

Ampio Pharmaceuticals, Inc.  
Form DEF 14A  
November 12, 2015

**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 Pursuant to Section 240.14a-11(c) or Section 240.14a-12

**AMPIO PHARMACEUTICALS, INC.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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- 4) Proposed maximum aggregate value of transaction:
  
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- 1) Amount previously paid:
  
- 2) Form, Schedule or Registration Statement No.:
  
- 3) Filing party:

4) Date Filed:

**AMPIO PHARMACEUTICALS, INC.**

**373 Inverness Parkway, Suite 200**

**Englewood, Colorado 80112**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Our Stockholders:

Notice is hereby given to the stockholders of Ampio Pharmaceuticals, Inc. that an Annual Meeting of Stockholders (the Annual Meeting ) will be held on Saturday, December 12, 2015 at 10:00 a.m., local time, at the Inverness Hotel, located at 200 Inverness Drive West, Englewood, CO 80112, for the following purposes:

- (1) To elect five directors, nominated by our Board of Directors, to serve until our 2016 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified or their earlier resignation or removal.
- (2) To hold an advisory (non-binding) vote to approve the Company's executive compensation.
- (3) To ratify the selection of EKS&H LLLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.
- (4) To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

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

This communication presents only an overview of the more complete proxy materials included herewith and available to you on the Internet. The enclosed Proxy Statement includes information relating to the above proposals. We encourage you to review all of the important information contained in the proxy materials before voting. Our proxy materials (which include the Proxy Statement attached to this notice, our most recent Annual Report on Form 10-K and form of proxy card) are available to you via the internet at [www.proxyvote.com](http://www.proxyvote.com).

Stockholders may complete their proxy and authorize their vote by proxy over the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone at 1-800-690-6903. Stockholders who complete their proxy electronically or by telephone do not need to return a proxy card. Stockholders may authorize their vote by proxy by mail by completing and returning the enclosed proxy card.

All holders of record of Common Stock at the close of business on October 30, 2015 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. At least a majority of the outstanding shares of Common Stock entitled to vote, represented either in person or by proxy, is required to establish a quorum for the Annual Meeting.

By Order of the Board of Directors

/s/ Gregory A. Gould  
Gregory A. Gould  
Secretary

November 12, 2015

Englewood, Colorado

**THE BOARD OF DIRECTORS APPRECIATES AND ENCOURAGES YOUR PARTICIPATION IN THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED. ACCORDINGLY, PLEASE SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD BY MAIL IN THE POSTAGE-PAID ENVELOPE PROVIDED, OR VOTE THESE SHARES BY TELEPHONE AT 1-800-690-6903 OR BY INTERNET AT WWW.PROXYVOTE.COM. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY REVOKE YOUR PROXY BY VOTING YOUR SHARES IN PERSON. YOUR PROXY IS REVOCABLE IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THE ACCOMPANYING PROXY STATEMENT.**

**AMPIO PHARMACEUTICALS, INC.**

**373 Inverness Parkway, Suite 200**

**Englewood, Colorado 80112**

**PROXY STATEMENT**

**General Information**

We are furnishing this Proxy Statement in connection with the solicitation of proxies for use at our Annual Meeting of Stockholders (the Annual Meeting ) to be held on Saturday, December 12, 2015, at 10:00 a.m., local time, at the Inverness Hotel, located at 200 Inverness Drive West, Englewood, CO 80112, and any adjournment or postponement thereof. This proxy statement is being mailed to our stockholders on or about November 12, 2015.

**Revocability of Proxies**

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised by delivering to us to the attention of Gregory A. Gould, our Secretary, a written notice of revocation or a properly executed proxy bearing a later date. You may also revoke your proxy by attending the meeting and voting your shares in person.

**Solicitation and Voting Procedures**

This proxy is solicited on behalf of the Board of Directors of Ampio Pharmaceuticals, Inc. The solicitation of proxies will be conducted by mail and we will bear all attendant costs. These costs will include the expense of preparing and mailing proxy materials for the Annual Meeting and reimbursements paid to brokerage firms and others for their expenses incurred in forwarding solicitation material regarding the Annual Meeting to beneficial owners of our Common Stock, par value \$0.0001 per share (Common Stock ). We may conduct further solicitation personally, telephonically or by facsimile through our officers, directors and regular employees, none of whom will receive additional compensation for assisting with the solicitation.

A stockholder's shares can be voted at the Annual Meeting only if the stockholder is present in person or represented by proxy. We urge any stockholders not planning to attend the Annual Meeting to authorize their proxy in advance. Stockholders may complete their proxies and authorize their votes by proxy over the Internet at <http://www.proxyvote.com> or by telephone at 1-800-690-6903. Stockholders who complete their proxy electronically over the Internet or by telephone do not need to return a proxy card. Stockholders who hold their shares beneficially in street name through a nominee should follow the instructions they receive from their nominee to vote these shares.

The presence at the Annual Meeting of a majority of the outstanding shares of Common Stock entitled to vote, represented either in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions from voting on a proposal and broker non-votes will count for purposes of determining a

quorum. The close of business on October 30, 2015 has been fixed as the record date (the Record Date ) for determining the holders of shares of Common Stock entitled to notice of and to vote at the Annual Meeting. Each share of Common Stock outstanding on the Record Date is entitled to one vote on all matters. As of the Record Date, there were 51,998,306 shares of Common Stock outstanding.

Stockholder votes will be tabulated by the persons appointed by the Board of Directors to act as inspectors of election for the Annual Meeting. Shares of Common Stock represented by a properly executed and delivered proxy will be voted at the Annual Meeting and, when the stockholder has given instructions, will be voted in



accordance with those instructions. If no instructions to withhold or abstain are given, the shares will be voted FOR each of the nominees listed in Proposal No. 1, and FOR Proposals No. 2 and No. 3. There are no statutory or contractual rights of appraisal or similar remedies available to those stockholders who dissent from any matter to be acted on at the Annual Meeting.

## **Corporate Information and History**

Our executive offices are located at 373 Inverness Parkway, Suite 200, Englewood, Colorado 80112, and our telephone number is (720) 437-6500. Additional information about us is available on our website at [www.ampiopharma.com](http://www.ampiopharma.com). The information contained on or that may be obtained from our website is not, and shall not be deemed to be, a part of this Proxy Statement. You can review filings we make with the Securities and Exchange Commission (the SEC) at its website ([www.sec.gov](http://www.sec.gov)), including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports electronically filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Our Code of Conduct and Ethics and the charters of our Nominating and Governance Committee, Audit Committee, and Compensation Committee of the Board of Directors may be accessed within the Investor Relations section of our website.

Unless otherwise indicated or unless the context requires otherwise, all references in this Proxy Statement to Ampio Pharmaceuticals, Inc., Ampio, the Company, we, us, our, or similar references, mean Ampio Pharmaceuticals, and its subsidiaries on a consolidated basis. References to BioSciences in this Proxy Statement mean DMI BioSciences, Inc., now a wholly-owned subsidiary of ours. References to Life Sciences in this Proxy Statement mean DMI Life Sciences, Inc., which is our predecessor for accounting purposes and a wholly-owned subsidiary of ours. Life Sciences was formed in December 2008 and commenced operations when it acquired certain assets of BioSciences in April 2009. In March 2010, Life Sciences merged with a subsidiary of Chay Enterprises, Inc., a publicly traded Colorado corporation. Immediately after the merger, Chay Enterprises changed its name to Ampio Pharmaceuticals, Inc., and reincorporated in Delaware. We acquired BioSciences, now a wholly-owned subsidiary of ours, in March 2011. References to Aytu mean Aytu BioScience, Inc., a majority-owned subsidiary of ours. Aytu was incorporated as Rosewind Corporation in 2002. In April 2015, Luoxis Diagnostics, Inc., a previous subsidiary of ours that was formed to focus on the development and commercialization of the Oxidation Reduction Potential (ORP) technology platform, and Vyrix Pharmaceuticals, Inc., a previous subsidiary of ours that was formed to focus on the development and commercialization of late-stage prescription pharmaceuticals to improve men's health and quality of life, merged with subsidiaries of Rosewind and then with Rosewind itself, with Rosewind as the surviving corporation. In June 2015 Rosewind reincorporated as a Delaware corporation and changed its name to Aytu BioScience, Inc.

## **PROPOSAL NO. 1**

### **ELECTION OF DIRECTORS**

#### **Overview**

The total authorized number of directors of the Company is currently fixed at five directors. Our Bylaws provide that directors are to be elected at each annual meeting of stockholders for a term of one year, or until his or her successor is duly elected and qualified or until his or her death, resignation or removal. The current directors of the Company are Michael Macaluso, Chairman, David Bar-Or, M.D., Philip H. Coelho, Richard B. Giles and David R. Stevens, Ph.D. Each of the current directors has been nominated for election to the Board of Directors at the Annual Meeting, as described in further detail below and elsewhere in this Proxy Statement.

Our Certificate of Incorporation, as amended, provides that our Board of Directors may be classified into three classes of directors of approximately equal size upon a date selected by the Board of Directors. The Board of Directors has

not taken such action to date.

All nominees for election as directors at the Annual Meeting have indicated their willingness to serve if elected. Should any nominee become unavailable for election at the Annual Meeting, the persons named on the enclosed proxy as proxy holders may vote all proxies given in response to this solicitation for the election of a substitute nominee chosen by our Board of Directors.

### Nomination of Directors

The Nominating and Governance Committee, which acts as the nominating committee of our Board of Directors, reviews and recommends to the Board of Directors potential nominees for election to the Board of Directors. In reviewing potential nominees, the Nominating and Governance Committee considers the qualifications described below under the caption Board of Directors and Committees; Corporate Governance. After reviewing the qualifications of potential Board of Directors candidates, the Nominating and Governance Committee presents its recommendations to the Board, which selects the final director nominees. The Nominating and Governance Committee recommended each of the nominees for director identified in this Proxy Statement. We did not pay any fees to any third parties to identify or assist in identifying or evaluating nominees for the Annual Meeting.

