk is heightened for clinical trials conducted outside of the United States, where it may be more difficult to ensure that clinical trials are conducted in compliance with FDA requirements. Any third party that C3J hires to conduct clinical trials may also provide services to C3J's competitors, which could compromise the performance of their obligations to C3J. If C3J experiences significant delays in the progress of its clinical trials, the commercial prospects for product candidates could be harmed and AmpliPhi's ability to generate product revenue would be delayed or prevented.

C3J's reliance on third parties may require it to share its trade secrets, which will increase the possibility that a competitor will discover them or that C3J's trade secrets will be misappropriated or disclosed.

Because C3J may rely on third parties to conduct its clinical trials and to produce its product candidates, C3J must, at times, share trade secrets with them. C3J will seek to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with its third-party contractors and consultants prior to disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose C3J's confidential information, including its trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by C3J's competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that C3J's proprietary position is based, in part, on its know-how and trade secrets, a competitor's discovery of C3J's trade secrets or other unauthorized use or disclosure would impair C3J's competitive position and may have a material adverse effect on its business.

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### Risks Related to C3J's Intellectual Property

C3J depends on patents and proprietary technology. If C3J fails to adequately protect this intellectual property or if C3J otherwise does not have exclusivity for the marketing of its products, its ability to commercialize products could suffer.

C3J's commercial success will depend in part on its ability to obtain and maintain patent protection sufficient to prevent others from marketing its product candidates, as well as to defend and enforce these patents against infringement and to operate without infringing the proprietary rights of others. Protection of C3J's product candidates from unauthorized use by third parties will depend on having valid and enforceable patents cover its product candidates or their manufacture or use or having effective trade secret protection. If C3J's patent applications do not result in issued patents, or if C3J's patents are found to be invalid, C3J will lose the ability to exclude others from making, using or selling the inventions claimed therein. C3J has a limited number of patents and pending patent applications.

The patent positions of biotechnology companies can be uncertain and involve complex legal and factual questions. This is due to inconsistent application of policy and changes in policy relating to examination and enforcement of biotechnology patents to date on a global scale. The laws of some countries may not protect intellectual property rights to the same extent as the laws of countries having well-established patent systems, and those countries may lack adequate rules and procedures for defending C3J's intellectual property rights. Also, changes in either patent laws or in interpretations of patent laws may diminish the value of C3J's intellectual property. C3J is not able to guarantee that all of its patent applications will result in the issuance of patents and C3J cannot predict the breadth of claims that may be allowed in its patent applications or in the patent applications it may license from others.

Central provisions of The Leahy-Smith America Invents Act, or the America Invents Act, went into effect on September 16, 2012 and on March 16, 2013. The America Invents Act includes a number of significant changes to U.S. patent law. These changes include provisions that affect the way patent applications are being filed, prosecuted and litigated. For example, the America Invents Act enacted proceedings involving post-issuance patent review procedures, such as inter partes review, or IPR, and post-grant review, that allow third parties to challenge the validity of an issued patent in front of the United States Patent and Trademark Office, or the U.S. PTO, Patent Trial and Appeal Board. Each proceeding has different eligibility criteria and different patentability challenges that can be raised. IPRs permit any person (except a party who has been litigating the patent for more than a year) to challenge the validity of the patent on the grounds that it was anticipated or made obvious by prior art. Patents covering pharmaceutical products have been subject to attack in IPRs from generic drug companies and from hedge funds. If it is within nine months of the issuance of the challenged patent, a third party can petition the U.S. PTO for post-grant review, which can be based on any invalidity grounds and is not limited to prior art patents or printed publications. In post-issuance proceedings, U.S. PTO rules and regulations generally tend to favor patent challengers over patent owners. For example, unlike in district court litigation, claims challenged in post-issuance proceedings are given their broadest reasonable meaning, which increases the chance that a claim might be invalidated by prior art or lack support in the patent specification. As another example, unlike in district court litigation, there is no presumption of validity for an issued patent, and thus, a challenger's burden to prove invalidity is by a preponderance of the evidence, as opposed to the heightened clear and convincing evidence standard. As a result of these rules and others, statistics released by the U.S. PTO show a high percentage of claims being invalidated in post-issuance proceedings. Moreover, with few exceptions, there is no standing requirement to petition the U.S. PTO for inter partes review or post-grant review. In other words, companies that have not been charged with infringement or that lack commercial interest in the patented subject matter can still petition the U.S. PTO for review of an issued patent. Thus, even where C3J has issued patents, its rights under those patents may be challenged and ultimately not provide C3J with sufficient protection against competitive products or processes.

The degree of future protection for C3J's proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect C3J's rights or permit it to gain or keep its competitive advantage. For example:

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- C3J might not be the first to file patent applications for its inventions;

- others may independently develop similar or alternative product candidates to any of C3J's product candidates that fall outside the scope of C3J's patents;

- C3J's pending patent applications may not result in issued patents;

- C3J's issued patents may not provide a basis for commercially viable products or may not provide C3J with any competitive advantages or may be challenged by third parties;

- others may design around C3J's patent claims to produce competitive products that fall outside the scope of C3J's patents;

- C3J may not develop additional patentable proprietary technologies related to C3J's product candidates; and

- C3J is dependent upon the diligence of its appointed agents in national jurisdictions, acting for and on its behalf, which control the prosecution of pending domestic and foreign patent applications and maintain granted domestic and foreign patents.

An issued patent does not guarantee C3J the right to practice the patented technology or commercialize the patented product. Third parties may have blocking patents that could be used to prevent C3J from commercializing C3J's patented products and practicing its patented technology. C3J's issued patents and those that may be issued in the future may be challenged, invalidated or circumvented, which could limit C3J's ability to prevent competitors from marketing the same or related product candidates or could limit the length of the term of patent protection of C3J's product candidates. Moreover, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any of C3J's product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent. Patent term extensions may not be available for these patents.

C3J relies on trade secrets and other forms of non-patent intellectual property protection. If C3J is unable to protect its trade secrets, other companies may be able to compete more effectively against C3J.

C3J relies on trade secrets to protect certain aspects of its technology, including its proprietary processes for manufacturing and purifying bacteriophages. Trade secrets are difficult to protect, especially in the pharmaceutical industry, where much of the information about a product must be made public during the regulatory approval process. Although C3J uses reasonable efforts to protect its trade secrets, its employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose C3J's information to competitors. Enforcing a claim that a third party illegally obtained and is using C3J's trade secret information is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to or may not protect trade secrets. Moreover, C3J's competitors may independently develop equivalent knowledge, methods and know-how.

If C3J is sued for infringing intellectual property rights of third parties or if C3J is forced to engage in an interference proceeding, it will be costly and time-consuming, and an unfavorable outcome in that litigation or interference would have a material adverse effect on C3J's business.

C3J's ability to commercialize its product candidates depends on its ability to develop, manufacture, market and sell its product candidates without infringing the proprietary rights of third parties. Numerous United States and foreign patents and patent applications, which are owned by third parties, exist in the general field of anti-infective products or in fields that otherwise may relate to C3J's product candidates. If C3J is shown to infringe, C3J could be enjoined from use or sale of the claimed invention if it is unable to prove that the patent is invalid. In addition, because patent applications can take many years to issue, there may be currently pending patent applications, unknown to C3J, which may later result in issued patents that C3J's product candidates may infringe, or which may trigger an interference proceeding regarding one of C3J's owned or licensed patents or applications. There could also be existing patents of which C3J is not aware that C3J's product candidates may inadvertently infringe or which may become involved in an interference proceeding.

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The biotechnology and pharmaceutical industries are characterized by the existence of a large number of patents and frequent litigation based on allegations of patent infringement. For so long as C3J's product candidates are in clinical trials, C3J believes its clinical activities fall within the scope of the exemptions provided by 35 U.S.C. Section 271(e) in the United States, which exempts from patent infringement liability activities reasonably related to the development and submission of information to the FDA. As C3J's clinical investigational drug product candidates progress toward commercialization, the possibility of a patent infringement claim against C3J increases. While C3J attempts to ensure that its active clinical investigational drugs and the methods it employs to manufacture them, as well as the methods for their use C3J intends to promote, do not infringe other parties' patents and other proprietary rights, C3J cannot be certain they do not, and competitors or other parties may assert that C3J infringes their proprietary rights in any event. C3J may be exposed to future litigation based on claims that its product candidates, or the methods it employs to manufacture them, or the uses for which it intends to promote them, infringe the intellectual property rights of others. C3J's ability to manufacture and commercialize its product candidates may depend on its ability to demonstrate that the manufacturing processes it employs and the use of its product candidates do not infringe third-party patents. If third-party patents were found to cover C3J's product candidates or their use or manufacture, C3J could be required to pay damages or be enjoined and therefore unable to commercialize its product candidates, unless it obtained a license. A license may not be available to C3J on acceptable terms, if at all.

C3J's rights to develop and commercialize its product candidates are subject in part to the terms and conditions of an exclusive license granted to C3J by The Regents of the University of California.

C3J entered into an exclusive license agreement, or the UCLA Agreement, with The Regents of the University of California, or UCLA, on April 24, 2007. Pursuant to the terms of the UCLA Agreement, UCLA granted an exclusive license to C3J of its rights in its specifically targeted antimicrobial peptide, or STAMP, platform, including rights to develop and commercialize any products developed using the STAMP platform. In exchange for the exclusive license, UCLA was entitled to receive from C3J an upfront payment, and is entitled to receive, for the term of the UCLA Agreement, milestone payments tied to the achievement of product development and regulatory milestones, and royalty payments based on net sales of products developed using the STAMP platform, subject to certain reductions. C3J must diligently proceed with the development, manufacture and sale of the products developed using the STAMP platform. Unless earlier terminated pursuant to other provisions of the UCLA Agreement, the UCLA Agreement will be effective for the life of the last-to-expire patent related to the STAMP platform, or until the last patent application licensed under the UCLA Agreement is abandoned, provided that no licensed patent is issued.

C3J does not have, nor has C3J had, any material disputes with UCLA regarding the UCLA Agreement. However, if there is any future dispute between C3J and UCLA regarding the parties' rights under the UCLA Agreement, C3J's ability to develop and commercialize any products developed using the STAMP platform may be materially harmed. Any uncured, material breach under the UCLA Agreement could result in C3J's loss of exclusive rights to the STAMP platform and may lead to a complete termination of the UCLA Agreement and force C3J to cease product development efforts for the STAMP platform.

C3J may fail to comply with any of its obligations under agreements pursuant to which it licenses rights or technology, which could result in the loss of rights or technology that are material to C3J's business.

C3J may enter into license agreements from time to time. Licensing of intellectual property is important to C3J's business and involves complex legal, business and scientific issues. Disputes may arise regarding intellectual property subject to a licensing agreement, including but not limited to:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which C3J's technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights;



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- C3J's diligence obligations under the license agreement and what activities satisfy those diligence obligations;

- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by C3J and its licensors and collaborators; and

- the priority of invention of patented technology.

If disputes over intellectual property and other rights that C3J has licensed or acquired from third parties prevent or impair C3J's ability to maintain its current licensing arrangements on acceptable terms, C3J may be unable to successfully develop and commercialize the affected product candidates.

Risks Related to the Combined Company

The combined company will be seeking to develop antibacterial agents using bacteriophage technology, a novel approach, which makes it difficult to predict the time and cost of development. No bacteriophage products have been approved in the United States or elsewhere.

The combined company will be developing product candidates with bacteriophage technology. The combined company will not have, nor to AmpliPhi's and C3J's knowledge has any other company, received regulatory approval from the FDA or equivalent foreign agencies for a pharmaceutical drug based on this approach. While in vitro studies have characterized the behavior of bacteriophages in cell cultures and there exists a body of literature regarding the use of phage therapy in humans, the safety and efficacy of phage therapy in humans has not been extensively studied in well-controlled modern clinical trials. Most of the prior research on phage-based therapy was conducted in the former Soviet Union prior to and immediately after World War II and lacked appropriate control group design or lacked control groups at all. Furthermore, the standard of care has changed substantially during the ensuing decades since those studies were performed, diminishing the relevance of prior claims of improved cure rates. Neither AmpliPhi nor C3J can be certain that this approach will lead to the development of approvable or marketable drugs. Developing phage-based therapies on a commercial scale will also require developing new manufacturing processes and techniques. The combined company and its third-party collaborators may experience delays in developing manufacturing capabilities for the combined company's product candidates, and may not be able to do so at the scale required to efficiently conduct the clinical trials required to obtain regulatory approval of its product candidates, or to manufacture commercial quantities of their products, if approved.

In addition, the FDA or other regulatory agencies may lack experience in evaluating the safety and efficacy of drugs based on these approaches, which could lengthen the regulatory review process, increase the combined company's development costs and delay or prevent commercialization of the combined company's product candidates.

Delays in the combined company's clinical trials could result in it not achieving anticipated developmental milestones when expected, increased costs, and delay its ability to obtain regulatory approval for and commercialize its product candidates.

Delays in the combined company's ability to commence or enroll patients for its clinical trials could result in it not meeting anticipated clinical milestones and could materially impact its product development costs and delay regulatory approval of its product candidates. Planned clinical trials may not be commenced or completed on schedule, or at all. Clinical trials can be delayed for a variety of reasons, including:

- delays in the development of manufacturing capabilities for the combined company's product candidates to enable their consistent production at clinical trial scale;

- failures in the combined company's internal manufacturing operations that result in its inability to consistently and timely produce bacteriophages in sufficient quantities to support its clinical trials;

- the availability of financial resources to commence and complete the combined company's planned clinical trials;
- delays in reaching a consensus with clinical investigators on study design;

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- delays in reaching a consensus with regulatory agencies on trial design or in obtaining regulatory approval to commence a trial;
- delays in obtaining clinical materials;
- slower than expected patient recruitment for participation in clinical trials;
- failure by clinical trial sites, other third parties, or the combined company to adhere to clinical trial agreements;
- delays in reaching agreement on acceptable clinical trial agreement terms with prospective sites or obtaining institutional review board approval; and
- adverse safety events experienced during the combined company's clinical trials.

If the combined company does not successfully commence or complete its clinical trials on schedule, the price of its common stock may decline.

Completion of clinical trials depends, among other things, on the combined company's ability to enroll a sufficient number of patients, which is a function of many factors, including:

- the therapeutic endpoints chosen for evaluation;
- the eligibility criteria defined in the protocol;
- the perceived benefit of the product candidate under study;
- the size of the patient population required for analysis of the clinical trial's therapeutic endpoints;
- the combined company's ability to recruit clinical trial investigators and sites with the appropriate competencies and experience;
- the combined company's ability to obtain and maintain patient consents; and
- competition for patients from clinical trials for other treatments.

The combined company may experience difficulties in enrolling patients in its clinical trials, which could increase the costs or affect the timing or outcome of these clinical trials. This is particularly true with respect to diseases with relatively small patient populations.

The combined company will not have completed formulation development of its product candidates.

The development of the combined company's bacteriophage product candidates requires that the combined company isolate, select and combine a number of bacteriophages that target the desired bacteria for that product candidate. The selection of bacteriophages for any of the combined company's product candidates is based on a variety of factors, including, without limitation, the ability of the selected phages, in combination, to successfully kill the targeted bacteria, the degree of cross-reactivity of the individual phages with the same part of the bacterial targets, the ability of the combined phages to satisfy regulatory requirements, the combined company's ability to manufacture sufficient quantities of the phages, intellectual property rights of third parties, and other factors. While the combined company has selected initial formulations of AB-SA01 for the treatment of *S. aureus* infections, AB-PA01 for the treatment of *P. aeruginosa* infections, C3J's Synthetic Phage and STAMP-based Product Candidates, there can be no assurance that these initial formulations will be the final formulations of such product candidates for commercialization if approved. If the combined company is unable to complete formulation development of its product candidates in the time frame that has been anticipated, then the combined company's product development timelines, and the regulatory approval of its product candidates, could be delayed.

The combined company's product candidates must undergo rigorous clinical testing, such clinical testing may fail to demonstrate safety and efficacy and any of the combined company's product candidates could cause undesirable side effects, which would substantially delay or prevent regulatory approval or commercialization.

Before the combined company can obtain regulatory approval for a product candidate, it must undertake extensive clinical testing in humans to demonstrate safety and efficacy to the satisfaction of the FDA or other regulatory agencies. Clinical trials of new drug candidates sufficient to obtain regulatory marketing approval are expensive and take years to complete.

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Neither AmpliPhi nor C3J can be certain of successfully completing clinical testing within the time frame they have planned, or at all. The combined company may experience numerous unforeseen events during, or as a result of, the clinical trial process that could delay or prevent the combined company from receiving regulatory approval or commercializing its product candidates, including the following:

- clinical trials may produce negative or inconclusive results, and the combined company may decide, or regulators may require it, to conduct additional clinical and/or preclinical testing or to abandon programs;
- the results obtained in earlier stage clinical testing may not be indicative of results in future clinical trials;
- clinical trial results may not meet the level of statistical significance required by the FDA or other regulatory agencies;
- the combined company, or regulators, may suspend or terminate the combined company's clinical trials if the participating patients are being exposed to unacceptable health risks; and
- the combined company's product candidates may have unintended or undesirable effects on patients that may delay or preclude regulatory approval of the combined company's product candidates or limit their commercial use, if approved.

The combined company may conduct clinical trials for its products or product candidates outside the United States and the FDA may not accept data from such trials.

AmpliPhi completed an investigator-sponsored clinical trial of AB-SA01 at the University of Adelaide in Australia for CRS in December 2016. Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of such study data by the FDA is subject to certain conditions. For example, the study must be well designed and conducted and performed by qualified investigators in accordance with ethical principles. The study population must also adequately represent the U.S. population, and the data must be applicable to the U.S. population and U.S. medical practice in ways that the FDA deems clinically meaningful. Generally, the patient population for any clinical studies conducted outside of the United States must be representative of the population for whom the combined company intends to label the product in the United States. In addition, such studies would be subject to applicable local laws and FDA acceptance of the data would be dependent upon its determination that the studies also complied with all applicable U.S. laws and regulations. There can be no assurance the FDA will accept data from trials conducted outside of the United States. If the FDA does not accept any such data, it would likely result in the need for additional trials, which would be costly and time consuming and delay aspects of the combined company's business plan. Despite the positive feedback AmpliPhi received from the FDA in April 2017 regarding AmpliPhi's proposal to commence a Phase 2 clinical trial of AB-SA01 in the United States, there can be no assurances that the FDA would ultimately support any decision by the combined company to pursue a Phase 2 clinical trial based on data AmpliPhi currently has available.

The combined company may need to license additional intellectual property rights.

The development and commercialization of phage-based antibacterial agents may require the combined company to obtain rights to intellectual property from third parties. For example, pursuant to AmpliPhi's Collaborative Research and Development Agreement with the United States Army Medical Research and Materiel Command and the Walter Reed Army Institute of Research, AmpliPhi is currently focusing on developing bacteriophage therapeutics to treat *S. aureus* infections. To the extent the intellectual property is generated from the United States Army Medical Research and Materiel Command or Walter Reed Army Institute of Research that is used in a commercial product, the combined company may be obligated to make payments such as royalties, licensing fees and milestone payments. The combined company may also determine that it is necessary or advisable to license other intellectual property from

third parties. There can be no assurance that such intellectual property rights would be available on commercially reasonable terms, if at all.

The combined company will be subject to significant regulatory approval requirements, which could delay, prevent or limit its ability to market its product candidates.

The combined company's research and development activities, preclinical studies, clinical trials and the anticipated manufacturing and marketing of its product candidates will be subject to extensive regulation

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by the FDA and other regulatory agencies in the United States and by comparable authorities in Europe and elsewhere. There can be no assurance that the combined company's manufacturing facilities will satisfy the requirements of the FDA or comparable foreign authorities. The combined company will require the approval of the relevant regulatory authorities before it may commence commercial sales of its product candidates in a given market. The regulatory approval process is expensive and time-consuming, and the timing of receipt of regulatory approval is difficult to predict. The combined company's product candidates could require a significantly longer time to gain regulatory approval than expected or may never gain approval. It is uncertain, even after expending substantial time and financial resources, whether the combined company will obtain regulatory approval for any of its product candidates. A delay or denial of regulatory approval could delay or prevent the combined company's ability to generate product revenues and to achieve profitability.

Changes in regulatory approval policies during the development period of any of the combined company's product candidates, changes in, or the enactment of, additional regulations or statutes, or changes in regulatory review practices for a submitted product application may cause a delay in obtaining approval or result in the rejection of an application for regulatory approval.

Regulatory approval, if obtained, may be made subject to limitations on the indicated uses for which the combined company may market a product. These limitations could adversely affect the combined company's potential product revenues. Regulatory approval may also require costly post-marketing follow-up studies. In addition, the labeling, packaging, adverse event reporting, storage, advertising, promotion and record-keeping related to the product will be subject to extensive ongoing regulatory requirements. Furthermore, for any marketed product, its manufacturer and its manufacturing facilities will be subject to continual review and periodic inspections by the FDA or other regulatory authorities. Failure to comply with applicable regulatory requirements may, among other things, result in fines, suspensions of regulatory approvals, product recalls, product seizures, operating restrictions and criminal prosecution. A variety of risks associated with the combined company's international operations could materially adversely affect its business.

In addition to the combined company's U.S. operations, it will have operations and subsidiaries in Australia and Slovenia. The combined company will face risks associated with its international operations, including possible unfavorable regulatory, pricing and reimbursement, political, tax and labor conditions, which could harm its business. The combined company will be subject to numerous risks associated with international business activities, including:

- compliance with differing or unexpected regulatory requirements for the development, manufacture and, if approved, commercialization of the combined company's product candidates;
- difficulties in staffing and managing foreign operations;
- foreign government taxes, regulations and permit requirements;
- U.S. and foreign government tariffs, trade restrictions, price and exchange controls and other regulatory requirements;
- anti-corruption laws, including the Foreign Corrupt Practices Act, or the FCPA;
- economic weakness, including inflation, natural disasters, war, events of terrorism or political instability in particular foreign countries;
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fluctuations in currency exchange rates, which could result in increased operating expenses and reduced revenues, and other obligations related to doing business in another country;

- compliance with tax, employment, immigration and labor laws, regulations and restrictions for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;

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- changes in diplomatic and trade relationships; and

- challenges in enforcing the combined company's contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States.

These and other risks associated with the combined company's international operations may materially adversely affect its business, financial condition and results of operations.

The combined company will not have a sales force and does not have plans to develop one.

The commercial success of any of the combined company's product candidates will depend upon the strength of sales and marketing efforts for them. The combined company does not have a sales force and will not have any experience in sales, marketing or distribution. To successfully commercialize the combined company's product candidates, the combined company will need to develop such a capability or seek assistance from a third party with a large distribution system and a large direct sales force. The combined company may be unable to put such a plan in place. In addition, if the combined company arranges for others to market and sell its products, its revenues will depend upon the efforts of those parties. Such arrangements may not succeed. Even if one or more of the combined company's product candidates is approved for marketing, if the combined company fails to establish adequate sales, marketing and distribution capabilities, independently or with others, its business will be materially harmed.

The combined company's success will depend in part on attracting, retaining and motivating its personnel.

The combined company's success will depend on its ability to attract, retain and motivate highly qualified management, clinical and scientific personnel and on its ability to develop and maintain important relationships with leading academic institutions, clinicians and scientists. The combined company's success will depend on its ability to retain and motivate personnel and hire additional qualified personnel when required. Competition for qualified personnel in the biotechnology field is intense. The combined company will face competition for personnel from other biotechnology and pharmaceutical companies, universities, public and private research institutions and other organizations. The combined company will also face competition from other more well-funded and well-established businesses, and it may also be viewed as a riskier choice from a job stability perspective due to its newer status relative to longer existing biotech and pharmaceutical companies. The combined company may not be able to attract and retain qualified personnel on acceptable terms given the competition for such personnel. If the combined company is unsuccessful in its retention, motivation and recruitment efforts, it may be unable to execute its business strategy.

The combined company will need to manage a geographically dispersed organization.

While the combined company will be a small company, it will have operations in the United States, Australia and Slovenia. In the future, the combined company may also operate facilities in other locations based on proximity to personnel with the expertise needed to research, develop and manufacture phage-based therapeutics, costs of operations or other factors. Managing the combined company's organization across multiple locations and multiple time zones may reduce its efficiency, increase its expenses and increase the risk of operational difficulties in the execution of its plans.

The combined company's business and operations might be adversely affected by security breaches, including any cybersecurity incidents.

The combined company will depend on the efficient and uninterrupted operation of its computer and communications systems, which will be used for, among other things, sensitive company data, including its financial data, intellectual property and other proprietary business information.

While certain of the combined company's operations will have business continuity and disaster recovery plans and other security measures intended to prevent and minimize the impact of IT-related interruptions, its IT infrastructure and the IT infrastructure of its consultants, contractors and vendors are vulnerable to damage from cyberattacks, computer viruses, unauthorized access, electrical failures and natural disasters or other catastrophic events. The combined company could experience failures in its

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information systems and computer servers, which could result in an interruption of its normal business operations and require substantial expenditure of financial and administrative resources to remedy. System failures, accidents or security breaches can cause interruptions in the combined company's operations and can result in a material disruption of its targeted phage therapies, bacteriophage product candidates and other business operations. The loss of data from completed or future studies or clinical trials could result in delays in the combined company's research, development or regulatory approval efforts and significantly increase its costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, the combined company's data or applications, or inappropriate disclosure of confidential or proprietary information, the combined company could incur liabilities and the development of its product candidates could be delayed or otherwise adversely affected.

