INOVIO PHARMACEUTICALS, INC.
Form 424B5
April 30, 2015
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-197584

PROSPECTUS SUPPLEMENT

To Prospectus dated July 23, 2014

9,500,000 Shares

INOVIO PHARMACEUTICALS, INC.

Common Stock

$8.00 per share

We are offering 9,500,000 shares of our common stock.

Our common stock is listed on the NASDAQ Global Select Market under the symbol INO. The last sale price of our common stock on April 29, 2015, as reported by the NASDAQ Global Select Market, was $9.85 per share.

Investing in our securities involves a high degree of risk. See Risk Factors, beginning on page S-8 of this prospectus supplement, as well as in the documents incorporated or deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus, for a discussion of the factors you should carefully consider before deciding to purchase our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$8.00	$ 76,000,000
Underwriting Discounts and Commissions[(1)]	$0.48	$ 4,560,000
Proceeds to Us, Before Expenses	$7.52	$ 71,440,000

(1) See Underwriting for additional disclosure regarding underwriting discounts and commissions and expense reimbursement.

The underwriters expect to deliver the shares of common stock on or about May 5, 2015.

Piper Jaffray **Stifel**

H.C. Wainwright & Co. **Brean Capital** **Maxim Group LLC**

The date of this prospectus supplement is April 30, 2015.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, including the documents incorporated or deemed to be incorporated herein by reference, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated or deemed to be incorporated therein by reference, provides more general information about us and our securities. Generally, when we refer to this prospectus, we are referring to both parts of this document combined together with all documents incorporated or deemed incorporated by reference. Before you invest, you should carefully read this prospectus supplement, the accompanying prospectus, all information incorporated or deemed to be incorporated by reference herein and therein, and the additional information described under Where You Can Find More Information on page S-17 of this prospectus supplement. These documents contain information you should consider when making your investment decision. This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated or deemed to be incorporated by reference therein filed prior to the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document filed after the date of this prospectus supplement and deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

You should rely only on the information contained in or incorporated or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectuses we may provide to you in connection with this offering. We have not, and the underwriters have not, authorized any other person to provide you with any information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement outside the United States. This prospectus supplement does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any filing that is incorporated or deemed to be incorporated by reference into this prospectus supplement or the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us, this offering and information appearing elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents we incorporate by reference. This summary is not complete and does not contain all the information you should consider before investing in our common stock pursuant to this prospectus supplement and the accompanying prospectus. Before making an investment decision, to fully understand this offering and its consequences to you, you should carefully read this entire prospectus supplement and the accompanying prospectus, including Risk Factors beginning on page S-8 of this prospectus supplement and the financial statements and related notes and the other information that we incorporated by reference herein, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q that we file from time to time.

Inovio Pharmaceuticals, Inc.

Overview

We are developing active DNA immunotherapies and vaccines focused on treating and preventing cancers and infectious diseases. Our DNA-based immunotherapies, in combination with our proprietary electroporation delivery devices, are intended to generate robust immune responses, in particular T cells, to fight such diseases. In 2014 we reported that in a large, controlled phase II clinical study we achieved clinically relevant efficacy against a targeted disease (HPV-associated cervical dysplasia) by generating antigen-specific T cells. Our novel SynCon® immunotherapy design has shown the ability to help break the immune system s tolerance of cancerous cells. Alternatively, our SynCon® product design is also intended to facilitate cross-strain protection against known as well as new unmatched strains of pathogens such as influenza. Given the recognized role of killer T cells in eliminating cancerous or infected cells from the body, our scientists believe that our active immunotherapies may play an important role in helping fight such diseases. Human data to date have shown a favorable safety profile of our DNA immunotherapies delivered using electroporation.

We have completed, current or planned clinical programs of our proprietary SynCon® immunotherapies for HPV-caused pre-cancers and cancers, prostate cancer, breast/lung/pancreatic cancer, hepatitis C virus (HCV), hepatitis B virus (HBV), HIV, influenza, and Ebola. Our partners and collaborators include F. Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc. (Roche), University of Pennsylvania, Drexel University, National Microbiology Laboratory of the Public Health Agency of Canada, , National Institute of Allergy and Infectious Diseases (NIAID), United States Military HIV Research Program (USMHRP), U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID), HIV Vaccines Trial Network (HVTN), Defense Advanced Research Projects Agency (DARPA) and MedImmune, LLC.