### Information Regarding Director Nominees

The following table sets forth the following information for each of the nominees for director identified in this Proxy Statement: the year each was first elected a director of the Company, their respective ages as of the date of this Proxy Statement and the positions currently held with our Company:

Name	Director		Position
	Since	Age	
Michael Macaluso	March 2010	64	Chief Executive Officer and Chairman of the Board
David Bar-Or, M.D.	March 2010	66	Chief Scientific Officer and Director
Philip H. Coelho (1)(2)(3)	April 2010	71	Director
Richard B. Giles (1)(2)(3)	August 2010	66	Director
David R. Stevens, Ph.D. (1)(2)(3)	June 2011	66	Director

- (1) Member of our Audit Committee.
- (2) Member of our Compensation Committee.
- (3) Member of our Nominating and Governance Committee.

Additional information about each of the nominees for election to the Board of Directors is as follows:

*Michael Macaluso* founded Life Sciences and has been a member of the board of directors of Life Sciences, our predecessor, since its inception. Mr. Macaluso has also been a member of our Board of Directors since the merger with Chay Enterprises in March 2010 and our Chief Executive Officer since January 9, 2012. Mr. Macaluso was appointed president of Isolagen, Inc. (AMEX: ILE) and served in that position from June 2001 to August 2001, when he was appointed chief executive officer. In June 2003, Mr. Macaluso was re-appointed as president of Isolagen and served as both chief executive officer and president until September 2004. Mr. Macaluso also served on the board of directors of Isolagen from June 2001 until April 2005. From October 1998 until June 2001, Mr. Macaluso was the owner of Page International Communications, a manufacturing business. Mr. Macaluso was a founder and principal of International Printing and Publishing, a position Mr. Macaluso held from 1989 until 1997, when he sold that business to a private equity firm. Mr. Macaluso's experience in executive management and marketing within the pharmaceutical industry, monetizing company opportunities, and corporate finance led to the conclusion of our Board of Directors that he should serve as a director of our company in light of our business and structure.

*David Bar-Or, M.D.*, has served as our chief scientific officer since March 2010. Dr. Bar-Or also served as our chairman of the Board from March 2010 until May 2010. From April 2009 until March 2010, he served as chairman of the board and chief scientific officer of Life Sciences. Dr. Bar-Or is currently the director of Trauma

Research at Swedish Medical Center, Englewood, Colorado, and St. Anthony's Hospital, Lakewood, Colorado. Dr. Bar-Or is the founder of Ampio Pharmaceuticals Inc. Dr. Bar-Or is principally responsible for all patented and proprietary technologies acquired by us from BioSciences in April 2009 and for all patents issued and applied for since then, having been issued over 270 patents and having filed or co-filed almost 120 patent applications. Dr. Bar-Or has authored or co-authored over 105 peer-reviewed journal articles and several book chapters. He is the recipient of the Gustav Levi Award from the Mount Sinai Hospital, New York, New York, the Kornfeld Award for an outstanding MD Thesis, the Outstanding Resident Research Award from the Denver General Hospital, and the Outstanding Clinician Award for the Denver General Medical Emergency Resident Program. Dr. Bar-Or received his medical degree from The Hebrew University, Hadassah Medical School, Jerusalem, Israel, following which he completed a biochemistry fellowship at Hadassah Hospital under Professor Alisa Gutman and undertook post-graduate work at Denver Health Medical Center, specializing in emergency medicine, a discipline in which he is board certified. He completed the first research fellowship in Emergency Medicine at Denver Health Medical Center under the direction of Prof Peter Rosen. Among other experience, qualifications, attributes and skills, Dr. Bar-Or's medical training, extensive involvement and inventions in researching and developing our product candidates, and leadership role in his hospital affiliations led to the conclusion of our Board of Directors that he should serve as a director of our company in light of our business and structure.

*Philip H. Coelho* has served as a member of our Board of Directors since April 2010. Mr. Coelho is the Co-Founder and CTO of SynGen Inc., a firm inventing and commercializing products that harvest stem and progenitor cells derived from a donor or the patient's own body to treat human disease. Prior to founding SynGen Inc. in October 2009, Mr. Coelho was the President and CEO of PHC Medical, Inc., a consulting firm, from August 2008 through October 2009. From August 2007 through May 2008, Mr. Coelho served as the Chief Technology Architect of ThermoGenesis Corp., a medical products company he founded in 1986 that focused on the regenerative medicine market. From 1989 through July 2007, he was Chairman and Chief Executive Officer of ThermoGenesis Corp. Mr. Coelho served as Vice President of Research & Development of ThermoGenesis from 1986 through 1989. Mr. Coelho has been in the senior management of high technology consumer electronic or medical device companies for over 30 years. He was President of Castleton Inc. from 1982 to 1986, and President of ESS Inc. from 1971 to 1982. Mr. Coelho also serves as a member of the board of directors of Nasdaq-listed company, Catalyst Pharmaceuticals Partners, Inc. (CPRX) (since October 2002), and served as a member of the Board of Directors of NASDAQ-listed Mediware Information Systems, Inc. (MEDW) (from December 2001 until July 2006, and commencing again in May 2008 until it was sold in December 2012). Mr. Coelho received a B.S. degree in thermodynamic and mechanical engineering from the University of California, Davis and has been awarded more than 30 U.S. patents in the areas of cell cryopreservation, cryogenic robotics, cell selection, blood protein harvesting and surgical homeostasis. Mr. Coelho's long tenure as a chief executive officer of a medical device company, as director of a public pharmaceutical company, prior and current public company board experience, and knowledge of corporate finance and governance as an executive and director, as well as his demonstrated success in developing patented technologies, led to the conclusion of our Board of Directors that he should serve as a director of our company in light of our business and structure.

*Richard B. Giles* has served as a member of our Board of Directors since August 2010. Mr. Giles is the Chief Financial Officer of Ludvik Electric Co., an electrical contractor headquartered in Lakewood, Colorado, a position he has held since 1985. Ludvik Electric is a private electrical contractor with 2013 revenues of over \$89 million that has completed electrical contracting projects throughout the United States, South Africa and Germany. As CFO and Treasurer of Ludvik Electric, Mr. Giles oversees accounting, risk management, financial planning and analysis, financial reporting, regulatory compliance, and tax-related accounting functions. He serves also as the trustee of Ludvik Electric Co.'s 401(k) plan. Prior to joining Ludvik Electric, Mr. Giles was for three years an audit partner with Higgins Meritt & Company, then a Denver, Colorado CPA firm, and during the preceding nine years he was an audit manager and a member of the audit staff of Price Waterhouse, one of the legacy firms which now comprises PricewaterhouseCoopers. While with Price Waterhouse, Mr. Giles participated in a number of public company audits, including one for a leading computer manufacturer. Mr. Giles received a B.S. degree in accounting from the University of Northern Colorado. He is a member of the American



Institute of Certified Public Accountants, Colorado Society of Certified Public Accountants and the Construction Financial Management Association. Mr. Giles' experience in executive financial management, accounting and financial reporting, and corporate accounting and controls led to the conclusion of our Board of Directors that he should serve as a director of our company in light of our business and structure.

*David R. Stevens, Ph.D.* has served as a member of our Board of Directors since June 2011. Dr. Stevens is currently a board member of Cetya, Inc., a privately-held development stage pharmaceutical company and of Micro-Imaging Solutions, LLC, a private medical device company. He has served on the boards of several other public and private life science companies, including Cedus, Inc. (2006-2014), Poniard Pharmaceuticals, Inc. (2006-2012), Aqua Bounty Technologies, Inc. (2002-2012), and Smart Drug Systems, Inc. (1999-2006), and was an advisor to Bay City Capital from 1999-2006. Dr. Stevens was previously President and CEO of Deprenyl Animal Health, Inc., a public veterinary pharmaceutical company, from 1990 to 1998, and Vice President, Research and Development, of Agrion Corp., a private biotechnology company, from 1986 to 1988. He began his career in pharmaceutical research and development at the former Upjohn Company, where he contributed to the preclinical evaluation of Xanax and Halcion. Dr. Stevens received B.S. and D.V.M. degrees from Washington State University, and a Ph.D. in Comparative Pathology from the University of California, Davis. He is a Diplomate of the American College of Veterinary Pathologists. Dr. Stevens has worked in the pharmaceutical and biotechnology industries since 1978. Dr. Stevens' experience in executive management in the pharmaceutical industry, and knowledge of the medical device industry led to the conclusion of our Board of Directors that he should serve as a director of our company in light of our business and structure.

#### **Required Vote and Recommendation of Board of Directors**

Under the Company's Certificate of Incorporation, as amended, and the Company's Bylaws, directors are elected by a plurality vote. Any shares that are not voted, whether by abstention, broker non-votes or otherwise, will not affect the election of directors.

Holders of proxies solicited by this Proxy Statement will vote the proxies received by them as directed on the proxy card or, if no direction is made, then FOR the election of the nominees named above.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* EACH OF THE NOMINEES IDENTIFIED ABOVE.**

#### **PROPOSAL NO. 2**

#### **ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) requires that stockholders have the opportunity to cast an advisory (non-binding) vote on executive compensation every three years commencing with our 2012 Annual Meeting of Stockholders (a so-called "say-on-pay" vote).

The advisory vote on executive compensation is a non-binding vote on the compensation of the Company's Named Executive Officers, as described in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure, set forth in this Proxy Statement. The advisory vote on executive compensation is not a vote on the Company's general compensation policies, compensation of the Company's Board of Directors, or the Company's compensation policies as they relate to risk management. The Dodd-Frank Act requires the Company to hold the advisory vote on executive compensation at least once every three years.

Our philosophy in setting compensation policies for executive officers has two fundamental objectives: (1) to retain a highly skilled team of executives and (2) to align our executives' interests with those of our





stockholders by motivating our executives to increase stockholder value on both an annual and longer term basis. The Compensation Committee believes that executive compensation should be directly linked both to continuous improvements in corporate performance (so-called pay for performance) and accomplishments that are expected to increase stockholder value. The Compensation Discussion and Analysis section herein provides a more detailed discussion of the executive compensation program and compensation philosophy.

The vote under this Proposal No. 2 is advisory, and therefore not binding on the Company, the Board of Directors or our Compensation Committee. However, our Board of Directors, including our Compensation Committee, values the opinions of our stockholders and, to the extent there is any significant vote against the executive officer compensation as disclosed in this Proxy Statement, we will consider our stockholders' concerns and evaluate what actions may be appropriate to address those concerns.

Stockholders will be asked at the Annual Meeting of Stockholders to approve the following resolution pursuant to this Proposal No. 2:

**RESOLVED**, that the stockholders of the Company vote in favor of a non-binding, advisory vote approving the compensation of the Company's Named Executive Officers.

