

Ampio Pharmaceuticals, Inc.
Form DEF 14A
October 24, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

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

AMPIO PHARMACEUTICALS, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

AMPIO PHARMACEUTICALS, INC.

5445 DTC Parkway, Suite 925

Greenwood Village, Colorado 80111

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

Notice is hereby given to the stockholders of Ampio Pharmaceuticals, Inc. that an Annual Meeting of Stockholders (the Annual Meeting) will be held on Saturday, December 15, 2012 at 10:00 a.m., local time, in the Continental Divide at The Pepsi Center, located at 1000 Chopper Circle, Denver, CO 80204, for the following purposes:

- (1) To elect five directors, nominated by our Board of Directors, to serve until our 2013 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified or their earlier resignation or removal.
- (2) To hold an advisory (non-binding) vote to approve the Company's executive compensation.
- (3) To hold an advisory (non-binding) vote on the frequency of future advisory votes on executive compensation.
- (4) To ratify the selection of Ehrhardt Keefe Steiner & Hottman PC as our independent registered public accounting firm for the fiscal year ending December 31, 2012.
- (5) To consider and vote upon a proposal to amend our 2010 Stock Option and Incentive Plan (the 2010 Plan) to increase the number of shares of Common Stock reserved for issuance under the 2010 Plan to 8,200,000 shares.
- (6) To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

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

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

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

All holders of record of Common Stock at the close of business on September 28, 2012 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. At least a majority of the outstanding shares of Common Stock entitled to vote, represented either in person or by proxy, is required to establish a quorum for the Annual Meeting.

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By Order of the Board of Directors

/s/ Mark D. McGregor
Mark D. McGregor

Secretary

October 24, 2012

Greenwood Village, Colorado

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

AMPIO PHARMACEUTICALS, INC.

5445 DTC Parkway, Suite 925

Greenwood Village, Colorado 80111

PROXY STATEMENT

General Information

We are furnishing this Proxy Statement in connection with the solicitation of proxies for use at our Annual Meeting of Stockholders (the Annual Meeting) to be held on Saturday, December 15, 2012, at 10:00 a.m., local time, in the Continental Divide at the Pepsi Center located at 1000 Chopper Circle, Denver, CO 80204, and any adjournment or postponement thereof. This proxy statement is being mailed to our stockholders on or about October 26, 2012.

Revocability of Proxies

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

Solicitation and Voting Procedures

This proxy is solicited on behalf of the Board of Directors of Ampio Pharmaceuticals, Inc. The solicitation of proxies will be conducted by mail and we will bear all attendant costs. These costs will include the expense of preparing and mailing proxy materials for the Annual Meeting and reimbursements paid to brokerage firms and others for their expenses incurred in forwarding solicitation material regarding the Annual Meeting to beneficial owners of our Common Stock, par value \$.0001 per share (Common Stock). We may conduct further solicitation personally, telephonically or by facsimile through our officers, directors and regular employees, none of whom will receive additional compensation for assisting with the solicitation.

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

The presence at the Annual Meeting of a majority of the outstanding shares of Common Stock entitled to vote, represented either in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions from voting on a proposal and broker non-votes will count for purposes of determining a quorum. The close of business on September 28, 2012 has been fixed as the record date (the Record Date) for determining the holders of shares of Common Stock entitled to notice of and to vote at the Annual Meeting. Each share of Common Stock outstanding on the Record Date is entitled to one vote on all matters. As of the Record Date, there were 36,994,695 shares of Common Stock outstanding.

Stockholder votes will be tabulated by the persons appointed by the Board of Directors to act as inspectors of election for the Annual Meeting. Shares of Common Stock represented by a properly executed and delivered proxy will be voted at the Annual Meeting and, when the stockholder has given instructions, will be voted in accordance with those instructions. If no instructions are given, the shares will be voted FOR each of the nominees

listed in Proposal No 1, and FOR each of Proposals Nos. 2, 4 and 5, and for holding an advisory vote on compensation of the Company's named executive officers every three years. There are no statutory or contractual rights of appraisal or similar remedies available to those stockholders who dissent from any matter to be acted on at the Annual Meeting.