Even though AmpliPhi and C3J believe the combined company will carry commercially reasonable business interruption and liability insurance, it might suffer losses as a result of business interruptions that exceed the coverage available under its insurance policies or for which it does not have coverage. For example, the combined company will not be insured against terrorist attacks or cyberattacks. Any natural disaster or catastrophic event could have a significant negative impact on the combined company's operations and financial results. Moreover, any such event could delay the development of the combined company's product candidates.

If the combined company's competitors are able to develop and market products that are more effective, safer or more affordable, or obtain marketing approval before the combined company, its commercial opportunities may be limited. Competition in the biotechnology and pharmaceutical industries is intense and continues to increase. Some companies that are larger and have significantly more resources than the combined company are aggressively pursuing antibacterial development programs, including traditional therapies and therapies with novel mechanisms of action. In addition, other companies are developing phage-based products for non-therapeutic uses and may elect to use their expertise in phage development and manufacturing to try to develop products that would compete with the combined company's.

The combined company will also face potential competition from academic institutions, government agencies and private and public research institutions engaged in the discovery and development of drugs and therapies. Many of the combined company's competitors have significantly greater financial resources and expertise in research and development, preclinical testing, conducting clinical trials, obtaining regulatory approvals, manufacturing, sales and marketing. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established pharmaceutical companies.

The combined company's competitors may succeed in developing products that are more effective, have fewer side effects and are safer or more affordable than the combined company's product candidates, which would render the combined company's product candidates less competitive or noncompetitive. These competitors also compete with the combined company to recruit and retain qualified scientific and management personnel, establish clinical trial sites and patient registration for clinical trials, as well as to acquire technologies and technology licenses complementary to the combined company's programs or advantageous to its business. Moreover, competitors that are able to achieve patent protection, obtain regulatory approvals and commence commercial sales of their products before the combined company, and competitors that have already done so, may enjoy a significant competitive advantage.

The Generating Antibiotics Incentives Now Act is intended to provide incentives for the development of new, qualified infectious disease products. These incentives may result in more competition in the market for new antibiotics and may cause pharmaceutical and biotechnology companies with more resources to shift their efforts towards the development of products that could be competitive with the combined company's product candidates.

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There is a substantial risk of product liability claims in the combined company's business. If the combined company does not obtain sufficient liability insurance, a product liability claim could result in substantial liabilities.

The combined company's business is exposed to significant potential product liability risks that are inherent in the development, manufacturing and marketing of human therapeutic products. Regardless of merit or eventual outcome, product liability claims may result in:

- delay or failure to complete the combined company's clinical trials;
- withdrawal of clinical trial participants;
- decreased demand for the combined company's product candidates;
- injury to the combined company's reputation;
- litigation costs;
- substantial monetary awards against the combined company; and
- diversion of management or other resources from key aspects of the combined company's operations.

If the combined company succeeds in marketing products, product liability claims could result in an FDA investigation of the safety or efficacy of the combined company's products, its manufacturing processes and facilities or its marketing programs. An FDA investigation could also potentially lead to a recall of the combined company's products or more serious enforcement actions, or limitations on the indications for which they may be used, or suspension or withdrawal of approval.

The combined company will have product liability insurance that covers the combined company's clinical trials up to a \$10.0 million annual per claim and aggregate limit. The combined company intends to expand its insurance coverage to include the sale of commercial products if marketing approval is obtained for its product candidates or any other compound that it may develop. However, insurance coverage is expensive and the combined company may not be able to maintain insurance coverage at a reasonable cost or at all, and the insurance coverage that it obtains may not be adequate to cover potential claims or losses.

Even if the combined company receives regulatory approval to market its product candidates, the market may not be receptive to its product candidates upon their commercial introduction, which would negatively affect its ability to achieve profitability.

The combined company's product candidates may not gain market acceptance among physicians, patients, healthcare payors and the medical community. The degree of market acceptance of any approved products will depend on a number of factors, including:

- the effectiveness of the product;
- the prevalence and severity of any side effects;
-

potential advantages or disadvantages over alternative treatments;

- relative convenience and ease of administration;
- the strength of marketing and distribution support;
- the price of the product, both in absolute terms and relative to alternative treatments; and
- sufficient third-party coverage or reimbursement.

If the combined company's product candidates receive regulatory approval but do not achieve an adequate level of acceptance by physicians, healthcare payors and patients, it may not generate product revenues sufficient to attain profitability.

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Foreign governments tend to impose strict price controls, which may adversely affect the combined company's future profitability.

In some foreign countries, particularly in the European Union, prescription drug pricing is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, the combined company may be required to conduct a clinical trial that compares the cost-effectiveness of its product candidate to other available therapies. If reimbursement of the combined company's products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, the combined company's profitability will be negatively affected.

The combined company may incur significant costs complying with environmental laws and regulations, and failure to comply with these laws and regulations could expose the combined company to significant liabilities.

The combined company's research and development activities use biological and hazardous materials that are dangerous to human health and safety or the environment. The combined company will be subject to a variety of federal, state and local laws and regulations governing the use, generation, manufacture, storage, handling and disposal of these materials and wastes resulting from these materials. The combined company will also be subject to regulation by the Occupational Safety and Health Administration, or OSHA, state and federal environmental protection agencies and to regulation under the Toxic Substances Control Act. OSHA, state governments or federal Environmental Protection Agency, or EPA, may adopt regulations that may affect the combined company's research and development programs. Neither AmpliPhi nor C3J will be able to predict whether any agency will adopt any regulations that could have a material adverse effect on the combined company's operations. The combined company will incur capital and operating expenditures and other costs in the ordinary course of its business in complying with these laws and regulations.

Although AmpliPhi and C3J believe the combined company's safety procedures for handling and disposing of these materials will comply with federal, state and local laws and regulations, the combined company will not be able to entirely eliminate the risk of accidental injury or contamination from the use, storage, handling or disposal of hazardous materials. In the event of contamination or injury, the combined company could be held liable for any resulting damages, and any liability could significantly exceed its insurance coverage.

Neither AmpliPhi nor C3J anticipate paying any cash dividends on the combined company's common stock in the foreseeable future.

Neither AmpliPhi nor C3J have ever declared or paid cash dividends on their respective common stock. Neither AmpliPhi nor C3J anticipate paying any cash dividends on the combined company's common stock in the foreseeable future. It is anticipated that the combined company will retain all available funds and any future earnings to fund the development and growth of its business. As a result, capital appreciation, if any, of the combined company's common stock will be the combined company's shareholders' sole source of gain for the foreseeable future.

Maintaining and improving the combined company's financial controls and the requirements of being a public company may strain the combined company's resources, divert management's attention and affect its ability to attract and retain qualified board members.

As a public company, the combined company will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules of the NYSE American. The requirements of these rules and regulations will increase the combined company's legal and financial compliance costs, make some activities more difficult, time-consuming or costly and place strain on its personnel, systems and resources. The Exchange Act requires, among other things, that the combined company file annual, quarterly and current reports with respect to its business and financial condition.

The Sarbanes-Oxley Act requires, among other things, that the combined company maintain effective disclosure controls and procedures and internal control over financial reporting. Ensuring that the combined company will have adequate internal financial and accounting controls and procedures in place is a costly and time-consuming effort that needs to be re-evaluated frequently.

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It is expected that the combined company will not have an internal audit group, and the combined company may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Implementing any appropriate changes to the combined company's internal controls may require specific compliance training for AmpliPhi's directors, officers and employees, entail substantial costs, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of the combined company's internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase the combined company's operating costs and could materially impair its ability to operate its business. Moreover, effective internal controls are necessary for the combined company to produce reliable financial reports and are important to help prevent fraud.

In accordance with NYSE American rules, the combined company will be required to maintain a majority independent board of directors. The various rules and regulations applicable to public companies make it more difficult and more expensive for the combined company to maintain directors' and officers' liability insurance, and the combined company may be required to accept reduced coverage or incur substantially higher costs to maintain coverage. If the combined company is unable to maintain adequate directors' and officers' insurance, its ability to recruit and retain qualified officers and directors will be significantly curtailed.

It is expected that the rules and regulations applicable to public companies will result in the combined company incurring substantial legal and financial compliance costs. These costs will decrease the combined company's net income or increase its net loss and may require it to reduce costs in other areas of its business.

If securities or industry analysts do not publish research or publish unfavorable research about the combined company's business, its stock price and trading volume could decline.

The trading market for the combined company's common stock will depend in part on the research and reports that securities or industry analysts publish about the combined company. AmpliPhi currently has two securities analysts, and the combined company may never obtain additional research coverage by other securities and industry analysts. If no additional securities or industry analysts commence coverage of the combined company, the trading price for the combined company's stock could be negatively impacted. If the combined company obtains additional securities or industry analyst coverage and if one or more of the analysts who covers it downgrades the combined company's stock or publishes inaccurate or unfavorable research about the combined company's business, its stock price would likely decline. If one or more of these analysts ceases coverage of the combined company or fails to publish reports regularly, demand for the combined company's stock could decrease, which could cause its stock price and trading volume to decline.

The combined company will be an "emerging growth company" and neither AmpliPhi nor C3J can be certain if the reduced disclosure requirements applicable to "emerging growth companies" will make the combined company's common stock less attractive to investors.

The combined company will be an "emerging growth company," as defined under the JOBS Act. For so long as the combined company is an "emerging growth company," it is expected that it will take advantage of certain exemptions from reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

The combined company is expected to be an "emerging growth company" until December 31, 2019, which is the last day of the fiscal year following the fifth anniversary of AmpliPhi's initial public offering conducted after it became a reporting company under the Exchange Act pursuant to its registration statement on Form 10 (File No. 000-23930).

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Neither AmpliPhi nor C3J can predict if investors will find the combined company's common stock less attractive, or the combined company less comparable to certain other public companies because it will rely on these exemptions. If some investors find the combined company's common stock less attractive as a result, there may be a less active trading market for its common stock and its stock price may be more volatile.

Under the JOBS Act, "emerging growth companies" can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The combined company will have irrevocably elected not to avail itself of this exemption from new or revised accounting standards, and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not "emerging growth companies."

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on the combined company's stock price. Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require an annual management assessment of the effectiveness of our internal control over financial reporting. C3J is currently a private company with limited accounting personnel to adequately execute accounting processes and other supervisory resources with which to address internal control over financial reporting and, as a result, the combined company may experience difficulty in meeting these reporting requirements in a timely manner. To date, C3J has never conducted a review of internal controls over financial reporting for the purpose of providing the reports required by the Sarbanes-Oxley Act. During review and testing, C3J may identify deficiencies and be unable to remediate them on a timely basis.

If the combined company fails to maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented or amended from time to time, it may not be able to ensure that it can conclude on an ongoing basis that it has effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC. If the combined company cannot in the future favorably assess the effectiveness of its internal control over financial reporting, investor confidence in the reliability of its financial reports may be adversely affected, which could have a material adverse effect on the combined company's stock price.

Sales of a substantial number of shares of the combined company's common stock in the public market by its existing shareholders could cause its stock price to decline.

Sales of a substantial number of shares of the combined company's common stock in the public market or the perception that these sales might occur, could depress the market price of its common stock and could impair its ability to raise capital through the sale of additional equity securities. Neither AmpliPhi nor C3J is able to predict the effect that sales may have on the prevailing market price of the combined company's common stock.

The combined company's common stock could be delisted from NYSE American if it does not comply with NYSE's listing standards.

Pursuant to the rules of the NYSE American, consummation of the Merger requires the combined company to submit a Supplemental Listing Application and, at the time of the Merger, meet all of the criteria applicable to a company initially requesting listing. While AmpliPhi and C3J intend to obtain listing status for the combined company and maintain the same, no guarantees can be made about the combined company's ability to do so.

If the combined company's common stock is delisted by NYSE American, the common stock may be eligible to trade on the OTC Bulletin Board or another over-the-counter market. Any such alternative would likely result in it being more difficult for the combined company to raise additional capital through the public or private sale of equity securities and for investors to dispose of or obtain accurate quotations as to the market value of, the common stock. In addition, there can be no assurance that the common stock would be eligible for trading on any such alternative exchange or markets.

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Future sales and issuances of the combined company's common stock or rights to purchase common stock by it, including pursuant to its equity incentive plans, could result in additional dilution of the percentage ownership of its shareholders and could cause its stock price to decline.

The combined company will not be generally restricted from issuing additional common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The market price of the combined company's common stock could decline as a result of sales of common stock or securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or the perception that such sales could occur.

AmpliPhi and C3J expect that significant additional capital will be needed in the future to continue the combined company's planned operations, including conducting clinical trials, commercialization efforts, expanded research and development activities and costs associated with operating as a public company. To the extent the combined company raises additional capital by issuing equity or convertible securities, its existing shareholders may experience substantial dilution. The combined company may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner determined from time to time by its board of directors. If the combined company sells common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to its existing shareholders, and new investors could gain rights superior to its existing shareholders.

Pursuant to the 2016 Plan, the combined company's management will be authorized to grant stock options and other equity-based awards to its employees, directors and consultants. The number of shares available for future grant under the 2016 Plan will automatically increase on January 1st of each year by up to 5% of all shares of the combined company's capital stock outstanding as of December 31st of the preceding calendar year, subject to the ability of its board of directors to take action to reduce the size of the increase in any given year. In addition, the combined company may grant or provide for the grant of rights to purchase shares of its common stock pursuant to the combined company's Employee Stock Purchase Plan, or ESPP. The number of shares of the combined company's common stock reserved for issuance under the ESPP will automatically increase on January 1st of each calendar year by the lesser of 1% of the total number of shares of AmpliPhi's common stock outstanding on December 31st of the preceding calendar year and 30,000 shares (without giving effect to a Reverse Split), subject to the ability of AmpliPhi's board of directors to take action to reduce the size of the increase in any given year. The combined company is expected to register the increased number of shares available for issuance under the 2016 Plan and ESPP each year. Increases in the number of shares available for future grant or purchase may result in additional dilution, which could cause the combined company's stock price to decline.

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FORWARD-LOOKING STATEMENTS

This proxy statement and the documents incorporated by reference into this proxy statement contain forward-looking statements. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as AmpliPhi cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “pro forma,” “estimates,” or “anticipates” or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, forward-looking statements include, but are not limited to statements about:

- the expected benefits of and potential value created by the proposed Merger for the shareholders of AmpliPhi and C3J;
- the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings;
- any statements concerning proposed new products, services or developments;
- likelihood of the satisfaction of certain conditions to the completion of the Merger and whether and when the Merger will be consummated;
- any statements regarding future economic conditions or performance;
- statements of the plans, strategies and objectives of management with respect to the approval and closing of the Merger, AmpliPhi’s ability to solicit a sufficient number of proxies to approve matters related to the consummation of the Merger;
- the Exchange Ratio and relative ownership percentages of the AmpliPhi and C3J shareholders of the combined company;
- our estimates regarding anticipated operating losses, capital requirements and needs for additional funds;
- our ability to manufacture, or otherwise secure the manufacture of, sufficient amounts of our product candidates for our preclinical studies and clinical trials;
- our clinical development plans, including planned clinical trials;
- our research and development plans, including our clinical development plans;

- our ability to select combinations of phages to formulate our product candidates;
- the safety and efficacy of our product candidates;
- the anticipated regulatory pathways for our product candidates;
- our ability to successfully complete preclinical and clinical development of, and obtain regulatory approval of our product candidates and commercialize any approved products on our expected timeframes or at all;
- the content and timing of submissions to and decisions made by the U.S. Food and Drug Administration, or FDA, and other regulatory agencies;
- our ability to leverage the experience of our management team;
- our ability to attract and keep management and other key personnel;
- the capacities and performance of our suppliers, manufacturers, contract research organizations, or CROs, and other third parties over whom we have limited control;
- the actions of our competitors and success of competing drugs or other therapies that are or may become available;

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- our expectations with respect to future growth and investments in our infrastructure, and our ability to effectively manage any such growth;
- the size and potential growth of the markets for any of our product candidates, and our ability to capture share in or impact the size of those markets;
- the benefits of our product candidates;
- market and industry trends;
- the effects of government regulation and regulatory developments, and our ability and the ability of the third parties with whom we engage to comply with applicable regulatory requirements;
- the accuracy of our estimates regarding future expenses, revenues, capital requirements and need for additional financing;
- our expectations regarding future planned expenditures;
- our ability to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act;
- our expectations regarding the period during which we qualify as an emerging growth company under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act;
- our ability to obtain, maintain and successfully enforce adequate patent and other intellectual property protection of any of our products and product candidates;
- our ability to operate our business without infringing the intellectual property rights of others; and
- statements of belief and any statement of assumptions underlying any of the foregoing.

For a discussion of the factors that may cause AmpliPhi, C3J or the combined organization's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied in such forward-looking statements, or for a discussion of risk associated with the ability of AmpliPhi and C3J to complete the Merger and the effect of the Merger on the business of AmpliPhi, C3J and the combined organization, see "Risk Factors" beginning on page 24.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by AmpliPhi. See "Where You Can Find More Information"

beginning on page 174.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, the results of AmpliPhi, C3J or the combined company could differ materially from the forward-looking statements. All forward-looking statements in this proxy statement are current only as of the date on which the statements were made. AmpliPhi and C3J do not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any statement is made or to reflect the occurrence of unanticipated events.

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THE SPECIAL MEETING OF AMPLIPHI SHAREHOLDERS

Date, Time and Place

The Special Meeting of AmpliPhi shareholders will be held on May 8, 2019, commencing at 8:30 a.m. local time, at Cooley LLP, 4401 Eastgate Mall, San Diego, California 92121. AmpliPhi is sending this proxy statement to its shareholders in connection with the solicitation of proxies by the AmpliPhi board of directors for use at the Special Meeting and any adjournments or postponements of the Special Meeting. This proxy statement is first being furnished to shareholders of AmpliPhi on or about April 5, 2019.

Purposes of the Special Meeting

The purposes of the Special Meeting are:

1.

To consider and vote upon a proposal to approve the consummation of a Business Combination pursuant to the Merger and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement (a copy of which is attached as Appendix A to this proxy statement);

2.

To consider and vote upon a proposal to approve the issuance of shares of AmpliPhi common stock having an aggregate purchase price of \$10,000,000 immediately following the effective time of the Merger in a private placement financing transaction, as described in this proxy statement (the "Financing");

3.

To consider and vote upon a proposal to approve an amendment to AmpliPhi's amended and restated articles of incorporation to effect a Reverse Split of AmpliPhi's common stock (the "Reverse Split") at a ratio in the range of between 1-for-3 to 1-for-20, inclusive, with such ratio to be determined in the discretion of AmpliPhi's board of directors and with such Reverse Split to be effected prior to the effective time of the Merger, in the form attached as Appendix D to this proxy statement;

4.

To consider and vote upon a proposal to approve an amendment to AmpliPhi's 2016 Equity Incentive Plan to increase the shares authorized for issuance thereunder by 13,822,963 shares (without giving effect to the Reverse Split); and

5.

To consider and vote upon an adjournment of the Special Meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal Nos. 1 through 4 described above at the time of the Special Meeting.

Recommendation of the AmpliPhi Board of Directors

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The AmpliPhi board of directors has determined and believes that the consummation of the Business Combination pursuant to the Merger Agreement and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement, is in the best interests of AmpliPhi and its shareholders and has approved such items. The AmpliPhi board of directors recommends that AmpliPhi shareholders vote "FOR" Proposal No. 1 to approve the consummation of the Business Combination.

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The AmpliPhi board of directors has determined and believes that it is advisable to, and in the best interests of, AmpliPhi and its shareholders to approve the issuance of shares of AmpliPhi common stock in the Financing and has approved such issuance. The AmpliPhi board of directors recommends that AmpliPhi shareholders vote "FOR" Proposal No. 2 to approve the issuance of shares of AmpliPhi common stock in the Financing.

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The AmpliPhi board of directors has determined and believes that it is advisable to, and in the best interests of, AmpliPhi and its shareholders to approve a series of alternative amendments to AmpliPhi's amended and restated articles of incorporation to effect a Reverse Split at a ratio between 3 and 20, inclusive. The AmpliPhi board of directors recommends that AmpliPhi shareholders vote "FOR" Proposal No. 3 to approve the amended and restated articles of incorporation of AmpliPhi effecting a Reverse Split.

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- The AmpliPhi board of directors has determined and believes that it is advisable to, and in the best interests of, AmpliPhi and its shareholders to amend AmpliPhi's 2016 Equity Incentive Plan to increase the shares authorized for issuance thereunder by 13,822,963 shares, as described in this proxy statement. The AmpliPhi board of directors recommends that AmpliPhi shareholders vote "FOR" Proposal No. 4 to approve the amendment to AmpliPhi's 2016 Equity Incentive Plan.

- The AmpliPhi board of directors believes that adjourning the Special Meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal Nos. 1 through 4 is advisable to, and in the best interests of, AmpliPhi and its shareholders and has approved and adopted the proposal. The AmpliPhi board of directors recommends that AmpliPhi shareholders vote "FOR" Proposal No. 5 to adjourn the Special Meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal Nos. 1 through 4.

Record Date and Voting Power

Only holders of record of AmpliPhi common stock at the close of business on the record date, March 21, 2019, are entitled to notice of, and to vote at, the Special Meeting. There were 90 holders of record of AmpliPhi common stock at the close of business on the record date. At the close of business on the record date, 32,774,690 shares of AmpliPhi common stock were issued and outstanding. Each share of AmpliPhi common stock entitles the holder thereof to one vote on each matter submitted for shareholder approval. See the section entitled "Principal Shareholders of AmpliPhi" in this proxy statement for information regarding persons known to the management of AmpliPhi to be the beneficial owners of more than 5% of the outstanding shares of AmpliPhi common stock.

Voting and Revocation of Proxies

The proxy accompanying this proxy statement is solicited on behalf of the board of directors of AmpliPhi for use at the Special Meeting.

If you are a shareholder of record of AmpliPhi as of the record date referred to above, you may vote in person at the Special Meeting or vote by proxy using the enclosed proxy card or via the Internet. Whether or not you plan to attend the Special Meeting, AmpliPhi urges you to vote by proxy to ensure your vote is counted. You may still attend the Special Meeting and vote in person if you have already voted by proxy. As a shareholder of record:

- to vote in person, come to the Special Meeting and AmpliPhi will give you a ballot when you arrive.

- to vote using the proxy card, simply mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided. If you return your signed proxy card to AmpliPhi before the Special Meeting, AmpliPhi will vote your shares as you direct.

- to vote on the Internet, go to the website listed on your proxy card or voting instruction form to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Eastern Time on May 7, 2019, to be counted.

- to vote by telephone, call the toll-free telephone number 1-800-352-8683.

If your AmpliPhi shares are held by your broker as your nominee, that is, in "street name," the enclosed voting instruction card is sent by the institution that holds your shares. Please follow the instructions included on that proxy card regarding how to instruct your broker to vote your AmpliPhi shares. If you do not give instructions to your broker, your broker can vote your AmpliPhi shares with respect to "discretionary" items but not with respect to

“non-discretionary” items. Discretionary items are proposals considered routine under the rules of the NYSE American on which your broker may vote shares held in “street name” in the absence of your voting instructions. On non-discretionary items for which you do not give your broker instructions, the AmpliPhi shares will be treated as broker non-votes. It is anticipated that Proposal Nos. 1, 2, 3 and 4 will be non-discretionary items.

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All properly executed proxies that are not revoked will be voted at the Special Meeting and at any adjournments or postponements of the Special Meeting in accordance with the instructions contained in the proxy. If a holder of AmpliPhi common stock executes and returns a proxy and does not specify otherwise, the shares represented by that proxy will be voted “FOR” Proposal No. 1 to approve the consummation of the Merger and the issuance of AmpliPhi common stock in the Merger; “FOR” Proposal No. 2 to approve the issuance of shares of AmpliPhi common stock in the Financing; “FOR” Proposal No. 3 to approve a series of alternate amendments to AmpliPhi’s amended and restated articles of incorporation to effect a Reverse Split; “FOR” Proposal No. 4 to approve an amendment to AmpliPhi’s 2016 Equity Incentive Plan to increase the shares authorized for issuance thereunder by 13,822,963 shares; and “FOR” Proposal No. 5 to adjourn the Special Meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal Nos. 1 through 4 in accordance with the recommendation of the AmpliPhi board of directors.

AmpliPhi shareholders of record, other than those AmpliPhi shareholders who have executed AmpliPhi Support Agreements, may change their vote at any time before their proxy is voted at the Special Meeting in one of three ways. First, a shareholder of record of AmpliPhi can send a written notice to the Chief Executive Officer of AmpliPhi stating that the shareholder would like to revoke its proxy. Second, a shareholder of record of AmpliPhi can submit new proxy instructions either on a new proxy card or via the Internet. Third, a shareholder of record of AmpliPhi can attend the Special Meeting and vote in person. Attendance alone will not revoke a proxy. If an AmpliPhi shareholder of record or a shareholder who owns AmpliPhi shares in “street name” has instructed a broker to vote its shares of AmpliPhi common stock, the shareholder must follow directions received from its broker to change those instructions.

