

NAVIDEA BIOPHARMACEUTICALS, INC.

Form PRE 14A

June 07, 2018

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant ☒ X

Filed by a Party other than the Registrant

Check the appropriate box:

☒ X Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**NAVIDEA BIOPHARMACEUTICALS, INC.**

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

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
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**2018 ANNUAL MEETING OF STOCKHOLDERS**

July 9, 2018

Dear Stockholder:

You are cordially invited to attend the 2018 Annual Meeting of Stockholders of Navidea Biopharmaceuticals, Inc., which will be held at 9:00 a.m., Eastern Daylight Time, on August 16, 2018, at the DoubleTree Hotel, 2117 Route 4 East, Fort Lee, NJ 07024, 201-461-9000. The matters on the meeting agenda are described in the Notice of 2018 Annual Meeting of Stockholders and proxy statement which accompany this letter.

We hope you will be able to attend the meeting, but regardless of your plans, we ask that you please complete, sign, and date the enclosed proxy card and return it in the envelope provided, or take advantage of the opportunity to vote online or by telephone, so that your shares will be represented at the meeting.

Very truly yours,

/s/ Michael M. Goldberg, M.D.

Michael M. Goldberg, M.D.

President and Chief Executive Officer

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**NAVIDEA BIOPHARMACEUTICALS, INC.**

**4995 Bradenton Avenue, Suite 240**

**Dublin, Ohio 43017**

**NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS**

**To the Stockholders of**

**NAVIDEA BIOPHARMACEUTICALS, INC.:**

The Annual Meeting of the Stockholders of Navidea Biopharmaceuticals, Inc., a Delaware corporation (the “*Company*”), will be held at the DoubleTree Hotel, 2117 Route 4 East, Fort Lee, NJ 07024, 201-461-9000, on August 16, 2018, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect one director, to serve for a term of three years or until her successor is duly elected and qualified;
2. To approve a potential amendment to our amended and restated certificate of incorporation to effect a reverse stock split of the Company’s common stock, as determined by the Board of Directors at its discretion, of a ratio of not less than one-for-five and not more than one-for-twenty.
3. To amend the Company’s 2014 Stock Incentive Plan to increase the aggregate number of shares of common stock authorized for issuance under the plan by 10,000,000 shares;
4. To ratify the appointment of Marcum LLP as our independent registered public accounting firm for 2018; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on June 22, 2018, as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. A list of stockholders will be available for examination by any stockholder at the Annual Meeting and for a period of 10 days before the Annual Meeting at the executive offices of the Company.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on August 16, 2018: The proxy statement and annual report to security holders are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Whether or not you plan to attend the Annual Meeting, please complete, sign, and date the enclosed proxy card and return it in the envelope provided, or take advantage of the opportunity to vote your proxy online or by telephone.**

By Order of the Board of Directors

/s/ Michael M. Goldberg, M.D.

Michael M. Goldberg, M.D.

President and Chief Executive Officer

Dublin, Ohio

July 9, 2018

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**NAVIDEA BIOPHARMACEUTICALS, INC.**

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**2018 ANNUAL MEETING OF STOCKHOLDERS**

August 16, 2018

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**PROXY STATEMENT**

**Dated July 9, 2018**

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**GENERAL INFORMATION**

*Date, Time and Place of Annual Meeting.* The Annual Meeting of the Stockholders of Navidea Biopharmaceuticals, Inc. will be held at the DoubleTree Hotel, 2117 Route 4 East, Fort Lee, NJ 07024, 201-461-9000, on August 16, 2018, at 9:00 a.m., Eastern Daylight Time.

*Solicitation.* This proxy statement is furnished to the stockholders of Navidea Biopharmaceuticals, Inc., a Delaware corporation (“Navidea,” the “Company,” “we,” “our,” or “us”), in connection with the solicitation by the Board of Directors of the Company (the “Board of Directors”) of proxies to be voted at our 2018 Annual Meeting of Stockholders (“Annual Meeting”) to be held on August 16, 2018, and any adjournment thereof. We have elected to furnish proxy materials and our 2017 annual report to our stockholders using the full set delivery option pursuant to the rules of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, a copy of the notice of meeting, this proxy statement, together with a proxy card, and annual report were first mailed to stockholders on or about July 9, 2018. These proxy materials are also available free of charge at [www.proxyvote.com](http://www.proxyvote.com). All expenses in connection with this solicitation of proxies will be paid by us. Proxies will be solicited principally by mail, but directors, officers and certain other individuals authorized by us may personally solicit proxies. We have retained Laurel Hill Advisory Group, 2 Robbins Lane, Suite 201, Jericho, NY 11753 as our proxy solicitor. Banks and brokers may call (516) 933-3100; all others may call toll-free at (888) 742-1305. We will reimburse custodians, nominees or other persons for their out-of-pocket expenses

in sending proxy materials to beneficial owners.

*Company Address.* The mailing address of our principal executive offices is 4995 Bradenton Avenue, Suite 240, Dublin, Ohio 43017.

*Voting Rights.* Stockholders of record at the close of business on June 22, 2018 (the “*Record Date*”) are entitled to notice of and to vote at the Annual Meeting. As of that date, there were 162,959,731 shares of common stock, par value \$0.001 per share (“*Common Stock*”) outstanding and no shares of any series of preferred stock outstanding (“*Preferred Stock*”). Each holder of Common Stock of record on June 22, 2018, is entitled to one vote per share held with respect to all matters which may be brought before the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please carefully review the enclosed proxy statement and then cast your vote, regardless of the number of shares you hold. If you are a stockholder of record, you may vote over the Internet, by telephone, or by completing, signing, dating and mailing to us the accompanying proxy card in the postage-prepaid envelope provided.

*Authorization.* The shares represented by the accompanying proxy will be voted as directed if the proxy is properly completed, signed, and received by us or otherwise properly voted on the Internet or by telephone. The proxy will be voted at the discretion of the persons acting under the proxy to transact such other business as may properly come before the Annual Meeting and any adjournment thereof. If you are a holder of record and you sign, date, and send in your proxy but do not indicate how you want to vote, your proxy will be voted “For” each of the proposals to be voted on at the Annual Meeting.

*Revocation.* Any stockholder returning the accompanying proxy has the power to revoke it at any time before its exercise by giving notice of revocation to the Company, by duly executing and delivering to the Company a proxy card bearing a later date, or by voting in person at the Annual Meeting. Please note, however, if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the Annual Meeting, you must obtain from the record holder a proxy issued in your name.

*Tabulation.* Under Section 216 of the Delaware General Corporation Law (the “*DGCL*”) and our bylaws (“*Bylaws*”), the presence, in person or by proxy, of the holders of a majority of the outstanding shares of our Common Stock is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shares represented by signed proxies that are returned to the Company will be counted toward the quorum even though they are marked as “Abstain,” “Against” or “Withhold Authority” on one or more, or all matters, or they are not marked at all. Brokers, banks, or other nominees who hold their customers’ shares in street name, may, under the applicable rules of the exchanges and other self-regulatory organizations of which such brokers, banks, or other nominees are members, sign and submit proxies for such shares and may vote such shares on routine matters. The proposal to ratify the appointment of Marcum LLP as our independent registered public accounting firm is considered a routine matter. Brokers, banks, or other nominees may not vote on matters considered non-routine without specific instructions from the customer who owns the shares. The proposals to elect one director and approve an amendment to our amended and restated certificate of incorporation to effect a reverse stock split, are not considered routine matters. Proxies signed and submitted by brokers, banks, or other nominees that have not been voted on certain matters are referred to as broker non-votes. Such proxies count toward the establishment of a quorum. We encourage you to provide voting instructions to any broker, bank or other nominee that holds your shares by carefully following the instructions provided in the notice from such entity.

Under the *DGCL* and our Bylaws, the election of each director nominee requires the favorable vote of a plurality of all votes cast by the holders of our Common Stock at a meeting at which a quorum is present. Proxies that are marked “Withhold Authority” and broker non-votes will not be counted toward a nominee’s achievement of a plurality and, thus, will have no effect.

Under our Bylaws, approval of the proposals relating to the compensation of our named executive officers as well as the frequency of voting for such compensation requires the affirmative vote of a majority of the shares of our Common Stock represented in person or by proxy at the Annual Meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote “Against” the proposal. Broker non-votes are disregarded and will have no effect.