Industry Background

Apart from the benefits provided by sanitation and clean water, we believe that the idea of stimulating the immune system, to date via preventive vaccines, has saved more lives and prevented more human suffering than any other human invention. As recently as a century ago, infectious diseases were the main cause of death worldwide, even in the most developed countries. Today, there is a vast range of vaccines available to protect against more than two dozen infectious diseases, especially for children, completely or virtually eradicating diseases such as smallpox and polio.

Today the idea of stimulating the immune system to prevent or treat infections and cancers is an even more compelling concept, with significant time and capital being applied by the scientific community to

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advance promising new approaches. While conventional vaccine technology long ago reached its technical boundaries, the emergence of new areas of scientific knowledge such as genomics and technologies like rapid sequencing have opened many doors to new ways to enable the development of new preventive vaccines for challenging infectious diseases and new treatments for diseases such as cancer, HIV, and hepatitis. Today the opportunity for immune stimulating technologies with the potential to fight cancers and chronic infectious diseases has never appeared more promising given notable technology advancements such as checkpoint inhibitors. Yet, while yielding promising results, in many respects the surface has barely been scratched. There remains a significant need and opportunity for further advancements.

Inovio s Solution

With our immunotherapy platform comprising our SynCon® products as well as our proprietary CELLECTRA® electroporation delivery technology, we have developed a rich pipeline of pre-clinical and clinical stage products that have generated, in vivo (in the body), best-in-class immune responses, in particular T cells, which are fundamental to eliminating cancerous or infected cells. They are showing their potential to be used against any targeted cancer or infectious disease. Our lead immunotherapy (for treating HPV-associated precancer) met its primary and secondary endpoints in a large, controlled phase II clinical study, achieving statistically significant and clinically relevant efficacy in association with robust T cell activation. This was accomplished without serious adverse events and the only statistically significant adverse event being injection site redness (our immunotherapies are non-live and non-replicating therefore they cannot cause the disease; they work most naturally with the immune system and within its controls to reduce or minimize the risk of unwanted inflammatory responses; no serious adverse events have been attributed to our immunotherapies in human studies to date). These results suggest significant market potential not only for the lead product but for the broad spectrum of products that may be created based on our technology platform.

The Next Generation of Cancer and Infectious Disease Treatment: Inovio s SynCon® Immunotherapies

Our immunotherapies are designed to prevent a disease (prophylactic) or treat an existing disease (therapeutic) by activating and magnifying an immune response to one or more disease-specific antigens (proteins associated with a cancer or infectious disease that the body will recognize as foreign or not normal). Without the quality control and manufacturing challenges and costs of specifically personalized medicines, we can direct the immune response directly in the patient s own body to fight specific organisms or cells. We do this simply by introducing the genetic code for the target antigen(s) into the tissues of the body that will serve as a temporary antigen production facility.

Our immunotherapies consist of one or more DNA plasmids (circular string of DNA as a backbone) encoding one or more selected antigen that are introduced into cells (directly in the body) of humans or animals. Our approach uniquely enables dramatic uptake of the DNA plasmids by the cells in a local tissue area. After the DNA code for the targeted antigen(s) is introduced to cells, the cells natural machinery for making their own proteins useful to the body temporarily produces the selected antigen(s) encoded by the DNA sequences delivered to the cell. The antigenic protein manufactured through this process, is then presented to the immune system and triggers one or both of two arms of the immune system: the production of preventive antibodies, known as a humoral immune response, and/or the activation of therapeutic T-cells, known as a cellular or cell-mediated immune response. These responses are then ready to neutralize or eliminate infectious agents (e.g. viruses, bacteria, and other microorganisms) or abnormal cells (e.g. malignant tumor or infected cells).