### Required Vote

The presence, in person or represented by proxy, at the Special Meeting of the holders of a majority of the shares of AmpliPhi common stock outstanding and entitled to vote at the Special Meeting is necessary to constitute a quorum at the Special Meeting. Abstentions and broker non-votes will be counted towards a quorum. Approval of Proposal Nos. 1 and 4 requires the affirmative vote of a majority of votes properly cast on Proposal Nos. 2 and 4 (not counting “abstentions” or “broker non-votes” as votes cast). Approval of Proposal Nos. 1 and 3 requires the affirmative vote of holders of a majority of the AmpliPhi common stock outstanding as of the record date for the Special Meeting. Votes will be counted by the inspector of election appointed for the meeting, who will separately count “FOR” and “AGAINST” votes, abstentions and broker non-votes. Abstentions and broker non-votes will be not be counted towards the vote total for each proposal and will have no effect and will not be counted towards the vote total but will be used to determine whether a quorum is present at the Special Meeting.

The officers and directors of AmpliPhi entered into the Company Support Agreements with C3J relating to the Merger covering less than 1% of the outstanding shares of AmpliPhi’s common stock, as of immediately prior to the Merger. The Company Support Agreements provide, among other things, that the shareholders party to the Company Support Agreements will vote all of the shares held by them in favor of the issuance of AmpliPhi shares of common stock in connection with the Merger and the amendments to AmpliPhi’s articles of incorporation contemplated by the Merger Agreement. See the “The Merger — Interests of the AmpliPhi Directors and Executive Officers in the Merger” section for additional information.

### Solicitation of Proxies

In addition to solicitation by mail, the directors, officers, employees and agents of AmpliPhi may solicit proxies from AmpliPhi shareholders by personal interview, telephone, telegram or otherwise. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries who are record holders of AmpliPhi common stock for the forwarding of solicitation materials to the beneficial owners of AmpliPhi common stock. AmpliPhi will reimburse these brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses they incur in connection with the forwarding of solicitation materials.

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Other Matters

As of the date of this proxy statement, the AmpliPhi board of directors does not know of any business to be presented at the Special Meeting other than as set forth in the notice accompanying this proxy statement. If any other matters should properly come before the Special Meeting, it is intended that the shares represented by proxies will be voted with respect to such matters in accordance with the judgment of the persons voting the proxies.

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THE MERGER

This section and the section entitled “The Merger Agreement” in this proxy statement describe the material aspects of the Merger, including the Merger Agreement. While AmpliPhi and C3J believe that this description covers the material terms of the Merger and the Merger Agreement, it may not contain all of the information that is important to you. You should read carefully this entire proxy statement for a more complete understanding of the Merger and the Merger Agreement, including the Merger Agreement attached as Appendix A, the Opinion of Ladenburg Thalmann attached as Appendix C, and the other documents to which you are referred herein. See the section entitled “Where You Can Find More Information” in this proxy statement.

Background of the Merger

AmpliPhi’s board of directors and executive management regularly review AmpliPhi’s operating and strategic plans, both near-term and long-term, as well as potential strategic options in an effort to enhance stockholder value. These reviews and discussions focus, among other things, on the opportunities and risks associated with AmpliPhi’s business and financial condition and strategic relationships and other strategic options.

In early 2017, we completed two phase 1 studies with SA01 bacteriophage product for *S. aureus* infections. In February 2017, the FDA provided us with positive feedback to continue development and also to consider single-patient expanded access treatments when no comparable or satisfactory treatment options are available. Even with this positive news, our share price remained depressed given market dynamics, our difficulty finding a third-party collaborator or attracting a third-party funding source, and the relatively high costs of operating our business.

On February 23, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley LLP (“Cooley”), outside counsel to AmpliPhi, and considered potential strategic options, including moving into a new business line, entering into a potential financing transaction, and other strategic alternatives. At this meeting, representatives of Investment Bank A presented and reviewed financing strategies and potential strategic and financing alternatives. Our board authorized management to finalize and execute an engagement letter with Investment Bank A to act as a financial advisor.

On March 7, 2017, we entered into an exclusive strategic advisory engagement agreement with Investment Bank A for the purpose of underwriting a public securities offering or other financing transaction.

On March 10, 2017, AmpliPhi and C3J executed a confidentiality agreement to explore a strategic process (which did not contain a standstill provision) and granted C3J access to AmpliPhi’s data room, which had previously been set up and maintained for the purposes of potential partnerships, licensing transactions and other strategic financings.

On March 13, 2017, Scott Salka, then President and Chief Executive Officer of AmpliPhi, and the Chairman of the Board of AmpliPhi, met with Todd Patrick, CEO of C3J, in Laguna Beach, California while the latter was attending a conference. Mr. Patrick had reached out to AmpliPhi’s management because C3J was interested in pursuing an acquisition of a biotechnology company focused on the discovery and development of phage.

On March 15, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and continued discussions regarding potential strategic investments and strategic transactions.

On March 30, 2017, Mr. Patrick was invited to meet our board of directors at its offices in San Diego. They discussed a potential transaction between AmpliPhi and C3J, including a potential merger.

On March 31, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. Our board discussed engaging Investment Bank A to help explore a strategic transaction and to form a strategic committee to consider and address matters related to a potential strategic transaction. Our board authorized management to enter into an engagement letter with

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Investment Bank A for a strategic transaction. Given AmpliPhi's then cash position of \$2.2 million, our board discussed the need for additional capital to continue operations. Our board of directors considered various means of raising additional capital, including pursuing and preparing for a public offering.

On April 6, 2017, we entered into a second engagement letter with Investment Bank A to help advise on a potential strategic transaction, including a reverse merger. Through the process, Investment Bank A contacted five potential public company acquirors or merger partners.

On April 11, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A. Our board discussed potential financing options and management gave an update on the status of discussions with C3J involving a potential merger of the companies given their potential synergies and the ability for the combined company to attract additional investment.

On April 14, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A. Our board considered the need for a reverse stock split in order to maintain a stock trading price sufficient to maintain our listing with NYSE American and to allow for a marketable public offering in the event AmpliPhi chose to pursue a financing option. Our board approved a proposed one-for-ten reverse stock split and that same day, we announced a one-for-ten reverse stock split. At the time, prior to the implementation of the reverse stock split, our common stock was trading at \$0.35 per share.

On April 17, 2017, we issued a press release publicly announcing the positive FDA meeting results. In the same press release, we also announced that we were exploring strategic alternatives and had engaged Investment Bank A to advise AmpliPhi and our board of directors in that effort. Our stock price on April 17, 2017 was \$0.35 and, after the announcement, it dropped to \$0.30 on April 18, 2017.

On April 19, 2017, we received a letter of intent from C3J to merge the companies.

On April 21, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A. At the meeting, our board reviewed and representatives from Investment Bank A summarized recent discussions with C3J's financial advisor. Our board also discussed a potential public offering and other financing opportunities.

On April 25, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A. Representatives from Investment Bank A and Mr. Salka, gave an update on discussions with C3J and its investment bank. Our board also discussed a potential public offering and other financing opportunities.

On April 27, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A. Our board discussed potential financing options and management gave an update on the status of discussions with C3J.

On May 1, 2017, we publicly announced a new strategic emphasis on single-patient expanded access treatments as a means to gather additional patient data before meeting again with the FDA to seek approval for phase 2 SA01 clinical trials. Through early- and mid-2017, we made operational changes to reduce our cash expenditures in order to focus on this development approach.

Throughout May 2017, representatives of AmpliPhi and C3J continued to discuss terms of a strategic transaction, including the equity split, financing criteria, the board split and a potential spin out of C3J assets, and our board met regularly to receive updates regarding such discussions

On May 3, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A. Representatives from Investment Bank A and Mr. Salka gave updates on the public offering process, the discussions with C3J, and various ongoing discussions with other third parties with respect to potential strategic transactions.

On May 4, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A and approved a public offering. That day we announced a \$10.4 million public offering of common stock and common warrants at \$1.50 per unit in order to continue financing our operations.

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On May 22, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. Our board unanimously resolved to establish a special committee (the “May 2017 Special Committee”) with authority to continue negotiations on behalf of AmpliPhi with C3J, which the board determined would be the lead party in the process based on an assessment of the proposed terms from the strategic parties that Investment Bank A had contacted.

On May 30, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. At this meeting, the May 2017 Special Committee gave an update regarding various ongoing discussions with C3J and the other third parties with respect to potential strategic transactions. At this time, our board determined that the other third parties were not viable strategic partners due to a number of factors, including valuation, synergy and related financial terms. Our board also discussed a proposed transition in our company’s management.

On May 31, 2017, Mr. Salka resigned as chief executive officer and Paul C. Grint, M.D., became our new chief executive officer. Mr. Salka continued with AmpliPhi as a consultant in order to help with the transition period. In late May 2017, discussions with C3J ceased due to the inability of the companies to reach agreement on material terms and AmpliPhi’s preference to pursue opportunities to raise capital on the public market.

On June 14, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and discussed a potential financing and term sheet it had recently received from Company A, an investment fund associated with two of our board members. Among other considerations, the board discussed the impact that this financing might have on AmpliPhi’s ability to enter into a future merger or other strategic transaction. The board then approved the creation of a special committee to review, assess, make recommendations and carry out other actions necessary with respect to the proposed financing from Company A. The board also instructed senior management to revise the proposed term sheet.

On July 10, 2017, AmpliPhi and Company A executed a confidentiality agreement (which did not contain a standstill provision) and granted Company A access to AmpliPhi’s data room. Throughout July and August, Company A and AmpliPhi exchanged term sheet drafts for a potential financing, and the special committee met regularly to discuss the revised terms.

On September 7, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Investment Bank A. Representatives of Investment Bank A reviewed potential financing strategies and strategic alternatives and Dr. Grint gave an update on the status of discussions with Company A regarding a potential financing transaction.

On October 9, 2017, we entered into a confidentiality agreement with Company B (which did not contain a standstill provision) and granted Company B access to AmpliPhi’s data room. We were introduced to Company B through the chairman of our board as a party who might be interested in pursuing a strategic transaction.

On November 13, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. At this meeting Dr. Grint gave an update on the status of discussions with Company A and potential strategic and financing transactions.

On December 6, 2017, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. Senior management gave an update on the strategic process, AmpliPhi’s financial forecasts and business opportunities, and the potential financing transaction with Company A. Following the discussion, our board authorized engaging Ladenburg to assist and advise with respect to our strategic process and to conduct the process of identifying suitable third parties for potential strategic transactions, including licensing transactions and reverse mergers that would utilize AmpliPhi’s public company status to enable an attractive private company to access the public securities market. Our board selected Ladenburg based upon Ladenburg’s experience in the life-science space and advising companies in strategic transactions, including reverse mergers. The board also decided to cease its relationship with Investment Bank A given that no executable strategic combination options arose from our arrangement with Investment Bank A and that our contract with this investment bank had expired.

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Over the course of 2017, we actively continued to pursue pharma partners for our natural bacteriophage assets. We also sought non-dilutive capital from grants and other awards. Despite our efforts and active discussions, we were not successful in executing any such transactions.

On December 14, 2017, we publicly announced that we would be pursuing strategic alternatives and Ladenburg began its outreach to potential target companies and other sources.

Between January and February, Ladenburg made outreach on a no-names basis to a broad selection of private and public companies in the life sciences industry. These companies consisted of private companies in the initial public offering (“IPO”) queue, private companies not in the IPO queue, private companies that had failed in earlier attempts at an IPO, publicly traded ex-U.S. companies seeking a Nasdaq or New York Stock Exchange listing and also public companies in the U.S. that were believed to have a strategic fit with us or were seeking a merger transaction as a de facto financing event. More than 200 companies were screened, and 135 companies were contacted as part of this outreach process. Ladenburg also contacted Company B and C3J to see if they were interested in rejoining the process.

Ladenburg, with the help of our management, also reached out to a broad set of investors and service providers including venture capital firms, securities lawyers, auditors and investor relations firms to garner additional interest in a reverse merger transaction with AmpliPhi. In evaluating potential merger partners, we considered whether candidates met the following criteria: relatively low financing risk at closing, a strong product pipeline, a strong news flow, an experienced management team, high quality existing investors or new investors willing to support a transaction, a clean capital structure (i.e., no debt or a clear path to restructuring current debt) and audited financial statements or the ability to produce audited financial statements for the last two fiscal years.

In January 2018, we released positive interim initial results for single-patient expanded access treatments utilizing AB-SA01 and AB-PA01. Seven patients treated responded well to bacteriophage treatments. The market reacted positively, and we raised \$4.0 million in gross proceeds under an effective S-3 shelf priced at \$1.00 per share.

On January 17, 2018, AmpliPhi and Company E executed a confidentiality agreement (which did not contain a standstill provision) and granted Company E access to AmpliPhi’s data room.

On January 29, 2018, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Ladenburg. Representatives from Ladenburg gave an update on the strategic transaction and financing process and Dr. Grint gave an update on the status of discussions with Company A and the various financing term sheets that had been exchanged. Also, at the meeting, senior management updated the board on government grants it was actively pursuing.

On February 4, 2018, AmpliPhi and Company D executed a confidentiality agreement (which did not contain a standstill provision) and we granted Company D access to our data room.

On March 2, 2018, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley and Ladenburg. Our board then approved the creation of an independent special committee to assess and evaluate third party proposals and make recommendations to our board with respect to the strategic transaction process (the “Independent Special Committee”). Representatives from Ladenburg then gave an update on the strategic transaction and financing process, including reviewing third party indications of interest received and the list of companies currently in the evaluation process.

Of the 135 companies contacted by Ladenburg during the outreach process, 104 companies were sent process letters, of which 38 did not submit a proposal or were eliminated from the process because of various deficiencies, including inadequate capital or their inability to conduct a post-closing financing. Of the remaining 40 companies, 15 executed confidentiality agreements (in addition to C3J) 13 submitted formal proposals, which were then narrowed down to four companies by using several criteria, including the quality of the management team, funding and business outlook. Company B, Company D, Company E and Company F were invited to present to Ladenburg, our management team and certain members of our board of directors on March 7, 2018 in New York City.

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In early March, representatives of Ladenburg exchanged emails with Mr. Patrick about reengaging with AmpliPhi to discuss a strategic transaction. Although C3J expressed interest in pursuing discussions, they did not provide terms for a transaction at that time.

On March 8, 2018, Ladenburg sent non-binding term sheets to Company B, and Company C (a company affiliated with certain of our board members and initially contacted by an AmpliPhi board member). The Company B term sheet proposed a post-closing ownership split of 60% and 40% for Company B and AmpliPhi, respectively, and proposed a post-closing financing of no less than \$35.0 million to be dilutive proportionally to Company B and AmpliPhi. The Company C term sheet proposed a post-closing ownership split of 78% and 22% for Company C and AmpliPhi, respectively, and proposed a post-closing financing of no less than \$35.0 million to be dilutive proportionally to Company C and AmpliPhi.

On March 9, 2018, AmpliPhi sent Company D a term sheet that proposed a post-closing ownership split of 77% and 23% for Company D and AmpliPhi, respectively, and a pre-closing financing of no less than \$30.0 million to be dilutive proportionally to Company D and AmpliPhi. No non-binding term sheet was sent to Company F due to its low level of cash and uncertain plan for financing.

On March 19, 2018, Company C, sent a revised term sheet for a merger transaction to our management, which included proposed a post-closing ownership split of 85% and 15% for Company C and AmpliPhi.

On March 21, 2018, at a special telephonic meeting, the Independent Special Committee in consultation with our management and representatives of Cooley and discussed the status of the strategic transaction process, including the term sheets submitted by Company B, Company C and lack of response from Company D and Company E. Our board chose Company B as the lead candidate and also chose to initiate negotiations with Company D as the other finalist, each of which offered strategic and synergistic opportunities. Our board also determined to continue discussions with Company C.

On March 22, 2018, we raised an additional \$3.1 million of gross proceeds in a registered direct offering, priced at \$1.10 per share. With those proceeds, we believed we had enough cash to last until the fourth quarter of 2018. That same day, our board met in consultation with our management and representatives of Cooley and Ladenburg. Representatives from Ladenburg gave an update on the strategic transaction. Senior management also presented on the completed registered direct offering.

On March 28, 2018, Company D sent a revised term sheet proposing a post-closing ownership split of 92% and 8% to Company D and AmpliPhi, respectively, and proposed a pre-closing financing of no less than \$25.0 million to be dilutive proportionally to Company D and AmpliPhi. Between March 28, 2018 and March 31, 2018, the companies and their advisors continued to negotiate over the equity split, closing adjustments and post-closing financing.

On March 29, 2018, at special telephonic meetings, our Independent Special Committee met in consultation with our management and representatives of Cooley and Ladenburg to discuss the term sheet with Company D. On March 31, 2018, we sent Company D a revised term sheet to provide for a post-closing ownership split of 91.2% and 8.8% to Company D and AmpliPhi, respectively, with adjustments based on the amount of concurrent financing and each party's cash level at closing. The term sheet also proposed that Company D would close a pre-closing financing for between \$10.0 million and \$20.0 million and a post-closing financing of no less than \$20.0 million.

On April 4, 2018, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. At this meeting, the Independent Special Committee gave an update on the strategic transaction, including ongoing discussions with Company B, Company C and Company D, potential timing considerations and AmpliPhi's cash needs.

On April 16, 2018, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. At this meeting, the Independent Special Committee gave an update on the strategic transaction, including next steps with Company B, Company C and Company D.

On May 1, 2018 and May 14, 2018, at special telephonic meetings, our board met in consultation with our management and representatives of Cooley and the Independent Special Committee gave an update on the strategic transaction, including ongoing discussions with Company B, Company C and Company D. Soon after, Company C indicated it was withdrawing from the process.

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On May 16, 2018, Company D sent a revised term sheet proposing a post-closing ownership split ranging between 87.5% and 91.5% and between 8.5% and 12.5% for Company D and AmpliPhi, respectively, and proposed a post-closing financing of no less than a \$25.0 million to be dilutive proportionally to Company D and AmpliPhi, with adjustments based on the amount of concurrent financing and each party's cash level at closing.

On May 22, 2018, at a special telephonic meeting, our board met in consultation with our management and representatives of Ladenburg and Cooley. The Independent Special Committee gave an update on the strategic transaction, including AmpliPhi's ongoing discussions with Company B, Company C and Company D, including the fact that Company C had left the process because it had determined it was not ready for a merger transaction. At the invitation of our board, a representative of Company B joined the meeting and discussed his vision for the strategic transaction between Company B and AmpliPhi. After the presentation and after the representative of Company B left the meeting, our board, under the supervision of the Independent Special Committee, decided to move forward with finalizing terms with Company B and to also continue discussions with Company D in the event that we could not come to an agreement with Company B on the term sheet.

Over the next week, the Independent Special Committee determined not to move forward with Company D because of the unfavorable terms it had offered for the exchange ratio and post-closing financing and our Independent Special Committee's assessment regarding the likelihood of reaching a different agreement on more favorable terms.

On June 6, 2018, AmpliPhi and Company B executed a non-binding term sheet. This term sheet provided for a 25 day exclusivity period, a minimum post-closing financing of \$30.0 million, an exchange ratio under which AmpliPhi would own 37% of the equity of the combined company at closing (but prior to the post-closing financing), a post-closing board with representation from AmpliPhi generally proportional to its post-closing ownership of the combined company, and other non-binding terms.

On June 14, 2018, at a special telephonic meeting, our board met in consultation with our management and representatives of Ladenburg and Cooley. Senior management presented to the board on potential licensing and partnering transactions and government grants it was pursuing. Representatives of Ladenburg and the Independent Special Committee each gave an update on the strategic transaction and negotiations with Company B. Through June and early July 2018, we moved forward to negotiate and complete a merger transaction with Company B. In early July 2018, Company B's funding source refused to commit its capital based on the terms agreed to in the executed term sheet. Consequently, negotiations with Company B ceased in late July 2018.

On July 25, 2018, representatives from Ladenburg spoke with Mr. Patrick about reengaging on a possible transaction. Mr. Patrick indicated to the representatives of Ladenburg a strategic transaction was possible and proposed an exchange ratio under which AmpliPhi would own 20% of the equity of the combined company at closing.

On August 1, 2018, members of our senior management, representatives from Ladenburg and Mr. Patrick had a telephone call where each of the companies gave an update on their current business and a potential strategic transaction. Again Mr. Patrick proposed an exchange ratio under which AmpliPhi would own 20% of the equity of the combined company at closing. The parties also discussed a possible financing and whether or not C3J would be willing to have board members appointed by AmpliPhi on the combined companies' board.

On August 21, 2018, at a telephonic meeting of our board, senior management presented that AmpliPhi had a cash balance of \$5.8 million as of June 30, 2018. Our board discussed various alternatives for AmpliPhi including substantial cost reductions, a wind-down of operations and other forms of outside financing. Our board approved AmpliPhi to raise additional funds, after which AmpliPhi filed a registration statement with the SEC for the purpose of raising capital. The filing was timed to coincide with the anticipated positive feedback from the FDA for initiation of phase 2 clinical trials for AB-SA01.

On September 17, 2018, we announced a successful meeting with the FDA and clarity to initiate two phase 2 clinical trials for AB-SA01. On September 18, 2018, we announced a successful meeting with the FDA and clarity to initiate two phase 2 clinical trials for AB-PA01 for treatment of *P. aeruginosa*. Each of

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these meetings were strong evidence that the FDA was supportive of the development of bacteriophage for treatment of multi-drug resistant bacterial infections. Prior to the announcement on September 17, 2018, our stock closed at \$0.99, but the following day on September 18, 2018, our stock closed at \$0.87.

On September 18, 2018, we began marketing a public offering (the “2018 Offering”) of common stock to raise \$12 million of new capital based on a registration statement on Form S-1 filed with the SEC. Over a three-week marketing period, we held 17 individual investor meetings and numerous group calls with retail brokers. While short-term investors indicated interest, no lead anchor investor expressed interest in participating in the offering. On October 8, 2018, AmpliPhi and C3J executed a new confidentiality agreement (which did not contain a standstill provision) and granted C3J access to AmpliPhi’s data room as the prior confidentiality agreement had expired pursuant to its terms.

On October 9, 2018, Dr. Grint and Mr. Steve Martin met with Mr. Patrick in San Diego, California and discussed possible merger scenarios and synergies.

On October 12, 2018, we announced the pricing of a \$6.6 million public offering of common stock and warrants at \$0.40 per share pursuant to the 2018 Offering. We ultimately received \$6.8 million in gross proceeds in the offering and the capital is expected to carry AmpliPhi to mid-2019. As a result of the significant number of common shares issued in connection with the October 2018 offering, we added a proposal to our proxy statement for the December 2018 annual shareholders meeting to increase the number of authorized common shares by 150 million to allow us to raise additional capital in the future through the issuance of common stock.

On October 22, 2018, Company G, which was first contacted by an AmpliPhi board member, and AmpliPhi executed a confidentiality agreement (which did not contain a standstill provision) and granted Company G access to AmpliPhi’s data room.

On October 24, 2018, a representative of Ladenburg had a telephonic conversation with Mr. Patrick and communicated that AmpliPhi continued to seek alternatives and that, if interested, C3J would be welcome to more actively re-engage in the strategic process.

On October 25, 2018, Mr. Patrick outlined a merger proposal which was provided by email to Jeremy Curnock Cook, our chairman of the board. On October 28, 2018, C3J provided us with a written indication of interest.

On October 28, 2018, C3J made an initial nonbinding offer that ascribed valuations of \$36.0 million and \$12.0 million to C3J and AmpliPhi, respectively, and proposed a post-closing financing of \$14.0 million from current investors in C3J.

On October 31, 2018, at a special telephonic meeting, our board met in consultation with our management and representatives of Cooley. At the meeting, senior management updated the board on management’s pursuit of potential licensing and partnering transactions and government grants and that, despite active pursuit, we had not been successful in executing upon any such transaction, as well as the discussions with Company G. Our board also discussed the offer made by C3J on October 28, 2018. In addition, our board considered whether to enter into a new contract with Ladenburg, whose contract expired in September 2018.

Between mid-October 2018 until the end of November 2018, we also re-engaged in discussions with potential merger partner Company E. Company E was not fully capitalized and update discussions progressed while Company E pursued capital. During this time, Mr. Cook and Dr. Grint also engaged in discussions with potential merger partners Company E and Company G. None of these entities formalized a term sheet for review.

In November 2018, we continued discussions that had been ongoing since June 2017 with Company A. Company A expressed interest in making a financial investment in our AmpliPhi Australia subsidiary for the continued development of bacteriophage.

On November 6, 2018, Dr. Grint and Mr. Martin met in person at the C3J’s offices to further discuss the potential merger. Following the meeting, management of both parties initiated due diligence efforts to evaluate the merger possibility.

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On November 12, 2018, our board met to discuss re-engagement with C3J, and what terms if any would be acceptable for a transaction. Our board determined to focus its efforts on C3J and Company A.

Through November 2018, C3J and AmpliPhi exchanged drafts of a term sheet, and among other terms negotiated an exchange ratio under which AmpliPhi would own 30% of the equity of the combined company at closing (but prior to the post-closing financing) from a starting position of seeking 35% of the equity of the combined company at closing (but prior to the post-closing financing), and executed a term sheet on November 27, 2018 (the “C3J Term Sheet”).

Additionally, the C3J Term Sheet provided for a 30-day exclusivity period terminating on December 27, 2018.