#### **Required Vote and Recommendation of Board of Directors**

The affirmative vote of the holders of a majority of the shares present and entitled to vote on the proposal at the Annual Meeting is required to approval this proposal. Abstentions will have the same effect as voting against the proposal and broker non-votes will have no effect upon the proposal.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* PROPOSAL NO 2.**

#### **PROPOSAL NO. 3**

#### **RATIFICATION OF APPOINTMENT OF INDEPENDENT**

#### **REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board of Directors has selected EKS&H LLLP (EKS&H) as our independent registered public accounting firm to audit and report upon our consolidated financial statements for the fiscal year ending December 31, 2015 and is submitting this matter to our stockholders for their ratification. A representative of EKS&H is expected to be present at the Annual Meeting to respond to appropriate questions. The representative will have an opportunity to make a statement and will be able to respond to appropriate questions.

#### **Fees for Independent Registered Public Accounting Firm**

The following table presents aggregate fees for professional services rendered by EKS&H for the audit of our annual consolidated financial statements for the years ended December 31, 2014 and 2013, respectively.

	Year Ended December 31	
	2014	2013
Audit Fees (1)	\$ 161,786	\$ 139,500
Audit-related fees (2)	141,889	24,952
Tax fees (3)	18,727	14,000

Total fees	\$ 322,402	\$ 178,452
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- (1) Audit fees are comprised of annual audit fees and quarterly review fees.
- (2) Audit-related fees for fiscal years 2014 and 2013 are comprised of fees related to registration statements and accounting consultation fees.
- (3) Tax fees are comprised of tax compliance, preparation and consultation fees.

### **Policy on Audit Committee Pre-Approval of Services of Independent Registered Public Accounting Firm**

Our Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. Prior to engagement of the independent registered public accounting firm for the following year's audit, management will submit to the Audit Committee for approval a description of services expected to be rendered during that year for each of following four categories of services:

*Audit services* include audit work performed in the audit of the annual financial statements, review of quarterly financial statements, reading of annual, quarterly and current reports, as well as work that generally only the independent auditor can reasonably be expected to provide.

*Audit-related services* are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, special procedures required to meet certain regulatory requirements and the provision of consents and comfort letters in connection with the filing of registration statements.

*Tax services* consist principally of assistance with tax compliance and reporting, as well as certain tax planning consultations.

*Other services* are those associated with services not captured in the other categories. We generally do not request such services from our independent auditor.

Prior to the engagement, the Audit Committee pre-approves these services by category of service. The fees are budgeted, and the Audit Committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm.

The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

### **Required Vote and Recommendation of Board of Directors**

The affirmative vote of the holders of a majority of the shares present, in person or represented by proxy, and entitled to vote on the proposal at the Annual Meeting is required to ratify the appointment of the independent registered public accounting firm. Abstentions will have the same effect as voting against the proposal and broker non-votes will have no effect upon the proposal. If our stockholders do not ratify the selection of EKS&H, our Board of Directors will consider other independent auditors.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* RATIFICATION OF THE APPOINTMENT OF EKS&H LLLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2015.**

## BOARD OF DIRECTORS AND COMMITTEES; CORPORATE GOVERNANCE

### Meetings of the Board of Directors

During the year ended December 31, 2014, there were held (i) four meetings of the Board of Directors, (ii) six meetings of the Audit Committee, (iii) fifteen meetings of the Compensation Committee, and (iv) no meetings of the Nominating and Governance Committee. No incumbent director attended fewer than seventy-five percent (75%) of the aggregate of (1) the total number of meetings of the Board, and (2) the total number of meetings held by all committees of the Board of Directors during the period that such director served.

### Committees of the Board

Our Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, each of which has the composition and the responsibilities described below. The Audit Committee, Compensation Committee and Nominating and Governance Committee all operate under charters approved by our Board of Directors, which charters are available on our website.

*Audit Committee.* Our Audit Committee oversees our corporate accounting and financial reporting process and assists the Board of Directors in monitoring our financial systems and our legal and regulatory compliance. Our Audit Committee is responsible for, among other things:

selecting and hiring our independent auditors;

appointing, compensating and overseeing the work of our independent auditors;

approving engagements of the independent auditors to render any audit or permissible non-audit services;

reviewing the qualifications and independence of the independent auditors;

monitoring the rotation of partners of the independent auditors on our engagement team as required by law;

reviewing our financial statements and reviewing our critical accounting policies and estimates;

reviewing the adequacy and effectiveness of our internal controls over financial reporting; and

reviewing and discussing with management and the independent auditors the results of our annual audit, our quarterly financial statements and our publicly filed reports.

The members of our Audit Committee are Messrs. Giles, Coelho and Stevens. Mr. Giles is our Audit Committee chairman and was appointed to our Audit Committee on August 10, 2010. Our Board of Directors has determined that each member of the Audit Committee meets the financial literacy requirements of the national securities exchanges and the SEC, and Mr. Giles qualifies as our Audit Committee financial expert as defined under SEC rules and

regulations. Our Board of Directors has concluded that the composition of our Audit Committee meets the requirements for independence under the current requirements of the NYSE MKT LLC and SEC rules and regulations. We believe that the functioning of our Audit Committee complies with the applicable requirements of SEC rules and regulations, and applicable requirements of the NYSE MKT LLC.

*Compensation Committee.* Our Compensation Committee oversees our corporate compensation policies, plans and programs. The Compensation Committee is responsible for, among other things:

reviewing and recommending policies, plans and programs relating to compensation and benefits of our directors, officers and employees;

reviewing and recommending compensation and the corporate goals and objectives relevant to compensation of our chief executive officer;

reviewing and approving compensation and corporate goals and objectives relevant to compensation for executive officers other than our chief executive officer;

evaluating the performance of our executive officers in light of established goals and objectives;

developing in consultation with our Board of Directors and periodically reviewing a succession plan for our chief executive officer; and

administering our equity compensations plans for our employees and directors.

The members of our Compensation Committee are Messrs. Coelho, Giles and Stevens. Mr. Coelho is the chairman of our Compensation Committee. Each member of our Compensation Committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act, is an outside director, as defined pursuant to Section 162(m) of the Code, and satisfies the independence requirements of the NYSE Market LLC. We believe that the composition of our Compensation Committee meets the requirements for independence under, and the functioning of our Compensation Committee complies with, any applicable requirements of the NYSE Market LLC and SEC rules and regulations.

Our Compensation Committee and our Board of Directors have not yet established a succession plan for our chief executive officer.

In fulfilling its responsibilities, the Committee is permitted under the Compensation Committee charter to delegate any or all of its responsibilities to a subcommittee comprised of members of the Compensation Committee or the Board, except that the Committee may not delegate its responsibilities for any matters that involve compensation of any officer or any matters where it has determined such compensation is intended to comply with Section 162(m) of the Code or is intended to be exempt from Section 16(b) under the Exchange Act pursuant to Rule 16b-3 by virtue of being approved by a committee of independent or nonemployee directors.

*Nominating and Governance Committee.* Our Nominating and Governance Committee oversees and assists our Board of Directors in reviewing and recommending corporate governance policies and nominees for election to our Board of Directors. The Nominating and Governance Committee is responsible for, among other things:

evaluating and making recommendations regarding the organization and governance of the Board of Directors and its committees;

assessing the performance of members of the Board of Directors and making recommendations regarding committee and chair assignments;

recommending desired qualifications for Board of Directors membership and conducting searches for potential members of the Board of Directors; and

reviewing and making recommendations with regard to our corporate governance guidelines.

The members of our Nominating and Governance Committee are currently Messrs. Coelho, Giles and Stevens. Mr. Coelho is the chairman of our Nominating and Governance Committee. Our Board of Directors has determined that each member of our Nominating and Governance Committee is independent within the meaning of the independent director guidelines of the NYSE Market LLC.

Our Board of Directors may from time to time establish other committees.

#### **Annual Meeting Attendance and Executive Sessions**

Commencing January 1, 2011, our policy has been that directors attend the annual meeting of stockholders. We previously did not have a policy concerning director attendance at annual meetings. Commencing January 1, 2011, our policy has been that our non-employee directors are also required to meet in separate sessions without management on a regularly scheduled basis four times a year. Generally, these meetings are expected to take place in conjunction with regularly scheduled meetings of the Board of Directors throughout the year.

## Director Nominations and Stockholder Communications

Our Nominating and Governance Committee's policy is to evaluate any recommendation for director nominee proposed by a stockholder. Our bylaws permit stockholders to nominate directors for consideration at an annual meeting, subject to certain conditions. Any recommendation for director nominee must be submitted in writing to:

Ampio Pharmaceuticals, Inc.  
Attention: Corporate Secretary  
373 Inverness Parkway, Suite 200  
Englewood, Colorado 80112

The Nominating and Governance Committee generally identifies potential candidates for director by seeking referrals from our management and members of the Board of Directors and their various business contacts. There are currently no specific, minimum or absolute criteria for Board of Directors membership. Candidates are evaluated based upon factors such as independence, knowledge, judgment, integrity, character, leadership, skills, education, experience, financial literacy, standing in the community and ability to foster a diversity of backgrounds and views and to complement the Board's existing strengths. There are no differences in the manner in which the Committee will evaluate nominees for director based on whether the nominee is recommended by a stockholder.

We have not implemented a formal policy or procedure by which our stockholders can communicate directly with our Board of Directors. Nevertheless, every effort has been made to ensure that the views of stockholders are heard by the Board of Directors or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. We believe that we are responsive to stockholder communications, and therefore have not considered it necessary to adopt a formal process for stockholder communications with our Board. During the upcoming year, our Board of Directors will continue to monitor whether it would be appropriate to adopt such a policy. Communications will be distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communications. Items that are unrelated to the duties and responsibilities of the Board of Directors may be excluded, such as:

junk mail and mass mailings;

resumes and other forms of job inquiries;

surveys; and

solicitations or advertisements.