Our SynCon® DNA immunotherapies are designed to generate specific antibody and T cell responses. First we identify one or more antigens that we believe are the best targets to help direct the immune

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system toward a particular cancer or infectious disease. We then apply our SynCon® design process, which employs the extensive data available from genomic databases. This SynCon® design uses the genetic make-up of the selected antigen(s) from multiple variants of a cancer or strains of a virus. We synthetically create a new genetic sequence of the antigen that represents a consensus of the slightly different DNA from multiple variants or strains of the targeted antigen. We can create a differentiated SynCon variant to help the immune system better recognize a cancer self-antigen (a cell and antigen grown in the body). Alternatively, we have proof of principle in human studies that we can generate immune responses with SynCon immunotherapies not matched to different strains of an infectious disease, e.g. influenza, creating a proof-of-concept of the ability to move beyond today s one bug, one drug paradigm in which a vaccine must match the strain of the circulating virus in order to provide protection. These SynCon® constructs may provide a solution to the genetic shift and drift that is typical of many infectious diseases. These new synthetic consensus DNA sequences do not exist in nature and are patentable.

SynCon® immunotherapies are designed by taking the primary amino acid sequence from multiple strains or variants of a target disease antigen. We align the multiple amino acid sequences and at each position of the sequence choose the individual amino acid that is most immunologically dominant, conserved or important. In this process we create a new sequence that is a consensus of all the input sequences. This new synthetically engineered sequence is similar to the originating sequences but does not match any. It does not exist in nature and is therefore patentable.

The SynCon sequences are further optimized at the DNA level for codon usage, improved mRNA stability, and are provided with enhanced leader sequences for ribosome loading. The DNA inserts are therefore optimized at the genetic level to give them high expression capability particularly in human cells. We believe these design capabilities allow us to better target appropriate immune system mechanisms and produce a higher level of the coded antigen to enhance the overall ability of the immunotherapy to induce the desired immune response.

The SynCon sequence is then inserted into a circular DNA plasmid. The plasmids are manufactured in a bacterial fermentation process using proven scalable technology. These DNA-based immunotherapies can be stable under normal environmental conditions for extended periods of time.

Our immunotherapies are injected in a local area of selected tissue (muscle or skin) and then electroporated (see next section) to facilitate cellular uptake and gene expression. The resulting immune response to the produced antigens results in significant production of antibodies or T cells. Memory cells are created for durable effects and, in the case of therapeutic applications, T cells can be immediately trafficked to parts of the body where cells are displaying the target antigen.

Published human data from two different SynCon® DNA immunotherapies one for treating HPV-caused pre-cancers and cancers as well as one for treating HIV infection have generated best-in-class T cell responses in terms of magnitude, durability, and killing effect, providing evidence (demonstrated in three peer-reviewed clinical study publications) of their potential to provide preventive and therapeutic capabilities against cancers and infectious diseases. This compelling data is supported by the first clinically significant efficacy data generated in a large controlled phase II study by any DNA-based immunotherapy with Inovio s data reported in 2014.

Electroporation Delivery Technology

Despite how compelling the idea of delivering DNA encoding an antigen has been, delivering the DNA directly into a cell through the cell s protective membrane has been a significant challenge. Our

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immunotherapies are delivered into cells of the body into a small local area of tissue using our highly efficient, proprietary electroporation (EP) DNA delivery technology, which uses brief, locally applied electric fields to create temporary and reversible permeability, or pores, in the cell membrane. Using this method allows us to increase the cellular uptake of the DNA plasmids by a thousand-fold or more compared to just delivering the naked DNA alone. This extent of cellular uptake has proven to enable the best-in-class immune responses that we have reported, along with the efficacy results generated by these immune responses.

Alternative delivery approaches based on the use of viruses and lipids are complex and expensive and have in the past created concerns regarding safety and caused unwanted immune responses against the carriers themselves (believed to compromise their ability to deliver their DNA payload and provide protection). We have published data showing the superior immune responses generated by our SynCon® immunotherapies delivered using our CELLECTRA® electroporation technology directly compared to a leading viral vector (Adenovirus type 5) based approach. We have not seen any published data indicating the capability of alternative technologies focused on using genetic code to generate preventive or therapeutic antigens to exceed Inovio s immune response data obtained to date, nor match the efficacy and immune responses data generated in our large controlled phase II study.

We believe electroporation provides a relatively straightforward, cost effective method for delivering DNA into cells with high efficiency, minimal complications, and importantly the ability to enable what we believe to be clinically relevant levels of gene expression, immune responses, and efficacy.