However, under the term sheet, discussions with Company A would be permitted to continue. The C3J Term Sheet also ascribed valuations of \$28.0 million and \$12.0 million to C3J and AmpliPhi, respectively, provided for a minimum post-closing financing of \$14.0 million, the exchange ratio, a post-closing board comprised of five directors designated by C3J and two directors designated by AmpliPhi and other non-binding terms.

At the end of November, Cooley and AmpliPhi were granted access to the C3J data room and Thompson Hine LLP (“Thompson Hine”), C3J’s counsel, and C3J were granted access to AmpliPhi’s data room. The parties then began to conduct their due diligence review.

On December 4, 2018, NYSE American notified us of its recommendation that we effect a reverse stock split in order to maintain our listing with NYSE American. That same day, Thompson Hine sent a due diligence request list to Cooley.

On December 7, 2018, Cooley sent a draft merger agreement, lock-up agreement and AmpliPhi support agreement to Thompson Hine. The draft merger agreement also included, pursuant to the C3J Term Sheet, requirements that C3J and AmpliPhi have cash in the amount of \$5.0 million and \$2.5 million, respectively, at closing.

On December 9, 2018, we sent drafts of the stock purchase agreement and registration rights agreement for the financing to Thompson Hine.

On December 10, 2018, Thompson Hine indicated that the C3J existing investors would not be able to sign the stock purchase agreement and registration rights agreement prior to signing the merger agreement because they would need more time with their respective outside counsels and investment committees than the merger signing timeline permitted. Instead, the investors indicated they would be willing to sign an equity commitment letter prior to execution of the merger agreement and enter the stock purchase agreement and registration rights agreement after signing the merger agreement.

On December 11, 2018, Thompson Hine sent Cooley a draft equity commitment letter, proposing that the investors in the Financing enter into this agreement prior to signing the merger agreement, and then after execution of the merger agreement, but prior to filing a definitive proxy, such investors would enter into the stock purchase agreement and registration rights agreement. Between December 11, 2018 and December 20, 2018, the parties exchanged drafts of the equity commitment letter with C3J agreeing to more specificity in order to create a binding obligation.

On December 11, 2018, a non-binding term sheet proposal from Company A to invest up to \$12.5 million in AmpliPhi upon certain conditions was submitted to our board. Our board reviewed and discussed the proposal with the Independent Special Committee and determined to continue to assess this proposal in the context of progress with C3J.

On December 13, 2018, Thompson Hine sent drafts of the revised merger agreement, AmpliPhi support agreement, lockup agreement, stock purchase agreement and registration rights agreement. We accepted the minimal changes to the AmpliPhi support agreement, lockup agreement, stock purchase agreement and registration rights agreement. The draft of the merger agreement included and removed the right for our board to terminate the agreement for a Change of Circumstance.

On December 17, 2018, we entered into an extension of the Ladenburg engagement letter, which had expired.

On December 18, 2018, our board of directors met with Mr. Patrick in San Diego to discuss deal terms.

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On December 19, 2018, Cooley provided a draft of the AmpliPhi disclosure schedules and revised merger agreement to Thompson Hine. The draft merger agreement included a proposed \$500,000 termination fee and reinserted the right to terminate for a Change of Circumstance.

On December 20, 2018, Thompson Hine provided a draft of the C3J disclosure schedules and C3J support agreement to Cooley. The C3J support agreement was acceptable and agreed to be in substantially final form by the parties. That same day, Thompson Hine provided Cooley a further revised draft of the equity commitment letter in a form agreeable to the parties. Thompson Hine then distributed the equity commitment letters to its investors for signature, which were obtained prior to signing the merger agreement on January 3, 2018.

On December 21, 2018, Thompson Hine provided comments to the AmpliPhi disclosure schedules and a revised draft of the merger agreement to Cooley. The draft merger agreement included a termination fee of \$1.0 million.

On December 22, 2018, our management updated the Independent Special Committee regarding the proposal received from Company A on December 11, 2018.

On December 24, 2018, our board of directors determined to place the potential transaction with Company A on hold because of the inability of the parties to come to final terms. In discussions with the management team, Mr. Patrick also indicated he wished to extend exclusivity for 15 days to ensure the transaction was signed expeditiously. Our board then determined to pursue a merger transaction exclusively with C3J and cease negotiations with Company A.

On December 26, 2018, Thompson Hine sent an exclusivity extension agreement to extend exclusivity between the companies by 15 days, and on December 27, 2018, the parties executed the exclusivity extension agreement, extending exclusivity until January 11, 2019. Under the terms of this agreement, AmpliPhi was not permitted to continue discussions with any third party, including Company A. Additionally, the revised letter revised the minimum Financing commitment from \$14.0 million, as provided in the C3J Term Sheet, to \$11.5 million. The reduction in the Financing commitment amount was due to a number of factors, including the unwillingness of the financing source to move quickly within the confines of the limited timeframe in order to conclude its due diligence and review of the transaction documents.

On December 27, 2018, Thompson Hine provided execution versions of the equity commitment letters for an aggregate of \$8.5 million to Cooley.

On December 28, 2018, Cooley provided revised drafts of the AmpliPhi disclosure schedules, C3J disclosure schedules, and the merger agreement to Thompson Hine. The revised merger agreement included a termination fee of \$750,000.

On December 29, 2018, Thompson Hine provided the final equity commitment letter from one of the proposed investors and indicated that this investor would commit \$1.5 million instead of the previously anticipated \$3.0 million. The reduction by this investor brought the total minimum Financing amount from \$11.5 million to \$10.0 million. Given the reduction, C3J and AmpliPhi agreed to revise the cash closing requirement to account for the difference in the Financing amount by increasing the C3J requirement from \$5.0 million to \$6.0 million and decreasing AmpliPhi's requirement from \$2.5 million to \$2.0 million.

On December 31, 2018, Thompson Hine provided revised drafts of the AmpliPhi disclosure schedules, C3J disclosure schedules, and the merger agreement to Cooley. As agreed, the revised draft of the merger agreement changed the closing cash requirements of C3J and AmpliPhi from \$5.0 million and \$2.5 million to \$6.0 million and \$2.0 million, respectively, and a termination fee of \$1.0 million.

On January 2, 2019, at a special telephonic meeting, the Independent Special Committee with our management and representatives of Ladenburg and Cooley reviewed certain terms of the merger agreement, including the exchange ratio, post-closing board composition, termination fees and outside date. Later in the day, at a special telephonic meeting, our board of directors in consultation with our management and representatives of Ladenburg and Cooley reviewed the strategic process and C3J's proposal, including the combined company's management and board composition, the termination fee, and the terms of the Financing, the reduction in the financing commitment from \$11.5 million to \$10.0 million, and the corresponding changes to the closing cash requirements. Ladenburg also presented its financial

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analyses of the exchange ratio and explained that because of the pre-commercial nature of C3J's business, Ladenburg did not include any discounted cash flow analysis. Representatives of Cooley reviewed with our board its fiduciary duties in the context of considering the process and the proposed transaction with C3J.

On January 2, 2019, Cooley sent a revised draft of the merger agreement to Thompson Hine that accepted the previous changes in the merger agreement and revised the recitals to make reference to a minimum commitment of \$10.0 million in the Financing.

On January 3, 2019, the parties exchanged several drafts of each of the AmpliPhi disclosure schedules, C3J disclosure schedules and merger agreement in order to finalize the documents.

On January 3, 2019, at a special telephonic meeting, our board in consultation with our management and representatives of Ladenburg and Cooley reviewed the strategic process and C3J's proposal. At this meeting, representatives of Ladenburg reviewed its financial analyses of the consideration to be paid by AmpliPhi in the merger and delivered to our board its opinion, which stated that, subject to the various assumptions and limitations set forth in the opinion, as of January 3, 2018, the exchange ratio was fair, from a financial point of view, to the AmpliPhi shareholders. Also, at this meeting, representatives of Cooley reviewed changes in the proposed terms of the merger agreement from those discussed at the January 2, 2019 board meeting, including the outside date and closing cash requirements. Cooley reviewed the merger agreement terms, including conditions to closing, termination rights and any fees associated with terminations under certain circumstances, and our limited right to continue negotiations with other interested parties. Cooley also reviewed the terms of the Financing and other transaction agreements. Our board engaged in extensive discussions relating to C3J, its business and the terms of the proposed transaction.

Following consideration of the merger agreement and the contemplated transactions, including consideration of the factors described in "reasons for the merger", our board unanimously (a) determined that the contemplated transactions were fair to, advisable and in the best interests of AmpliPhi and its shareholders; (b) authorized, approved and declared advisable the merger agreement and the contemplated transactions, including the issuance of shares of AmpliPhi common stock to the shareholders of C3J pursuant to the terms of the merger agreement; and (c) determined to recommend, upon the terms and subject to the conditions set forth in the merger agreement, that the AmpliPhi shareholders vote to approve the AmpliPhi Shareholder Matters. Our board of directors also agreed to determine the final AmpliPhi board members and reverse stock split ratio at a later date.

Later that evening, representatives of C3J, AmpliPhi and Merger Sub executed the definitive Merger Agreement. Concurrently with the execution of the Merger Agreement, each of our directors and named executive officers of AmpliPhi representing less than 1% of the outstanding Shares in the aggregate entered into the AmpliPhi support agreement and the lockup agreement. That same day, we also entered into the equity commitment letters with C3J and certain stockholders of C3J.

Execution of the Merger Agreement was publicly announced early on the morning of January 4, 2019.

### Reasons for the Merger

Our board considered the following factors in reaching its conclusion to approve the Merger and to recommend that the AmpliPhi shareholders approve the AmpliPhi Shareholder Matters, all of which our board viewed as supporting its decision to approve the business combination with C3J:

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Our board and its financial advisors have undertaken a comprehensive and thorough process of reviewing and analyzing potential Merger transaction candidates for a variety of strategic transactions over the course of more than two years, to identify the opportunity that would, in our board's opinion, create the most value for AmpliPhi's shareholders.

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Our board believes that, as a result of arm's length negotiations with C3J, AmpliPhi and its representatives negotiated the most favorable exchange ratio for AmpliPhi that C3J was willing to agree to, and that the terms of the Merger Agreement include the most favorable terms to AmpliPhi in the aggregate to which C3J was willing to agree.



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- Our board believes, after a thorough review of strategic alternatives and discussions with C3J's senior management, and AmpliPhi's financial advisors and legal counsel, that the Merger was more favorable to the shareholders of AmpliPhi than the potential value that might have resulted from other strategic options that may have been available to AmpliPhi, including remaining a standalone public company.

- Our board believes, based in part on the judgment, advice and analysis of our senior management with respect to the potential strategic, financial and operational benefits of the Merger (which judgment, advice and analysis was informed in part on the business, technical, financial, accounting and legal due diligence investigation performed with respect to C3J), that the combined company's targeted bacteriophage therapeutics represents a sizeable market opportunity, may provide new medical benefits for a large patient population and returns for investors, and may lead to partnering opportunities with third parties that previously were not available to AmpliPhi.

- Our board also reviewed, with our management and C3J's management, the current plans of C3J for developing novel targeted antimicrobials to confirm the likelihood that the combined company would possess sufficient financial resources through the first half of 2020 to allow the management team to focus on the development and potential commercialization of targeted bacteriophage therapeutics. Our board also considered the possibility that the combined company would be able to take advantage of the potential benefits resulting from the combination of the AmpliPhi public company structure with the C3J business to raise additional funds in the future.

- Our board considered C3J's willingness to allow continued development of the AmpliPhi bacteriophage therapeutics which certain other bidders resisted.

- Our board's consideration of the fact that, despite the effectiveness of AmpliPhi's targeted bacteriophage therapeutics, its stock price had not responded favorably to positive announcements;

- Our board considered AmpliPhi's inability to successfully enter into partnering or collaboration arrangements despite directed efforts;

- Our board concluded that the Merger would provide the existing AmpliPhi shareholders a significant opportunity to participate in the potential growth of the combined company following the Merger given the potential ability of C3J to monetize its pipeline more quickly and seek patent protection more easily than AmpliPhi.

- Our board also considered that the combined company will be led by an experienced senior management team, including AmpliPhi's Chief Financial Officer, who will remain in his current position, and a new Chief Executive Officer who was part of senior management team that previously built and sold a company for over \$1.5 billion.

- Our board considered that the combined company will be led by a board of directors with representation from each of the current boards of directors of AmpliPhi and C3J.

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Our board considered the financial analysis of Ladenburg Thalmann, including Ladenburg Thalmann's Opinion to our board as to the fairness to AmpliPhi, from a financial point of view and as of the date of the Opinion, of the aggregate number of shares of AmpliPhi common stock to be paid in the Merger, as more fully described below under the caption "The Merger — Opinion of Ladenburg Thalmann & Co. Inc."

- Our board also reviewed the recent financial condition, results of operations and financial condition of AmpliPhi, including:
- the risks associated with continuing to operate AmpliPhi on a stand-alone basis, including liquidity needs and cash-burn relating to, among other things, funding AmpliPhi's ongoing and contemplated clinical trials;

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- the consequences of current market conditions, AmpliPhi's current liquidity position, the depressed stock price of AmpliPhi and its deemed peer group, continuing net operating losses, and the likelihood that the resulting circumstances for AmpliPhi, on a stand-alone basis, would not change for the benefit of the AmpliPhi shareholders in the foreseeable future;

- our management's belief that it would be difficult to obtain sufficient equity or debt financing on acceptable terms, if at all, coupled with the fact that AmpliPhi's existing cash would only fund operations through the middle of 2019;

- the results of substantial efforts made over a significant period of time by AmpliPhi's senior management and financial advisors to solicit strategic alternatives for AmpliPhi to the Merger, including the discussions that AmpliPhi management and the AmpliPhi board had since 2017 with other potential transaction candidates;

- the projected liquidation value of AmpliPhi and the risks, costs and timing associated with liquidating compared to the value AmpliPhi shareholders will receive in the Merger; and

- AmpliPhi's potential inability to maintain its NYSE American listing without completing the Merger.

Our board also reviewed the terms of the Merger and associated transactions, including:

- The Exchange Ratio, which establishes the number of shares of AmpliPhi common stock to be issued in the Merger, is fixed based on the relative valuations of the companies, and thus the relative percentage ownership of AmpliPhi shareholders and C3J shareholders immediately following the completion of the Merger is similarly fixed;

- the limited number and nature of the conditions to C3J's obligation to consummate the Merger and the limited risk of non-satisfaction of such conditions as well as the likelihood that the Merger will be consummated on a timely basis;

- the respective rights of, and limitations on, AmpliPhi and C3J under the Merger Agreement to consider certain unsolicited acquisition proposals under certain circumstances should AmpliPhi or C3J receive a superior offer;

- the reasonableness of the potential termination fee of \$1.0 million, which could become payable by either AmpliPhi or C3J if the Merger Agreement is terminated in certain circumstances;

- the support agreements, pursuant to which officers, directors and certain shareholders of C3J agreed, solely in their capacity as shareholders, to vote shares of their C3J capital stock covering approximately 88% of the outstanding shares of C3J in favor of adoption of the Merger Agreement;

- the fact that C3J would solicit the approval of its shareholders to adopt the Merger Agreement and approve the Merger and other transactions contemplated by the Merger Agreement within five business days of execution of the Merger Agreement;

- the execution of the equity commitment letters by certain of C3J's shareholders, pursuant to which such shareholders committed to invest a sufficient amount of capital (at a price per share based upon the combined valuation of the companies) that is anticipated to help fund the further development of the combined company's preclinical and clinical programs and build substantial value for our shareholders in the near term; and
- the belief that the terms of the Merger Agreement, including the parties' representations, warranties and covenants, and the conditions to their respective obligations, are reasonable under the circumstances.

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In the course of its deliberations, our board also considered a variety of risks and other countervailing factors related to entering into the Merger, including:

- the termination fee of \$1.0 million payable to C3J upon the occurrence of certain events and the potential effect of such termination fee in deterring other potential acquirers from proposing an alternative transaction that may be more advantageous to AmpliPhi's shareholders;
- the substantial expenses to be incurred in connection with the Merger, including the costs associated with any related litigation;
- the possible volatility, at least in the short term, of the trading price of the AmpliPhi common stock resulting from the Merger announcement;
- the risk that the Merger might not be consummated in a timely manner or at all and the potential adverse effect of the public announcement of the Merger or on the delay or failure to complete the Merger on the reputation of AmpliPhi;
- the risk to AmpliPhi's business, operations and financial results in the event that the Merger is not consummated, including the diminution of AmpliPhi's cash and its likely inability to raise additional capital through the public or private sale of equity securities;
- the strategic direction of the continuing company following the completion of the Merger, which will be determined by a board of directors, a majority of which will be initially comprised of members of the current C3J board of directors;
- the fact that the Merger would give rise to substantial limitations on the utilization of AmpliPhi's net operating losses;
- the fact that additional capital will be needed immediately following the consummation of the Merger to fund the continuing company;
- the fact that the stock purchase agreement contemplated by the equity commitment letters may not be executed and, even if executed, the financing contemplated thereby might not be consummated; and
- various other risks associated with the combined company and the Merger, including those described in the section entitled "Risk Factors" in this proxy statement.

The foregoing information and factors considered by the AmpliPhi board are not intended to be exhaustive but are believed to include all of the material factors considered by AmpliPhi's board. In view of the wide variety of factors considered in connection with its evaluation of the Merger and the complexity of these matters, the AmpliPhi board did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, individual members of AmpliPhi's board may have given different weight to different factors. AmpliPhi's board conducted an overall analysis of the factors described above, including thorough

discussions with, and questioning of, the AmpliPhi management team and the legal and financial advisors of AmpliPhi, and considered the factors overall to be favorable to, and to support, its determination.

Opinion of Ladenburg Thalmann & Co. Inc.

Pursuant to an engagement letter dated December 13, 2017 and amended on December 17, 2018, AmpliPhi retained Ladenburg Thalmann to act as a financial advisor in connection with the Merger and to render an opinion to the AmpliPhi board of directors as to the fairness, from a financial point of view, of the Exchange Ratio to the AmpliPhi shareholders. On January 3, 2019, Ladenburg Thalmann rendered its oral opinion, subsequently confirmed by delivery of a written opinion dated January 3, 2019, to the AmpliPhi board of directors, that, as of the date of such opinion, and based upon the various assumptions and limitations set forth therein, that the Exchange Ratio was fair from a financial point of view to the AmpliPhi shareholders.

The full text of the written opinion of Ladenburg Thalmann, dated January 3, 2019, is attached as Appendix C to this proxy statement and is incorporated by reference. AmpliPhi encourages AmpliPhi shareholders to read the Opinion in its entirety for the assumptions made, procedures followed, other matters

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considered and limits of the review by Ladenburg Thalmann. The summary of the written Opinion of Ladenburg Thalmann set forth herein is qualified by reference to the full text of the Opinion. Ladenburg Thalmann provided its Opinion for the sole benefit and use of AmpliPhi's board of directors in its consideration of the Merger. Ladenburg Thalmann's Opinion is not a recommendation to any shareholder as to how to vote with respect to the proposed Merger or to take any other action in connection with the Merger or otherwise.

In connection with the Opinion, Ladenburg Thalmann took into account an assessment of general economic, market and financial conditions as well as its experience in connection with similar transactions and securities valuations and, among other things:

- Reviewed a draft dated January 3, 2019 of the Merger Agreement, which was the most recent draft made available to Ladenburg Thalmann prior to delivery of the Opinion;
- Reviewed and analyzed certain publicly available financial and other information for each of AmpliPhi and C3J, respectively, including equity research on comparable companies and on AmpliPhi, and certain other relevant financial and operating data furnished to us by the management of each of AmpliPhi and C3J, respectively;
- Reviewed and analyzed certain relevant historical financial and operating data concerning C3J furnished to Ladenburg Thalmann by the management of AmpliPhi and C3J;
- Discussed with certain members of the management of AmpliPhi the historical and current business operations, financial condition and prospects of AmpliPhi and C3J;
- Reviewed and analyzed certain operating results of C3J as compared to operating results and the reported price and trading histories of certain publicly traded companies that Ladenburg Thalmann deemed relevant;
- Reviewed and analyzed certain financial terms of the Merger Agreement as compared to the publicly available financial terms of certain selected business combinations that Ladenburg Thalmann deemed relevant;
- Reviewed and analyzed certain financial terms of completed initial public offerings for certain companies that Ladenburg Thalmann deemed relevant;
- Reviewed certain pro forma financial effects of the Merger;
- Reviewed and analyzed such other information and such other factors, and conducted such other financial studies, analyses and investigations, as Ladenburg Thalmann deemed relevant for the purposes of the Opinion; and
- Took into account Ladenburg Thalmann's experience in other transactions, as well as Ladenburg Thalmann's experience in securities valuations and Ladenburg Thalmann's general knowledge of the industry in which AmpliPhi and C3J operate.

In conducting its review and arriving at the Opinion, Ladenburg Thalmann, with the consent of AmpliPhi, assumed and relied, without independent investigation, upon the accuracy and completeness of all financial and other information provided to Ladenburg Thalmann, by AmpliPhi and C3J, respectively, or which is publicly available or was otherwise reviewed by Ladenburg Thalmann. Ladenburg Thalmann has not undertaken any responsibility for the accuracy, completeness or reasonableness of, or independent verification of, such information.

Ladenburg Thalmann relied upon, without independent verifications, the assessment of AmpliPhi management and C3J management as to the viability of, and risks associated with, the current and future products and services of C3J (including without limitation, the development, testing and marketing of such products and services, the receipt of all necessary governmental and other regulatory approvals for the development, testing and marketing thereof, and the life and enforceability of all relevant patents and other intellectual and other property rights associated with such products and services).

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In addition, Ladenburg Thalmann has not conducted, nor has Ladenburg Thalmann assumed any obligation to conduct, any physical inspection of the properties or facilities of AmpliPhi or C3J. Furthermore, Ladenburg Thalmann has assumed, with AmpliPhi's consent, that there will be no further adjustments to the Exchange Ratio between the date hereof and the date the final Exchange Ratio is determined.

Ladenburg Thalmann, with AmpliPhi's consent, relied upon the assumption that all information provided to Ladenburg Thalmann by AmpliPhi, including information AmpliPhi obtained from C3J is accurate and complete in all material respects. Ladenburg Thalmann expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion of which Ladenburg Thalmann has become aware after the date hereof. Ladenburg Thalmann has assumed there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of AmpliPhi or C3J since the date of the last financial statements made available to Ladenburg Thalmann. Ladenburg Thalmann has not made or obtained any independent evaluations, valuations or appraisals of the assets or liabilities of AmpliPhi or C3J, nor has Ladenburg Thalmann been furnished with such materials. Further, as AmpliPhi's board of directors was aware, C3J's management team did not provide Ladenburg Thalmann or AmpliPhi with, and Ladenburg Thalmann did not otherwise have access to, financial forecasts regarding C3J's business, other than certain near-term budgets, and, accordingly, Ladenburg Thalmann did not perform either a discounted cash flow analysis or any multiples-based analyses with respect to C3J. In addition, Ladenburg Thalmann has not evaluated the solvency or fair value of AmpliPhi or C3J under any state or federal laws relating to bankruptcy, insolvency or similar matters. Ladenburg Thalmann has been informed that AmpliPhi was expected to have \$2.0 million in cash and C3J was expected to have \$6.0 million in cash at the closing of the merger, assuming the closing occurred prior to March 31, 2019. The Opinion does not address any legal, tax or accounting matters related to the Merger Agreement or the Merger, as to which Ladenburg Thalmann has assumed that AmpliPhi and the board of directors have received such advice from legal, tax and accounting advisors as each has determined appropriate. The Opinion addresses only the fairness of the Exchange Ratio, from a financial point of view, to AmpliPhi shareholders. Ladenburg Thalmann expresses no view as to any other aspect or implication of the Merger or any other agreement or arrangement entered into in connection with the Merger. The Opinion is necessarily based upon economic and market conditions and other circumstances as they exist and have been evaluated by Ladenburg Thalmann on the date hereof. It should be understood that although subsequent developments may affect the Opinion, Ladenburg Thalmann does not have any obligation to update, revise or reaffirm the Opinion and Ladenburg Thalmann expressly disclaims any responsibility to do so.

Ladenburg Thalmann did not consider any potential legislative or regulatory changes currently being considered or recently enacted by the United States or foreign regulatory body, or any changes in accounting methods or generally accepted accounting principles that may be adopted by the SEC, the Financial Accounting Standards Board, or any similar foreign regulatory body or board.

For purposes of rendering the Opinion, Ladenburg Thalmann assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the Merger Agreement are true and correct, that each party will perform all of the standards of the covenants and agreements required to be performed by it under the Merger Agreement and that all conditions to the consummation of the Merger will be satisfied without waiver thereof.

Ladenburg Thalmann assumed that the final form of the Merger Agreement was substantially similar to the last draft reviewed by Ladenburg Thalmann. Ladenburg Thalmann also assumed that all governmental, regulatory and other consents and approvals contemplated by the Merger Agreement will be obtained and that in the course of obtaining any of those consents no restrictions will be imposed or waivers made that would have an adverse effect on the contemplated benefits of the Merger. Ladenburg Thalmann assumed that the Merger will be consummated in a manner that complies with the applicable provisions of the Securities Act, the Exchange Act, and all other applicable federal and state statutes, rules and regulations.