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

## Director Independence



Our common stock is listed on the NYSE MKT LLC. The NYSE MKT Rules require that a majority of the members of the Board of Directors be independent. The NYSE MKT Rules require that, subject to specified exceptions, each member of our Audit, Compensation, and Nominating and Governance Committees be independent. Audit Committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under the NYSE MKT Rules, a director will only qualify as an independent director if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In order to be considered to be independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of

directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

In October 2015, our Board of Directors undertook a review of its composition, the composition of its committees and the independence of each director. Based upon information provided by each director concerning his or her background, employment and affiliations, including family relationships, our Board of Directors has determined that none of Messrs. Coelho, Giles and Stevens, representing three of our five directors, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined by the NYSE MKT Rules. Our Board of Directors also determined that Messrs. Giles, Coelho and Stevens, who comprise our Audit Committee and our Compensation Committee, and Messrs. Coelho, Giles and Stevens, who comprise our Nominating and Governance Committee, satisfy the independence standards for those committees established by applicable SEC rules and the NYSE MKT Rules. In making this determination, our Board of Directors considered the relationships that each non-employee director has with our company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

### **Code of Business Conduct and Ethics**

We have adopted a code of business conduct and ethics that is applicable to all of our employees, officers and directors. The code is available on our web site, [www.ampiopharma.com](http://www.ampiopharma.com), under the Investors tab. We intend to disclose future amendments to, or waivers from, certain provisions of our code of business conduct and ethics, if any, on the above website within four business days following the date of such amendment or waiver.

### **Leadership Structure of the Board**

The Board of Directors does not currently have a policy on whether the same person should serve as both the chief executive officer and chairman of the Board of Directors or, if the roles are separate, whether the chairman should be selected from the non-employee directors or should be an employee. The Board of Directors believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes best to provide appropriate leadership for us at that time. Our current chairman, Michael Macaluso, was appointed our chief executive officer effective January 9, 2012. Mr. Macaluso has served as a member of our Board of Directors since March 2010, and has been a member of the board of directors of Life Sciences from December 2009.

### **Risk Oversight**

The Board of Directors oversees risk management directly and through its committees associated with their respective subject matter areas. Generally, the Board of Directors oversees risks that may affect our business as a whole, including operational matters. The Audit Committee is responsible for oversight of our accounting and financial reporting processes and also discusses with management our financial statements, internal controls and other accounting and related matters. The Compensation Committee oversees certain risks related to compensation programs and the Nominating and Governance Committee oversees certain corporate governance risks. As part of their roles in overseeing risk management, these committees periodically report to the Board of Directors regarding briefings provided by management and advisors as well as the committees' own analysis and conclusions regarding certain risks faced by us. Management is responsible for implementing the risk management strategy and developing policies, controls, processes and procedures to identify and manage risks.

### **Involvement in Certain Legal Proceedings**

No director, executive officer, promoter or control person of our company has, during the last ten years: (i) been convicted in or is currently subject to a pending a criminal proceeding (excluding traffic violations and

other minor offenses); (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to any Federal or state securities or banking or commodities laws including, without limitation, in any way limiting involvement in any business activity, or finding any violation with respect to such law, nor (iii) any bankruptcy petition been filed by or against the business of which such person was an executive officer or a general partner, whether at the time of the bankruptcy or for the two years prior thereto.

### **Family Relationships**

There are no family relationships between any of our directors or executive officers and employees, except (i) Raphael Bar-Or, a non-executive officer, is the son of David Bar-Or, M.D., our Chief Scientific Officer and a director, (ii) Rick Giles, our previous Director of Investor Relations, is the son of Richard Giles, a director, and (iii) Joshua Disbrow, our former Chief Operating Officer and currently, the Chief Executive Officer of Aytu BioScience, Inc., an 81.5% owned subsidiary, is the brother of Jarrett Disbrow, the former Chief Executive Officer of Vyrrix Pharmaceuticals, Inc., a former 100% owned subsidiary of Ampio Pharmaceuticals, Inc, currently, Chief Operating Officer of Aytu BioScience, Inc.

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## EXECUTIVE OFFICERS

Our current executive officers and their respective ages and positions as of the date of this Proxy Statement are set forth in the following table. Biographical information regarding each executive officer who is not also a director is set forth following the table.

Name	Age	Position
Michael Macaluso	64	Chief Executive Officer and Chairman of the Board
David Bar-Or, M.D.	66	Chief Scientific Officer and Director
Gregory A. Gould	49	Chief Financial Officer, Secretary and Treasurer
Vaughan Clift, M.D.	54	Chief Regulatory Affairs Officer
Joshua R. Disbrow	40	Former Chief Operating Officer

*Gregory A. Gould* has been employed by us since June 2014. Mr. Gould was most recently a financial and operational consultant to the biotech industry through his company Gould, LLC, from April 2012 through June 2014. Prior to working as a consultant, Mr. Gould was the chief financial officer, secretary and treasurer of SeraCare Life Sciences, Inc., a biological products manufacturer and service provider for the diagnostic, therapeutic and drug discovery markets, from November 2006 through April 2012. During the period from July 2011 until April 2012, he also served as the interim president and chief executive officer of SeraCare Life Sciences, Inc. From 2004 to 2005, Mr. Gould served as chief financial officer, treasurer and secretary of Atrix Laboratories, Inc., a specialty pharmaceutical company focused on advanced drug delivery. Mr. Gould began his career at Arthur Andersen, LLP. He currently serves on the board of directors of CytoDyn, Inc., a publicly traded drug development company. Mr. Gould was the Chief Financial Officer, Treasurer and Secretary of Luoxis Diagnostics, Inc. and Vyrix Pharmaceuticals, Inc. until April 2015. Mr. Gould has been the Chief Financial Officer, Treasurer and Secretary of Aytu BioScience, Inc. since April 2015. Mr. Gould holds a BS in business administration from the University of Colorado and is a certified public accountant.

*Vaughan Clift, M.D.*, has been employed by us since March 2010 and was employed by Life Sciences from May 2009 until March 2010. From 2005 to 2009, Dr. Clift was the chief executive officer of Detectachem LLC, a Houston, Texas-based manufacturer of a hand-held explosive and narcotics detection device. Dr. Clift was the Vice President of Operations, including all FDA regulatory matters, for Isolagen from 2002 until 2005. From January 2001 to May 2002, Dr. Clift researched home oxygen therapy systems while developing an oxygen system for NASA. From July 1997 to January 2001, he was Chief Scientist of DBCD, Inc., a medical device company that manufactures a range of blood diagnostic products for the human and veterinary markets. From May 1992 to June 1997, Dr. Clift was Chief Scientist for the Science Payload Development, Engineering and Operations project at Lockheed Martin's Human Spaceflight Division. Dr. Clift has received a number of international and federal awards and was nominated as one of NASA's top ten inventors in 1995.

*Joshua R. Disbrow* was employed as Ampio's Chief Operating Officer from December, 2012 until April 2015. Mr. Disbrow was also the Chief Executive Officer of Luoxis Diagnostics, Inc. From April 2015 to present, Mr. Disbrow has been employed as the Chief Executive Officer of Aytu BioScience, Inc. Prior to joining Ampio, he served as the Vice President of Commercial Operations at Arbor Pharmaceuticals, a specialty pharmaceutical company, from May 2007 through October 2012. He joined Arbor as that company's second full-time employee. Josh led the company's commercial efforts from inception to the company's acquisition in 2010 and growth to over \$127 million in net sales in 2011. By the time Mr. Disbrow departed Arbor in late 2012, he had led the growth of the commercial organization to comprise over 150 people in sales, marketing sales training, managed care, national accounts, and other commercial functions. Mr. Disbrow has spent over 17 years in the pharmaceutical, diagnostic and medical device industries and has held positions of increasing responsibility in sales, marketing, sales management, commercial operations and commercial strategy. Prior to joining Arbor, Mr. Disbrow served as Regional Sales

Manager with Cyberonics, Inc., a medical device company focused on neuromodulation therapies from June 2005 through April 2007. Prior to joining Cyberonics he was the Director of Marketing at LipoScience, an in vitro diagnostics company. He is the Chief Executive Officer of Aytu BioScience, Inc. Mr. Disbrow holds an MBA from Wake Forest University and BS in Management from North Carolina State University.

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## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

*Overview.* The following Compensation Discussion and Analysis describes the material elements of compensation for our executives identified in the Summary Compensation Table ( Named Executive Officers ). The Compensation Committee of the Board of Directors assists the Board of Directors in discharging the Board's responsibilities regarding compensation of our executives, including the Named Executive Officers. In particular, the Compensation Committee makes recommendations to the Board of Directors regarding the corporate goals and objectives relevant to executive compensation, evaluates executives' performance in light of such goals and objectives, and recommends the executives' compensation levels to the Board of Directors based on such evaluations. The Compensation Committee's recommendations relating to compensation matters are subject to approval by the Board.

*Compensation Philosophy and Objectives.* Our executive compensation program is designed to retain our executive officers and to motivate them to increase stockholder value on both an annual and longer term basis. These objectives are to be accomplished primarily by positioning us to maximize our product development efforts and to transform, over time, those efforts into collaboration revenues and income. To that end, compensation packages include significant incentive forms of stock-based compensation to ensure that each executive officer's interest is aligned with the interests of our stockholders.

### Named Executive Officers

For our most recently completed fiscal year (the year ended December 31, 2014), our Named Executive Officers were: (i) Michael Macaluso, our Chief Executive Officer, who has served as our Chief Executive Officer since January 9, 2012, (ii) David Bar-Or, M.D., our current Chief Scientific Officer, who has served as our Chief Scientific Officer since March 2010, (iii) Vaughan Clift, our current Chief Regulatory Affairs Officer, who has served as our Chief Regulatory Affairs Officer since March 2010, (iv) Joshua Disbrow, our former Chief Operating Officer, who served as our Chief Operating Officer from December 15, 2012 until April 16, 2015, and now serves as the Chief Executive Officer of our 81.5% owned subsidiary Aytu BioScience, Inc. (v) Gregory Gould, our Chief Financial Officer, who has served as our Chief Financial Officer since June 10, 2014 and has also served as the Chief Financial Officer of Aytu BioScience, Inc. since April 2015, and (vi) Mark D. McGregor, our former Chief Financial Officer, who served as our Chief Financial Officer from April 2011 until June 2014. We had no other executive officers serving during the year ended December 31, 2014.

### Executive Compensation Components

Our compensation program for our Named Executive Officers, consists of three components: (i) a base salary, (ii) discretionary bonuses based on performance, and (iii) equity compensation. Each of these components is reflected in the Summary Compensation Table below.