Corporate Information and History

Our executive offices are located at 5445 DTC Parkway, Suite 925, Greenwood Village, Colorado 80111, and our telephone number is (720) 437-6500. Additional information about us is available on our website at www.ampiopharma.com. The information contained on or that may be obtained from our website is not, and shall not be deemed to be, a part of this Proxy Statement. You can review filings we make with the Securities and Exchange Commission (the "SEC") at its website (www.sec.gov), including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports electronically filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our Code of Conduct and Ethics and the charters of our Nominating and Governance Committee, Audit Committee, and Compensation Committee of the Board of Directors may be accessed within the Investor Relations section of our website.

Unless otherwise indicated or unless the context requires otherwise, all references in this Proxy Statement to Ampio Pharmaceuticals, Inc., Ampio, the Company, we, us, our, or similar references, mean Ampio Pharmaceuticals, Inc. and its subsidiaries on a consolidated basis. References to BioSciences in this Proxy Statement mean DMI BioSciences, Inc., now a wholly-owned subsidiary of ours. References to Life Sciences in this Proxy Statement mean DMI Life Sciences, Inc., which is our predecessor for accounting purposes and a wholly-owned subsidiary of ours. Life Sciences was formed in December 2008 and commenced operations when it acquired certain assets of BioSciences in April 2009. In March 2010, Life Sciences merged with a subsidiary of Chay Enterprises, Inc., a publicly traded Colorado corporation. Immediately after the merger, Chay Enterprises changed its name to Ampio Pharmaceuticals, Inc., and reincorporated in Delaware. We acquired BioSciences, now a wholly-owned subsidiary of ours, in March 2011.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Overview

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

Our Certificate of Incorporation, as amended, provides that our Board of Directors may be classified into three classes of directors of approximately equal size upon a date selected by the Board of Directors. The Board of Directors has not taken such action to date.

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

Nomination of Directors

The Nominating and Governance Committee, which acts as the nominating committee of our Board of Directors, reviews and recommends to the Board of Directors potential nominees for election to the Board of

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

Information Regarding Director Nominees

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

Name	Director Since	Age	Position
Michael Macaluso	March 2010	61	Chief Executive Officer and Chairman of the Board
David Bar-Or, M.D.	March 2010	63	Chief Scientific Officer and Director
Philip H. Coelho (1)(2)(3)	April 2010	68	Director
Richard B. Giles (1)(2)(3)	August 2010	63	Director
David R. Stevens, Ph.D. (1)(2)	June 2011	63	Director

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

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

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

David Bar-Or, M.D., has served as a director and our Chief Scientific Officer since the Chay Enterprises merger. Dr. Bar-Or also served as the chairman of our Board of Directors from the closing of that merger until May 2010. From April 2009 until the closing of the Chay Enterprises merger, he served as chairman of the board and chief scientific officer of Life Sciences. Dr. Bar-Or is currently the director of Trauma Research at Swedish Medical Center, Englewood, Colorado, and St. Anthony's Hospital, Denver, Colorado. Dr. Bar-Or is principally responsible for the patented and proprietary technologies acquired by us from BioSciences in April 2009, having been issued over 50 patents and having filed or co-filed almost 120 patent applications. Dr. Bar-Or has authored or co-authored over 80 peer-reviewed journal articles and is the recipient of the Gustav Levi Award from the Hadassah/Mount Sinai

Hospital, New York, New York, the Kornfield Award for an outstanding MD Thesis, the Outstanding Resident Research Award from the Denver General Hospital, and the Outstanding Clinician Award for the Denver General Medical Emergency Resident Program. Dr. Bar-Or received his medical degree from The Hebrew University, Hadassah Medical School, Jerusalem, Israel, and undertook post-graduate work at Denver Health Medical Center, specializing in emergency medicine, a discipline in which he is board certified. Among other experience, qualifications, attributes and skills, Dr. Bar-Or's medical training, extensive involvement in researching and developing our product candidates, and leadership role in his hospital affiliations led to the conclusion of our Board of Directors that he should serve as a director of our Company in light of our business and structure.