Corporate Information

Our executive offices are located at 660 W. Germantown Pike, Suite 100, Plymouth Meeting, Pennsylvania 19462, our telephone number is (267) 440-4200 and our Internet address is www.inovio.com. The information on our Internet website is not incorporated by reference in this prospectus and should not be considered to be part of this prospectus. Our website address is included in this prospectus as an inactive technical reference only. Unless the context otherwise requires, references in this prospectus to Inovio Pharmaceuticals, Inovio, we, us, and our refer t Inovio Pharmaceuticals, Inc.

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The Offering

Common stock offered by us	9,500,000 shares.
Common stock to be outstanding after this offering	70,241,082 shares.
Underwriters Option	We have granted the underwriters an option for a period of 30 days to purchase up to additional 1,425,000 shares of our common stock.
Use of proceeds	We intend to use the net proceeds received from the sale of our common stock for general corporate purposes, including clinical trial expenses, research and development expenses, general and administrative expenses, manufacturing expenses and potential acquisitions of companies and technologies that complement our business. There are no understandings, agreements or commitments with respect to any potential acquisitions. Please see Use of Proceeds on page S-11.
Risk factors	See Risk Factors beginning on page S-8 of this prospectus supplement, as well as the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus, for a discussion of risks you should carefully consider before investing in our securities.
NASDAQ listing	INO

The number of shares of our common stock to be outstanding after this offering set forth above is based on 60,741,082 shares of our common stock outstanding as of December 31, 2014.

Unless otherwise indicated, all information in this prospectus, including the number of shares of our common stock to be outstanding after this offering set forth above, excludes the following:

- 4,840,514 shares subject to outstanding options as of December 31, 2014, having a weighted average exercise price of $6.19 per share;
- 1,012,060 shares of our common stock issuable upon exercise of outstanding warrants as of December 31, 2014, having a weighted average exercise price of $4.18 per share; and

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8,456 shares of our common stock issuable upon conversion of outstanding preferred stock as of December 31, 2014, having a conversion price of $27.20 per share.

Except as otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their option to purchase up to 1,425,000 additional shares of our common stock.

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RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included or incorporated by reference in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference, before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks or uncertainties. In that case, the market price of our common stock could decline, and you may lose all or part of your investment in our securities.

Risks Related to this Offering

Resales of our common stock in the public market during this offering by our stockholders may cause the market price of our common stock to fall.

The issuance of new shares of our common stock in this offering could result in resales of our common stock by our current stockholders concerned about the potential dilution of their holdings. In turn, these resales could have the effect of depressing the market price for our common stock. A substantial majority of the outstanding shares of our common stock are, and all of the shares sold in this offering upon issuance will be, freely tradable without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act.

As a new investor, you will incur substantial dilution as a result of this offering and future equity issuances, and as a result, our stock price could decline.

The offering price is substantially higher than the net tangible book value per share of our outstanding common stock. As a result, based on our capitalization as of December 31, 2014, investors purchasing common stock in this offering will incur immediate dilution of $5.61 per share of common stock purchased, based on the offering price of $8.00 per share. We are generally not restricted from issuing additional common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The market price of our common stock could decline as a result of sales of common stock or securities that are convertible into or exchangeable for, or that represent the right to receive, common stock after this offering or the perception that such sales could occur. See Dilution on page S-13 of this prospectus supplement for a more detailed discussion of the dilution you will incur in this offering.

We have broad discretion in how we use the net proceeds of this offering, and we may not use these proceeds effectively or in ways with which you agree.

Our management will have broad discretion as to the application of the net proceeds of this offering and could use them for purposes other than those contemplated at the time of this offering. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Moreover, our management may use the net proceeds for corporate purposes that may not increase the market price of our common stock.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated or deemed to be incorporated by reference herein or therein contain or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expect, plan, anticipate, believe, estimate, predict, potential or continue, the negative of such terms or other comparable terminology. These statements only predictions. Actual events or results may differ materially.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we, nor any other person, assume responsibility for the accuracy and completeness of the forward-looking statements. We are under no obligation to update any of the forward-looking statements after the filing of this prospectus supplement to conform such statements to actual results or to changes in our expectations.