*Salaries.* The initial cash salaries paid to Messrs. Macaluso, Gould, Disbrow and Drs. Bar-Or and Clift were established at the time they became officers. Each of these persons has an employment agreement with us, a copy of which is an exhibit to, or incorporated by reference herein. Mr. McGregor was an at-will employee and did not have an employment agreement with us. Since the respective dates of their becoming Named Executive Officers, any increases in the salaries of our Named Executive Officers have been made at the discretion of the Compensation Committee. Mr. Macaluso and Dr. Bar-Or receive no additional compensation for serving on our Board of Directors.

*Cash Incentive Compensation.* Cash incentive or bonus compensation is discretionary under our employment agreements with Drs. Bar-Or and Clift and Messrs. Macaluso, Gould and Disbrow. However, each employment agreement contains performance objectives tailored to the individual officer's duties, and Company performance. All

cash incentive compensation grants are intended to be paid in accordance with Section 162(m)



of the Code. For 2014, we awarded a cash bonus to Mr. Macaluso of \$155,000, to Dr. Bar-Or of \$5,000, to Dr. Clift of \$5,000, to Mr. Gould of \$5,000 and to Mr. Disbrow of \$180,000 which were awarded on a discretionary basis by the Compensation Committee based on the Compensation Committee's assessment of 2014 performance. Of Mr. Disbrow's \$180,000 bonus, \$175,000 was related to his superior performance as Chief Executive Officer of Luoxis. We also paid Mr. Gould \$22,000 in connection with his relocation to Colorado.

*Equity Compensation.* In 2014, we granted stock options to certain of our officers, directors and consultants for their services, all of which were granted pursuant to written agreements under the 2010 Plan. All future grants are expected to be made under the 2010 Plan. The vesting period for option grants varies.

*Perquisites.* We offer health benefits to all of our employees. None of our Named Executive Officers receives any further perquisites.

*Why Each Element of Compensation is Paid; How the Amount of Each Element is Determined.* The Compensation Committee intends to pay each of these elements in order to ensure that a desirable overall mix is established between base compensation and incentive compensation, cash and non-cash compensation, and annual and long-term compensation. The Compensation Committee also intends to evaluate on a periodic basis the overall competitiveness of our executive compensation packages as compared to packages offered in the marketplace for which we compete with executive talent. Overall, our Compensation Committee believes that our executive compensation packages are currently appropriately balanced and structured to retain and motivate our Named Executive Officers, while necessarily taking into account our presently limited financial resources.

*How Each Compensation Element Fits into Overall Compensation Objectives and Affects Decisions Regarding Other Elements.* In establishing compensation packages for executive officers, numerous factors are considered, including the particular executive's experience, expertise and performance, our operational and financial performance as a company, and compensation packages available in the marketplace for similar positions. In arriving at amounts for each component of compensation, our Compensation Committee strives to strike an appropriate balance between base compensation and incentive compensation. The Compensation Committee also endeavors to properly allocate between cash and non-cash compensation and between annual and long-term compensation.

*Risk Assessment.* Our Compensation Committee has reviewed our compensation program and believes that the program, including our cash incentive compensation and equity incentive compensation, does not encourage our Named Executive Officers to engage in any unnecessary or excessive risk-taking. As a result, the Compensation Committee has to date not implemented a provision for recovery by us of cash or incentive compensation bonuses paid to our Named Executive Officers.

*Role of Compensation Consultants in Executive Compensation Decisions.* The Compensation Committee has the authority to retain the services of third-party executive compensation specialists in connection with the establishment of the Company's compensation policies. The Compensation Committee did not use a compensation consultant in connection with setting 2014 executive compensation, and relied upon the professional and market experience of the Committee members in determining 2014 executive compensation. The Compensation Committee may engage a compensation consultant in the future if it deems such services to be appropriate and cost-justified.

*Role of Executives in Executive Compensation Decisions.* The Compensation Committee seeks input and specific recommendations from our Chief Executive Officer when discussing the performance of, and compensation levels for, executives other than himself. The Chief Executive Officer provides recommendations to the Compensation Committee regarding each executive officer's level of individual achievement other than himself. However, he is not a member of the Compensation Committee and does not vote. The Compensation Committee also works with our Chief Executive Officer and our Chief Financial Officer to evaluate the financial, accounting, tax and retention implications of our various compensation programs. Neither our Chief Executive Officer nor any of our other executives

participates in deliberations relating to his or her own compensation.

## **Tax and Accounting Implications**

*Deductibility of Executive Compensation.* Section 162(m) of the Internal Revenue Code limits the tax deduction to \$1.0 million for compensation paid to certain executives of public companies. However, performance-based compensation that has been approved by stockholders is not subject to the \$1.0 million limit under Section 162(m) if, among other requirements, the compensation is payable only upon attainment of pre-established, objective performance goals, and the Board of Directors committee that establishes such goals consists only of outside directors. All members of the Compensation Committee qualify as outside directors. Additionally, stock options will qualify for the performance-based exception where, among other requirements, the exercise price of the option is not less than the fair market value of the stock on the date of the grant, and the plan includes a per-executive limitation on the number of shares for which options may be granted during a specified period.

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

None of the members of our Compensation Committee is an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

## **Compensation Committee Report**

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K.

Submitted by the Compensation Committee of the Board of Directors

Philip H. Coelho

Richard B. Giles

David R. Stevens, Ph.D.

**Summary Compensation Table for 2014, 2013 and 2012**

The following table sets forth the compensation paid by us during the years ended December 31, 2014, December 31, 2013 and December 31, 2012 to our Named Executive Officers as of December 31, 2014:

Name and Principal Position (a)	Year (b)	Salary (\$ (c)	Bonus (\$ (d)	Stock Award (\$ (e)	Option Award (\$ (f)	Change in Pension Value and Non-Equity Incentive Compensation			Total (\$ (j)
						Deferred Compensation (\$ (g)	Sign-on Compensation (\$ (h)	Other Compensation (\$ (i)	
<b><u>Current Named Executive Officers</u></b>									
Michael Macaluso <i>Chief Executive Officer</i>	2014	300,000	155,000		1,095,433				1,550,433
	2013	221,250(2)	155,000						376,250
	2012	190,938	5,000		509,556				705,494
David Bar-Or, M.D. <i>Chief Scientific Officer and Former Chairman</i>	2014	300,000	5,000		1,538,943				1,843,943
	2013	300,000	155,000		469,352				924,352
	2012	300,000	105,000		407,645				812,645
Vaughan Clift, M.D. <i>Chief Regulatory Affairs Officer</i>	2014	250,000	5,000		872,067				1,127,067
	2013	250,000	130,000		265,966				645,966
	2012	250,000	5,000		305,734				560,734
Gregory A. Gould <i>Chief Financial Officer</i>	2014	138,450(4)	5,000		1,435,243			21,620(7)	1,600,313
	2013								
	2012								
Mark D. McGregor <i>Former Chief Financial Officer</i>	2014	103,125(5)	29,000					75,000(8)	207,125
	2013	152,216	20,000		212,694(8)				384,910
	2012	150,000	5,000		191,255(8)				346,255
Joshua R. Disbrow <i>Former Chief Operating Officer and Chief Executive Officer of Aytu BioScience, Inc.</i>	2014	245,000(3)	180,000(6)						425,000
	2013	228,958(3)	127,500						356,458
	2012	11,375			1,038,937				1,050,312

(1) Option awards are reported at fair value at the date of grant. See Item 15 of Part IV, Notes to Consolidated Financial Statements Note 10 Equity Instruments.

- (2) Mr. Macaluso was appointed Chief Executive Officer effective January 2012. His salary was increased from \$195,000 to \$300,000 annually effective October 2013.
- (3) Mr. Disbrow was appointed Chief Operating Officer effective December 2012. Effective June 2013, Mr. Disbrow began receiving a \$35,000 annual salary from Luoxis.
- (4) Mr. Gould was appointed to Chief Financial Officer effective June 2014.
- (5) Mr. McGregor resigned as Chief Financial Officer effective June 2014. From June 2014 to August 2014, Mr. McGregor served as a Senior Advisor.
- (6) In 2014, Mr. Disbrow received a bonus of \$175,000 related to his superior performance as Chief Executive Officer of Luoxis.
- (7) Compensation related to Mr. Gould's expense to move his family to Colorado.
- (8) Mr. McGregor's retirement severance and modified options which accelerated the vesting of 96,181 options and extended the exercise period from 90 days after termination to August 15, 2015 for 275,000 options. All of the \$130,000 of expense related to this modification was recognized in 2014.

The executive officers will be reimbursed by the Company for any out-of-pocket expenses incurred in connection with activities conducted on the Company's behalf.

## Grants of Plan-Based Awards

The following table sets forth certain information regarding grants of plan-based awards to the Named Executive Officers as of December 31, 2014:

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options		Exercise Price of Option Awards (\$/Share)	Grant Date Fair Value of Option Awards
		(#)			
<i>Current Named Executive Officers</i>					
Gould, Greg	6/10/2014	300,000		\$ 7.14	\$ 1,435,243
Bar-Or, David M.D.	8/11/2014	300,000		\$ 6.48	\$ 1,538,943
Clift, Vaughan	8/11/2014	170,000		\$ 6.48	\$ 872,067
Macaluso, Michael	12/20/2014	400,000		\$ 3.46	\$ 1,095,433

In April 2015, the Company modified options held by its former Chief Operating Officer which accelerated vesting of 27,790 options and extended the exercise period from 90 days after termination to April 15, 2020 for 400,000 options. All of the \$692,000 expense related to this modification was recognized in the period ended June 30, 2015.

In July 2015, each of Drs. Bar-Or and Clift was granted options to purchase 300,000 and 170,000 shares of common stock, respectively. These options have an exercise price of \$2.60 and \$2.68 per share, respectively, which was the closing price of the Company's common stock on the date of grant (August 3, 2015 and July 31, 2015). These options vest on the date that the Company meets all endpoints in connection with the Ampion clinical trial as determined in the sole discretion of the Compensation Committee. Also, in July 2015, Mr. Gould was granted options to purchase 100,000 shares of common stock. These options have an exercise price of \$2.60 per share which was the closing price of the Company's common stock on the date of grant July 30, 2015. These options vest annually over three years beginning on the date of grant.