It is understood that Ladenburg Thalmann's Opinion was intended for the benefit and use of the board of directors of AmpliPhi in its consideration of the financial terms of the Merger and may not be used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any

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purpose without Ladenburg Thalmann's prior written consent. Ladenburg Thalmann's Opinion did not constitute a recommendation to the board of directors of AmpliPhi on whether or not to approve the Merger or to any AmpliPhi shareholder or C3J shareholder or any other person as to how to vote with respect to the Merger or to take any other action in connection with the Merger or otherwise. Ladenburg Thalmann's Opinion did not address AmpliPhi's underlying business decision to proceed with the Merger or the relative merits of the Merger compared to other alternatives available to AmpliPhi. Ladenburg Thalmann expressed no Opinion as to the prices or ranges of prices at which shares of securities of any person, including AmpliPhi, will trade at any time, including following the announcement or consummation of the Merger. Ladenburg Thalmann was not requested to opine as to, and Ladenburg Thalmann's Opinion does not in any manner address, the amount or nature of compensation to any of the officers, directors or employees of any party to the Merger, or any class of such persons, relative to the compensation to be paid to the security holders of AmpliPhi in connection with the Merger or with respect to the fairness of any such compensation.

The following is a summary of the principal financial analyses performed by Ladenburg Thalmann to arrive at the Opinion. Some of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses. Ladenburg Thalmann performed certain procedures, including each of the financial analyses described below and reviewed with the management of AmpliPhi the assumptions on which such analyses were based and other factors, including the historical and projected financial results of AmpliPhi and C3J.

Transaction Overview as of the Date of the Opinion

Based upon an estimate of the Exchange Ratio of 0.6892 with no assumed reverse stock split, it is currently estimated that at the closing of the Merger, and prior to the Financing: (a) C3J securityholders immediately prior to the Merger will own approximately 70% of the aggregate number of the outstanding AmpliPhi securities (on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants), and (b) the AmpliPhi securityholders immediately prior to the Merger will own approximately 30% of the aggregate number of the outstanding AmpliPhi securities (on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants), in each case, subject to adjustment of the Exchange Ratio as set forth in the Merger Agreement and described herein.

Assuming that the Financing closes immediately after the Merger as well as the other aforementioned assumptions, it is expected that after the Financing, (a) the former C3J securityholders will own approximately 76% of the aggregate number of the outstanding AmpliPhi securities on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants, of which approximately 20% will be represented by the shares issued in the Financing to the Investors, and (b) the AmpliPhi securityholders as of immediately prior to the Merger will own approximately 24% of the aggregate number of the outstanding AmpliPhi securities (on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants), in each case, subject to adjustment of the Exchange Ratio as set forth in the Merger Agreement and described herein.

Implied Equity Value

Ladenburg Thalmann estimated an implied equity value for C3J of approximately \$28.0 million, which was calculated by multiplying 113,250,830 (the assumed C3J shares as of the closing of the Merger on a fully-diluted, as-converted, pre-split basis, excluding out of the money options, and prior to giving effect to the Financing) by \$0.25 (the assumed price per share of C3J common stock).

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## Implied Total Enterprise Value

Ladenburg Thalmann calculated an implied total enterprise value for C3J of approximately \$22.0 million by subtracting an assumed C3J net cash balance of approximately \$6.0 million at March 31, 2019 from the implied equity value of approximately \$28.0 million and was based on C3J's projected indebtedness, cash and cash equivalents at March 31, 2019, the assumed closing date of the Merger for purposes of the Opinion.

## Analysis of Selected Initial Public Offering Transactions

Ladenburg Thalmann reviewed the initial public offerings ("IPOs") of 10 biopharmaceutical companies that completed an IPO since July 2014 and whose lead product at the time of its IPO was in a Pre-Clinical to Phase 2 stage of development and focused on the infectious disease space. The total enterprise value at IPO is defined as the pre-money equity value plus indebtedness, liquidation value of preferred stock and non-controlling interest, minus cash and cash equivalents at the time of its IPO. Although the companies referred to below were used for comparison purposes, none of these companies are directly comparable to C3J. Accordingly, an analysis of the results of such a comparison is not purely mathematical, but instead involves complex considerations and judgments concerning differences in historical and projected financial and operating characteristics of the selected companies below. These companies, which are referred to as the "Precedent IPO Analysis," were:

First Trade Date	Company Name	Enterprise Value (\$MM)
9/25/18	Entasis Therapeutics Holdings Inc.	\$ 86.4
8/13/18	Aridis Pharmaceuticals Inc.	55.1
5/24/18	Iterum Therapeutics plc	41.8
2/14/18	Vaxart, Inc.*	77.0
1/25/18	resTORbio Inc.	264.0
11/15/17	Arsanis Inc.	83.2
11/1/17	Spero Therapeutics Inc.	83.8
5/5/17	Altimune, Inc.*	48.9
5/6/16	Spring Bank Pharmaceuticals Inc.	61.2
7/28/14	ContraFect Corp	75.4

\*

Entry into public markets done via a reverse merger.

Precedent IPO Analysis	Enterprise Value (\$MM)
Low	\$ 41.8
25th Percentile	\$ 56.6
Median	\$ 76.2
75th Percentile	\$ 83.6
High	\$ 264.0

Using the 25th percentile and the 75th percentile of the implied total enterprise values, Ladenburg Thalmann then calculated a range of implied total equity values for C3J (by adding an estimated \$6.0 million in cash at the closing of the Merger), which was \$62.6 million to \$89.6 million. This compares to C3J's total equity value as per the Merger Agreement of \$28.0 million.

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## Analysis of Selected Publicly Traded Companies

Ladenburg Thalmann reviewed selected financial data of 12 publicly traded companies in the biopharmaceutical industry that had a lead candidate in Pre-Clinical to Phase 2 stage of clinical development and focused on the infectious disease space (the “Selected Publicly Traded Companies Analysis”). Spero Therapeutics Inc., Altimune, Inc. and Entasis Therapeutics Holdings Inc. were excluded from the 25th and 75th percent calculations due to their negative enterprise values. Although the companies referred to below were used for comparison purposes, none of those companies is directly comparable to C3J. Accordingly, an analysis of the results of such a comparison is not purely mathematical but instead involves complex considerations and judgments concerning differences in historical and projected financial and operating characteristics of the selected companies below. The total enterprise values are based on closing stock prices on January 2, 2019. The Selected Publicly Traded Companies were:

Company Name	Enterprise Value (\$MM)
Assembly Biosciences, Inc.	\$ 352.7
Arbutus Biopharma Corporation	203.5
resTORbio, Inc.	134.3
Spring Bank Pharmaceuticals, Inc.	126.6
Cocrystal Pharma, Inc.	108.4
ContraFect Corporation	103.7
Mymetics Corporation	78.9
Aridis Pharmaceuticals, Inc.	55.8
NanoViricides, Inc.	9.5
Spero Therapeutics, Inc.	(23.2)
Altimune, Inc.	(25.0)
Entasis Therapeutics Holdings Inc.	(34.9)
Selected Publicly Traded Companies Analysis	Enterprise Value (\$MM)
Low	\$ 9.5
25th Percentile	\$ 78.9
Median	\$ 108.4
75th Percentile	\$ 134.3
High	\$ 352.7

Using the 25th percentile and the 75th percentile of the implied total enterprise values, Ladenburg Thalmann then calculated a range of implied total equity values for C3J (by adding an estimated \$6.0 million in cash at the closing of the Merger), which was \$84.9 million to \$140.3 million. This compares to C3J’s ascribed total equity value of \$28.0 million under the Merger Agreement.

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## Analysis of Precedent Selected M&amp;A Comparable Transactions

Ladenburg Thalmann reviewed the financial terms, to the extent the information was publicly available, of the 8 most recent qualifying merger transactions of companies in the biopharmaceutical industry, which had a lead candidate in Pre-Clinical to Phase 2 stage of clinical development and focused on the infectious disease space (the “Precedent Selected M&A Comparable Transactions”). Although the precedent transactions referred to below were used for comparison purposes, none of the target companies is directly comparable to C3J. Accordingly, an analysis of the results of such a comparison is not purely mathematical, but instead involves complex considerations and judgments concerning differences in historical and projected financial and operating characteristics of the companies involved and other factors that could affect the Merger value of such companies and C3J to which they are being compared. Ladenburg Thalmann reviewed the total enterprise values of the target companies (including downstream milestone payments). These transactions, including the month and year each was closed, were as follows:

Closed Date	Target Company	Acquirer	Enterprise Value (\$MM)
August 2018	Visterra, Inc.	Otsuka America, Inc.	\$ 430.0
July 2018	Zavante Therapeutics, Inc.	Nabriva Therapeutics plc	169.7
May 2016	VBI Vaccines Inc.	SciVac Therapeutics Inc.	74.4
July 2015	Foresight Biotherapeutics, Inc.	Shire plc	300.0
June 2015	Anaconda Pharma SAS	Biota Pharmaceuticals, Inc.	46.7
September 2013	Medicago Inc.	Mitsubishi Tanabe Pharma Corporation	364.0
May 2013	Okairos AG	GlaxoSmithKline plc	323.9
May 2013	Inviragen, Inc.	Takeda America Holdings, Inc.	250.0

Selected M&A Comparable Transactions	Enterprise Value (\$MM)
Low	\$ 46.7
25th Percentile	\$ 145.9
Median	\$ 275.0
75th Percentile	\$ 333.9
High	\$ 430.0

Using the 25th percentile and the 75th percentile of the implied total enterprise values, Ladenburg Thalmann then calculated a range of implied total equity values for C3J (by adding an estimated \$6.0 million in cash at the closing of the Merger), which was \$151.9 million to \$339.9 million. This compares to C3J’s ascribed total equity value of \$28.0 million under the Merger Agreement.

The summary set forth above does not purport to be a complete description of all the analyses performed by Ladenburg Thalmann. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to partial analysis or summary description. Ladenburg Thalmann did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, notwithstanding the separate factors summarized above, Ladenburg Thalmann believes, and advised the AmpliPhi board of directors, that its analyses must be considered as a whole. Selecting portions of its analyses and the factors considered by it without considering all analyses and factors could create an incomplete view of the process underlying its Opinion. In performing its analyses, Ladenburg Thalmann made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond the control of AmpliPhi and C3J. These analyses performed by Ladenburg Thalmann are not necessarily indicative of actual values or future results,

which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which

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businesses or securities may actually be sold. Accordingly, such analyses and estimates are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors. None of AmpliPhi, C3J, Ladenburg Thalmann or any other person assumes responsibility if future results are materially different from those projected. The analyses supplied by Ladenburg Thalmann and its Opinion were among several factors taken into consideration by the AmpliPhi board of directors in making its decision to enter into the Merger Agreement and should not be considered as determinative of such decision.

Ladenburg Thalmann was selected by the AmpliPhi board of directors to render an opinion to the AmpliPhi board of directors because Ladenburg Thalmann is a nationally recognized investment banking firm and because, as part of its investment banking business, Ladenburg Thalmann is continually engaged in the valuation of businesses and their securities in connection with mergers, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In addition, in the ordinary course of its business, Ladenburg Thalmann and its affiliates may trade the equity securities of AmpliPhi for its own account and for the accounts of their customers, and, accordingly, may at any time hold a long or short position in such securities. In the three years preceding the date hereof, Ladenburg Thalmann has had no equity research reports written on AmpliPhi. Ladenburg Thalmann has not received any fees from AmpliPhi, aside from the fees described below. In the three years preceding the date hereof, Ladenburg Thalmann has not had a relationship with C3J and has not received any fees from C3J. Ladenburg Thalmann and its affiliates may in the future seek to provide investment banking or financial advisory services to AmpliPhi and C3J and/or certain of their respective affiliates and expect to receive fees for the rendering of these services.

The issuance of the Opinion was reviewed and approved by a fairness opinion committee of Ladenburg Thalmann. Pursuant to the engagement letter between Ladenburg Thalmann and AmpliPhi, dated December 13, 2017, if the Merger is consummated, Ladenburg Thalmann will be entitled to receive a transaction fee of \$1.0 million payable in cash. AmpliPhi also paid an initial fee of \$75,000, creditable against other fees due in connection with the Merger and paid a fee for the delivery of a fairness opinion of \$250,000. Additionally, AmpliPhi has agreed to reimburse Ladenburg Thalmann for its out-of-pocket expenses and has agreed to indemnify Ladenburg Thalmann against certain liabilities. The terms of the fee arrangement with Ladenburg Thalmann, which are customary in transactions of this nature, were negotiated at arm's length between AmpliPhi and Ladenburg Thalmann, and the AmpliPhi board of directors was aware of the arrangement, including the fact that a portion of the fee payable to Ladenburg Thalmann is contingent upon the completion of the Merger.

**Interests of the AmpliPhi Directors and Executive Officers in the Merger**

In considering the recommendation of the AmpliPhi board of directors with respect to issuing shares of AmpliPhi common stock in the Merger and the Financing and the other matters to be acted upon by the AmpliPhi shareholders at the Special Meeting, the AmpliPhi shareholders should be aware that some of our directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of our shareholders generally. These interests may present them with actual or potential conflicts of interest, and these interests, to the extent material, are described below.

Our board was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decision to approve the Merger Agreement and the Merger, and to recommend, as applicable, that the AmpliPhi shareholders approve the Proposals to be presented to the AmpliPhi shareholders for consideration at the Special Meeting as contemplated by this proxy statement.

**Directors and Executive Officers Following the Merger**

Jeremy Curnock Cook and Michael S. Perry, D.V.M., Ph.D. are currently directors of AmpliPhi and shall continue as directors of the combined company after the effective time of the Merger.

Paul C. Grint, M.D., currently the Chief Executive Officer of AmpliPhi and a member of its board of directors, is expected to resign from his positions as officer and director of AmpliPhi as of the effective time of the Merger. After the effective time of the Merger, Dr. Grint may act as a clinical consultant for the combined company. The specific terms of this potential consulting relationship are still being discussed.

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Pursuant to Dr. Grint's offer letter agreement with AmpliPhi, dated June 1, 2017, in the event Dr. Grint is terminated without cause or resigns for good reason within one month before or 12 months after a change in control of AmpliPhi (including the Merger), the vesting of all of his outstanding equity awards that are subject to time-based vesting will accelerate in full such that all such equity awards will be deemed fully vested as of the date of such termination or resignation (or change in control, if later). In addition, the offer letter provides that if Dr. Grint is terminated without cause or resigns for good reason from his employment with us, Dr. Grint will be entitled to receive severance benefits in the form of salary continuation at the rate of his base salary in effect at the time of his termination or resignation for a period of 12 months, subject to our timely receipt of an effective release and waiver of claims from Dr. Grint. Dr. Grint is expected to receive the foregoing change in control severance benefits in connection with the closing of the Merger.

Steve R. Martin, our Chief Financial Officer, will maintain his position as Chief Financial Officer of the combined company pursuant to the terms of the Merger Agreement. However, if Mr. Martin is terminated without cause or resigns for good reason within 12 months following the closing of the Merger, Mr. Martin will be entitled to receive 12 months of continued base salary as well as full acceleration of all time-based equity awards held by Mr. Martin.

### Indemnification of the AmpliPhi Officers and Directors

The Merger Agreement provides that, for a period of six years following the effective time of the Merger, AmpliPhi and the Combined company will, jointly and severally, indemnify and hold harmless each person who is, has been, or who becomes prior to the effective time, a director, officer, fiduciary or agent of AmpliPhi and its subsidiaries or C3J, respectively, against all claims, losses, liabilities, damages, judgments, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements, incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to the fact that such person is or was a director, officer, fiduciary or agent of AmpliPhi or of C3J or any of their respective subsidiaries, whether asserted or claimed prior to, at or after the effective time, in each case, to the fullest extent permitted under applicable law. Each such person will be entitled to advancement of expenses incurred in the defense of any such claim, action, suit, proceeding or investigation from each of AmpliPhi and the Combined company, jointly and severally.

The Merger Agreement also provides that the provisions relating to the indemnification, advancement of expenses and exculpation of present and former directors and officers of AmpliPhi set forth in AmpliPhi's articles of incorporation and bylaws will not be amended, repealed or otherwise modified for a period of six years from the effective time in any manner that would adversely affect the rights of individuals who, at the effective time, were officers or directors of AmpliPhi. After the closing of the Merger, the articles of incorporation and bylaws of C3J will contain provisions at least as favorable as the provisions relating to the indemnification, advancement of expenses and exculpation of present and former directors and officers presently set forth in AmpliPhi's articles of incorporation and bylaws. Prior to the effective time of the Merger, AmpliPhi has agreed to secure and prepay, at C3J's expense, a six year "tail policy" on AmpliPhi's existing directors' and officers' liability insurance policy.

### Structure

Under the Merger Agreement, Merger Sub, a wholly owned subsidiary of AmpliPhi formed in connection with the merger, will merge with and into C3J, with C3J surviving as a wholly owned subsidiary of AmpliPhi.

After completion of the Merger, AmpliPhi will be renamed "Armata Pharmaceuticals, Inc." and expects to trade on the NYSE American under the symbol "ARMP."

### Merger Consideration and Exchange Ratio

For a discussion of Merger consideration and the Exchange Ratio, please see the section titled "The Merger Agreement — Merger Consideration and Exchange Ratio" beginning on page 87.

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### Effective Time of the Merger

The Merger Agreement requires the parties to consummate the Merger after all of the conditions to the consummation of the Merger contained in the Merger Agreement are satisfied or waived, including the adoption of the Merger Agreement by the shareholders of C3J and the approval by the AmpliPhi shareholders of the issuance of AmpliPhi common stock in the Merger and the Financing, the amendment of AmpliPhi's amended and restated articles of incorporation to effect a Reverse Split and the amendment to the amended and restated articles of incorporation of AmpliPhi effecting the name change from "AmpliPhi Biosciences Corporation" to "Armata Pharmaceuticals, Inc." and the Merger-related compensation for AmpliPhi's named executive officer. The Merger will become effective upon the filing of a certificate of Merger with the Secretary of State of the State of Washington or at such later time as is agreed by AmpliPhi and C3J and specified in the certificate of Merger. Neither AmpliPhi nor C3J can predict the exact timing of the consummation of the Merger.

### Regulatory Approvals

AmpliPhi must comply with applicable federal and state securities laws and the rules and regulations of the NYSE American in connection with the issuance of shares of AmpliPhi common stock and the filing of this proxy statement with the SEC. AmpliPhi does not intend to seek any regulatory approval to consummate the transactions.

### Certain Material U.S. Federal Income Tax Consequences of the Merger

Regardless of whether the Merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, the Merger will not result in any taxable gain or loss for U.S. federal income tax purposes to C3J, AmpliPhi or any AmpliPhi stockholder in his or her capacity as an AmpliPhi stockholder.

AmpliPhi stockholders who are also stockholders of C3J, if any, should consult their own tax advisors as to the tax consequences to them of participating in the Merger with respect to their C3J stock.

The foregoing discussion is for general information purposes only and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the Merger. In addition, the discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the Merger.

Accordingly, you are strongly encouraged to consult with your own tax advisor as to the tax consequences of the Merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

### NYSE American Stock Market Listing

AmpliPhi common stock currently is listed on the NYSE American under the symbol "APHB." AmpliPhi has agreed to use its reasonable best efforts to maintain its existing listing on the NYSE American, and to obtain approval for listing on the NYSE American of the shares of AmpliPhi common stock that C3J shareholders will be entitled to receive pursuant to the Merger. In addition, under the Merger Agreement, each party's obligation to complete the Merger is subject to the satisfaction or waiver by each of the parties, at or prior to the Merger, of various conditions, including that the existing shares of AmpliPhi common stock must have been continually listed on the NYSE American, and AmpliPhi must have caused the shares of AmpliPhi common stock to be issued in the Merger to be approved for listing on the NYSE American as of the closing of the Merger.

Prior to consummation of the Merger, AmpliPhi intends to file an initial listing application with the NYSE American pursuant to NYSE American "change of control" rules. If such application is accepted, AmpliPhi anticipates that its common stock will be listed on the NYSE American following the closing of the Merger under the trading symbol "ARMP."

### Anticipated Accounting Treatment

The Merger will be treated by AmpliPhi as a reverse Merger under the acquisition method of accounting in accordance with accounting principles generally accepted in the United States. For

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accounting purposes, C3J is considered to be acquiring AmpliPhi in this transaction. The transaction will be accounted for under the acquisition method of accounting under existing U.S. generally accepted accounting principles, or GAAP. Under the acquisition method of accounting, management of AmpliPhi and C3J have made a preliminary estimated purchase price calculated as described in Note 2 to the unaudited pro forma combined financial statements. The net tangible and intangible assets acquired and liabilities assumed in connection with the transaction are at their estimated acquisition date fair values. The acquisition method of accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. A final determination of these estimated fair values, which cannot be made prior to the completion of the transaction, will be based on the actual net tangible and intangible assets of AmpliPhi that exist as of the date of completion of the transaction.

Dissenters' Rights

Under the Revised Code of Washington ("RCW"), shareholders of AmpliPhi are not entitled to assert dissenters' rights as a result of the proposed Merger.

C3J shareholders are entitled to assert dissenters' rights in connection with the Merger under Chapter 23B.13 of the RCW.

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### THE MERGER AGREEMENT

The following is a summary of the material terms of the Merger Agreement. A copy of the Merger Agreement is attached as Appendix A to this proxy statement and is incorporated by reference. The Merger Agreement has been attached to this proxy statement to provide you with information regarding its terms. It is not intended to provide any other factual information about AmpliPhi, C3J or Merger Sub. The following description does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement. You should refer to the full text of the Merger Agreement for details of the Merger and the terms and conditions of the Merger Agreement.

The Merger Agreement contains representations and warranties that AmpliPhi and Merger Sub, on the one hand, and C3J, on the other hand, have made to one another as of specific dates. These representations and warranties have been made for the benefit of the other parties to the Merger Agreement and may be intended not as statements of fact but rather as a way of allocating the risk to one of the parties if such statements made in the representations and warranties prove to be incorrect. In addition, the assertions made in the representations and warranties are qualified by the information in confidential disclosure schedules exchanged by the parties in connection with the signing of the Merger Agreement. While AmpliPhi and C3J do not believe that these disclosure schedules contain information required to be publicly disclosed under the applicable securities laws, other than information that has already been so disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Merger Agreement. Accordingly, you should not rely on the representations and warranties as current characterizations of factual information about AmpliPhi, C3J or Merger Sub, because they were made as of specific dates, may be intended merely as a risk allocation mechanism between AmpliPhi and Merger Sub on the one hand, and C3J on the other hand, and are modified by the disclosure schedules.

#### Structure

Under the Merger Agreement, Merger Sub, a wholly owned subsidiary of AmpliPhi formed in connection with the Merger, will merge with and into C3J, with C3J surviving as a wholly owned subsidiary of AmpliPhi.

#### Completion and Effectiveness of the Merger

The Merger will be completed as promptly as practicable after all of the conditions to completion of the Merger are satisfied or waived, including the approval of the shareholders of AmpliPhi and C3J. The approval of the C3J shareholders was obtained following the execution of the Merger Agreement. The Merger is anticipated to occur after the Special Meeting. However, AmpliPhi and C3J cannot predict the exact timing of the completion of the Merger because it is subject to various conditions.

#### Merger Consideration and Exchange Ratio

At the effective time of the Merger, each share of C3J common stock outstanding immediately prior to the effective time (excluding any (i) properly dissenting shares of C3J common stock or (ii) shares of C3J common stock held as treasury stock or by C3J, Merger Sub, or any C3J subsidiary, which will be canceled without consideration) will be automatically converted solely into the right to receive a number of shares of AmpliPhi common stock equal to the Exchange Ratio.

No fractional shares of AmpliPhi common stock will be issued in connection with the Merger. Instead, each C3J shareholder who otherwise would be entitled to receive a fractional share of AmpliPhi common stock (after aggregating all fractional shares of AmpliPhi common stock issuable to such holder) will be entitled to receive an amount in cash, without interest, determined by multiplying such fraction by the volume-weighted average closing trading price of a share of AmpliPhi common stock on the NYSE American for the five trading days ending five trading days immediately prior to the date upon which the Merger becomes effective.

The Exchange Ratio is calculated using a formula intended to allocate (without taking into account the Financing) to the former C3J securityholders approximately 70% of the aggregate number of shares of AmpliPhi common stock, and to the securityholders of AmpliPhi as of immediately prior to the Merger

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approximately 30% of the aggregate number of shares of AmpliPhi common stock (on a fully diluted basis but using the treasury stock method and in each case excluding out of the money options and warrants). The approximate post-closing ownership percentages in this paragraph were calculated without giving effect to the Financing. The Exchange Ratio formula is the quotient obtained by dividing the number (without taking into account the Financing) of C3J Merger Shares (as defined below) by the C3J Outstanding Shares (as defined below), where:

- “C3J Merger Shares” means the product determined by multiplying (i) the Post-Closing AmpliPhi Shares by (ii) the C3J Allocation Fraction.

- “C3J Outstanding Shares” means the total number of shares of C3J common stock outstanding immediately prior to the effective time of the Merger (expressed on a fully-diluted and as-converted basis, calculated based on the treasury stock method and assuming, without limitation or duplication, (i) the exercise of all outstanding C3J options and (ii) the issuance of shares of C3J common stock in respect of all other outstanding rights to receive such shares (but excluding any shares reserved for issuance other than with respect to outstanding C3J options and C3J RSAs under the C3J stock plans). For the avoidance of doubt, no out of the money C3J options are included in the total number of C3J Outstanding Shares.