Such statements are based on currently available operating, financial and competitive information and are subject to various risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated or implied in our forward-looking statements due to a number of factors including, but not limited to, those set forth under the sections entitled Risk Factors in this prospectus supplement or the accompanying prospectus, in our most recent Annual Report on Form 10-K and in our Quarterly Reports on Form 10-Q, as well as any amendments or supplements thereto filed with the SEC. We qualify all of the information presented or incorporated by reference in this prospectus, and particularly our forward-looking statements, by these cautionary statements. In particular, you should note the following risk factors that could cause actual results to differ from those contained in the forward-looking statements include but are not limited to:

- our history of losses;
- our lack of products that have received regulatory approval;
- uncertainties inherent in clinical trials and product development programs, including but not limited to the fact that pre-clinical and clinical results may not be indicative of results achievable in other trials or for other indications, that results from one study may not necessarily be reflected or supported by the results of other similar studies, that results from an animal study may not be indicative of results achievable in human studies, that clinical testing is expensive and can take many years to complete, that the outcome of any clinical trial is uncertain and failure can occur at any time during the clinical trial process, and that our electroporation technology and DNA vaccines may fail to show the desired safety and efficacy traits in clinical trials;
- the availability of funding;
- the ability to manufacture vaccine candidates;
- our ability to establish or maintain collaborations, licensing or other arrangements;
- the availability or potential availability of alternative therapies or treatments for the conditions we or our collaborators target, including alternatives that may be more efficacious or cost-effective than any therapy or treatment that we and our collaborators hope to develop;
- whether our proprietary rights are enforceable or defensible or infringe or allegedly infringe on rights of others or can withstand claims of invalidity; and

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the impact of government healthcare legislation and proposals.

You should not place undue reliance on any forward-looking statements, which we base on current expectations. Further, forward-looking statements speak only as of the date we make them, and we undertake no obligation to update publicly any of them in light of new information or future events.

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USE OF PROCEEDS

We estimate that the net proceeds to us of the sale of the common stock that we are offering will be approximately $71.2 million, based on the public offering price of $8.00 per share of common stock sold pursuant to this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. See Underwriting for additional disclosure regarding underwriting discounts and commissions and expense reimbursement.

We intend to use the net proceeds received from the sale of our common stock for general corporate purposes, including clinical trial expenses, research and development expenses, general and administrative expenses, manufacturing expenses and potential acquisitions of companies and technologies that complement our business. There are no understandings, agreements or commitments with respect to any potential acquisitions. As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses of the proceeds from this offering. Accordingly, our management will retain broad discretion over the use of such proceeds. Pending the use of the net proceeds from this offering, we intend to invest the net proceeds in investment-grade, interest-bearing instruments.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2014, as follows:

- on an actual basis; and
- on an as adjusted basis to reflect our issuance and sale in this offering of 9,500,00 shares of our common stock, at the public offering price of $8.00 per share of our common stock after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with the section of this prospectus supplement entitled Use of Proceeds and with the financial statements and related notes and the other information that we incorporated by reference into this prospectus supplement and the accompanying prospectus, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q that we file from time to time.

	As of December 31, 2014	
	Actual	As Adjusted
Cash and cash equivalents and short-term investments	$ 93,619,956	$ 164,799,956
Stockholders Equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized, 1,968,950 issued and 23 outstanding:		
Series C Convertible Preferred stock; 1,091 shares designated, 1,091 shares issued and 23 shares outstanding, actual and as adjusted	0	0
Common stock, $0.001 par value; 600,000,000 shares authorized, 60,741,082 shares issued and outstanding, actual and 70,241,082 shares as adjusted	60,741	70,241
Additional paid-in capital	443,327,915	514,498,415
Accumulated deficit	(331,910,290)	(331,910,290)
Accumulated other comprehensive loss	(251,390)	(251,390)
Total Inovio Pharmaceuticals, Inc. stockholders equity	111,226,976	182,406,976
Non-controlling interest	310,618	310,618
Total capitalization	$ 111,537,594	$ 182,717,594

The table above excludes the following as of December 31, 2014:

- 4,840,514 shares subject to outstanding options, having a weighted average exercise price of $6.19 per share; and
- 1,012,060 shares of our common stock issuable upon exercise of outstanding warrants, having a weighted average exercise price of $4.18 per share.