Under the *DGCL* and our Bylaws, the amendment to our amended and restated certificate of incorporation to effectuate the reverse stock split and the amendment to our 2014 Stock Incentive Plan (the “2014 Plan”) each requires the affirmative vote of the holders of a majority of the shares of our outstanding Common Stock entitled to vote. For purposes of determining the number of shares of our Common Stock voting on the amendment, abstentions will be counted and will have the effect of a negative vote; broker non-votes will not be counted and thus will have the effect of a negative vote.

The ratification of Marcum LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the shares of our Common Stock represented in person or by proxy at the Annual Meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote “Against” each proposal. Broker non-votes are disregarded and will have no effect.



*Effect of Not Casting Your Vote.* If you hold your shares in street name it is critical that you cast your vote if you want it to count. If you hold your shares in street name and you do not instruct your bank, broker, or other nominee how to vote, no votes will be cast on your behalf for any of the proposals to be considered at the Annual Meeting; except, your bank, broker, or other nominee will continue to have discretion to vote any uninstructed shares on the proposal to ratify the appointment of Marcum LLP as our independent registered public accounting firm.

## **PROPOSAL NO. 1 — ELECTION OF DIRECTOR**

### **Nominee for Election as Director**

We presently have four directors on our Board of Directors, comprised of three classes with terms expiring at the Annual Meetings in 2018, 2019 and 2020, respectively, and each containing, one, one, and two director(s), respectively. At the 2018 Annual Meeting, the nominee to the Board of Directors receiving the highest number of votes will be elected as a director to a term of three years expiring in 2021.

Our Compensation, Nominating and Governance Committee (“*CNG Committee*”) has nominated Dr. Claudine Bruck, Ph.D., for election as a director to serve for a term of three years. Stockholders may not vote for a greater number of persons than the number of nominees named.

Only “For” or “Withhold Authority” votes are counted in determining whether a plurality has been cast in favor of a director nominee. You cannot abstain in the election of a director, and broker non-votes are not counted. We have no reason to believe that the nominee will not stand for election or serve as a director. In the event that the nominee fails to stand for election, the proxies will be voted for the election of another person designated by the persons named in the proxy. See the section entitled “General Information—Tabulation.”

Set forth below is current biographical information about our directors, including the qualifications, experience and skills that make them suitable for service as a director. Each listed director’s respective experience and qualifications described below led the CNG Committee to conclude that such director is qualified to serve as a member of our Board of Directors.

### **The Board of Directors has nominated the following person to serve as a director of the Company until the 2021 Annual Meeting:**

**Claudine Bruck, Ph.D.**, has served as a director of Navidea since March 2018. Dr. Bruck is co-founder and has served as Chief Executive Officer of Prolifagen LLC, a start-up company developing a microRNA-based medicine for tissue regeneration, since June 2016. She is also a course Director at University of Pennsylvania’s Institute of Translational Medicine and Applied Technology, a consultant to BioMotiv LLC and a member of the board of directors of QRPharma, Inc., a biotechnology company focused on development of medicines for neurodegenerative diseases. Dr. Bruck joined GlaxoSmithKline (“*GSK*”) to build GSK’s HIV vaccine program in 1985. In her role in GSK’s vaccine group, Dr. Bruck was instrumental in the development of GSK’s HPV vaccine (Cervarix), and headed their

cancer vaccine program from inception to Phase 2 before joining the drug discovery group of GSK. She held several roles in the drug discovery group, from Head of Clinical Immunology (2004-2005) to VP and Head of Biology for the Center of Excellence for External Drug Discovery (2005-2008), to VP and Head of a newly formed ophthalmology R&D group (2008-2015). Dr. Bruck has a Ph.D. in Biochemistry from the University of Brussels. She was a post-doctoral student at Harvard University Medical School and an Assistant Professor at Tufts Medical School.

**The Board of Directors unanimously recommends a vote “FOR” the director nominee named above.**

**Director whose term continues until the 2019 Annual Meeting:**

**Y. Michael Rice** has served as a director of Navidea since May 2016. Mr. Rice is a founding partner of LifeSci Advisors, LLC and LifeSci Capital, LLC, companies which he co-founded in March 2010. Prior to co-founding LifeSci Advisors and LifeSci Capital, Mr. Rice was the co-head of health care investment banking at Canaccord Adams, where he was involved in debt and equity financing. Mr. Rice was also a Managing Director at ThinkEquity Partners where he was responsible for managing Healthcare Capital Markets, including the structuring and execution of numerous transactions. Prior to that, Mr. Rice served as a Managing Director at Banc of America serving large hedge funds and private equity healthcare funds. Previously, he was a Managing Director at JPMorgan/Hambrecht & Quist. Mr. Rice currently serves on the board of directors of RDD Pharma, a specialty pharmaceuticals company. Mr. Rice received a B.A. from the University of Maryland.

**Directors whose terms continue until the 2020 Annual Meeting:**

**Michael M. Goldberg, M.D.** has served as a director of Navidea since November 2013 and as President and Chief Executive Officer of Navidea since September 2016. Dr. Goldberg has been a Managing Partner of Montaur Capital Partners since January 2007. From 2007 to 2013 Dr. Goldberg managed a life science investment portfolio for Platinum Partners called Platinum-Montaur Life Sciences, LLC. Prior to that, Dr. Goldberg served as the Chief Executive Officer of Emisphere Technologies, Inc., from August 1990 to January 2007 and as its President from August 1990 to October 1995. He also served on Emisphere's board of directors from November 1991 to January 2007. Previous to that, Dr. Goldberg served as Vice President of The First Boston Corp., where he was a founding member of the Healthcare Banking Group. Dr. Goldberg has been a Director of Echo Therapeutics, Inc., AngioLight, Inc., Urigen Pharmaceuticals, Inc., Alliqua BioMedical, Inc., and ADVENTRX Pharmaceuticals, Inc. Dr. Goldberg received a B.S. degree from Rensselaer Polytechnic Institute, an M.D. from Albany Medical College of Union University in 1982, and an M.B.A. from Columbia University Graduate School of Business in 1985.

**Mark I. Greene M.D., Ph.D., FRCP** has served as a director of Navidea since March 2016. Dr. Greene has been Director of the Division of Immunology, Department of Pathology at University of Pennsylvania School of Medicine since 1986. Dr. Greene was the Associate Director of the Division for Fundamental Research, University of Pennsylvania Cancer Center from 1987-2009 and has been the John Eckman Professor of Medical Science of the University of Pennsylvania School of Medicine since 1989. From 1980 to 1986 he served as an Associate Professor of both Harvard University and Harvard Medical School. His groundbreaking work in erbB receptor function led to the development of Herceptin (Genentech) and to the development of a proprietary method for the rapid, reliable design of allosteric inhibitors of receptors and enzymes. Dr. Greene previously served as a scientific advisor to Navidea's subsidiary, Macrophage Therapeutics, Inc., Ception Therapeutics, Antisome PLC and Fulcrum Technologies and also served as a Member of the Scientific Advisory Boards of Fulcrum Pharmaceuticals, Inc. and Tolerx, Inc. He previously served as an Emeritus Director of Emisphere Technologies, Inc. where he also served as a Director. Additionally, Dr. Greene previously served as a Director of Ribic Immunochem Research, Inc. and currently serves as a Consultant to Martell Biosystems, Inc. Dr. Greene also serves as an advisor to Belgene, SternGreene and Abzed, all start-up companies. Dr. Greene has an outstanding record of contributions to cancer biology and drug discovery that is well-documented in over 400 publications. Dr. Greene is a recipient of many awards and patents and has collaborated with a number of pharmaceutical companies. He received his M.D. (1972) and Ph.D. (1977) from the University of Manitoba, Canada, became a Fellow of the Royal College in 1976 and then joined the faculty of Harvard Medical School in 1976.

## CORPORATE GOVERNANCE

### Directors

Set forth below are the names and committee assignments of the persons who constitute our Board of Directors.

Name	Age	Committee(s)
Claudine Bruck, Ph.D.	63	Audit; Compensation, Nominating and Governance
Michael M. Goldberg, M.D.	59	—
Mark I. Greene, M.D. Ph.D., FRCP	69	Audit; Compensation, Nominating and Governance (Chair)
Y. Michael Rice	53	Audit (Chair); Compensation, Nominating and Governance

### Director Qualifications

Our Board of Directors believes that individuals who serve on the Board of Directors should have demonstrated notable or significant achievements in their respective field; should possess the requisite intelligence, education and experience to make a significant contribution to the Board of Directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of our stockholders. The following are qualifications, experience and skills for board members which are important to our business and its future:

*General Management.* Directors who have served in senior leadership positions are important to us as they bring experience and perspective in analyzing, shaping, and overseeing the execution of important operational and policy issues at a senior level. These directors' insights and guidance, and their ability to assess and respond to situations encountered in serving on our Board of Directors, are enhanced by their leadership experience developed at businesses or organizations that operated on a global scale, faced significant competition, or involved other evolving business models.