## Outstanding Equity Awards

The following table provides a summary of equity awards outstanding for each of the Named Executive Officers as of December 31, 2014:

Name (a)	Option Awards					Stock Awards					
	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Market Value of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)	Equity Incentive Plan Awards: Number of Shares or Units of Stock That Have Not Vested (#) (i)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (j)	Equity Incentive Plan Awards: Number of Shares or Units of Stock That Have Not Vested (#) (k)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (l)
<u>Current Named Executive Officers</u>											
Michael Macaluso	(5)	400,000		3.46	12/20/2024						
Michael Macaluso	(1)	215,277	34,723	2.76	5/7/2022						
Michael Macaluso		220,000		1.03	8/12/2020						
Michael Macaluso		180,000		1.70	8/27/2020						
David Bar-Or, M.D.	(3)	150,000	150,000	6.48	8/11/2024						
David Bar-Or, M.D.	(1)	172,222	27,778	2.76	5/7/2022						
David Bar-Or, M.D.		400,000		1.03	8/12/2020						
David Bar-Or, M.D.		300,000		6.15	7/15/2023						
Vaughan Clift, M.D.	(3)	85,000	85,000	6.48	8/11/2024						
Vaughan Clift, M.D.	(1)	129,166	20,834	2.76	5/7/2022						
Vaughan Clift, M.D.		365,000		1.03	8/12/2020						
Vaughan Clift, M.D.		170,000		6.15	7/15/2023						
Gregory A. Gould	(4)	100,000	200,000	7.14	6/10/2024						
Mark D. McGregor		75,000		2.76	8/15/2015						
Mark D. McGregor		100,000		2.50	8/15/2015						
Mark D. McGregor		100,000		8.62	8/15/2015						
Joshua R. Disbrow	(2)	288,840	111,160	3.53	12/15/2022						

(1) Unexercisable options vest monthly and become fully vested May 7, 2015.

- (2) Unexercisable option vests annually and becomes fully vested April 15, 2015.
- (3) Unexercisable option vests annually and becomes fully vested July 31, 2015.
- (4) Unexercisable option vests annually and becomes fully vested June 10, 2016.
- (5) Unexercisable options vest annually and become fully vested January 1, 2017.

**Option Exercises and Stock Vested**

The following table provides a summary of option exercises and stock vested for each of the Named Executive Officers as of December 31, 2014:

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#) (b)	(\$) (1) (c)	(#) (d)	(\$) (e)
Michael Macaluso				
David Bar-Or, M.D.				
Vaughan Clift, M.D.				
Gregory A. Gould				
Joshua R. Disbrow				
Mark D. McGregor				

- (1) Value realized on exercise is based on the gain, if any, equal to the difference between the fair market value of the stock acquired upon exercise on the exercise date less the exercise price, multiplied by the number of shares for which options are being exercised.



## Employment Agreements

We entered into an employment agreement with Mr. Michael Macaluso, our Chief Executive Officer, effective January 9, 2012 which provided for an annual salary of \$195,000, with an initial term ending January 9 2015. On October 1, 2013, Ampio increased Mr. Macaluso's annual salary from \$195,000 to \$300,000. On December 20, 2014, Ampio extended the Employment Agreement of Mr. Macaluso for three additional years, expiring January 9, 2017. In connection with this Amendment, Mr. Macaluso was awarded 400,000 options for Ampio common stock at an exercise price of \$3.46 vesting annually over three years beginning on January 1, 2015.

In August 2010, we entered into employment agreements with Dr. David Bar-Or, our Chief Scientific Officer, and Dr. Vaughan Clift, our Chief Regulatory Affairs Officer. The employment agreement with Dr. Bar-Or supersedes his prior agreement with Life Sciences. Dr. Clift's employment agreement was amended on October 1, 2010 and May 26, 2011. The terms of the employment agreements with Dr. Bar-Or and Dr. Clift are substantially identical except as noted below. Each agreement had an initial term ending July 31, 2013. The agreements provide for annual salaries of \$300,000 for Dr. Bar-Or and \$250,000 for Dr. Clift. On July 15, 2013, Ampio extended the Employment Agreements of Dr. David Bar-Or and Dr. Vaughan Clift for one additional year, expiring July 31, 2014. In connection with these Amendments, Dr. Bar-Or and Dr. Clift were awarded 300,000 and 170,000 options, respectively, for Ampio common stock at an exercise price of \$6.15 with 50% vesting upon grant and 50% after one year. On August 11, 2014, Ampio extended the Employment Agreements of Dr. David Bar-Or and Dr. Vaughan Clift for one additional year, expiring July 31, 2015. In connection with these Amendments, Dr. Bar-Or and Dr. Clift were awarded 300,000 and 170,000 options, respectively, for Ampio common stock at an exercise price of \$6.48 with 50% vesting upon grant and 50% after one year. On August 3 and July 31, 2015, Ampio extended the Employment Agreements of Dr. Bar-Or and Dr. Clift, respectively, for one additional year, expiring July 31, 2016. In connection with these Amendments, Dr. Bar-Or and Dr. Clift were awarded 300,000 and 170,000 options, respectively, for Ampio common stock at exercise prices of \$2.60 and \$2.68, respectively, with such options vesting on the date that Ampio meets all endpoints in connection with the Ampion clinical trial as determined in the sole discretion of Ampio's Compensation Committee.

We entered into an employment agreement with Mr. Joshua Disbrow, our former Chief Operating Officer, effective December 15, 2012. This agreement had an initial term ending December 15, 2015 and provided for an annual salary of \$210,000. Mr. Disbrow also received an annual salary of \$35,000 from Luoxis effective June 16, 2013. He terminated his position at Ampio Pharmaceuticals, Inc. in April 2015 and became the Chief Executive Officer of Aytu BioScience, Inc.

We entered into an employment agreement with Mr. Gregory Gould, our Chief Financial Officer, on June 10, 2014, which provided for an annual salary of \$250,000, with an initial term ending June 10, 2017. In connection with this employment agreement, Mr. Gould was awarded 300,000 options for Ampio common stock at an exercise price of \$7.14 vesting annually over two years beginning on June 10, 2014.

Each officer is eligible to receive a discretionary annual bonus each year that will be determined by the Compensation Committee of the Board of Directors based on individual achievement and Company performance objectives established by the Compensation Committee. Included in those objectives, as applicable for the responsible officer, are (i) obtaining successful phase II and phase III clinical trial results, (ii) preparation and compliance with a fiscal budget, (iii) the launch of clinical trials for additional products approved by the Board of Directors, (iv) the sale of intellectual property not selected for clinical trials by the Company at prices, and times, approved by the Board of Directors and (v) making significant scientific discoveries acceptable to the Board of Directors. The targeted amount of each officer's annual bonus is 50% of the applicable base salary, although the actual bonus may be higher or lower.

The employment agreements for Dr. Bar-Or and Dr. Clift provided for an initial grant of stock options in the amount of 700,000 (subsequently reduced to 400,000) and 365,000 options, respectively. Each option is



exercisable for a period of ten years at an exercise price per share equal to the quoted closing price of our common stock on August 11, 2010. Mr. Disbrow was granted 450,000 (subsequently reduced to 400,000) stock options which upon his departure from Ampio, the Company modified by accelerating vesting of 27,790 options and extending the exercise period from 90 days after termination to April 15, 2020 for 400,000 options. All of the \$692,000 expense related to this modification was recognized in the period ended June 30, 2015.

### **Potential Payments Upon Termination or Change in Control**

If the employment of Dr. Bar-Or, Dr. Clift or Mr. Gould is terminated at our election at any time, for reasons other than death, disability, cause (as defined in the agreement) or a voluntary resignation, or if an officer terminates his employment for good reason, the officer in question shall be entitled to receive a lump sum severance payment equal to two times his base salary and of the continued payment of premiums for continuation of the officer's health and welfare benefits pursuant to COBRA or otherwise, for a period of two years from the date of termination, subject to earlier discontinuation if the officer is eligible for comparable coverage from a subsequent employer. Mr. Macaluso is not entitled to any such termination payments pursuant to the terms of his employment agreement. All severance payments, less applicable withholding, are subject to the officer's execution and delivery of a general release of us and our subsidiaries and affiliates and each of their officers, directors, employees, agents, successors and assigns in a form acceptable to us, and a reaffirmation of the officer's continuing obligation under the propriety information and inventions agreement (or an agreement without that title, but which pertains to the officer's obligations generally, without limitation, to maintain and keep confidential all of our proprietary and confidential information, and to assign all inventions made by the officer to us, which inventions are made or conceived during the officer's employment). If the employment is terminated for cause, no severance shall be payable by us.

Good Reason means:

a material reduction in the officer's overall responsibilities or authority or scope of duties;

a material reduction of the officer's compensation; or

relocation of the officer to a facility or location not within 40 miles of the state capitol building in Denver, Colorado.

Cause means:

willful malfeasance or willful misconduct in connection with employment;

conviction of, or entry of a plea of guilty or *nolo contendere* to, any crime other than a traffic violation or misdemeanor;

willful and deliberate violation of a company policy;

unintended but material breach of any written policy applicable to all employees which is not cured within 30 business days;

unauthorized use or disclosure of any proprietary information or trade secrets of the company;

willful and deliberate breach of the employment agreement;

any other material breach of the employment agreement which is not cured within 30 business days; or

gross negligence in the performance of duties.

Change in Control means the occurrence of any of the following events:

The acquisition by an individual, entity, or group, other than Ampio or any of its subsidiaries, of beneficial ownership of 50% or more of the combined voting power or economic interests of the then outstanding voting securities of Ampio entitled to vote generally in the election of directors (excluding any issuance of securities by Ampio in a transaction or series of transactions made principally for bona fide equity financing purposes);

The acquisition of Ampio by another entity by means of any transaction or series of related transactions to which Ampio is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any issuance of securities by Ampio in a transaction or series of related transactions made principally for bona fide equity financing purposes) other than a transaction or series of related transactions in which the holders of the voting securities of Ampio outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, as a result of shares in Ampio held by such holders prior to such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of Ampio or such other surviving or resulting entity (or if Ampio or such other surviving or resulting entity is a wholly-owned subsidiary immediately following such acquisition, its parent); or

The sale or other disposition of all or substantially all of the assets of Ampio in one transaction or series of related transactions.

In the event of a Change of Control, all outstanding stock options, restricted stock and other stock-based grants held by Mr. Macaluso, Dr. Bar-Or, Mr. Gould and Dr. Clift become fully vested and exercisable, and all such stock options remain exercisable from the date of the Change in Control until the expiration of the term of such stock options.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of Ampio immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Ampio immediately following such transaction or series of transactions.