- “Post-Closing AmpliPhi Shares” means the quotient determined by dividing (i) the AmpliPhi Outstanding Shares by (ii) the AmpliPhi Allocation Fraction.

- “AmpliPhi Outstanding Shares” means the total number of shares of AmpliPhi Common Stock outstanding immediately prior to the effective time of the Merger (expressed on a fully-diluted basis and using the treasury stock method, but assuming the issuance of shares of AmpliPhi common stock in respect of all AmpliPhi options, AmpliPhi warrants and other outstanding rights to receive such shares (assuming cashless exercise using the AmpliPhi Closing Price), (but excluding any shares of AmpliPhi common stock reserved for issuance other than with respect to outstanding AmpliPhi options and AmpliPhi warrants). For the avoidance of doubt, no out of the money AmpliPhi options or AmpliPhi warrants shall be included in the total number AmpliPhi Outstanding Shares.

- “C3J Allocation Fraction” the quotient (rounded to two decimal places) determined by dividing (i) the C3J Valuation by (ii) the Aggregate Valuation.

- “AmpliPhi Allocation Fraction” means the quotient (rounded to two decimal places) determined by dividing (i) the AmpliPhi Valuation by (ii) the Aggregate Valuation.

- “Aggregate Valuation” means the sum of (a) the C3J Valuation, plus (b) the AmpliPhi Valuation.

- “C3J Valuation” means \$28,000,000.

- “AmpliPhi Valuation” means \$12,000,000, which is a 70% premium to the 30-day volume-weighted average share price of AmpliPhi on the date of execution of the Merger Agreement.

Treatment of C3J Stock Options and RSAs

Under the terms of the Merger Agreement, each C3J Stock Option under the C3J Stock Plans that is outstanding and unexercised immediately prior to the effective time of the Merger, whether or not vested, will be converted into an option to purchase shares of AmpliPhi common stock, and AmpliPhi will assume the C3J Stock Plans and each outstanding C3J Stock Option in accordance with its terms. Accordingly, from and after the effective time: (i) each C3J Stock Option assumed by AmpliPhi may be exercised solely for shares of AmpliPhi common stock; (ii) the number of shares of AmpliPhi common stock subject to each C3J Stock Option assumed by AmpliPhi will be determined by multiplying (A) the number of shares of C3J common stock that were subject to such C3J Stock Option, as in effect immediately prior to the effective time, by (B) the Exchange Ratio, and rounding the resulting number down to the nearest whole number of shares of AmpliPhi common stock; (iii) the per share exercise price for the AmpliPhi common stock issuable upon exercise of each C3J Stock Option assumed by AmpliPhi will be determined by

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dividing (A) the per share exercise price of the C3J common stock subject to such C3J Stock Option, as in effect immediately prior to the effective time, by (B) the Exchange Ratio and rounding the resulting exercise price up to the nearest whole cent; and (iv) any restriction on the exercise of any C3J Stock Option assumed by AmpliPhi will continue in full force and effect and the term, exercisability, vesting schedule and other provisions of such C3J Stock Option will otherwise remain unchanged, except that: (A) AmpliPhi may amend the terms of the C3J Stock Option and the C3J Stock Plans to reflect AmpliPhi's substitution of the C3J Stock Options with options to purchase AmpliPhi common stock; and (B) the AmpliPhi board of directors will succeed to the authority and responsibility of C3J's board of directors with respect to each C3J Stock Option assumed by AmpliPhi.

AmpliPhi will file with the SEC, promptly, but no later than thirty calendar days after the effective time of the Merger, a registration statement on Form S-8, if available for use by AmpliPhi, relating to the shares of AmpliPhi common stock issuable with respect to the C3J Stock Options assumed by AmpliPhi in accordance with the Merger Agreement. Each C3J RSA that is outstanding immediately prior to the effective time of the Merger will be assumed by AmpliPhi and converted into restricted stock awards with respect to AmpliPhi common stock, and AmpliPhi will assume the applicable restricted stock agreements and each such C3J RSA in accordance with its terms. All rights with respect to C3J common stock under the C3J RSAs assumed by AmpliPhi will be converted into rights with respect to AmpliPhi common stock. Accordingly, from and after the effective time: (i) each C3J RSA assumed by AmpliPhi will relate to shares of AmpliPhi common stock; (ii) the number of shares of AmpliPhi common stock subject to each C3J RSA assumed by AmpliPhi will be determined by multiplying (A) the number of shares of C3J common stock that were subject to such C3J RSA, as in effect immediately prior to the effective time, by (B) the Exchange Ratio and rounding the resulting number down to the nearest whole number of shares of AmpliPhi common stock; and (iii) any restriction on any C3J RSA assumed by AmpliPhi will continue in full force and effect and the vesting schedule and other provisions of such C3J RSA will otherwise remain unchanged, subject to certain exceptions.

**Employee Benefit Matters**

Under the terms of the Merger Agreement, for purposes of vesting, eligibility to participate, and level of benefits under the employee benefit plans, programs, contracts or arrangements of AmpliPhi or any of its subsidiaries (including, following the closing of the Merger, C3J and its subsidiary), each employee who continues to be employed by AmpliPhi, C3J or any of their respective subsidiaries immediately following the closing will be credited with his or her years of service with AmpliPhi, C3J or any of their respective subsidiaries and their respective predecessors.

**Directors and Officers of AmpliPhi Following the Merger**

The Merger Agreement provides that the parties will use reasonable best efforts and take all necessary action so that immediately after the effective time of the Merger, the AmpliPhi board of directors is comprised of seven members, with two such members designated by AmpliPhi and five such members designated by C3J.

The Merger Agreement also provides that, immediately after the effective time of the Merger, AmpliPhi will appoint Todd Patrick as Chief Executive Officer, Brian Varnum, Ph.D. as President and Chief Development Officer, Steve Martin as Chief Financial Officer, and Duane Morris as Vice President of Operations. If any of the officer appointees is unable or unwilling to serve as an officer of AmpliPhi as of the effective time, the parties will mutually agree upon a successor.

**Amendment to the Articles of Incorporation of AmpliPhi**

AmpliPhi agreed to amend its articles of incorporation to (i) change the name from "AmpliPhi Biosciences Corporation" to a name to be determined in good faith by the parties (as discussed elsewhere in this proxy statement, "Armata Pharmaceuticals, Inc." has been agreed to by the parties), (ii) subject to shareholder approval, effect the Reverse Split and (iii) make such other changes as are mutually agreeable to the parties.

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Conditions to the Completion of the Merger

The obligations of each party to consummate the Merger and the other transactions contemplated by the Merger Agreement are subject to the satisfaction or, to the extent permitted by applicable law, the written waiver by each of the parties, at or prior to the closing of the Merger, of the following conditions:

- No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Merger, the Financing, the Reverse Split and the other transactions and actions contemplated by the Merger Agreement (collectively, the “Contemplated Transactions”) shall have been issued by any court of competent jurisdiction or other governmental body of competent jurisdiction and remain in effect, and no law shall have made the consummation of the Contemplated Transactions illegal.

- The AmpliPhi shareholders must approve the business combination pursuant to the Merger and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement, the issuance of shares of AmpliPhi common stock in the Financing, and the amendment to AmpliPhi’s articles of incorporation to effect the Reverse Split, and the C3J shareholders must adopt and approve the Merger Agreement and the Contemplated Transactions.

- No pending legal proceeding shall have been initiated by any governmental body: (a) challenging or seeking to restrain or prohibit the consummation of the Contemplated Transactions; (b) seeking to prohibit or limit in any material and adverse respect a party’s ability to vote, transfer, receive dividends with respect to or otherwise exercise ownership rights with respect to the AmpliPhi common stock; (c) that would materially and adversely affect the right or ability of AmpliPhi or C3J to own the assets or operate the business of AmpliPhi or C3J, in each case, in the respective manner such ownership or operations are conducted immediately prior to the closing of the Merger Agreement; or (d) seeking to compel AmpliPhi or C3J (or any of their respective subsidiaries) to dispose of or hold separate any material assets as a result of the Contemplated Transactions.

- The shares of AmpliPhi common stock to be issued pursuant to the Merger Agreement must be approved for listing (subject to official notice of issuance) on the NYSE American prior to the closing of the Merger.

- The representations and warranties of C3J set forth in the Merger Agreement under Sections 2.1 (Due Organization; Subsidiaries), 2.3 (Authority; Binding Nature of Agreement), 2.4 (Vote Required), 2.6(a) and (c) (Capitalization) and 2.20 (No Financial Advisors) must be true and correct on and as of the closing date of the Merger with the same force and effect as if made on and as of such date (except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties must be true and correct as of such date). The other representations and warranties of C3J contained in the Merger Agreement must be true and correct on and as of the closing date of the Merger with the same force and effect as if made on such date except (a) in each case, or in the aggregate, where the failure to be true and correct would not reasonably be expected to have a Company Material Adverse Effect (as defined below) (without giving effect to any reference therein to any Company Material Adverse Effect or other materiality qualifications), or (b) for those representations and warranties which address matters only as of a particular date (which representations will be true and correct, subject to the qualifications as set forth in the preceding clause (a), as of such particular date).

- The representations and warranties of AmpliPhi and Merger Sub set out in the Merger Agreement under Sections 3.1(a) (Due Organization; Subsidiaries), 3.3 (Authority; Binding Nature of Agreement), 3.4 (Vote Required), 3.6(a), (b) and (c) (Capitalization) and 3.21 (No Financial Advisors) must be true and correct on and as of the closing

date of the Merger with the same force and effect as if made on and as of such date (except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties must be true and correct as of such date) other than, with respect to the representations and warranties set forth in Section 3.6 (Capitalization) of the Merger Agreement, for inaccuracies that are de minimis in nature and amount as of such date (for the

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avoidance of doubt, only amounts that are less than \$100,000 in the aggregate shall be deemed de minimis). The other representations and warranties of AmpliPhi and Merger Sub contained in the Merger Agreement must be true and correct as of the date of the Merger Agreement on and as of the closing date of the Merger with the same force and effect as if made on such date except (a) in each case, or in the aggregate, where the failure to be true and correct would not reasonably be expected to have a Parent Material Adverse Effect (as defined below) (without giving effect to any reference therein to any Parent Material Adverse Effect or other materiality qualifications), or (b) for those representations and warranties which address matters only as of a particular date (which representations will have been true and correct, subject to the qualifications as set forth in the preceding clause (a), as of such particular date).

- C3J, AmpliPhi and Merger Sub each must materially perform and comply with all agreements and covenants required to be performed or complied with by it under the Merger Agreement at or prior to the effective time of the Merger.

- AmpliPhi must receive (i) a certificate executed by the Chief Executive Officer or Chief Financial Officer of C3J certifying (x) that certain conditions of the Merger Agreement have been duly satisfied and (y) that the information set forth in an allocation certificate delivered by C3J related to C3J's capitalization is true and accurate in all respects as of the closing date of the Merger; (ii) a written resignation, dated as of the closing date of the Merger and effective as of the closing, executed by each of the required officers and directors of C3J; and (iii) a certificate signed by the Chief Financial Officer of C3J related to C3J's capitalization.

- AmpliPhi must receive (i) an original signed statement from C3J that C3J is not, and has not been at any time during the applicable period specified in Section 897(c)(1)(A)(ii) of the Internal Revenue Code of 1986, as amended, a "United States real property holding corporation," as defined in Section 897(c)(2) of the Internal Revenue Code of 1986, as amended, conforming to the requirements of Treasury Regulations Section 1.1445-2(c)(3) and 1.897-2(h), and (ii) an original signed notice to be delivered to the Internal Revenue Service in accordance with the provisions of Treasury Regulations Section 1.897-2(h)(2), together with written authorization for AmpliPhi to deliver such notice to the Internal Revenue Service on behalf of C3J following the closing of the Merger, each dated as of the closing date of the Merger, duly executed by an authorized officer of C3J.

- C3J must receive (i) a certificate executed by the Chief Executive Officer or Chief Financial Officer of AmpliPhi confirming that certain conditions of the Merger Agreement have been duly satisfied; (ii) a written resignation, dated as of the closing date of the Merger and effective as of the closing, executed by each of the officers and directors of AmpliPhi who will not continue as officers or directors of AmpliPhi after the closing of the Merger; and (iii) a certificate signed by the Chief Financial Officer of AmpliPhi related to AmpliPhi's capitalization.

- Neither a Company Material Adverse Effect nor a Parent Material Adverse Effect shall have occurred after the date of the Merger Agreement.

- The C3J's investor agreements shall have been terminated.

- AmpliPhi must receive duly executed copies of the C3J lock-up agreements, each of which must be in full force and effect.

There may not be ten or more shareholders of C3J who have not executed an Investor Questionnaire certifying that such shareholder is an “accredited investor” pursuant to Regulation D under the Securities Act.

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The Stock Purchase Agreement will be in full force and effect and the proceeds to be received in the Financing will be no less than \$10.0 million.

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The Company Shareholder Written Consent must be executed by each required shareholder and must be in full force and effect.

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No more than ten percent of C3J common stock may be dissenting shares.

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A “Company Material Adverse Effect” means any effect, change, event, circumstance, or development that, considered together with all other effects, changes, events, circumstances, or developments that have occurred prior to the date of determination of the occurrence of a Company Material Adverse Effect, has or would reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), assets, liabilities or results of operations of C3J or its subsidiary, taken as a whole; except that effects, changes, events, circumstances, or developments arising or resulting from the following shall not be taken into account in determining whether there has been a Company Material Adverse Effect: (a) general business or economic conditions affecting the industry in which C3J and its subsidiary operate, (b) acts of war, armed hostilities or terrorism, (c) changes in financial, banking or securities markets, (d) any change in, or any compliance with or action taken for the purpose of complying with, any law or GAAP (or interpretations of any law or GAAP) or (e) the taking of any action required to be taken by the Merger Agreement; except in each case with respect to clauses (a) through (d), to the extent disproportionately affecting C3J and its subsidiary, taken as a whole, relative to other similarly situated companies in the industries in which C3J and its subsidiary operate.

A “Parent Material Adverse Effect” means any effect, change, event, circumstance, or development that, considered together with all other effects, changes, events, circumstances, or developments that have occurred prior to the date of determination of the occurrence of a Parent Material Adverse Effect, has or would reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), assets, liabilities or results of operations of AmpliPhi; except that effects, changes, events, circumstances, or developments arising or resulting from the following shall not be taken into account in determining whether there has been a Parent Material Adverse Effect: (a) general business or economic conditions affecting the industry in which AmpliPhi operates, (b) acts of war, armed hostilities or terrorism, (c) changes in financial, banking or securities markets, (d) the taking of any action required to be taken by the Merger Agreement, (e) any change in the stock price or trading volume of AmpliPhi common stock (it being understood, however, that any effect causing or contributing to any change in stock price or trading volume of AmpliPhi common stock may be taken into account in determining whether a Parent Material Adverse Effect has occurred, unless such effects are otherwise excepted from this definition), (f) the failure of AmpliPhi to meet analysts’ expectations or projections; (g) any clinical trial programs or studies, including any adverse data, event or outcome arising out of or related to any such programs or studies (h) any change in, or any compliance with or action taken for the purpose of complying with, any law or GAAP (or interpretations of any law or GAAP) or (i) resulting from the announcement of the Merger Agreement or the pendency of the transactions contemplated by the Merger Agreement except in each case with respect to clauses (a) through (c), to the extent disproportionately affecting AmpliPhi relative to other similarly situated companies in the industries in which AmpliPhi operates.

Representations and Warranties

The Merger Agreement contains customary representations and warranties of the parties. C3J represents and warrants to the following matters:

- Due Organization; Subsidiaries
- Organizational Documents
- Authority; Binding Nature of Agreement
- Vote Required
- Non-Contravention; Consents
-

Capitalization

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Financial Statements

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Absence of Changes

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Absence of Undisclosed Liabilities

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- Agreements, Contracts and Commitments
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- Legal Proceedings; Orders
- Tax Matters
- Employee and Labor Matters; Benefit Plans
- Environmental Matters
- Insurance
- No Financial Advisors
- Transactions with Affiliates
- Anti-Bribery

AmpliPhi and Merger Sub, jointly and severally, represent and warrant to the following matters:

- Due Organization; Subsidiaries
- Organizational Documents
- Authority; Binding Nature of Agreement
- Vote Required
- Non-Contravention; Consents
-

Capitalization

- SEC Filings; Financial Statements
- Absence of Changes
- Absence of Undisclosed Liabilities
- Title to Assets
- Real Property; Leasehold
- Intellectual Property
- Agreements, Contracts and Commitments
- Compliance; Permits
- Legal Proceedings; Orders
- Tax Matters
- Employee and Labor Matters; Benefit Plans
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- No Financial Advisors
- Anti-Bribery
-

Valid Issuance of Shares

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Opinion of Financial Advisor

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The representations and warranties of C3J, AmpliPhi and Merger Sub contained in the Merger Agreement or any certificate or instrument delivered pursuant to the Merger Agreement will terminate at the effective time of the Merger, and only the covenants that by their terms survive the effective time and certain miscellaneous provisions of the Merger Agreement will survive the effective time.

**Non-Solicitation**

Both AmpliPhi and C3J are prohibited by the terms of the Merger Agreement from (i) soliciting, initiating, responding to or taking any action to or knowingly encouraging, inducing or facilitating the communication, making, submission or announcement of any acquisition proposal or acquisition inquiry or taking any action that could reasonably be expected to lead to an acquisition proposal or acquisition inquiry; (ii) furnishing any non-public information to any person in connection with or in response to an acquisition proposal or acquisition inquiry; (iii) engaging in discussions or negotiations with any person with respect to any acquisition proposal or acquisition inquiry; (iv) approving, endorsing or recommending any acquisition proposal; (v) executing or entering into any letter of intent or any contract contemplating or otherwise relating to any acquisition transaction; or (vi) publicly proposing to do any of the foregoing.

Pursuant to the terms of the Merger Agreement, each of AmpliPhi and C3J will immediately cease any existing discussions, negotiations and communications with any person relating to any acquisition proposal or acquisition inquiry as of the date of the Merger Agreement and request the destruction or return of any of such party's (or its subsidiary's) nonpublic information.

Subject to certain restrictions and prior to obtaining the AmpliPhi shareholder vote, AmpliPhi may, however, provide non-public information to, and enter into discussions or negotiations with, any person that has made (and not withdrawn) a bona fide written acquisition proposal, which the board of directors of AmpliPhi determines in good faith, after consultation with AmpliPhi's outside financial advisors and outside legal counsel, constitutes, or would be reasonably likely to result in, a superior offer if: (A) neither AmpliPhi nor its representatives have breached the non-solicitation restrictions in the Merger Agreement in any material respect, (B) AmpliPhi's board of directors concludes in good faith based on the advice of outside legal counsel, that the failure to take such action would be reasonably likely to be inconsistent with the fiduciary duties of its board of directors under applicable law; (C) AmpliPhi receives from such person an executed confidentiality agreement containing provisions at least as favorable to such party as those contained in the Mutual Non-Disclosure Agreement dated as of October 8, 2018, between AmpliPhi and C3J; (D) at least two business days prior to furnishing any such non-public information to, or entering into discussions with, such person, AmpliPhi gives the other party written notice of the identity of such person and of AmpliPhi's intention to furnish non-public information to, or enter into discussions with, such person; and (E) substantially contemporaneously with furnishing any such nonpublic information to such person, AmpliPhi furnishes such nonpublic information to C3J.

If AmpliPhi or C3J, or any of their respective representatives, receives an acquisition proposal or acquisition inquiry prior to the closing of the Merger, then such party will (within one business day) advise the other party orally and in writing of such acquisition proposal or acquisition inquiry (including the identity of the person making such acquisition proposal or acquisition inquiry, and the material terms of the acquisition proposal or acquisition inquiry). An acquisition proposal means, with respect to a party, any offer or proposal, whether written or oral (other than an offer or proposal made between the parties) contemplating or otherwise relating to any acquisition transaction with such party.

An acquisition inquiry means, with respect to a party, an inquiry, indication of interest or request for information (other than an inquiry, indication of interest or request for information made between the parties) with respect to or that is reasonably likely to lead to an acquisition proposal.

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An acquisition transaction means any transaction or series of related transactions involving:

- any merger, consolidation, amalgamation, share exchange, business combination, issuance of securities, acquisition of securities, reorganization, recapitalization, tender offer, exchange offer or other similar transaction: (i) in which a party is a constituent entity; (ii) in which a person or “group” (as defined in the Securities Exchange Act of 1934 and its rules) of persons directly or indirectly acquires beneficial or record ownership of securities representing more than 20% of the outstanding securities of any class of voting securities of a party or any of its subsidiaries; or (iii) in which a party or any of its subsidiaries issues securities representing more than 20% of the outstanding securities of any class of voting securities of such party or any of its subsidiaries; except, that in the case of AmpliPhi, the Financing will not be an “acquisition transaction”; or
- any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 20% or more of the consolidated book value or the fair market value of the assets of a party and its subsidiaries, taken as a whole.

A superior offer means an unsolicited bona fide written acquisition proposal (with all references to 20% in the definition of acquisition transaction being treated as references to greater than 80% for these purposes) that: (a) was not obtained or made as a direct or indirect result of a breach of the Merger Agreement; and (b) is on terms and conditions that such party’s board of directors determines in good faith, based on such matters that it deems relevant (including the likelihood of the consummation of the transaction), as well as any written offer by the other party to the Merger Agreement to amend the terms of the Merger Agreement, and following consultation with its outside legal counsel and outside financial advisors, if any, are more favorable, from a financial point of view, to such party’s shareholders than the terms of the Contemplated Transactions.

AmpliPhi Special Meeting

Pursuant to the Merger Agreement, as promptly as reasonably practicable after the resolution of SEC staff comments, if any, and the filing of the definitive proxy statement on Schedule 14A, AmpliPhi will take all action necessary under applicable law to call, give notice of and hold a special meeting of the holders of AmpliPhi common stock to vote on: (i) the amendment of AmpliPhi’s articles of incorporation to effect the Reverse Split; (ii) the Merger; (iii) the issuance of shares of AmpliPhi common stock in the Financing; (iv) the amendment to the AmpliPhi 2016 Equity Incentive Plan to increase the shares available for issuance under the plan by 13,822,963 (the matters contemplated by clauses (i) through (iv) are collectively referred to as the “AmpliPhi Shareholder Matters” and the matters contemplated by clauses (i) through (iii) are collectively referred to as the “AmpliPhi Required Shareholder Matters”). AmpliPhi will take reasonable measures to ensure that all proxies solicited in connection with the special meeting are solicited in compliance with all applicable law. If, on or before the date of the special meeting, AmpliPhi reasonably believes that it (i) will not receive proxies sufficient to obtain the required approvals or (ii) will not have sufficient shares of AmpliPhi common stock represented to constitute a quorum necessary to conduct the business of the special meeting, AmpliPhi may postpone or adjourn, or make one or more successive postponements or adjournments of, the special meeting by up to 60 calendar days.

AmpliPhi agreed that, subject to certain exceptions in the Merger Agreement: (i) the AmpliPhi board of directors will recommend that the holders of AmpliPhi common stock vote to approve the AmpliPhi Shareholder Matters; (ii) this proxy statement would include a statement to the effect that the AmpliPhi board of directors recommends that AmpliPhi’s shareholders vote to approve the AmpliPhi Shareholder Matters (the “AmpliPhi Board Recommendation”); and (iii) the AmpliPhi Board Recommendation would not be withheld, amended, withdrawn or modified (and the AmpliPhi board of directors would not publicly propose to withhold, amend, withdraw or modify the Parent Board Recommendation) in a manner adverse to C3J (the actions set forth in the foregoing clause (iii), collectively, an “AmpliPhi Board Recommendation Change”).

The terms of the Merger Agreement provide that, if at any time prior to the approval of the AmpliPhi Required Shareholder Matters, AmpliPhi receives a written acquisition proposal (which did not arise out of a material breach of the Merger Agreement) from any person that has not been withdrawn and after consultation with outside legal

counsel, the AmpliPhi board of directors has determined, in good faith, that

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such acquisition proposal is a superior offer, (x) the AmpliPhi board of directors may make an AmpliPhi Board Recommendation Change or (y) AmpliPhi may terminate the Merger Agreement to enter into an alternative agreement with respect to such superior offer, if and only if: (A) the AmpliPhi board of directors determines in good faith, after consultation with outside legal counsel, that the failure to do so is reasonably likely to be inconsistent with the fiduciary duties of the AmpliPhi board of directors to the shareholders of AmpliPhi under applicable law; (B) AmpliPhi has given C3J prior written notice of its intention to make the AmpliPhi Board Recommendation Change or terminate the Merger Agreement at least five business days prior to making the AmpliPhi Board Recommendation Change or terminating the Merger Agreement (a “Determination Notice”) (which notice will not constitute an AmpliPhi Board Recommendation Change); and (C) (1) AmpliPhi has provided to C3J a summary of the material terms and conditions of the acquisition proposal, (2) AmpliPhi has given C3J five business days after the Determination Notice to propose revisions to the terms of the Merger Agreement or make another proposal so that such Determination Notice would no longer necessitate an AmpliPhi Board Recommendation Change and has made its representatives reasonably available to negotiate in good faith with C3J (to the extent C3J desires to negotiate) with respect to such proposed revisions or other proposal, if any, and (3) after considering the results of any such negotiations and giving effect to the proposals made by C3J, if any, after consultation with outside legal counsel, the AmpliPhi board of directors has determined, in good faith, that such acquisition proposal is a superior offer and that the failure to make the AmpliPhi Board Recommendation Change or terminate the Merger Agreement is reasonably likely to be inconsistent with the fiduciary duties of the AmpliPhi board of directors to the AmpliPhi shareholders under applicable law. For the avoidance of doubt, this provision of the Merger Agreement will also apply to any material change to the facts and circumstances relating to such acquisition proposal and a new Determination Notice will be required following any such material change, except that the references to five business days will be deemed to be three business days.