As of March 31, 2015, the total amount of our cash and cash equivalents and short-term investments was $81,012,293.

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DILUTION

Purchasers of the securities offered by this prospectus supplement and the accompanying prospectus will suffer immediate and substantial dilution in the net tangible book value per share of our common stock. Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers in this offering and the net tangible book value per share of our common stock immediately after this offering.

Our historical net tangible book value as of December 31, 2014 was approximately $96.6 million, or $1.59 per share of our outstanding common stock, based on 60,741,082 shares of common stock outstanding as of December 31, 2014.

Investors participating in this offering will incur immediate and significant dilution. After giving effect to the issuance and sale in this offering of 9,500,000 shares of our common stock at the public offering price of $8.00 per share of our common stock and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2014 would have been approximately $167.8 million, or approximately $2.39 per share of our common stock. This amount represents an immediate increase in net tangible book value of $0.80 per share of our common stock to existing stockholders and an immediate dilution in net tangible book value of $5.61 per share of our common stock to investors purchasing securities in this offering. The following table illustrates this dilution:

Offering price per share		$ 8.00
Net tangible book value per share as of December 31, 2014	$ 1.59	
Increase per share attributable to this offering	$ 0.80	
As adjusted net tangible book value per share as of December 31, 2014, after giving effect to this offering	$ 2.39	
Dilution per share to new investors participating in this offering		$ 5.61

If the underwriters exercise their option to purchase additional shares or if any shares of our common stock are issued upon exercise of outstanding options or warrants, you will experience further dilution.

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UNDERWRITING

We are offering the shares of common stock described in this prospectus supplement through Piper Jaffray & Co. and Stifel, Nicolaus & Company, Incorporated as the joint book-running managers of this offering. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and the underwriters have agreed to purchase from us, the number of shares of common stock shown opposite each underwriter s name below.

Underwriters	Number of Shares
Piper Jaffray & Co.	4,180,000
Stifel, Nicolaus & Company, Incorporated	3,230,000
H.C. Wainwright & Co., LLC	855,000
Brean Capital, LLC	665,000
Maxim Group LLC	570,000
Total	9,500,000

The underwriters are committed to purchase all the shares of common stock offered by us if they purchase any shares, other than those shares covered by the option to purchase additional shares of our common stock described below.

The underwriters have advised us that they propose to offer the shares of common stock directly to the public at the public offering prices set forth on the cover page of this prospectus supplement and to certain dealers at the same prices less a concession not in excess of $0.288 per share of common stock. After the offering, these figures may be changed by the underwriters.

The underwriters have advised us that they currently intend to make a market in the common stock. However, the underwriters are not obligated to do so and may discontinue market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the common stock.

We have granted to the underwriters an option to purchase up to an additional 1,425,000 shares of common stock from us at the same price to the public as set forth on the cover page of this prospectus supplement. The underwriters may exercise this option any time during the 30-day period after the date of this prospectus supplement.

The underwriting fee per share of common stock is equal to the public offering price per share of common stock, less the amount paid by the underwriters to us per share of common stock. The following table shows the per share underwriting discounts and commissions and the total underwriting discounts and commissions to be paid to the underwriters in connection with this offering.

		Total	
	Per Share	Without Exercise of Option	With Exercise of Option
Public offering price	$ 8.00	$ 76,000,000	$ 87,400,000
Underwriting discounts and commissions paid by us	$ 0.48	$ 4,560,000	$ 5,244,000
Proceeds to us, before expenses	$ 7.52	$ 71,440,000	$ 82,156,000

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We estimate that the total fees and expenses payable by us, excluding underwriting discounts and commissions, will be approximately $260,000. Pursuant to the terms of the underwriting agreement, we have also agreed to reimburse the underwriters for expenses, including reasonable fees and disbursements of counsel, relating to this offering of up to $100,000, which amount is included in the above total and shall not be increased without our prior written consent.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

We and each of our directors and executive officers are subject to lock-up agreements that prohibit us and them from offering for sale, pledging, selling, contracting to sell, selling any option or contract to purchase, purchasing any option or contract to sell, granting any option, right or warrant to purchase, lend, or otherwise transferring or disposing of, di