The employment agreements do not provide for the payment of a gross-up payment under Section 280G of the Internal Revenue Code. The following table provides estimates of the potential severance and other post-termination benefits that each of Dr. Bar-Or, Dr. Clift, Mr. Disbrow, Mr. Macaluso, and Mr. Gould would have been entitled to receive assuming their respective employment was terminated as of December 31, 2014 for the reason set forth in each of the columns.

Recipient and Benefit	Cause; Without good reason;	Without Cause; Good reason	Death; Disability	Change in Control
<b>Michael Macaluso</b>				
Stock Options (2) (4)	\$	\$	\$ 23,264	\$ 23,264
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$ 23,264</b>	<b>\$ 23,264</b>
<b>David Bar-Or, M.D.</b>				
Salary	\$	\$ 600,000	\$	\$
Stock Options (2) (4)	\$		\$ 18,611	\$ 18,611
Value of health benefits provided after termination (1)	\$	\$ 41,457	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$ 641,457</b>	<b>\$ 18,611</b>	<b>\$ 18,611</b>
<b>Gregory Gould</b>				
Salary	\$	\$ 500,000	\$	\$
Stock Options (4)	\$		\$	\$
Value of health benefits provided after termination (1)	\$	\$ 56,510	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$ 556,510</b>	<b>\$</b>	<b>\$</b>
<b>Vaughan Clift, M.D.</b>				
Salary	\$	\$ 500,000	\$	\$
Stock Options (3) (4)	\$	\$ 13,959	\$ 13,959	\$ 13,959
Value of health benefits provided after termination (1)	\$	\$ 56,510	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$ 570,469</b>	<b>\$ 13,959</b>	<b>\$ 13,959</b>
<b>Joshua Disbrow</b>				
Salary	\$	\$ 420,000	\$	\$
Stock Options (4)	\$		\$	\$
Value of health benefits provided after termination (1)	\$	\$ 56,510	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$ 476,510</b>	<b>\$</b>	<b>\$</b>

(1)

The value of such benefits is determined based on the estimated cost of providing health benefits to the Named Executive Officer for a period of two years.

- (2) Amounts represent the intrinsic value (that is, the value based upon the Company's stock price on December 31, 2014 of \$3.43 per share), minus the exercise price of the equity awards that would have become exercisable as of December 31, 2014.
- (3) Dr. Clift has a provision in his employment agreement that his options would all fully vest if he was let go without cause or if he left for good reason.
- (4) The unvested options of these officers have a value higher than the stock price on December 31, 2014 of \$3.43 per share, therefore there is no intrinsic value.

## Non-Employee Director Compensation

Our Compensation Committee established the following fees for payment to members of our Board of Directors or committees, as the case may be for the fiscal year ended December 31, 2014:

	Committee or Committees	Cash or Common Stock Compensation
<b>Board of Directors Annual Retainer:</b>		
Chairman		\$ 20,000
Each non-employee director		\$ 10,000
<b>Board of Directors Meeting Fees:</b>		
Each meeting attended in-person		\$ 1,000
Each meeting attended via telephone or Internet		\$ 500
<b>Committee Annual Retainer:</b>		
Chairman of each committee	Audit; Compensation; Nominating and Governance	\$ 20,000
Each non-chair member	Audit	\$ 12,000
Each non-chair member	Compensation; Nominating and Governance	\$ 10,000
<b>Committee Chairman Meeting Fees:</b>		
Each meeting attended in-person	Audit; Compensation; Nominating and Governance	\$ 2,500
Each meeting attended via telephone or Internet	Audit; Compensation; Nominating and Governance	\$ 1,500
<b>Committee Member Meeting Fees:</b>		
Each meeting attended in-person	Audit; Compensation; Nominating and Governance	\$ 1,500
Each meeting attended via telephone or Internet	Audit; Compensation; Nominating and Governance	\$ 1,000
<b>Annual Stock Award:</b>		\$ 10,000

In December 2014, the Compensation Committee amended the Non-Employee Director Compensation for fiscal 2015 by increasing Board meeting fees for in-person attendance from \$1,000 to \$1,500 and telephonically attending from \$500 to \$1,000.

## Director Compensation for 2014

The table below summarizes the compensation paid by us to non-employee directors during the year ended December 31, 2014.

Name	Fees Earned or		All Other	Total
	Paid in Cash	Stock Option Awards (1)(2)	Compensation (3)	
Philip H. Coelho	\$ 97,500	\$ 133,120	\$ 10,000	\$ 240,620
Richard B. Giles	\$ 84,000	\$ 306,383	\$ 10,000	\$ 400,383
David Stevens, PhD	\$ 61,000	\$	\$ 10,000	\$ 71,000



- (1) In June 2014, Mr. Giles was granted an option to purchase 70,000 shares of common stock. This option has an exercise price of \$6.96 per share, which was the closing price of the Company's common stock on the date of grant (June 8, 2014). In December 2014, Mr. Coelho was granted an option to purchase 50,000 shares of common stock. This option has an exercise price of \$3.46 per share, which was the closing price of the Company's common stock on the date of grant (December 20, 2014). These options fully vested as of the grant date and have a term of 10 years from the grant date. The amounts in this column reflect the grant date fair values of the stock awards based on the last reported sale price of the common stock at the dates of

grant. Please see Item 15 of Part IV, Notes to Consolidated Financial Statements Note 10 Equity Instruments in the Notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

- (2) At December 31, 2014, Messrs. Coelho, Giles and Dr. Stevens held options to acquire 565,554, 650,000 and 225,000 shares of common stock, respectively.
- (3) Annual stock award. In January 2014, each of Messrs. Coelho, Giles and Dr. Stevens was awarded 1,403 shares of common stock pursuant to the 2010 Plan, at a price of \$7.13 per share equivalent to \$10,000, which was the closing price of the Company's common stock on the date of grant (January 2, 2014).

In January 2015, each of Messrs., Coelho and Giles and Dr. Stevens was awarded 2,666 shares of common stock pursuant to the 2010 Plan, at a price of \$3.75 per share, which was the closing price of the Company's common stock on the date of grant (January 2, 2015).

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee evaluates auditor performance, manages relations with the Company's independent registered public accounting firm, and evaluates policies and procedures relating to internal control systems. The Audit Committee operates under a written Audit Committee Charter that has been adopted by the Board, a copy of which is available on the Company's website. All members of the Audit Committee currently meet the independence and qualification standards for Audit Committee membership set forth in the listing standards provided by NYSE MKT LLC and the SEC.

The Audit Committee members are not professional accountants or auditors. The members' functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm. The Audit Committee serves a board-level oversight role in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee's members in business, financial and accounting matters.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. The Company's management has the primary responsibility for the financial statements and reporting process, including the Company's system of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2014. This review included a discussion of the quality and the acceptability of the Company's financial reporting, including the nature and extent of disclosures in the financial statements and the accompanying notes. The Audit Committee also reviewed the progress and results of the testing of the design and effectiveness of its internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

The Audit Committee also reviewed with the Company's independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality and the acceptability of the Company's financial reporting and such other matters as are required to be discussed with the Committee under generally accepted auditing standards, including Statement on Auditing Standards No. 61, as adopted by the Public Company Accounting Oversight Board. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the Public Company Accounting Oversight Board. The Audit Committee discussed with the independent registered public accounting firm their independence from management and the Company, including the matters required by the applicable rules of the Public Company Accounting Oversight Board.

In addition to the matters specified above, the Audit Committee discussed with the Company's independent registered public accounting firm the overall scope, plans and estimated costs of their audit. The Committee met with the independent registered public accounting firm periodically, with and without management present, to discuss the results of the independent registered public accounting firm's examinations, the overall quality of the Company's financial reporting and the independent registered public accounting firm's reviews of the quarterly financial statements, and drafts of the quarterly and annual reports.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Submitted by the Audit Committee of the Board of Directors

Richard B. Giles

Philip H. Coelho

David R. Stevens, Ph.D.

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## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Related Party Transactions

In addition to the director and executive compensation arrangements discussed above in *Executive Compensation*, we or Life Sciences have been a party to the following transactions since January 2012 in which the amount involved exceeded or will exceed \$120,000, and in which any director, executive officer or holder of more than 5% of any class of our voting stock, or any member of the immediate family of or entities affiliated with any of them, had or will have a material interest.

Ampio entered into a sponsored research agreement with Trauma Research LLC or, TRLLC, an entity controlled by our director and Chief Scientific Officer, Dr. Bar-Or, on September 1, 2009, which has been amended five times with the last amendment occurring in March of 2014. Under the amended terms of the research agreement, Ampio will provide personnel with an equivalent value of \$325,000 per year. With the most recent amendment, Ampio also agreed to pay a sum of \$725,000 which is being amortized over the contractual term of 60.5 months and is divided between current and long-term on the balance sheet. In return, TRLLC will assign any intellectual property rights it develops on our behalf under the research agreement and undertake additional activities to support Ampio's commercial activities and business plan. This agreement is set to expire on March 31, 2019 and cannot be terminated prior to March 31, 2017.

In June 2013, Luoxis also entered into an agreement with TRLLC. The agreement, which was amended in September 2013, provides for Luoxis to pay \$8,000 per month to TRLLC in consideration for services related to research and development of Luoxis' Oxidation Reduction Potential platform. Starting in March of 2014, Luoxis also agreed to pay a sum of \$615,000 which is being amortized over the contractual term of 60.5 months and is divided between current and long-term on the balance sheet. This agreement has the same termination and expiration as the agreement between Ampio and TRLLC and was assigned to Aytu in April 2015.

Ampio had license agreements with the Institute for Molecular Medicine, Inc. ( IMM ), a nonprofit research organization founded by an officer and director of Ampio who also serves as IMM's executive director. The license agreements were assigned to Life Sciences as a part of the asset purchase from BioSciences. Under the license agreements, Ampio paid the costs associated with maintaining intellectual property subject to the license agreements. As further noted in Note 3 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014, the intellectual property associated with the license agreements was assigned to Luoxis.

Immediately prior to the Merger on March 2, 2010, Chay Enterprises, Inc. or Chay, accepted subscriptions for an aggregate of 1,325,000 shares of common stock from six officers and employees of Life Sciences, for a purchase price of \$150,000. The purchase price was advanced to the six officers and employees by Chay at the time the subscriptions were accepted. These shares were issued immediately before the closing of the Merger but after the shareholders of Chay had approved the merger. The advances are non-interest bearing and due on demand and are classified as a reduction to stockholders' equity. During 2012 and 2011, advances of \$37,000 and \$23,000 were repaid to the Company, respectively. As of December 31, 2014, \$91,000 of advances to stockholders remained outstanding.