*Industry Knowledge.* Because we are a pharmaceutical development company, education or experience in our industry, including medicine, pharmaceutical development, marketing, distribution, or the regulatory environment, is important because such experience assists our directors in understanding and advising our Company.

*Business Development/Strategic Planning.* Directors who have a background in strategic planning, business development, strategic alliances, mergers and acquisitions, and teamwork and process improvement provide insight into developing and implementing strategies for growing our business.

*Finance/Accounting/Control.* Knowledge of capital markets, capital structure, financial control, audit, reporting, financial planning, and forecasting are important qualities of our directors because such qualities assist in understanding, advising, and overseeing our Company's capital structure, financing and investing activities, financial reporting, and internal control of such activities.

*Board Experience/Governance.* Directors who have served on other public company boards can offer advice and insights with regard to the dynamics and operation of a board of directors, the relations of a board to the chief executive officer and other management personnel, the importance of particular agenda and oversight matters, and oversight of a changing mix of strategic, operational, and compliance-related matters.

### **Board of Directors Meetings**

Our Board of Directors held a total of nine meetings in the fiscal year ended December 31, 2017, and each of the directors attended at least 75 percent of the aggregate number of meetings of the Board of Directors and committees (if any) on which he served. It is our policy that all directors attend the Annual Meeting of Stockholders. However, conflicts and unforeseen events may prevent the attendance of a director, or directors. All of the directors who served on our Board during 2017 attended the 2017 Annual Meeting of Stockholders in person.

## **Board of Directors Leadership Structure and Role in Risk Oversight**

Our Board of Directors has determined that it is generally in the best interests of the Company and its stockholders that the roles of Board Chair and Chief Executive Officer be held by different individuals within our organization. Our Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Board Chair provides strategic guidance, presides over meetings of the full Board of Directors, and acts as the lead independent director. The Board of Directors believes that this structure helps facilitate the role of the independent directors in the oversight of the Company and the active participation of the independent directors in setting agendas and establishing priorities and procedures that work for the Board of Directors. The Board Chair also acts as a key liaison between the Board of Directors and management. Moreover, in addition to feedback provided during the course of meetings of the Board of Directors, our independent directors have executive sessions led by the Board Chair. Our Board Chair acts as a liaison between the independent directors and the Chief Executive Officer regarding any specific feedback or issues following an executive session of independent directors, provides the Chief Executive Officer with input regarding agenda items for Board of Director and committee meetings, and coordinates with the Chief Executive Officer regarding information to be provided to the independent directors in performing their duties. From time to time, particularly during periods of leadership transition, a lead independent director may be appointed until an independent Board Chair is named. Following the departure of Dr. Rowinsky from the Board effective March 31, 2018, our Board does not currently have a Chair, however one is expected to be selected in the future.

Our Chief Executive Officer and senior management are responsible for the day-to-day management of the risks we face. Our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management, including general oversight of (i) the financial exposure of the Company, (ii) risk exposure as related to overall company portfolio and impact on earnings, (iii), oversight for information technology security and risk, and (iv) all systems, processes, and organizational structures and people responsible for finance and risk functions. Certain risks are overseen by committees of the Board of Directors and these committees make reports to the full Board of Directors, including reports on noteworthy risk management issues. Financial risks are overseen by the Audit Committee which meets with management to review the Company's major financial risk exposure and the steps management has taken to monitor and control such exposures. Compensation risks are overseen by the CNG Committee.

Members of the Company's senior management report to the full Board of Directors about their areas of responsibility, including reports regarding risk within such area of responsibility and the steps management has taken to monitor and control such exposures. Additional review or reporting of risks is conducted as needed or as requested by the Board of Directors or committee.

## **Independence**

Our Board of Directors has adopted the definition of “independence” as described under the Sarbanes-Oxley Section 301, Rule 10A-3 under the Exchange Act and Section 803A of the NYSE American Company Guide. Our Board of Directors has determined that Drs. Greene and Bruck, and Mr. Rice, meet the independence requirements. The Board had also concluded that Anthony S. Fiorino, M.D., Ph.D. and Eric K. Rowinsky, M.D. were each independent during the time they served as directors until their departures in October 2017 and March 2018, respectively.

### **Compensation, Nominating and Governance Committee**

The CNG Committee of the Board of Directors discharges the Board’s responsibilities relating to the compensation of the Company’s directors, executive officers and associates, identifies and recommends to the Board of Directors nominees for election to the Board, and assists the Board in the implementation of sound corporate governance principles and practices. With respect to its compensation functions, the CNG Committee evaluates and approves executive officer compensation and reviews and makes recommendations to the Board with respect to director compensation, including incentive or equity-based compensation plans; reviews and evaluates any discussion and analysis of executive officer and director compensation included in the Company’s annual report or proxy statement, and prepares and approves any report on executive officer and director compensation for inclusion in the Company’s annual report or proxy statement required by applicable rules and regulations; and monitors and evaluates, at the Committee’s discretion, matters relating to the compensation and benefits structure of the Company and such other domestic and foreign subsidiaries or affiliates, as it deems appropriate. The members of our CNG Committee are: Mark I. Greene, M.D., Ph.D., FRCP (Chair), Claudine Bruck, Ph.D., and Y. Michael Rice. The CNG Committee held two meetings in the fiscal year ended December 31, 2017 to complement compensation-related discussions held by the full Board. The Board of Directors adopted a written Compensation, Nominating and Governance Committee Charter on February 26, 2009. A copy of the Compensation, Nominating and Governance Committee Charter is posted on the Company’s website at [www.navidea.com](http://www.navidea.com).



The CNG Committee strives to provide fair compensation to executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long-term commitment to the Company, and develop a sense of pride and Company ownership, all in a manner consistent with stockholder interests. In addition, the CNG Committee strives to provide fair compensation to directors, taking into consideration compensation paid to directors of comparable companies and the specific duties of each director.

With respect to its nominating and governance functions, the CNG Committee's purpose is to:

Assist the Board of Directors by identifying individuals qualified to become board members, and recommend to the Board of Directors the director nominees whenever directors are to be appointed or elected, whether at the next annual meeting of stockholders or otherwise;

Review the qualifications and independence of the members of the Board of Directors and its various committees on a periodic basis and make any recommendations to the Board of Directors which the CNG Committee may deem appropriate concerning any recommended changes in the composition or membership of the Board of Directors, or any of its committees;

Develop and recommend to the Board of Directors any policies it may deem appropriate with regard to consideration of director candidates to be recommended to security holders;

Develop and recommend to the Board of Directors corporate governance principles applicable to the Company;

Conduct the annual review of the performance of the Board of Directors, the committees of the Board of Directors and Company's executive management;

Recommend to the Board of Directors director nominees for each committee; and

Develop and recommend to the Board of Directors any policies or processes it may deem appropriate for security holders to send communications to the Board of Directors.

Our directors play a critical role in guiding our strategic direction and oversee the management of our Company. Board candidates are considered based on various criteria, such as their broad based business and professional skills and experiences, a global business and social perspective, concern for long term interests of stockholders, and personal integrity and judgment. In addition, directors must have available time to devote to board activities and to enhance their knowledge of the industry. Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to our Company. Recent developments in corporate governance and financial reporting have resulted in an increased demand for such highly qualified and

productive public company directors. The CNG Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees; however, how a specific nominee contributes to the diversity of the Board of Directors is considered by the CNG Committee in determining candidates for the board.

The CNG Committee and the Board of Directors consider diversity by identifying a nominee's experience and background and determining how such experience and background will complement the overall makeup of the Board of Directors. The CNG Committee and the Board of Directors prefer nominees who will contribute to a board that is diverse in terms of business training, experience across a range of industries, leadership, background, and education.

In assessing our progress, the Board of Directors noted that it lacked gender diversity. As a result, in September 2017 the Board of Directors adopted formal resolutions requiring the board to ensure that our board nominees are chosen from a pool that includes female or minority candidates, and affirming its commitment to a policy of inclusiveness to ensure that:

Female or minority candidates are routinely sought as part of every board search undertaken by the Company;

The board strives to obtain diverse candidates by expanding director searches to include nominees from the non-traditional backgrounds, including those in government and academia; and

Board composition shall be periodically revisited to ensure that it reflects the knowledge, experience, skills, expertise, and diversity required for the board to fulfill its duties.

We then commenced a search to identify female and minority candidates to join our board, and appointed Dr. Claudine Bruck as a director in March 2018.