The terms of the Merger Agreement also provide that, other than in connection with an acquisition proposal, the AmpliPhi board of directors may make an AmpliPhi Board Recommendation Change in response to a material development or change in circumstances (other than an acquisition proposal) that affects the business, assets or operations of AmpliPhi that occurs or arises after the date of the Merger Agreement (an “AmpliPhi Change in Circumstance”), if and only if: (A) the AmpliPhi board of directors determines in good faith, after consultation with outside legal counsel, that the failure to do so could be inconsistent with the fiduciary duties of the AmpliPhi board of directors to AmpliPhi’s shareholders under applicable law; (B) AmpliPhi has given C3J a Determination Notice at least three business days prior to making any such AmpliPhi Board Recommendation Change; and (C) (1) AmpliPhi has specified the AmpliPhi Change in Circumstance in reasonable detail, (2) AmpliPhi has given C3J three business days after the Determination Notice to propose revisions to the terms of the Merger Agreement or make another proposal, and will have made its representatives reasonably available to negotiate in good faith with C3J (to the extent C3J desires to do so) with respect to such proposed revisions or other proposal, if any, and (3) after considering the results of any such negotiations and giving effect to the proposals made by C3J, if any, after consultation with outside legal counsel, the AmpliPhi board of directors has determined, in good faith, that the failure to make the AmpliPhi Board Recommendation Change in response to such AmpliPhi Change in Circumstance could be inconsistent with the fiduciary duties of the AmpliPhi board of directors to AmpliPhi’s shareholders under applicable law. For the avoidance of doubt, this provision of the Merger Agreement will also apply to any material change to the facts and circumstances relating to such AmpliPhi Change in Circumstance and a new Determination Notice will be required, except that the references to three business days will be deemed to be two business days.

**C3J Shareholder Actions**

The Merger Agreement requires, within five business days after the execution of the Merger Agreement, that each of the required officers, directors and shareholders of C3J execute an investor questionnaire, no more than ten of which may represent that they are not “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended, and at least 662/3% of the C3J shareholders execute an action by written consent adopting the Merger Agreement and approving the Merger and related transactions.

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C3J Dissenters' Rights

C3J shareholders are entitled to assert dissenters' rights in connection with the Merger under Chapter 23B.13 of the RCW.

Covenants; Conduct of Business Pending the Merger

During the period from the date of the Merger Agreement and continuing until the earlier of the termination of the Merger Agreement or the effective time of the Merger, except as set forth in the Merger Agreement, as required by applicable law or unless C3J consents in writing, AmpliPhi will conduct its business and operations in the ordinary course of business and in compliance in all material respects with all applicable laws and the requirements of all of its materials contracts, and will not:

- declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares of its capital stock or repurchase, redeem or otherwise reacquire any shares of its capital stock or other securities (except in connection with the payment of the exercise price and/or withholding taxes incurred upon the exercise, settlement or vesting of any award granted under AmpliPhi's stock plans);

- sell, issue, grant, pledge or otherwise dispose of or encumber or authorize any of the foregoing with respect to: (a) any capital stock or other security of AmpliPhi or any of its subsidiaries (except for AmpliPhi common stock issued upon the valid exercise of outstanding AmpliPhi stock options or warrants); (b) any option, warrant or right to acquire any capital stock or any other security; or (c) any instrument convertible into or exchangeable for any capital stock or other security of AmpliPhi or any of its subsidiaries;

- except as required to give effect to anything in contemplation of the closing of the Merger, amend any of its organizational documents, or effect or be a party to any merger, consolidation, share exchange, business combination, recapitalization, reclassification of shares, stock split, reverse stock split or similar transaction except, for the avoidance of doubt, the Contemplated Transactions;

- form any subsidiary or acquire any equity interest or other interest in any other entity or enter into a joint venture with any other entity;

- (a) lend money to any person, (b) incur or guarantee any indebtedness for borrowed money, (c) guarantee any debt securities of others, or (d) make any capital expenditure or commitment in excess of the budgeted capital expenditure and commitment amounts set forth in the AmpliPhi operating budget delivered to C3J concurrently with the execution of the Merger Agreement (the "AmpliPhi Budget");

- other than as required by applicable law or the terms of any AmpliPhi benefit plan as in effect on the date of the Merger Agreement: (a) adopt, terminate, establish or enter into any AmpliPhi benefit plan; (b) cause or permit any AmpliPhi benefit plan to be amended in any material respect; (c) pay any bonus or make any profit-sharing or similar payment to, or increase the amount of the wages, salary, commissions, benefits or other compensation or remuneration payable to, any of its directors, officers or employees, other than increases in base salary and annual cash bonus opportunities and payments made in the ordinary course of business consistent with past practice; (d) increase the severance or change of control benefits offered to any current or new employees, directors or consultants or (e) hire, terminate or give notice of termination to any officer or employee whose annual base salary is or is expected to be more than \$125,000 per year;

recognize any labor union, labor organization, or similar person;

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enter into any material transaction other than in the ordinary course of business;

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acquire any material asset or sell, lease or otherwise irrevocably dispose of any of its assets or properties, or grant any encumbrance with respect to such assets or properties, except in the ordinary course of business;

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- sell, assign, transfer, license, sublicense or otherwise dispose of any material AmpliPhi intellectual property (other than pursuant to non-exclusive licenses in the ordinary course of business);
- make, change or revoke any material tax election, fail to pay any income or other material tax as such tax becomes due and payable, file any amendment making any material change to any tax return, settle or compromise any income or other material tax liability, enter into any tax allocation, sharing, indemnification or other similar agreement or arrangement (other than customary commercial contracts entered into in the ordinary course of business the principal subject matter of which is not taxes), request or consent to any extension or waiver of any limitation period with respect to any claim or assessment for any income or other material taxes (other than in connection with any extension of time to file any tax return), or adopt or change any material accounting method in respect of taxes;
- enter into, materially amend or terminate any material contract;
- except as otherwise set forth in the AmpliPhi Budget, make any expenditures, incur any liabilities or discharge or satisfy any liabilities, in each case, in amounts that exceed the aggregate amount of the AmpliPhi Budget by \$100,000;
- other than as required by law or GAAP, take any action to change the accounting policies or procedures of AmpliPhi or Merger Sub;
- initiate or settle any legal proceeding; or
- agree, resolve or commit to do any of the foregoing.

During the period from the date of the Merger Agreement and continuing until the earlier of the termination of the Merger Agreement or the effective time of the Merger, except as set forth in the Merger Agreement, as required by applicable law or unless AmpliPhi consents in writing, C3J will conduct its business and operations in the ordinary course of business and in compliance in all material respects with all applicable laws and the requirements of all of its material contracts, and will not:

- declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares of capital stock; or repurchase, redeem or otherwise reacquire any shares of its capital stock or other securities (except for shares of C3J common stock from terminated employees, directors or consultants of C3J);
- sell, issue, grant, pledge or otherwise dispose of or encumber or authorize any of the foregoing with respect to: (a) any capital stock or other security of C3J or its subsidiary (except for shares of C3J common stock issued upon the valid exercise of C3J Stock Options or vesting of C3J RSAs); (b) any option, warrant or right to acquire any capital stock or any other security; or (c) any instrument convertible into or exchangeable for any capital stock or other security of C3J or its subsidiary;
- except as required to give effect to anything in contemplation of the closing of the Merger, amend any of its or its subsidiary's organizational documents, or effect or be a party to any merger, consolidation, share exchange, business

combination, recapitalization, reclassification of shares, stock split, reverse stock split or similar transaction except, for the avoidance of doubt, the Contemplated Transactions;

- form any subsidiary or acquire any equity interest or other interest in any other entity or enter into a joint venture with any other entity;
- (a) lend money to any person, (b) incur or guarantee any indebtedness for borrowed money, (c) guarantee any debt securities of others, or (d) make any capital expenditure or commitment in excess of the budgeted capital expenditure and commitment amounts set forth in C3J's operating budget delivered to AmpliPhi concurrently with the execution of the Merger Agreement (the "C3J Budget");

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- other than as required by applicable law or the terms of any benefit plan as in effect on the date of the Merger Agreement: (a) adopt, terminate, establish or enter into any benefit plan; (b) cause or permit any benefit plan to be amended in any material respect; (c) pay any bonus or make any profit-sharing or similar payment to, or increase the amount of the wages, salary, commissions, benefits or other compensation or remuneration payable to, any of its directors, officers or employees, other than increases in base salary and annual cash bonus opportunities and payments made in the ordinary course of business consistent with past practice; (d) increase the severance or change of control benefits offered to any current or new employees, directors or consultants or (e) hire, terminate or give notice of termination to any (x) officer or (y) employee whose annual base salary is or is expected to be more than \$125,000 per year;

- recognize any labor union, labor organization, or similar person;

- enter into any material transaction other than in the ordinary course of business;

- acquire any material asset or sell, lease or otherwise irrevocably dispose of any of its assets or properties, or grant any encumbrance with respect to such assets or properties, except in the ordinary course of business;

- sell, assign, transfer, license, sublicense or otherwise dispose of any material C3J intellectual property (other than pursuant to non-exclusive licenses in the ordinary course of business);

- make, change or revoke any material tax election, fail to pay any income or other material tax as such tax becomes due and payable, file any amendment making any material change to any tax return, settle or compromise any income or other material tax liability, enter into any tax allocation, sharing, indemnification or other similar agreement or arrangement (other than customary commercial contracts entered into in the ordinary course of business the principal subject matter of which is not taxes), request or consent to any extension or waiver of any limitation period with respect to any claim or assessment for any income or other material taxes (other than in connection with any extension of time to file any tax return), or adopt or change any material accounting method in respect of taxes;

- enter into, materially amend or terminate any material contract;

- except as otherwise set forth in the C3J Budget, make any expenditures, incur any liabilities or discharge or satisfy any liabilities, in each case, in amounts that exceed the aggregate amount of the C3J Budget by \$100,000;

- other than as required by law or GAAP, take any action to change accounting policies or procedures;

- initiate or settle any legal proceeding; or

- agree, resolve or commit to do any of the foregoing.

Termination and Termination Fees

The Merger Agreement may be terminated prior to the effective time of the Merger (whether before or after the required shareholder approvals to complete the Merger have been obtained, unless otherwise specified below):

(a)

by mutual written consent of AmpliPhi and C3J;

(b)

by either AmpliPhi or C3J if the Contemplated Transactions have not been consummated by June 1, 2019, (other than in cases in which such failure to consummate the Contemplated Transactions is due to (i) a party's action or failure to act that has been a principal cause of the failure of the Contemplated Transactions to occur on or before June 1, 2019 and such action or failure to act constitutes a breach of the Merger Agreement, or (ii) a request for additional information by a governmental body, in which case either party can extend such date by an additional 30 days);

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- (c)  
by either AmpliPhi or C3J if a governmental body issues a final and nonappealable order, decree or ruling prohibiting the Contemplated Transactions;
- (d)  
by AmpliPhi if C3J has not obtained the required vote from C3J shareholders within five business days of the date of the Merger Agreement, except that once C3J has obtained the required vote from C3J shareholders, AmpliPhi may not terminate for the reason set forth in this provision;
- (e)  
by either AmpliPhi or C3J if the AmpliPhi special meeting has been held and completed and the AmpliPhi Required Shareholder Matters have not been approved;
- (f)  
by C3J (at any time prior to obtaining the required vote from AmpliPhi shareholders on the AmpliPhi Required Shareholder Matters) if (i) AmpliPhi fails to include in the proxy statement its recommendation that the AmpliPhi's shareholders vote to approve the AmpliPhi Shareholder Matters, (ii) the AmpliPhi board of directors or a committee thereof has made an AmpliPhi Board Recommendation Change, (iii) the AmpliPhi board of directors publicly approves, endorses or recommends an acquisition proposal; or (iv) AmpliPhi enters into any letter of intent or any contract relating to an acquisition proposal (other than a permitted confidentiality agreement);
- (g)  
by AmpliPhi (at any time prior to obtaining the required vote from C3J shareholders) if (a) the C3J board of directors withdraws or modifies the recommendation that the shareholders vote to approve the required proposals in a manner adverse to AmpliPhi or adopts, approves or recommends (or publicly proposes to adopt, approve or recommend) any acquisition proposal be adopted or proposed; (b) the C3J board of directors or any of its committees publicly approves, endorses or recommends an acquisition proposal; or (c) C3J enters into any letter of intent or similar document relating to an acquisition proposal;
- (h)  
by C3J, upon a breach of any representation, warranty, covenant or agreement set forth in the Merger Agreement by AmpliPhi or Merger Sub that would prevent AmpliPhi or Merger Sub from satisfying its closing conditions with respect to representations and warranties and covenants and such breach is not curable by the earlier of June 1, 2019 or 30 days after delivery of written notice from C3J to AmpliPhi or Merger Sub of such breach;
- (i)  
by AmpliPhi, upon a breach of any representation, warranty, covenant or agreement set forth in the Merger Agreement by C3J that would prevent C3J from satisfying its closing conditions with respect to representations and warranties and covenants and such breach is not curable by the earlier of June 1, 2019 or 30 days after delivery of written notice from AmpliPhi to C3J of such breach; or
- (j)  
by AmpliPhi, at any time, if AmpliPhi (i) has received a superior offer, (ii) AmpliPhi has complied with its obligations under the Merger Agreement in order to accept the superior offer, (iii) concurrently terminates the Merger Agreement and enters into a definitive agreement with respect to the superior offer and (iv) pays to C3J a termination fee of \$1.0 million within two business days of the termination.

AmpliPhi must also pay C3J a termination fee of \$1.0 million within two business days of consummating an alternative transaction, if (i) the Merger Agreement is terminated by C3J pursuant to clause (f) above, (ii) an acquisition proposal is publicly announced or disclosed or otherwise communicated to AmpliPhi or its board of

directors after the date of the Merger Agreement but prior to the termination of the Merger Agreement and (iii) within nine months after the date of such termination, AmpliPhi enters into a definitive agreement for an alternative transaction in respect of such acquisition proposal.

C3J must pay AmpliPhi a termination fee of \$1.0 million within ten business days of consummating an alternative transaction, if (i) the Merger Agreement is terminated by AmpliPhi pursuant to clause (g) above, (ii) an acquisition proposal with respect to C3J is publicly announced or otherwise made to C3J or its board of directors after the date of the Merger Agreement but prior to the termination of the Merger Agreement and (iii) within nine months after the date of such termination, C3J consummates an alternative transaction in respect of such acquisition proposal.

The respective termination fees are the sole and exclusive remedies available to each party in the circumstances in which such a termination fee is owed in accordance with the terms of the Merger Agreement, in connection with or arising out of the Merger Agreement or its termination in circumstances

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where a termination fee is owed, any breach of the Merger Agreement giving rise to such termination, or the failure of the Contemplated Transactions to be consummated, except that the termination of the Merger Agreement in such circumstances will not relieve any party of any liability for fraud or for any willful and material breach of any representation, warranty, covenant, obligation or other provision contained in the Merger Agreement.

**Other Agreements**

**Regulatory Approvals**

Each party agreed to use reasonable best efforts to file or otherwise submit, as soon as practicable after the date of the Merger Agreement, all applications, notices, reports and other documents reasonably required to be filed or submitted by such party with or to any governmental body with respect to the Contemplated Transactions, and to submit promptly any additional information requested by any such governmental body.

**Director Indemnification and Insurance**

The Merger Agreement provides that, for a period of six years following the effective time of the Merger, AmpliPhi and the combined company will, jointly and severally, indemnify and hold harmless each person who is, has been, or who becomes prior to the effective time, a director, officer, fiduciary or agent of AmpliPhi and its subsidiaries or C3J, respectively, against all claims, losses, liabilities, damages, judgments, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements, incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to the fact that such person is or was a director, officer, fiduciary or agent of AmpliPhi or of C3J or any of their respective subsidiaries, whether asserted or claimed prior to, at or after the effective time, in each case, to the fullest extent permitted under applicable law. Each such person will be entitled to advancement of expenses incurred in the defense of any such claim, action, suit, proceeding or investigation from each of AmpliPhi and the combined company, jointly and severally.

The Merger Agreement also provides that the provisions relating to the indemnification, advancement of expenses and exculpation of present and former directors and officers of AmpliPhi set forth in AmpliPhi's articles of incorporation and bylaws will not be amended, repealed or otherwise modified for a period of six years from the effective time in any manner that would adversely affect the rights of individuals who, at the effective time, were officers or directors of AmpliPhi. After the closing of the Merger, the articles of incorporation and bylaws of C3J will contain provisions at least as favorable as the provisions relating to the indemnification, advancement of expenses and exculpation of present and former directors and officers presently set forth in AmpliPhi's articles of incorporation and bylaws.

Prior to the effective time of the Merger, AmpliPhi has agreed to secure and prepay, at C3J's expense, a six year "tail policy" on AmpliPhi's existing directors' and officers' liability insurance policy.

**Interim Financial Statements**

C3J agreed to furnish, and has furnished, to AmpliPhi the audited and unaudited financial statements of C3J that are included in this proxy statement.

**Listing**

AmpliPhi will (a) to the extent required by the rules and regulations of the NYSE American, prepare and submit to the NYSE American a notification form for the listing of the shares of AmpliPhi common stock to be issued in connection with the Contemplated Transactions, and use its best efforts to cause such shares to be approved for listing (subject to official notice of issuance); (b) effect the Reverse Split subject to the receipt of the required shareholder vote, and (c) to the extent required by the rules of the NYSE American, file a supplemental listing application for the AmpliPhi common stock on the NYSE American (the "NYSE Listing Application") and use its best efforts to cause the NYSE Listing Application to be

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conditionally approved prior to the effective time of the Merger. C3J will cooperate with AmpliPhi as reasonably requested by AmpliPhi with respect to the NYSE Listing Application and promptly furnish to AmpliPhi all information concerning C3J and its shareholders that may be required or reasonably requested by AmpliPhi.

Expenses

The Merger Agreement provides that all non-indemnification fees and expenses incurred in connection with the Merger Agreement and the Contemplated Transactions will be paid by the party incurring such expenses, whether or not the Merger is consummated, except that the parties will share equally all fees and expenses incurred in relation to the NYSE Listing Application and the printing and filing of this proxy statement and any amendments and supplements and paid to a financial printer or the SEC.

Amendment of Merger Agreement

The Merger Agreement may be amended by the parties at any time by action taken by or on behalf of their respective boards of directors, except that after the Merger Agreement has been adopted and approved by a party's shareholders, no amendment which by law requires further approval by the shareholders of that party will be made without such further approval.

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**AGREEMENTS RELATED TO THE MERGER**

**Support Agreements**

In connection with the execution of the Merger Agreement, the officers and directors of AmpliPhi entered into support agreements with C3J relating to the Merger covering less than 1% of the outstanding shares of AmpliPhi's common stock, as of immediately prior to the Merger (the "AmpliPhi Support Agreements"). The AmpliPhi Support Agreements provide, among other things, that the shareholders party to the AmpliPhi Support Agreements will vote all of the shares held by them in favor of the issuance of AmpliPhi shares of common stock in connection with the Merger and the amendments to AmpliPhi's articles of incorporation contemplated by the Merger Agreement.

In connection with the execution of the Merger Agreement, certain officers, directors and shareholders of C3J entered into support agreements with AmpliPhi covering approximately 88% of the outstanding shares of C3J relating to the Merger (the "C3J Support Agreements," and together with the AmpliPhi Support Agreements, the "Support Agreements"). The C3J Support Agreements provide, among other things, that the officers, shareholders and investors party to the C3J Support Agreements will vote all of the shares of C3J held by them in favor of the adoption of the Merger Agreement, the approval of the Merger and the other transactions contemplated by the Merger Agreement.

**Lock-up Agreements**

Concurrently with the execution of the Merger Agreement, certain officers, directors and shareholders of AmpliPhi and C3J, including the Investors in the Financing, entered into lock-up agreements (the "Lock-Up Agreements"), pursuant to which they accepted certain restrictions on transfers of the shares for the 180-day period following the effective time of the Merger.

**Financing; Share Purchase Agreements**

On February 5, 2019, AmpliPhi, C3J and the Investors entered into the Share Purchase Agreements, as contemplated by equity commitment letters previously entered into among such parties on January 3, 2019. Pursuant to the Share Purchase Agreements, AmpliPhi agreed to sell and issue, and the Investors agreed to purchase from AmpliPhi, \$10.0 million of shares of the AmpliPhi's common stock in the Financing, at a purchase price per share equal to (i) \$40.0 million, divided by (ii) the total number of shares of common stock outstanding on a fully diluted, as-converted basis, assuming the conversion, exercise or settlement of all outstanding options, warrants, and restricted stock units as of immediately after the effective time of the Merger, but excluding (A) any shares of common stock issuable pursuant to the Share Purchase Agreements and (B) any shares of Company Common Stock reserved for issuance under any equity incentive plan, stock option plan or similar arrangement but for which awards have not yet been granted as of the effective time of the Merger and any shares of common stock issuable in connection with out-of-the-money options and out-of-the-money warrants.

After the closing of the Financing, it is expected that (a) the former C3J securityholders will own approximately 76% of the aggregate number of the outstanding AmpliPhi securities on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants, of which approximately 20% will be represented by the shares issued in the Financing to the Investors, and (b) the AmpliPhi securityholders as of immediately prior to the Merger will own approximately 24% of the aggregate number of the outstanding AmpliPhi securities (on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants), in each case, subject to adjustment of the Exchange Ratio as set forth in the Merger Agreement and described herein.

The shares of common stock to be issued in the Financing will be offered and sold in reliance on an exemption from registration under Regulation D promulgated under Section 4(a)(2) of the Securities Act. Appropriate restrictive legends will be affixed to the shares issued in the Financing.

The form of Share Purchase Agreement is attached to this proxy statement as Appendix B.

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At the closing of the Financing, the combined company will enter into a registration rights agreement with each of the Investors, pursuant to which the combined company will agree to register for resale the shares of common stock issued in the Financing within a reasonable and specified time period following the closing of the Financing. The form of registration rights agreement to be entered into at the closing of the Financing is attached as Exhibit D to the form of Share Purchase Agreement attached to this proxy statement as Appendix B.

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**MATTERS BEING SUBMITTED TO A VOTE OF AMPLIPHI SHAREHOLDERS**

Proposal No. 1

Approval of the consummation of a Business Combination pursuant to the Merger and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by the Merger Agreement.

At the Special Meeting, AmpliPhi shareholders will be asked to approve the consummation of a Business Combination (as defined in AmpliPhi's amended and restated articles of incorporation) pursuant to the merger of Ceres Merger Sub, Inc., a wholly owned subsidiary of AmpliPhi, with and into C3J Therapeutics, Inc. ("C3J"), with C3J surviving as a wholly owned subsidiary of AmpliPhi (the "Merger"), and the issuance of AmpliPhi common stock at the effective time of the Merger, as contemplated by that certain Agreement and Plan of Merger and Reorganization, dated January 3, 2019, by and among AmpliPhi, Ceres Merger Sub, Inc. and C3J, as amended on March 25, 2019 (the "Merger Agreement")

Under the Merger Agreement, Ceres Merger Sub, Inc., a wholly owned subsidiary of AmpliPhi formed in connection with the Merger, will merge with and into C3J, with C3J surviving as a wholly owned subsidiary of AmpliPhi. At the effective time of the Merger, each share of C3J common stock outstanding immediately prior to the effective time of the Merger (excluding certain shares to be canceled pursuant to the Merger Agreement, and shares held by shareholders who have exercised and perfected dissenters' rights as more fully described under "The Merger — Dissenters' Rights" above) will be converted into the right to receive approximately 0.6892 shares of AmpliPhi common stock, subject to adjustment to account for a Reverse Split of AmpliPhi common stock, at a Reverse Split ratio of between 1-for-3 and 1-for-20, inclusive, to be determined by AmpliPhi's board of directors and to be implemented prior to the consummation of the Merger. As a result of the Merger, immediately following the Merger the former C3J securityholders will own approximately 70% of the aggregate number of shares of AmpliPhi common stock and the securityholders of AmpliPhi as of immediately prior to the Merger will own approximately 30% of the aggregate number of shares of AmpliPhi common stock (in each case, on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money-warrants, and determined before accounting for the Financing discussed below). After the completion of the Merger, AmpliPhi will change its corporate name to "Armata Pharmaceuticals, Inc." Such corporate name change will be authorized by AmpliPhi's board of directors without a shareholder vote on the name change as permitted under Washington law.