### Indemnification of Officers and Directors

We have entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law.



### **Policies and Procedures for Related Party Transactions**

We have adopted a formal written policy that our executive officers, directors, nominees for election as directors, beneficial owners of more than 5% of any class of our common stock and any member of the immediate family of any of the foregoing persons, are not permitted to enter into a related party transaction with us without the prior consent of our Audit Committee, subject to the pre-approval exceptions described below. If advance approval is not feasible then the related party transaction will be considered at the Audit Committee's next regularly scheduled meeting. In approving or rejecting any such proposal, our Audit Committee is to consider the relevant facts and circumstances available and deemed relevant to our Audit Committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction. Our Board of Directors has delegated to the chair of our Audit Committee the authority to pre-approve or ratify any request for us to enter into a transaction with a related party, in which the amount involved is less than \$120,000 and where the chair is not the related party. Our Audit Committee has also reviewed certain types of related party transactions that it has deemed pre-approved even if the aggregate amount involved will exceed \$120,000, including employment of executive officers, director compensation, certain transactions with other organizations, transactions where all stockholders receive proportional benefits, transactions involving competitive bids, regulated transactions and certain banking-related services.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our common stock as of September 30, 2015, by:

each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;

each of our Named Executive Officers;

each of our directors; and

all executive officers and directors as a group.

We have determined beneficial ownership in accordance with SEC rules. The information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, the number of shares of common stock deemed outstanding includes shares issuable upon exercise of options and warrants held by the respective person or group which may be exercised within 60 days after September 30, 2015. For purposes of calculating each person's or group's percentage ownership, stock options and warrants exercisable within 60 days after September 30, 2015 are included for that person or group but not the stock options, debentures, or warrants of any other person or group. Applicable percentage ownership is based on 51,998,306 shares of common stock outstanding at September 30, 2015.

Unless otherwise indicated and subject to any applicable community property laws, to our knowledge, each stockholder named in the following table possesses sole voting and investment power over the shares listed. Unless otherwise noted below, the address of each stockholder listed on the table is c/o Ampio Pharmaceuticals, Inc., 373 Inverness Parkway, Suite 200, Englewood, Colorado 80112.

Name of Beneficial Owner	Number of Shares Beneficially Owned at September 30, 2015	Percentage of Shares Beneficially Owned at September 30, 2015
ACT Capital Management, LLLP (1)	3,906,000	7.5%
Knoll Capital Management, LP (2)	3,388,322	6.5%
Michael Macaluso (3)	2,570,085	4.9%
Vaughan Clift (4)	1,377,200	2.6%
David Bar-Or (5)	1,200,000	2.3%
Richard B. Giles (6)	891,480	1.7%
Philip H. Coelho (7)	584,413	1.1%
Joshua R. Disbrow (8)	400,000	0.8%
David R. Stevens (9)	233,921	0.4%
Gregory A. Gould (10)	233,333	0.4%
All executive officers and directors (eight persons)	7,490,432	13.2%



- (1) Based solely on a Schedule 13G filed on February 5, 2015 by ACT Capital Management, LLLP reporting beneficial ownership as of December 31, 2014.
- (2) Based solely on a Schedule 13G filed on February 17, 2015 by Knoll Capital Management, LP reporting beneficial ownership as of February 17, 2015.
- (3) Includes an aggregate of 783,333 shares of common stock issuable to Mr. Macaluso by virtue of (i) exercise of currently exercisable stock options, (ii) exercise of warrants, and (iii) his service as a non-management director and currently as an officer.
- (4) Includes (i) 855,000 shares of common stock Dr. Clift has the right to acquire on exercise of currently exercisable stock options, and (ii) 522,200 shares of common stock owned of record by Kristin Clift, Dr. Clift's spouse after selling 52,800 shares in the underwritten offering in July 2012.

- (5) Includes 1,200,000 shares of common stock which Dr. Bar-Or has the right to acquire through the exercise of stock options. Excludes 982,783 shares of common stock owned of record by Raphael Bar-Or, Dr. Bar-Or's son, as to which Dr. Bar-Or disclaims beneficial ownership.
- (6) Includes 650,000 shares of common stock issuable to Mr. Giles by virtue of (i) exercise of currently exercisable stock options, and (ii) exercise of warrants.
- (7) Includes 565,554 shares of common stock issuable to Mr. Coelho on exercise of currently exercisable stock options.
- (8) Includes 400,000 shares of common stock issuable to Mr. Disbrow on exercise of currently exercisable stock options.
- (9) Includes 225,000 shares of common stock issuable to Dr. Stevens on exercise of currently exercisable stock options.
- (10) Includes 233,333 shares of common stock issuable to Mr. Gould on exercise of currently exercisable stock options.

#### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own greater than 10% of a registered class of its equity securities to file certain reports with the SEC with respect to ownership and changes in ownership of the Common Stock and our other equity securities. Prior to our listing on the NYSE MKT LLC, our common stock was listed on the NASDAQ Capital market and was previously registered pursuant to Section 15(d) of the Exchange Act. Upon our listing on the NASDAQ Capital Market, our executive officers, directors and greater than 10% stockholders became subject to the filing obligations described in Section 16(a).

Other than as described above, none of our executive officers or directors engaged in any transaction that would have been required to be reported under Section 16(a) of the Exchange Act during the period starting on the date the reports were originally due and ending on the date such reports were filed. To our knowledge, no shareholder beneficially owns more than 10% of our common stock.

#### **STOCKHOLDER PROPOSALS**

Stockholder proposals will be considered for inclusion in the Proxy Statement for the 2016 Annual Meeting in accordance with Rule 14a-8 under the Exchange Act, if they are received by the Secretary of the Company, on or before August 14, 2016.

Stockholders who intend to present a proposal at the 2016 Annual Meeting of Stockholders without inclusion of such proposal in our proxy materials for the 2016 Annual Meeting are required to provide notice of such proposal between August 14, 2016 and September 13, 2016, assuming that the 2016 Annual Meeting is held within 30 days from December 12, 2016. If the meeting is advanced by more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice must be delivered prior to the later of (a) the 90th day before the annual meeting or (b) the 10th day after which announcement of the meeting day is first made, but no earlier than 120 days prior to the annual meeting. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

Proposals and notices of intention to present proposals at the 2016 Annual Meeting should be addressed to Corporate Secretary of Ampio Pharmaceuticals, Inc., 373 Inverness Parkway, Suite 200, Englewood, Colorado 80112.

### **HOUSEHOLDING OF PROXY MATERIALS**

In some cases only one copy of this Proxy Statement or our 2014 Annual Report is being delivered to multiple stockholders sharing an address unless we have received contrary instructions from one or more of the stockholders. We will deliver promptly, upon written or oral request, a separate copy of this Proxy Statement or such Annual Report to a stockholder at a shared address to which a single copy of the document was delivered. Stockholders sharing an address who are receiving multiple copies of proxy statements or annual reports may also request delivery of a single copy. To request separate or multiple delivery of these materials now or in the future, a stockholder may submit a written request to Corporate Secretary of Ampio Pharmaceuticals, Inc., 373 Inverness Parkway, Suite 200, Englewood, Colorado 80112 or an oral request at (720) 437-6500.

### **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.W., Washington, D.C. 20549. You may obtain information on the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains the reports, proxy statements and other information we file electronically with the SEC. The address of the SEC website is <http://www.sec.gov>.

You may request, and we will provide at no cost, a copy of these filings, including any exhibits to such filings, by writing or telephoning us at the following address: Corporate Secretary of Ampio Pharmaceuticals, Inc., 373 Inverness Parkway, Suite 200, Englewood, Colorado 80112 or an oral request at (720) 437-6500. You may also access these filings at our web site under the investor relations link at [www.ampiopharma.com](http://www.ampiopharma.com).

### **OTHER MATTERS**

The Board of Directors knows of no other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, it is intended that proxies in the enclosed form will be voted in respect thereof in accordance with the judgment of the persons voting the proxies.

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to vote. Stockholders are urged to mark, date, execute and promptly return the accompanying proxy card in the enclosed envelope or vote these proxies by telephone at 1-800-690-6903 or by internet at [www.proxyvote.com](http://www.proxyvote.com).

By Order of the Board of Directors

/s/ Gregory A. Gould  
Gregory A. Gould  
Secretary

November 12, 2015

Englewood, Colorado

**AMPIO PHARMACEUTICALS, INC.**  
**373 INVERNESS PARKWAY, SUITE 200**  
**ENGLEWOOD, CO 80112**

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

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

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

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

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

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

**VOTE BY MAIL**

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

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

M97620-P70454                      KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

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

**AMPIO PHARMACEUTICALS, INC.**

**For    Withhold    For All**

**The Board of Directors recommends you vote FOR the following:**

**All        All        Except**

To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

- |   |                               |
|---|-------------------------------|
| <p>1. To elect five directors, nominated by our Board of Directors, to serve until our 2016 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified or their earlier resignation or</p> | <p>..        ..        ..</p> |
|---|-------------------------------|

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removal.

**Nominees:**

- 01) Michael Macaluso
- 02) David Bar-Or, M.D.
- 03) Philip H. Coelho
- 04) Richard B. Giles
- 05) David R. Stevens, Ph.D.

**The Board of Directors recommends you vote FOR proposals 2 and 3.**

**For   Against   Abstain**

- |    |   |    |    |    |
|----|---|----|----|----|
| 2. | To approve, on an advisory (non-binding) basis, the compensation of the Company's named executive officers as disclosed in the Proxy Statement. | .. | .. | .. |
| 3. | To ratify the selection of EKS&H LLLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.        | .. | .. | .. |

Note: To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

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

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

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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

The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

M97621-P70454

**AMPIO PHARMACEUTICALS, INC.**

**Annual Meeting of Stockholders**

**December 12, 2015 10:00 AM**

**This proxy is solicited by the Board of Directors**

The stockholder(s) hereby appoint(s) Gregory A. Gould and Michael Macaluso, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of Ampio Pharmaceuticals, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 AM, MST on December 12, 2015, at The Inverness Hotel and Conference Center, located at 200 Inverness Drive West, Englewood, CO 80112, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Address Changes/Comments:**

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

**Continued and to be signed on reverse side**