We aim to develop a board whose membership is diverse in many ways, including race, gender, and ethnicity. The Board recognizes that these attributes can play a role in enhancing the dynamics of a board, we are committed to continuing to make progress in achieving these goals.

Our Board of Directors will consider the recommendations of stockholders regarding potential director candidates. In order for stockholder recommendations regarding possible director candidates to be considered by our Board of Directors:

such recommendations must be provided to the Board of Directors c/o Corporate Secretary, Navidea Biopharmaceuticals, Inc., 4995 Bradenton Avenue, Suite 240, Dublin, Ohio 43017, in writing at least 120 days prior to the one year anniversary date of the Company's proxy statement released to stockholders in connection with this year's annual meeting; provided, however, that if the date of the current year's annual meeting is more than 30 days before or after the first anniversary of the most recently concluded annual meeting, such notice shall be delivered to the Company not more than seven days after the date of the notice of the annual meeting.

the nominating stockholder must meet the eligibility requirements to submit a valid stockholder proposal under Rule 14a-8 of the Exchange Act;

the stockholder must describe the qualifications, attributes, skills or other qualities of the recommended director candidate; and

the stockholder must follow the procedures set forth in Article III, Section 2 of our Bylaws.

### **Audit Committee**

The Audit Committee of the Board of Directors selects our independent registered public accounting firm with whom the Audit Committee reviews the scope of audit and non-audit assignments and related fees, the accounting principles that we use in financial reporting, and the adequacy of our internal control procedures. The current members of our Audit Committee are: Y. Michael Rice (Chair), Claudine Bruck, Ph.D., and Mark I. Greene, M.D., Ph.D., FRCP, each of whom is "independent" under Section 803A of the NYSE American Company Guide. Prior to March 15, 2018, the members of our Audit Committee were: Mr. Rice (Chair), Eric K. Rowinsky, M.D. and Dr. Greene. Dr. Rowinsky retired from the Board of Directors effective March 31, 2018. Prior to October 9, 2017 (the date of Dr. Fiorino's resignation), the members of our Audit Committee were: Mr. Rice (Chair), Dr. Fiorino, and Dr. Rowinsky. The Board determined that Drs. Fiorino and Rowinsky were "independent" under Section 803A of the NYSE American Company Guide during the time they served as directors. The Board of Directors has determined that Y. Michael Rice meets the requirements of an "audit committee financial expert" as set forth in Section 407(d)(5) of Regulation S-K promulgated by the SEC. The Audit Committee held four meetings in the fiscal year ended December 31, 2017. The Board of Directors adopted a written Amended and Restated Audit Committee Charter on April 30, 2004. A copy of the

Amended and Restated Audit Committee Charter is posted on the Company's website at [www.navidea.com](http://www.navidea.com).

### **Stockholder Communications**

Stockholders may send communications to our Board of Directors, or to individual directors, by mailing communications in writing to Navidea Biopharmaceuticals, Inc., c/o Corporate Secretary, 4995 Bradenton Avenue, Suite 240, Dublin, OH 43017.

**Executive Officers**

In addition to Dr. Goldberg, the following individuals are senior executive officers of Navidea and serve in the position(s) indicated below:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Frederick O. Cope, Ph.D., F.A.C.N., C.N.S.	71	Senior Vice President and Chief Scientific Officer
Jed A. Latkin	44	Chief Operating Officer, Chief Financial Officer, Treasurer and Secretary

**Frederick O. Cope, Ph.D., F.A.C.N., C.N.S.**, has served as Senior Vice President and Chief Scientific Officer of Navidea since May 2013. Previous to that, Dr. Cope served as Senior Vice President, Pharmaceutical Research and Clinical Development of Navidea from July 2010 to May 2013 and as Vice President, Pharmaceutical Research and Clinical Development from February 2009 to July 2010. Prior to accepting his position with Navidea, Dr. Cope served as the Assistant Director for Research and Head of Program Research Development for The Ohio State University Comprehensive Cancer Center, The James Cancer Hospital and The Richard J. Solove Research Institute. Dr. Cope also served as head of the Cancer and AIDS product development and commercialization program for the ROSS/Abbott Laboratories division, and head of human and veterinary vaccine production and improvement group for Wyeth Laboratories. Dr. Cope served a fellowship in oncology at the McArdle Laboratory for Cancer Research at the University of Wisconsin-Madison and was the honored scientist in residence at the National Cancer Center Research Institute in Tokyo; he is the recipient of the Ernst W. Volwiler Award and nominee for the EANM Marie Curie award. Dr. Cope is also active in a number of professional and scientific organizations such as serving as an editorial reviewer for several professional journals, and as an advisor/director to the research program of Roswell Park Memorial Cancer Center. Dr. Cope received his B.Sc. from the Delaware Valley College of Science and Agriculture, his M.S. from Millersville University of Pennsylvania and his Ph.D. from the University of Connecticut.

**Jed A. Latkin** has served as Chief Operating Officer and Chief Financial Officer of Navidea since May 2017. Mr. Latkin also served as Interim Chief Operating Officer of Navidea from April 2016 to April 2017. Mr. Latkin has more than twenty years of experience in the financial industry supporting many investments in major markets including biotechnology and pharmaceuticals. He most recently was employed by Nagel Avenue Capital, LLC since 2010 and in that capacity he provided contracted services as a Portfolio Manager, Asset Based Lending for Platinum Partners Value Arbitrage Fund L.P. Mr. Latkin has been responsible for a large diversified portfolio of asset based investments in varying industries, including product manufacturing, agriculture, energy, and healthcare. In connection with this role, he served as Chief Executive Officer of End of Life Petroleum Holdings, LLC and Black Elk Energy, LLC, Chief Financial Officer of Viper Powersports, Inc. and West Ventures, LLC, and Portfolio Manager of Precious Capital, LLC. Mr. Latkin served on the Board of Directors for Viper Powersports, Inc. from 2012 to 2013 and currently serves on the boards of directors of the Renewable Fuels Association and Buffalo Lake Advanced Biofuels. Mr. Latkin earned a B.A. from Rutgers University and a M.B.A. from Columbia Business School.



**PROPOSAL NO. 2 — APPROVAL OF A POTENTIAL AMENDMENT TO OUR  
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
TO EFFECT A REVERSE STOCK SPLIT**

**Overview**

Our Board of Directors has adopted, and is recommending that our stockholders approve, an amendment (the “*Amendment*”) to our amended and restated certificate of incorporation which would effect a reverse stock split of our issued and outstanding Common Stock at a ratio of not less than one-for-five and not more than one-for-twenty, with our Board having the discretion and authority to determine at which ratio to effect, if at all, prior to twelve months after the approval at the Annual Meeting, as determined by the Board of Directors in its sole discretion. As of the date of this proxy statement, we did not have any shares of Preferred Stock outstanding. The primary purpose of the reverse stock split is to raise the per share trading price of the Company’s Common Stock to broaden the Company’s investor base as many institutional investors and mutual funds have rules against purchasing a stock whose price is below a certain threshold. An increase in the Company’s share price may also enable the Company to maintain the listing of its Common Stock on the NYSE American.

No further action on the part of stockholders will be required to implement or abandon the reverse stock split, or to select a ratio for the reverse stock split. If the proposal is approved by stockholders and the Board determines to implement the reverse stock split, we would communicate to the public, prior to the effective date of the reverse stock split, additional details. The Board of Directors reserves its right to decline to file the Amendment if it determines, in its sole discretion, that the proposal is no longer in the best interests of the Company or its stockholders.

Except for adjustments that may result from the treatment of fractional shares as described below, each stockholder will hold the same percentage of Common Stock outstanding immediately following the reverse stock split as that stockholder held immediately before the reverse stock split.

We are proposing that the Board have the discretion to select the Reverse Stock Split Ratio from within a range, rather than proposing that stockholders approve a specific ratio at this time, in order to give the Board the flexibility to implement a reverse stock split at a ratio that reflects the Board’s then-current assessment of the factors described below under “Determination of Reverse Stock Split Ratio.” If the Board decides to implement a reverse stock split, the Company will file the Certificate of Amendment with the Secretary of State of the State of Delaware and the reverse stock split will be effective when it is filed with the Secretary of State of the State of Delaware or such later time as is chosen by the Board and set forth in the Certificate of Amendment.

The form of Amendment to accomplish the reverse stock split is attached to this proxy statement as *Appendix A*. The following discussion is qualified in its entirety by the full text of the proposed Amendment, which is hereby incorporated by reference.