C3J and AmpliPhi expect the Merger to be consummated in May 2019, subject to the satisfaction of applicable conditions. Immediately following the effective time of the Merger and prior to the Financing, the former C3J securityholders are expected to own approximately 70% of the aggregate number of shares of AmpliPhi common stock, and the securityholders of AmpliPhi as of immediately prior to the Merger are expected to own approximately 30% of the aggregate number of shares of AmpliPhi common stock (in each case on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants).

The terms of, reasons for and other aspects of the Merger Agreement, the Merger and the issuance of AmpliPhi common stock in the Merger are described in detail in the other sections in this proxy statement.

**Required Vote**

The Merger and the issuance of shares of AmpliPhi common stock to the former C3J shareholders at the effective time of the Merger constitutes a "Business Combination" under AmpliPhi's amended and restated articles of incorporation. Accordingly, the affirmative vote of at least 51% of shares of common stock outstanding on the record date are required to approve this Proposal No. 1. This voting threshold is also sufficient for approval of the transaction described in this Proposal No. 1 under the rules of the NYSE American.

**THE AMPLIPHI BOARD OF DIRECTORS RECOMMENDS THAT THE AMPLIPHI SHAREHOLDERS VOTE "FOR" PROPOSAL NO. 1.**

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Proposal No. 2

Approval of Issuance of AmpliPhi Shares of Common Stock in the Financing

At the Special Meeting, AmpliPhi shareholders will be asked to approve the issuance of shares of AmpliPhi common stock having an aggregate purchase price of \$10,000,000 immediately following the effective time of the Merger in a private placement financing transaction.

On February 5, 2019, AmpliPhi, C3J and certain shareholders of C3J (the “Investors”) entered into share purchase agreements (the “Share Purchase Agreements”), as contemplated by equity commitment letters previously entered into among such parties on January 3, 2019. Pursuant to the Share Purchase Agreements, AmpliPhi agreed to sell and issue, and the Investors agreed to purchase from AmpliPhi, \$10.0 million of shares of the AmpliPhi’s common stock immediately following the effective time of the Merger, at a purchase price per share equal to (i) \$40.0 million, divided by (ii) the total number of shares of common stock outstanding on a fully diluted, as-converted basis, assuming the conversion, exercise or settlement of all outstanding options, warrants, and restricted stock units as of immediately after the effective time of the Merger, but excluding (A) any shares of common stock issuable pursuant to the Share Purchase Agreements and (B) any shares of AmpliPhi common stock reserved for issuance under any equity incentive plan, stock option plan or similar arrangement but for which awards have not yet been granted as of the effective time of the Merger and any shares of common stock issuable in connection with out-of-the-money options and out-of-the-money warrants. We refer to the anticipated sale and purchase of shares of AmpliPhi common stock immediately following the effective time of the Merger pursuant to the Share Purchase Agreements as the “Financing.” The closing of the Financing is contingent upon the effectiveness of the Merger. If the Merger is not consummated, the Financing will not occur.

After the closing of the Financing, it is expected that (a) the former C3J securityholders will own approximately 76% of the aggregate number of the outstanding AmpliPhi common stock on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants, of which approximately 20% will be represented by the shares of AmpliPhi common stock issued in the Financing to the Investors, and (b) the AmpliPhi securityholders as of immediately prior to the Merger will own approximately 24% of the aggregate number of the outstanding AmpliPhi common stock (on a fully diluted basis but using the treasury stock method and excluding out-of-the-money options and out-of-the-money warrants).

The shares of common stock to be issued in the Financing will be offered and sold in reliance on an exemption from registration under Regulation D promulgated under Section 4(a)(2) of the Securities Act. Appropriate restrictive legends will be affixed to the shares issued in the Financing.

The form of Share Purchase Agreement is attached to this proxy statement as Appendix B.

At the closing of the Financing, the combined company will enter into a registration rights agreement with each of the Investors, pursuant to which the combined company will agree to register for resale the shares of common stock issued in the Financing within a reasonable and specified time period following the closing of the Financing.

The form of registration rights agreement to be entered into at the closing of the Financing is attached as Exhibit D to the form of Share Purchase Agreement attached to this proxy statement as Appendix B.

Required Vote

The number of shares that vote “For” this Proposal No. 2 must exceed the number of shares that vote “Against” this Proposal No. 2. Abstentions will have the same effect as “Against” votes.

**THE AMPLIPHI BOARD OF DIRECTORS RECOMMENDS THAT THE AMPLIPHI SHAREHOLDERS VOTE “FOR” PROPOSAL NO. 2.**

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Proposal No. 3

Approval of an Amendment to AmpliPhi's Amended and Restated Articles of Incorporation to Effect a Reverse Stock Split of AmpliPhi's Common Stock

General

AmpliPhi's board of directors has unanimously approved a series of alternate amendments to our Amended and Restated Articles of Incorporation, which would effect a Reverse Split of the issued shares of AmpliPhi common stock, at a ratio in the range between 1-for-3 to 1-for-20, inclusive, with such ratio to be determined in the discretion of AmpliPhi's board of directors and with such Reverse Split to be effected prior to the effective time of the Merger. The effectiveness of any one of these amendments and the abandonment of the other amendments, or the abandonment of all of these amendments, will be determined by AmpliPhi's board of directors following the Special Meeting and prior to the effective time of the Merger. AmpliPhi's board of directors has recommended that these proposed amendments be presented to our shareholders for approval.

The AmpliPhi board of directors may determine to effect the Reverse Split, if it is approved by the shareholders, even if the other proposals to be acted upon at the meeting are not approved, including the issuance of the AmpliPhi common stock pursuant to the Merger Agreement and the Financing.

The amendment to AmpliPhi's amended and restated articles of incorporation (the "Articles Amendment") to effect the Reverse Split, as more fully described below, will effect the Reverse Split but will not change the number of authorized shares of common stock or preferred stock, or the par value of AmpliPhi common stock or preferred stock. Accordingly, effecting a Reverse Stock Split would reduce the number of outstanding shares of our common stock. The form of Articles Amendment is attached to this proxy statement as Appendix D.

Purpose

The AmpliPhi board of directors approved the proposal approving the Articles Amendment to effect a Reverse Split for the following reasons:

- the AmpliPhi board of directors believes effecting the Reverse Split will cause the minimum bid price of AmpliPhi's common stock to increase and may reduce the risk of a delisting of AmpliPhi common stock from the NYSE American in the future;
- the AmpliPhi board of directors believes effecting the Reverse Split will cause AmpliPhi's common stock to meet the minimum bid price required for the initial listing application with the NYSE American to be submitted in connection with the Merger, as discussed below; and
- the AmpliPhi board of directors believes a higher stock price may help generate investor interest in AmpliPhi and help AmpliPhi attract and retain employees.

If the Reverse Split successfully increases the per share price of AmpliPhi common stock, our board of directors believes this increase may increase trading volume in AmpliPhi common stock and facilitate future financings by AmpliPhi.

NYSE American Requirements for Listing on the NYSE American

AmpliPhi common stock is listed on the NYSE American under the symbol "APHB." AmpliPhi intends to submit an initial listing application with NYSE American to seek listing of the combined company's common stock on the NYSE American upon the closing of the Merger.

According to NYSE American rules, an issuer must, in a case such as this, apply for initial inclusion following a transaction whereby the issuer combines with a non-NYSE American entity, resulting in a change of control of the issuer and potentially allowing the non-NYSE American entity to obtain a NYSE American listing. Accordingly, the listing standards of the NYSE American will require AmpliPhi to have, among other things, a \$2.00 per share minimum bid price upon the closing of the Merger. Therefore, the Reverse Split is expected to be necessary in order

to consummate the Merger.

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One of the effects of the Reverse Split will be to effectively increase the proportion of authorized shares which are unissued relative to those which are issued. This could result in AmpliPhi's management being able to issue more shares without further shareholder approval. For example, before the Reverse Split, AmpliPhi's authorized but unissued shares of common stock immediately prior to the closing of the Merger would be approximately 184.7 million, compared to shares issued of approximately 32.3 million. If AmpliPhi effects the Reverse Split using, for example, a 1-for-10 ratio, its authorized but unissued shares immediately prior to the closing of the Merger would be approximately 213.8 million compared to shares issued of approximately 3.2 million. AmpliPhi currently has no plans to issue shares, other than in connection with the Merger and the Financing, and to satisfy obligations under the AmpliPhi warrants and employee stock options (including those assumed in connection with the Merger) from time to time as these warrants and options are exercised. The Reverse Split will not affect the number of authorized shares of AmpliPhi capital stock which will continue to be authorized pursuant to the amended and restated articles of incorporation of AmpliPhi.

### Potential Increased Investor Interest

On February 5, 2019, AmpliPhi common stock closed at \$0.25 per share. An investment in AmpliPhi common stock may not appeal to brokerage firms that are reluctant to recommend lower priced securities to their clients. Investors may also be dissuaded from purchasing lower priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for such stocks. Moreover, the analysts at many brokerage firms do not monitor the trading activity or otherwise provide coverage of lower priced stocks. Also, the AmpliPhi board of directors believes that most investment funds are reluctant to invest in lower priced stocks.

There are risks associated with the Reverse Split, including that the Reverse Split may not result in an increase in the per share price of AmpliPhi common stock.

AmpliPhi cannot predict whether the Reverse Split will increase the market price for AmpliPhi common stock. The history of similar stock split combinations for companies in like circumstances is varied. There is no assurance that:

- the market price per share of AmpliPhi common stock after the Reverse Split will rise in proportion to the reduction in the number of shares of AmpliPhi common stock outstanding before the Reverse Split;

- the Reverse Split will result in a per share price that will attract brokers and investors who do not trade in lower priced stocks;

- the Reverse Split will result in a per share price that will increase the ability of AmpliPhi to attract and retain employees; or

- the market price per share will either exceed or remain in excess of the minimum bid price as required by NYSE American for continued listing, which the staff of the NYSE American has previously advised to be \$0.20.

The market price of AmpliPhi common stock will also be based on performance of AmpliPhi and other factors, some of which are unrelated to the number of shares outstanding. If the Reverse Split is effected and the market price of AmpliPhi common stock declines, the percentage decline as an absolute number and as a percentage of the overall market capitalization of AmpliPhi may be greater than would occur in the absence of a Reverse Split. Furthermore, the liquidity of AmpliPhi common stock could be adversely affected by the reduced number of shares that would be outstanding after the Reverse Split.

### Principal Effects of the Reverse Split

The form of Articles Amendment effecting the Reverse Split is set forth in Appendix D to this proxy statement.

The Reverse Split will be effected simultaneously for all outstanding shares of AmpliPhi common stock. The Reverse Split will affect all of the AmpliPhi shareholders uniformly and will not affect any shareholder's percentage ownership interests in AmpliPhi, except to the extent that the Reverse Split results



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in any of the AmpliPhi shareholders owning a fractional share. AmpliPhi common stock issued pursuant to the Reverse Split will remain fully paid and nonassessable. The Reverse Split does not affect the total proportionate ownership of AmpliPhi following the Merger (assuming there is no impact as a result of the payment of cash in lieu of issuing fractional shares). In addition, we do not intend for this transaction to be the first step in a series of plans or proposals of a “going private transaction” within the meaning of Rule 13e-3 of the Securities Exchange Act of 1934, as amended.

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

If the AmpliPhi shareholders approve the Articles Amendment effecting the Reverse Split, and if the AmpliPhi board of directors still believes that a Reverse Split is in the best interests of AmpliPhi and its shareholders, AmpliPhi will, after selecting the ratio for the Reverse Split, file the appropriate Articles Amendment with the Secretary of State of the State of Washington at such time as the AmpliPhi board of directors has determined to be the appropriate split effective time. The AmpliPhi board of directors may delay effecting the Reverse Split without resoliciting shareholder approval. Beginning at the split effective time, each stock certificate representing pre-split shares will be deemed for all corporate purposes to evidence ownership of post-split shares.

As soon as practicable after the split effective time, shareholders will be notified that the Reverse Split has been effected. AmpliPhi expects that the AmpliPhi transfer agent, Computershare, will act as exchange agent for purposes of implementing the exchange of stock certificates. Holders of pre-split shares will be asked to surrender to the exchange agent stock certificates representing pre-split shares in exchange for stock certificates representing post-split shares in accordance with the procedures to be set forth in a letter of transmittal to be sent by AmpliPhi. No new certificates will be issued to a shareholder until such shareholder has surrendered such shareholder’s outstanding certificate(s) together with the properly completed and executed letter of transmittal to the exchange agent. Any pre-split shares submitted for transfer, whether pursuant to a sale or other disposition, or otherwise, will automatically be exchanged for post-split shares. Shareholders should not destroy any stock certificate(s) and should not submit any certificate(s) unless and until requested to do so.

### Fractional Shares

No fractional shares will be issued in connection with the Reverse Split. Shareholders of record who otherwise would be entitled to receive fractional shares because they hold a number of pre-split shares not evenly divisible by the number of pre-split shares for which each post-split share is to be reclassified, will be entitled, upon surrender to the exchange agent of certificates representing such shares, to a cash payment in lieu thereof at a price equal to the fraction to which the shareholder would otherwise be entitled multiplied by the closing price of the common stock on the NYSE American on the date immediately preceding the split effective time. The ownership of a fractional interest will not give the holder thereof any voting, dividend, or other rights except to receive payment therefor as described herein. Non-registered stockholders holding common stock through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Reverse Split and making payment for fractional shares than those that would be put in place by AmpliPhi for registered shareholders. If you hold your shares with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

By approving Proposal No. 3, AmpliPhi’s shareholders will: (a) approve a series of alternate amendments to AmpliPhi’s amended and restated articles of incorporation pursuant to which any whole number of outstanding shares of common stock between and including three (3) and twenty (20) could be combined into one share of common stock; and (b) authorize AmpliPhi’s board of directors to file only one such amendment, as determined by AmpliPhi’s board of directors, and to abandon each amendment not selected by AmpliPhi’s board of directors. AmpliPhi’s board of directors may also elect not to undertake any Reverse Split and therefore abandon all amendments. However, effecting a Reverse Split is expected to be necessary to consummate the Merger.

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### Potential Anti-Takeover Effect

Although the increased proportion of unissued authorized shares to issued shares could, under certain circumstances, have an anti-takeover effect, for example, by permitting issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of the AmpliPhi board of directors or contemplating a tender offer or other transaction for the combination of AmpliPhi with another company, the Reverse Split proposal is not being proposed in response to any effort of which AmpliPhi is aware to accumulate shares of AmpliPhi common stock or obtain control of AmpliPhi, other than in connection with the Merger, nor is it part of a plan by management to recommend a series of similar amendments to the AmpliPhi board of directors and shareholders. Other than the proposals being submitted to the AmpliPhi shareholders for their consideration at the Special Meeting, the AmpliPhi board of directors does not currently contemplate recommending the adoption of any other actions that could be construed to affect the ability of third parties to take over or change control of AmpliPhi. For more information, please see the sections entitled “Risk Factors — Risks Related to our Common Stock — Provisions of Washington law and our current articles of incorporation and bylaws may discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management” contained in the AmpliPhi 10-K, which is incorporated in this proxy statement by reference.

### Certain Material U.S. Federal Income Tax Consequences of the Reverse Split to U.S. Holders

The following is a discussion of material U.S. federal income tax consequences of the Reverse Split to certain U.S. Holders (as defined below) of AmpliPhi common stock but does not purport to be a complete analysis of all potential tax effects. This discussion is based on provisions of the Code, Treasury Regulations thereunder and administrative rulings, court decisions and other legal authorities related thereto, each as in effect as of the date of this proxy statement and all of which are subject to change or differing interpretations. Any such change or differing interpretation, which may or may not be retroactive, could alter the tax consequences to the AmpliPhi shareholders described herein. This discussion is included for general informational purposes only and does not purport to consider all aspects of U.S. federal income taxation that might be relevant to a U.S. Holder (as defined below).

This summary does not comprehensively describe all potential U.S. federal income tax considerations applicable to the Reverse Split. The discussion below only addresses the AmpliPhi shareholders who hold AmpliPhi common stock as a capital asset within the meaning of Section 1221 of the Code (generally property held for investment). It does not address all aspects of U.S. federal income tax that may be relevant to an AmpliPhi shareholder in light of such shareholder’s particular circumstances or to a shareholder subject to special rules, such as shareholders who are not U.S. Holders (as defined below), brokers or dealers in securities or foreign currencies, regulated investment companies, real estate investment trusts, traders who mark to market, financial institutions or insurance companies, mutual funds, shareholders holding their stock through individual retirement or other tax-deferred accounts, tax-exempt organizations, shareholders holding their stock as “qualified small business stock” pursuant to Section 1202 of the Code or as Section 1244 stock for purposes of the Code, shareholders who acquired their stock in connection with the exercise of warrants, stock options or stock purchase plans or other employee plans or compensatory arrangements, shareholders whose functional currency is not the U.S. dollar, partnerships or other pass-through entities or securityholders in such entities, shareholders who hold their stock as part of an integrated investment (including a “straddle,” a pledge against currency risk, a hedge or other “constructive” sale or “conversion” transaction) comprised of shares of AmpliPhi common stock and one or more other positions, shareholders who exercise dissenters’ or appraisal rights, or shareholders who may have acquired their stock in a transaction subject to the gain rollover provisions of Section 1045 of the Code. In addition, this summary does not address any tax consequences other than certain U.S. federal income tax consequences of the Reverse Split, including the tax consequences of the Reverse Split under state, local or non-U.S. tax laws or under estate, gift, excise or other non-income tax laws, the alternative minimum tax, the Medicare contribution tax on net investment income, the tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the Reverse Split (whether or not any such transactions are consummated in connection with the Reverse Split) including, without limitation, the receipt of payments under any retention bonus plan, the conversion of any convertible notes or the tax consequences to holders of options, warrants or similar rights to acquire AmpliPhi common stock. If a partnership or pass-through entity (or entity treated as such for U.S. federal income tax purposes) holds



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shares of AmpliPhi common stock, the tax treatment of a partner or member of such entity generally will depend on the status of the partner and on the activities of the partnership or entity. Partnerships and other pass-through entities holding AmpliPhi stock, and any person who is a partner or member of any such entity should consult their own tax advisors regarding the tax consequences of the Reverse Split.

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of shares of AmpliPhi common stock that is any of the following:

- an individual citizen or resident of the United States or someone treated as a U.S. citizen or resident for U.S. federal income tax purposes;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized or have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE REVERSE SPLIT ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

### Tax Consequences of the Reverse Split

The Reverse Split should constitute a “recapitalization” for U.S. federal income tax purposes. As a result, a U.S. Holder of AmpliPhi common stock generally should not recognize gain or loss upon the Reverse Split, except with respect to cash received in lieu of a fractional share of AmpliPhi common stock, as discussed below. A U.S. Holder’s aggregate tax basis in the shares of AmpliPhi common stock received pursuant to the Reverse Split should equal the aggregate tax basis of the shares of the AmpliPhi common stock surrendered (excluding any portion of such basis that is allocated to any fractional share of AmpliPhi common stock), and such U.S. Holder’s holding period in the shares of AmpliPhi common stock received should include the holding period in the shares of AmpliPhi common stock surrendered. Treasury Regulations provide detailed rules for allocating the tax basis and holding period of the shares of AmpliPhi common stock surrendered to the shares of AmpliPhi common stock received in a recapitalization pursuant to the Reverse Split. U.S. Holders of shares of AmpliPhi common stock acquired on different dates and at different prices should consult their tax advisors regarding the allocation of the tax basis and holding period of such shares.

### Cash in Lieu of Fractional Shares

A U.S. Holder of AmpliPhi common stock that receives cash in lieu of a fractional share of AmpliPhi common stock pursuant to the Reverse Split is expected to recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the U.S. Holder’s tax basis in the shares of AmpliPhi common stock surrendered that is allocated to such fractional share of AmpliPhi common stock. Such capital gain or loss should be long-term capital gain or loss if the U.S. Holder’s holding period for AmpliPhi common stock surrendered exceeded one year at the effective time of the Reverse Split.

### Information Reporting and Backup Withholding

A U.S. Holder of AmpliPhi common stock may be subject to information reporting and backup withholding on cash paid in lieu of fractional shares in connection with the Reverse Split. A U.S. Holder of AmpliPhi common stock will

be subject to backup withholding if such holder is not otherwise exempt and such holder does not provide its taxpayer identification number in the manner required or otherwise fails to comply with applicable backup withholding tax rules.

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Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or allowed as a credit against a U.S. Holder of AmpliPhi common stock's federal income tax liability, if any, provided the required information is timely furnished to the IRS. U.S. Holders of AmpliPhi common stock should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Vote Required; Recommendation of the AmpliPhi Board of Directors

The affirmative vote of the holders of a majority in voting power of the outstanding shares of AmpliPhi common stock having voting power outstanding on the record date for the Special Meeting is required to approve the Articles Amendment effecting a Reverse Split of AmpliPhi common stock, at a ratio of one new share for every 3 to 20 shares outstanding (depending on the Reverse Split ratio subsequently selected by AmpliPhi's board of directors).

**THE AMPLIPHI BOARD OF DIRECTORS RECOMMENDS THAT AMPLIPHI SHAREHOLDERS VOTE "FOR" PROPOSAL NO. 3 TO APPROVE A REVERSE SPLIT.**

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Proposal No. 4

Approval of the amendment to the AmpliPhi 2016 Equity Incentive Plan to increase the shares authorized for issuance under the plan by 13,822,963

In April 2016, our board of directors originally approved our AmpliPhi Biosciences Corporation 2016 Equity Incentive Plan, or the 2016 Plan, and the shareholders originally approved the 2016 Plan on June 20, 2016. In this Proposal No. 4, we are requesting shareholders approve an amendment (the “EIP Amendment”) to the 2016 Plan in order to increase the number of shares of common stock authorized for issuance under the 2016 Plan by 13,822,963 shares, including an increase in the number of shares of common stock authorized for issuance under the 2016 Plan pursuant to the grant of incentive stock options such that such number of authorized shares of common stock that may be issued pursuant to the exercise of incentive stock options will equal two times the number of shares authorized for issuance under the 2016 Plan following the EIP Amendment. The share numbers in this proposal do not give effect to a Reverse Split.

The EIP Amendment is being proposed for approval by our shareholders in connection with the Merger and related transactions and is a requirement under the terms of the Merger Agreement.

The adoption of the EIP Amendment is subject to the consummation of the Merger. The share numbers in this proposal do not give effect to a Reverse Split. If a Reverse Split is implemented, the share increase contemplated by the EIP Amendment will be adjusted proportionally.

If the Merger is consummated, the combined company will have additional personnel and we will need to retain existing personnel of both companies and recruit additional personnel to facilitate the growth of the combined company’s business and equity awards are an important part of our incentive compensation philosophy. As of January 1, 2019, 2,060,926 shares remained available for future grant under the 2016 Plan. The board of directors believes that the future success of the combined company depends, in large part, upon the ability of the combined company to implement its plans for future expansion and growth in light of its anticipated recruiting and retention needs and is necessary to maintain a competitive position in recruiting, retaining and motivating key personnel, consultants and advisors. The board of directors believes that the issuance of equity awards will be a key element underlying the combined company’s ability to recruit, retain and motivate key personnel, consultants and advisors, better aligns the interests of such persons with those of its shareholders, and will be a substantial contributing factor to the combined company’s success and the future growth of its business. However, we believe that the shares currently available for grant under the 2016 Plan will be insufficient to meet the combined company’s anticipated recruiting and retention needs if the Merger is completed. Therefore, the board of directors believes that the approval of the EIP Amendment is in the best interests of the combined company and its shareholders and recommends a vote in favor of this proposal.

If this Proposal No. 4 is adopted by our shareholders, the EIP Amendment will become effective upon the effective date of the Merger. In the event that our shareholders do not approve this Proposal No. 4, the EIP Amendment will not become effective, the 2016 Plan will continue in its current form, and either AmpliPhi or C3J may elect not to proceed with the closing of the Merger.

As of January 1, 2019 stock awards (which consist solely of stock options) covering an aggregate of 1,150,065 shares of common stock were outstanding under the 2016 Plan and the 2009 Targeted Genetics Stock Incentive Plan (the “2009 Plan”), the AmpliPhi Biosciences Corporation 2012 Stock Incentive Plan (the “2012 Plan”), the AmpliPhi Biosciences Corporation 2013 Stock Incentive Plan (the “2013 Plan” and collectively with the 2009 Plan and the 2012 Plan, the “Prior Plans”).

The size of our share reserve increase request is reasonable

If our request to increase the share reserve of the 2016 Plan by 13,822,963 shares is approved and the Merger is approved and consummated, we will have approximately 15,883,889 shares available for grant at the effective time of the Merger which, together with the annual “evergreen” increases described below, the Board believes will provide sufficient equity for attracting, retaining and motivating employees for the

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coming years, although this estimate is preliminary and may change based on various factors, including decisions made by the combined company board of directors following the closing of the Merger. The Board believes the size of the request is also reasonable in light of the equity granted to our employees and directors over the last three years.

We Manage Our Equity Award Use Carefully and Our Dilution Is Reasonable

We manage our long-term shareholder dilution by limiting the number of equity awards granted annually. Our Compensation Committee monitors our annual burn rate, dilution, and equity expense to ensure that we maximize shareholders' value by granting only the appropriate number of equity awards necessary to recruit, reward, and retain key personnel, consultants and advisors.

The following table provides certain additional information regarding our equity incentive program.

As of  
January 1,  
2019