### **Purposes of the Reverse Stock Split**

The Board of Director's primary objective in proposing the reverse stock split is to raise the per share trading price of the Common Stock. The Board believes that the reverse stock split will result in a higher per share trading price, which is intended to enable the Company to maintain the listing of its Common Stock on the NYSE American and generate greater investor interest in the Company. Our Common Stock traded as low as \$[ ] per share and as high as \$[ ] per share during the 12-month period ended June 22, 2018. The market price of our Common Stock has been and is expected to continue to be highly volatile. The Board believes that a potential increase in the market price of our Common Stock as a result of the reverse stock split may improve marketability and liquidity of our Common Stock and further encourage interest and trading in our Common Stock. It is possible that some institutional investors and investment funds may be reluctant to invest, and, in some cases, may be prohibited from investing, in lower-priced stocks and that brokerage firms may be reluctant to recommend lower-priced stocks to their clients. The reverse stock split could increase our market price to a level that would be viewed more favorably by potential investors. Further, brokerage commissions, as a percentage of the total transaction, tend to be higher for lower-priced stocks. As a result, certain investors may also be dissuaded from purchasing lower-priced stock. A higher stock price after the reverse stock split may reduce this concern.

The Board of Directors also believes that stockholder approval of this proposal granting our Board of Directors discretion to effect the reverse stock split provides our Board of Directors with maximum flexibility to react to then-current market conditions and, therefore, is in the best interests of the Company and its stockholders. Our Board of Directors' decision as to whether and when to effect the reverse stock split will be based on a number of factors, including market conditions, general economic conditions prevailing in our industry and in the marketplace, our capitalization, existing and expected trading prices for our Common Stock, and the continued listing requirements of the NYSE American. Although our stockholders may approve the reverse stock split, we will not effect the reverse stock split if our Board of Directors does not deem it to be in the best interests of the Company and its stockholders.



### **Determination of Reverse Stock Split Ratio**

The ratio of the reverse stock split, if approved and implemented, will be a ratio of not less than one-for-five and not more than one-for-twenty, as determined by the Board in its sole discretion. In determining the Reverse Stock Split Ratio, the Board will consider numerous factors including:

the historical and projected performance of our Common Stock;

prevailing market conditions;

general economic and other related conditions prevailing in our industry and in the marketplace;

the projected impact of the selected Reverse Stock Split Ratio on trading liquidity in our Common Stock and our ability to continue our common stock's listing on the NYSE American;

our capitalization (including the number of shares of our Common Stock issued and outstanding);

the prevailing trading price for our common stock and the volume level thereof; and

potential devaluation of our market capitalization as a result of a Reverse Stock Split.

The purpose of asking for authorization to implement the reverse stock split at a ratio to be determined by the Board, as opposed to a ratio fixed in advance, is to give the Board the flexibility to take into account then-current market conditions and changes in price of our common stock and to respond to other developments that may be deemed relevant when considering the appropriate ratio.

### **Impact of the Proposed Reverse Stock Split If Implemented**

*Effect on Outstanding Shares.* A reverse stock split would affect all issued and outstanding shares of Common Stock and outstanding rights to acquire Common Stock. We will not change the number of shares of Common Stock currently authorized. However, upon the effectiveness of a reverse stock split, the number of authorized shares of Common Stock that are not issued or outstanding would increase due to the reduction in the number of shares of Common Stock issued and outstanding as a result of the reverse stock split. We would reserve for issuance any

authorized but unissued shares of Common Stock that would be made available as a result of the proposed reverse stock split.

As of June 22, 2018, there were 162,959,731 shares of Common Stock outstanding and zero shares of Preferred Stock outstanding.

The following table illustrates the effects of a reverse stock split at various potential ratios, without giving effect to any adjustments for fractional shares of Common Stock, on our outstanding shares of Common Stock and Preferred Stock as of June 22, 2018:

	<b>Prior to Reverse Split</b>	<b>Prior to Reverse Split</b>	<b>Following Reverse Split</b>	<b>Following Reverse Split</b>
	<b>Common Stock</b>	<b>Preferred Stock</b>	<b>Common Stock</b>	<b>Preferred Stock</b>
One-for-Twenty	162,959,731	0	8,147,987	0
One-for-Ten	162,959,731	0	16,295,973	0
One-for-Five	162,959,731	0	32,591,946	0

Except for the shares of Common Stock issuable from (i) the exercise of outstanding options, including the option issued to Dr. Goldberg for 5,000,000 (pre-split) shares exercisable at \$1.00 per share (subject to adjustment) that the Board of Directors granted on September 22, 2016 pursuant to his Employment Agreement and subject to stockholder approval of the amendment to the 2014 Plan, (ii) the number of shares deliverable upon vesting of restricted stock, (iii) the exercise of outstanding warrants, (iv) the conversion of outstanding convertible debt, and (v) the conversion of convertible preferred stock of our majority-owned subsidiary, Macrophage Therapeutics, Inc., the Company does not have any plans, proposals, or arrangements to issue any of our authorized but unissued shares of common stock.

Our Common Stock is currently registered under Section 12(b) of the Exchange Act, and the Company is subject to the periodic reporting and other requirements of the Exchange Act. The proposed reverse stock split will not affect the registration of our Common Stock under the Exchange Act. If the proposed reverse stock split is implemented, we currently expect that the Common Stock will continue to be traded on the NYSE American under the symbol “NAVB.”

*Effect on Existing Stockholders.* After the effective date of the proposed reverse stock split, each stockholder will own a reduced number of shares of Common Stock. However, the proposed reverse stock split will affect all stockholders uniformly and will not affect any stockholder's percentage ownership interest in the Company (except to the extent that the reverse stock split would result in any of the stockholders owning a fractional share as described below).

Proportionate voting rights and other rights and preferences of the holders of Common Stock will not be affected by the proposed reverse stock split (except to the extent that the reverse stock split would result in any stockholders owning a fractional share as described below). For example, a holder of 2% of the voting power of the outstanding shares of Common Stock immediately prior to the reverse stock split would continue to hold approximately 2% of the voting power of the outstanding shares of Common Stock immediately after the reverse stock split. The number of stockholders of record also will not be affected by the proposed reverse stock split (except to the extent that the reverse stock split would result in any stockholders owning only a fractional share as described below).

*Effect on Outstanding Stock Awards; Stock Plans.* If the reverse stock split is implemented, the number of shares of common stock subject to outstanding options, warrants, convertible debt, and convertible preferred stock of our majority-owned subsidiary, Macrophage Therapeutics, Inc. issued by the Company, as well as the number of shares of restricted stock issued by the Company, and the number of shares reserved for future issuance under the Company's 2014 Stock Incentive Plan ("2014 Plan"), will be reduced by the same ratio as the reduction in the outstanding shares. Correspondingly, the exercise price for individual outstanding options and warrants, on a per share basis, will be proportionally increased (i.e., the aggregate exercise price for all outstanding options and warrants will be unaffected, but following a reverse stock split such exercise price will apply to a reduced number of shares).

As of the record date for the Annual Meeting, there were 162,959,731 shares of Common stock outstanding and no shares of any series of Preferred Stock outstanding. The total number of securities to be issued upon exercise of outstanding options includes 2,142,065 issued under the 2014 Plan, 1,360,614 issued under the Company's 2002 Stock Incentive Plan (which plan has expired and no new grants may be made from it), and 1,000,000 issued to Mr. Latkin as an inducement to commence permanent employment with the Company. The stock option granted to Dr. Goldberg for 5,000,000 shares of our Common Stock, which has not yet been issued because it is subject to stockholder approval of the amendment to the 2014 Plan, will also be adjusted to reflect the reverse stock split.

The per share exercise price of all outstanding option awards will be increased proportionately and the number of shares of Common Stock issuable upon the exercise of all outstanding option awards and the vesting of all unvested restricted stock will be reduced proportionately. These adjustments will result in approximately the same aggregate exercise price being required to be paid for all outstanding option awards upon exercise, although the aggregate number of shares issuable upon exercise of such option awards will be reduced proportionately following the reverse stock split.

## **Accounting Consequences**

The par value per share of our Common Stock will remain unchanged at \$0.001 per share after the reverse stock split.

Our stated capital, which consists of the par value per share of our common stock multiplied by the aggregate number of shares of our common stock issued and outstanding, will be reduced proportionately on the effective date of the reverse stock split. Correspondingly, our additional paid-in capital, which consists of the difference between our stated capital and the aggregate amount paid to us upon the issuance of all currently outstanding shares of our common stock, will be increased by a number equal to the decrease in stated capital. Further, net loss per share, book value per share and other per share amounts will be increased as a result of the reverse stock split because there will be fewer shares of common stock outstanding.

### **No Fractional Shares**

No fractional shares of Common Stock will be issued in connection with the reverse stock split. If, upon the proposed Amendment becoming effective pursuant to the Delaware General Corporation Law (the “*Effective Time*”), a stockholder of record would otherwise hold a fractional share, the stockholder will receive a cash payment in lieu of the issuance of any such fractional share in an amount per share equal to the closing price per share on the NYSE American on the trading day immediately preceding the effective date of the reverse stock split (as adjusted to give effect to the reverse stock split), without interest. The ownership of a fractional interest will not give the holder thereof any voting, dividend or other right except to receive the cash payment therefore.

After the reverse stock split, then current stockholders will have no further interest in the Company with respect to fractional shares. Such stockholders will only be entitled to receive the cash payment described above. Such cash payments may reduce the number of post-split stockholders to the extent that there are stockholders holding fewer than the number of pre-split shares within the exchange ratio that is determined by the Board as described above; however, this is not the purpose of the reverse stock split.

Stockholders should be aware that, under the escheat laws of the various jurisdictions where stockholders reside, where we are domiciled and where the funds will be deposited, sums due for fractional interests that are not timely claimed after the Effective Time may be required to be paid to the designated agent for each such jurisdiction. Thereafter, stockholders otherwise entitled to receive such funds may have to seek to obtain them directly from the state to which they were paid.

### **Implementation of Reverse Stock Split; Certificate of Amendment**

If our stockholders approve this proposal, and the Board elects to effect the reverse stock split, we will file the Amendment, which will provide that:

each number shares of our common stock (to be determined in the sole discretion of the Board as described above), issued and outstanding immediately prior to the Effective Time, will be automatically combined into one validly issued, fully paid and non-assessable share of our Common Stock;

no certificates representing fractional shares of our common stock will be issued in connection with the reverse stock split;

holders of our Common Stock who otherwise would be entitled to receive fractional shares of our common stock will be entitled to receive cash (without interest or deduction) from the Company's exchange agent in lieu of such fractional share interests, upon receipt by the Company's exchange agent of any required transmittal letter properly completed and duly executed by the stockholder and, where shares are held in certificated form, the surrender of the stockholder's Old Certificates (as defined in the following bullet), in an amount equal to the proceeds attributable to the sale of such fractional shares following the aggregation and sale by the Company's exchange agent of all fractional shares otherwise issuable; and

each certificate that immediately prior to the Effective Time represented shares of our common stock ("*Old Certificates*") will thereafter represent that number of shares of our common stock into which the shares of our common stock represented by the Old Certificate was combined, subject to the elimination of fractional share interests as described in the bullet above;

provided, however, that such text is subject to amendment to include such changes as may be required by the office of the Secretary of State of the State of Delaware and as the Board deems necessary and advisable to effect the reverse stock split. The Certificate of Amendment will become effective when it is filed with the Secretary of State of the State of Delaware or such later time as is set forth in the Amendment.

### **Possible Disadvantages of Reverse Stock Split**

Even though the Board believes that the potential advantages of the reverse stock split outweigh any disadvantages that might result, the following are some of the possible disadvantages of a reverse stock split:

The reduced number of shares of our Common Stock resulting from a reverse stock split could adversely affect the liquidity of our Common Stock.

A reverse stock split could result in a significant devaluation of our market capitalization and the trading price of our Common Stock, on an actual or an as-adjusted basis, based on the experience of other companies that have effected reverse stock splits.

A reverse stock split may leave certain stockholders with one or more “odd lots,” which are stock holdings in amounts of less than 100 shares of our Common Stock. These odd lots may be more difficult to sell than shares of Common Stock in even multiples of 100. Additionally, any reduction in brokerage commissions resulting from the reverse stock split, as discussed above, may be offset, in whole or in part, by increased brokerage commissions required to be paid by stockholders selling odd lots created by the reverse stock split.

There can be no assurance that the market price per new share of our Common Stock after the reverse stock split will remain unchanged or increase in proportion to the reduction in the number of old shares of our Common Stock outstanding before the reverse stock split. For example, based on the closing market price of our Common Stock on June 22, 2018 of \$[ ] per share of Common Stock, if the stockholders approve this proposal and the Board selects and implements a reverse stock split ratio of one-for-twenty, there can be no assurance that the post-split market price of our Common Stock would be \$[ ] per share or greater. Accordingly, the total market capitalization of our Common Stock after the proposed reverse stock split may be lower than the total market capitalization before the proposed reverse stock split and, in the future, the market price of our Common Stock following the reverse stock split may not exceed or remain higher than the market price prior to the proposed reverse stock split.

While the Board believes that a higher stock price may help generate investor interest, there can be no assurance that the reverse stock split will result in a per share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of our Common Stock may not necessarily improve.

If the reverse stock split is effected and the market price of our Common Stock declines, the percentage decline may be greater than would occur in the absence of a reverse stock split. The market price of our Common Stock will, however, also be based on our performance and other factors, which are unrelated to the number of shares outstanding.

Because the reverse stock split will not affect the number of authorized shares of Common Stock or Preferred Stock, a reverse stock split will have the effect of increasing the number of authorized but unissued shares of our Common Stock. The issuance in the future of additional authorized shares may have the effect of diluting the earnings per share and book value per share, as well as the stock ownership and voting rights, of the currently outstanding shares of Common Stock. In addition, the effective increase in the number of authorized but unissued shares of Common Stock may be construed as having an anti-takeover effect. Although we are not proposing the reverse stock split for this purpose, we could, subject to the Board's fiduciary duties and applicable law, issue such additional authorized shares to purchasers who might oppose a hostile takeover bid. Such a use of these additional authorized shares could render more difficult, or discourage, an attempt to acquire control of the Company through a transaction opposed by the Board.

### **Effect on Certificated Shares**

Upon the reverse stock split, our transfer agent will act as our exchange agent and act for holders of common stock in implementing the exchange of their certificates.

Commencing on the effective date of a reverse stock split, stockholders holding shares in certificated form will be sent a transmittal letter by Continental Stock Transfer & Trust Company, the transfer agent for our common stock. The letter of transmittal will contain instructions on how a stockholder should surrender his or her Old Certificates to the transfer agent in exchange for certificates representing the appropriate number of whole shares of post-Reverse Stock Split common stock ("*New Certificates*"). No New Certificates will be issued to a stockholder until that stockholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No stockholder will be required to pay a transfer or other fee to exchange the stockholder's Old Certificates.

Stockholders will then receive a New Certificate(s) representing the number of whole shares of common stock to which they are entitled as a result of the reverse stock split. Until surrendered, we will deem outstanding Old Certificates held by stockholders to be canceled and only to represent the number of whole shares of post- reverse stock split common stock to which these stockholders are entitled. Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for New Certificates. If any Old Certificates have a restrictive legend on the back of the Old Certificates, the New Certificate(s) will be issued with the same restrictive legends that are on the back of the Old Certificates. If a stockholder is entitled to a payment in lieu of any fractional share interest, such payment will be made as described above under "No Fractional Shares." Stockholders should not destroy any stock certificate(s) and should not submit any certificate(s) until requested to do so.

**STOCKHOLDERS SHOULD NOT DESTROY ANY PRE-SPLIT STOCK CERTIFICATE AND SHOULD NOT SUBMIT ANY CERTIFICATES UNTIL THEY ARE REQUESTED TO DO SO.**

**Effect on Registered “Book-Entry” Holders of Common Stock (i.e., stockholders that are registered on the transfer agent’s books and records but do not hold certificates)**

Some of our registered holders of common stock may hold some or all of their shares electronically in book-entry form with our transfer agent. These stockholders do not have stock certificates evidencing their ownership of the common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If a stockholder holds registered shares in book-entry form with the transfer agent, no action needs to be taken to receive post- reverse stock split shares or cash payment in lieu of any fractional share interest, if applicable. If a stockholder is entitled to post- reverse stock split shares, a transaction statement will automatically be sent to the stockholder’s address of record indicating the number of shares of common stock held following the reverse stock split.

If a stockholder is entitled to a cash payment in lieu of any fractional share interest, a check will be mailed to the stockholder’s registered address as soon as practicable after the effective date of the reverse stock split. By signing and cashing the check, stockholders will warrant that they owned the shares of common stock for which they received a cash payment. The cash payment is subject to applicable federal and state income tax and state abandoned property laws.



### **Effect on Beneficial Holders of Common Stock (i.e., stockholders who hold in “street name”)**

Upon the effectiveness of the reverse stock split, we intend to treat shares of common stock held by stockholders in “street name,” through a bank, broker or other nominee, in the same manner as registered stockholders whose shares of common stock are registered in their names. Banks, brokers or other nominees will be instructed to effect the reverse stock split for their beneficial holders holding the common stock in “street name.” However, these banks, brokers or other nominees may have different procedures than registered stockholders for processing the reverse stock split and making payment for fractional shares. If a stockholder holds shares of common stock with a bank, broker or other nominee and has any questions in this regard, stockholders are encouraged to contact their bank, broker or other nominee.

### **Federal Income Tax Consequences to U.S. Holders**

The following summary describes certain material U.S. federal income tax consequences of the reverse stock split to certain U.S. Holders (as defined below) of our common stock, but does not purport to be a complete analysis of all potential tax effects. This discussion is based on provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations thereunder and administrative rulings, court decisions and other legal authorities related thereto, each as in effect as of the date of this proxy statement and all of which are subject to change or differing interpretations. Any such change or differing interpretation, which may or may not be retroactive, could alter the tax consequences to the stockholders described herein. This discussion is included for general informational purposes only and does not purport to consider all aspects of U.S. federal income taxation that might be relevant to a U.S. Holder (as defined below).

This summary does not comprehensively describe all potential U.S. federal income tax considerations applicable to the reverse stock split. The discussion below only addresses stockholders who hold common stock as a capital asset within the meaning of Section 1221 of the Code (generally property held for investment). It does not address all aspects of U.S. federal income tax that may be relevant to a stockholder in light of such stockholder’s particular circumstances or to a stockholder subject to special rules, such as brokers or dealers in securities or foreign currencies, stockholders subject to the alternative minimum tax or the tax on net investment income, stockholders that are not U.S. Holders, regulated investment companies, real estate investment trusts, traders in securities who mark to market, banks, financial institutions or insurance companies, mutual funds, stockholders holding their stock through individual retirement or other tax-deferred accounts, tax-exempt organizations, stockholders holding their stock as “qualified small business stock” pursuant to Section 1202 of the Code or as Section 1244 stock for purposes of the Code, stockholders who acquired their stock in connection with the exercise of warrants, stock options or stock purchase plans or other employee plans or compensatory arrangements, stockholders whose functional currency is not the U.S. dollar, partnerships or other entities classified as partnerships or disregarded entities for U.S. federal income tax purposes (or persons holding their common stock through such entities), stockholders who hold their stock as part of an integrated investment (including a “straddle,” a pledge against currency risk, a hedge or other “constructive” sale or “conversion” transaction) comprised of shares of our common stock and one or more other positions, stockholders who exercise dissenters’ or appraisal rights, or stockholders who may have acquired their stock in a transaction subject to

the gain rollover provisions of Section 1045 of the Code. In addition, this summary does not address any tax consequences other than certain U.S. federal income tax consequences of the reverse stock split, including the tax consequences of the reverse stock split under state, local or non-U.S. tax laws, or under estate, gift, excise or other non-income tax laws, the tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the reverse stock split (whether or not any such transactions are consummated in connection with the reverse stock split) including, without limitation, the tax consequences to holders of options, warrants or similar rights to acquire our common stock.

For purposes of this discussion, a “*U.S. Holder*” means a beneficial owner of shares of our common stock that is any of the following:

an individual who is a citizen or resident of the United States or someone treated as a U.S. citizen or resident for U.S. federal income tax purposes;

a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if (i) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized or have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Our view regarding the tax consequences of the reverse stock split is not binding with the Internal Revenue Service (“*IRS*”) or the courts. We have not sought, and do not intend to seek any tax opinion from counsel or ruling from the IRS with respect to any of the statements made in this summary. There can be no assurance that the IRS will not take a position contrary to these statements or that a contrary position taken by the IRS would not be sustained by a court. Accordingly, each stockholder should consult with such stockholder’s own tax advisor with respect to all of the potential tax consequences to such stockholder of the reverse stock split.

**INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

### ***Tax Consequences of the Reverse Stock Split***

The reverse stock split should constitute a “recapitalization” for U.S. federal income tax purposes. As a result, a U.S. Holder of common stock generally should not recognize gain or loss upon the reverse stock split, except with respect to cash received in lieu of a fractional share of common stock (as described below). A U.S. Holder’s aggregate tax basis in the shares of common stock received pursuant to the reverse stock split should equal the aggregate tax basis of the shares of common stock surrendered (excluding any portion of such basis that is allocated to any fractional share of common stock), and such U.S. Holder’s holding period for the shares of the common stock received should include the holding period for the shares of common stock surrendered. Treasury Regulations provide detailed rules for allocating the tax basis and holding period of the shares of common stock surrendered to the shares of common stock received in a recapitalization pursuant to the reverse stock split. U.S. Holders of common stock should consult their tax advisors as to application of the foregoing rules where shares of common stock were acquired at different times or at different prices.

### ***Cash in Lieu of Fractional Shares***

A U.S. Holder who receives cash in lieu of a fractional share of common stock pursuant to the reverse stock split is expected to recognize capital gain or loss in an amount equal to the difference, if any, between the amount of cash received and the portion of the U.S. Holder’s tax basis in the shares of common stock surrendered that is allocated to such fractional share of common stock. Such capital gain or loss should be long-term capital gain or loss if the U.S. Holder’s holding period for the common stock surrendered in the reverse stock split exceeds one year at the time of the reverse stock split. There are limitations on the deductibility of capital losses under the Code.

### ***Information Reporting and Backup Withholding***

A holder of common stock may be subject to information reporting and backup withholding on cash paid in lieu of fractional shares in connection with the reverse stock split. To avoid backup withholding, each holder of common stock that does not otherwise establish an exemption should provide its taxpayer identification number and comply with the applicable certification procedures. Holders of common stock should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, as

well as the procedures for obtaining a credit or refund if backup withholding is imposed.

### **No Dissenters' Rights**

The holders of shares of Common Stock will have no dissenters' rights of appraisal under Delaware law, the Amended and Restated Certificate of Incorporation or the Bylaws with respect to the proposed Amendment to accomplish the reverse stock split.

### **Required Vote**

The affirmative vote of holders of a majority of our Common Stock having voting power outstanding as of the record date for the Annual Meeting is required to approve the amendment of our certificate of incorporation effecting the reverse stock split.

**The Board of Directors recommends that our stockholders vote "FOR" approval of the amendment to our Amended and Restated Certificate of Incorporation.**

## EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

*Overview of Compensation Program.* The CNG Committee of the Board of Directors is responsible for establishing and implementing our compensation policies applicable to senior executives and monitoring our compensation practices. The CNG Committee seeks to maintain compensation plans that are fair, reasonable and competitive. The CNG Committee is responsible for reviewing and approving all senior executive compensation, all awards under our cash bonus plan, and awards under our equity-based compensation plans.

*Philosophy and Goals of Executive Compensation Plans.* The CNG Committee's philosophy for executive compensation is to:

Pay for performance: The CNG Committee believes that our executives should be compensated based upon their ability to achieve specific operational and strategic results. Therefore, our compensation plans are designed to provide rewards for the individual's contribution to our performance.

Pay commensurate with other companies categorized as value creators: The CNG Committee has set a goal that the Company should move toward compensation levels for senior executives that are, at a minimum, at the 40th to 50th percentile for similar executives in the workforce while taking into account current market conditions and Company performance. This allows us to attract, hire, reward and retain senior executives who formulate and execute our strategic plans and drive exceptional results.

To assess whether our programs are competitive, the CNG Committee reviews compensation information of peer companies, national data and trends in executive compensation to help determine the appropriateness of our plans and compensation levels. These reviews, and the CNG Committee's commitment to pay for performance, become the basis for the CNG Committee's decisions on compensation plans and individual executive compensation payments.

The CNG Committee has approved a variety of programs that work together to provide a combination of basic compensation and strong incentives. While it is important for us to provide certain base level salaries and benefits to remain competitive, the CNG Committee's objective is to provide compensation plans with incentive opportunities that motivate and reward executives for consistently achieving superior results. The CNG Committee designs our compensation plans to:

Reward executives based upon overall company performance, their individual contributions and creation of stockholder value;

Encourage executives to make a long-term commitment to our Company; and

Align executive incentive plans with the long-term interests of stockholders.

The CNG Committee reviews competitive information and individual compensation levels at least annually. During the review process, the CNG Committee addresses the following questions:

Do any existing compensation plans need to be adjusted to reflect changes in competitive practices, different market circumstances or changes to our strategic initiatives?

Should any existing compensation plans be eliminated or new plans be added to the executive compensation programs?

What are the compensation-related objectives for our compensation plans for the upcoming fiscal year?

Based upon individual performance, what compensation modifications should be made to provide incentives for senior executives to perform at superior levels?

The CNG Committee does not believe that our compensation policies and practices for our employees give rise to risks that are reasonably likely to have a material adverse effect on the Company. As noted below, our incentive-based compensation is generally tied to Company financial performance (i.e., revenue, gross margin or budgeted expense targets) or product development goals (i.e., clinical trial progress or regulatory milestones). The CNG Committee believes that the existence of these financial performance incentives creates a strong motivation for Company employees to contribute towards the achievement of strong, sustainable financial and development performance, and believes that the Company has a strong set of internal controls that minimize the risk that financial performance can be misstated in order to achieve incentive compensation payouts.

In addition to the aforementioned considerations, the CNG Committee also takes into account the outcome of stockholder advisory (“say-on-pay”) votes, taken every three years, on the compensation of our Chief Executive Officer, Chief Financial Officer, and our next three highest-paid executive officers (the “*Named Executive Officers*”). At the Annual Meeting of Stockholders held on June 29, 2017, approximately 75% of our stockholders voted in favor of the resolution relating to the compensation of our Named Executive Officers. The CNG Committee believes this affirmed stockholders’ support of the Company’s executive compensation program. The CNG Committee will continue to consider the results of future say-on-pay votes when making future compensation decisions for the executive officers.



The CNG Committee believes that, given the increased responsibilities of the President and Chief Executive Officer related to the Company's legal and financial difficulties at the time of his appointment, Dr. Goldberg's compensation is commensurate with that of his predecessor

*Scope of Authority of the CNG Committee.* The Board of Directors has authorized the CNG Committee to establish the compensation programs for all executive officers and to provide oversight for compliance with our compensation philosophy. The CNG Committee delegates the day-to-day administration of the compensation plans to management (except with respect to our executive officers), but retains responsibility for ensuring that the plan administration is consistent with the Company's policies. Annually, the CNG Committee sets the compensation for our executive officers, including objectives and awards under incentive plans. The Chief Executive Officer provides input for the CNG Committee regarding the performance and appropriate compensation of the other officers. The CNG Committee gives considerable weight to the Chief Executive Officer's evaluation of the other officers because of his direct knowledge of each officer's performance and contributions. The CNG Committee also makes recommendations to the Board of Directors on appropriate compensation for the non-employee directors. In addition to overseeing the compensation of executive officers, the CNG Committee approves awards under short-term cash incentive and long-term equity-based compensation plans for all other employees. For more information on the CNG Committee's role, see the CNG Committee's charter, which can be found on our website at [www.navidea.com](http://www.navidea.com).

#### *Specific Elements of Executive Compensation*

*Base Salary.* Base salaries for senior executives are set using the CNG Committee's philosophy that compensation should be competitive and based upon performance. Executives should expect that their base salaries, coupled with a cash bonus award, would provide them the opportunity to be compensated at or above the competitive market at the 40th to 50th percentile.

Based on competitive reviews of similar positions, industry salary trends, overall company results and individual performance, salary increases may be approved from time to time. The CNG Committee reviews and approves base salaries of all executive officers.

The following table shows the changes in base salaries for the Named Executive Officers that were approved for fiscal 2017 compared to the approved salaries for fiscal 2016:

Named Executive Officer	Fiscal 2017	Fiscal 2016	Change(b)
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	<b>Base Salary(a)</b>	<b>Base Salary(a)</b>		
Michael M. Goldberg, M.D.	\$ 400,000	\$ 400,000	0.0	%
Frederick O. Cope, Ph.D.	279,130	279,130	0.0	%
Thomas J. Klima (c)	270,000	270,000	0.0	%
Jed A. Latkin (d)	325,000	300,000	8.3	%
William J. Regan (e)	250,000	250,000	0.0	%

The amount shown for fiscal 2017 and 2016 is the approved annual salary of the Named Executive Officer in (a)effect at the end of each year, or at the date of separation. The actual amount paid to the Named Executive Officer during fiscal 2017 and 2016 is shown under “Salary” in the Summary Compensation table below.

(b) Due to the Company’s financial difficulties in 2017, Named Executive Officers did not receive salary increases in 2017, except for Mr. Latkin.

(c) Mr. Klima separated from the Company effective March 8, 2017.

(d) Mr. Latkin received an increase in base salary in connection with his appointment as Chief Operating Officer and Chief Financial Officer of the Company effective May 4, 2017.

(e) Mr. Regan separated from the Company effective June 30, 2017, however, he continues to serve as the Company’s Chief Compliance Officer through a consulting agreement.

The CNG Committee has not approved any changes to base salaries of Named Executive Officers for fiscal 2018.

*Short-Term Incentive Compensation.* Our executive officers, along with all of our employees, are eligible to participate in our annual cash bonus program, which has four primary objectives:

Attract, retain and motivate top-quality executives who can add significant value to the Company;

Create an incentive compensation opportunity that is an integral part of the employee's total compensation program;

Reward participants' contributions to the achievement of our business results; and

Provide an incentive for individuals to achieve corporate objectives that are tied to our strategic goals.

The cash bonus compensation plan provides each participant with an opportunity to receive an annual cash bonus based on our Company's performance during the fiscal year. Cash bonus targets for senior executives are determined as a percentage of base salary. The following are the key provisions of the cash bonus compensation plan:

The plan is administered by the CNG Committee, which has the power and authority to establish, adjust, pay or decline to pay the cash bonus for each participant, including the power and authority to increase or decrease the cash bonus otherwise payable to a participant. However, the Committee does not have the power to increase, or make adjustments that would have the effect of increasing, the cash bonus otherwise payable to any executive officer. The Committee has the right to delegate to the Chief Executive Officer its authority and responsibilities with respect to the cash bonuses payable to employees other than executive officers.

All Company employees are eligible to participate, except interns.

The CNG Committee is responsible for specifying the terms and conditions for earning cash bonuses, including establishing specific performance objectives.

As soon as reasonably practicable after the end of each fiscal year, the CNG Committee determines whether and to what extent each specified business performance objective has been achieved and the amount of the cash bonus to be paid to each participant.

In June 2017, the Board of Directors established the fiscal 2017 targets and performance measures for all Company employees. For fiscal 2017, the cash bonus for each executive officer was a function of the designated target bonus amount and certain business performance objectives, weighted as a percentage of the total target amount. The business performance objectives established for fiscal 2017 were as follows:

Achievement of various development goals for diagnostic applications of the Company's Manocept platform, including:

- o Complete enrollment in the Company's NAV3-23 Phase 1 trial, subject to a maximum 5% reduction of bonus if not achieved;
- o Achieve 50% of target enrollment in the Company's NAV3-21 Phase 1 trial, subject to a maximum 5% reduction of bonus if not achieved;
- o Develop an approvable plan for activated macrophage-caused inflammation, subject to a maximum 10% reduction of bonus if not achieved;
- o Commence a clinical study for CV imaging of coronary arteries, subject to a maximum 10% reduction of bonus if not achieved; and
- o Commence a clinical study for NASH imaging, subject to a maximum 10% reduction of bonus if not achieved.

Achievement of various development goals for therapeutic applications of the Company's Manocept platform, including:

- o Develop a prototype oral formulation of Manocept, subject to a maximum 10% reduction of bonus if not achieved;
- o Develop new carrier prototypes, subject to a maximum 10% reduction of bonus if not achieved; and
- o File intellectual property claims on new advances, subject to a maximum 10% reduction of bonus if not achieved.

Achievement of various corporate goals, including:

- o Structure and initiate drafting of MT spinout or funding transaction, subject to a maximum 10% reduction of bonus if not achieved; and
- o Reduce debt and expenses so non-discretionary expenses are less than a specified target amount, subject to a maximum 20% reduction of bonus if not achieved.

For the Named Executive Officers, cash bonus targets fiscal 2017 remained unchanged from 2016 and were as follows:

Named Executive Officer	Target Cash Bonus	Target Cash Bonus	
	(% of Salary)	(\$ Amount)	
Michael M. Goldberg, M.D.	75.0	%	\$ 300,000
Frederick O. Cope, Ph.D.	35.0	%	97,696
Thomas J. Klima (a)	35.0	%	94,500
Jed A. Latkin	75.0	%	243,750
William J. Regan (b)	35.0	%	87,500

(a) Mr. Klima separated from the Company effective March 8, 2017 and therefore will not be paid a bonus for fiscal 2017.

(b) Mr. Regan s