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

Richard B. Giles has served as a member of our Board of Directors since August 2010. Mr. Giles is the Chief Financial Officer of Ludvik Electric Co., an electrical contractor headquartered in Lakewood, Colorado, a position he has held since 1985. Ludvik Electric is a private electrical contractor with 2012 revenues of over \$100 million that has completed electrical contracting projects throughout the Western United States, Hawaii, and South Africa. As CFO and Treasurer of Ludvik Electric, Mr. Giles oversees accounting, risk management, financial planning and analysis, financial reporting, regulatory compliance, and tax-related accounting functions. He serves also as the trustee of Ludvik Electric Co.'s 401(k) plan. Prior to joining Ludvik Electric, Mr. Giles was for three years an audit partner with Higgins Meritt & Company, then a Denver, Colorado CPA firm, and during the preceding nine years he was an audit manager and a member of the audit staff of Price Waterhouse, one of the legacy firms which now comprises PricewaterhouseCoopers. While with Price Waterhouse, Mr. Giles participated in a number of public company audits, including one for a leading computer manufacturer. Mr. Giles received a B.S. degree in accounting from the University of Northern Colorado and is a Certified Public Accountant. He is also a member of the American Institute of Certified Public Accountants and the Construction Financial Management Association. Mr. Giles' experience in executive financial management, accounting and financial reporting, and corporate accounting and controls led to the conclusion of our Board of Directors that he should serve as a director of our Company in light of our business and structure.

David R. Stevens, Ph.D. has served as a member of our Board of Directors since June 2011. Dr. Stevens is currently Executive Chairman of Cedus, Inc., a privately-held development stage biopharmaceutical company and a board member of Micro-Imaging Solutions, LLC, a private medical device company. He has served on the boards of several other public and private life science companies, including Poniard Pharmaceuticals, Inc. (2006-2012), Aqua Bounty Technologies, Inc. (2002-2012), and Smart Drug Systems, Inc. (1999-2006), and was an advisor to Bay City Capital from 1999-2006. Dr. Stevens was previously President and CEO of Deprenyl Animal Health, Inc., a public veterinary pharmaceutical company, from 1990 to 1998, and Vice President, Research and Development, of Agrion Corp., a private biotechnology company, from 1986 to 1988. He began his career in pharmaceutical research and development at the former Upjohn Company, where he contributed to the preclinical evaluation of Xanax and

Halcion. Dr. Stevens received B.S. and D.V.M. degrees from Washington State University, and a Ph.D. in comparative pathology from the University of California, Davis. He is a Diplomate of the American College of Veterinary Pathologists. Dr. Stevens has worked in the pharmaceutical and biotechnology industries since 1978. Dr. Stevens' experience in executive management in the pharmaceutical industry, and knowledge of the medical device industry led to the conclusion of our Board of Directors that he should serve as a director of our Company in light of our business and structure.

Required Vote and Recommendation of Board of Directors

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

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

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

PROPOSAL NO. 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) requires that stockholders have the opportunity to cast an advisory (non-binding) vote on executive compensation commencing with our 2012 Annual Meeting of Stockholders (a so-called "say-on-pay vote"), as well as an advisory vote with respect to whether future say-on-pay votes will be held every one, two or three years (a so-called "say-on-frequency vote"), which is the subject of Proposal No. 3.

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

Our philosophy in setting compensation policies for executive officers has two fundamental objectives: (1) to retain a highly skilled team of executives and (2) to align our executives' interests with those of our stockholders by motivating our executives to increase stockholder value on both an annual and longer term basis. The Compensation Committee believes that executive compensation should be directly linked both to continuous improvements in corporate performance (so-called "pay for performance") and accomplishments that are expected to increase stockholder value. The Compensation Discussion and Analysis section herein provides a more detailed discussion of the executive compensation program and compensation philosophy.

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

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

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

Vote Required

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

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

PROPOSAL NO. 3

ADVISORY VOTE ON FREQUENCY OF SAY-ON-PAY VOTE

Background

We are also required by the Dodd-Frank Act to provide stockholders with a separate advisory (non-binding) vote for the purpose of asking stockholders to express their preference for the frequency of future say-on-pay votes. Stockholders may indicate whether they would prefer an advisory vote on executive compensation once every one, two or three years. We are required to solicit stockholder votes on the frequency of future say-on-pay proposals at least once every six years, although we may seek stockholder input more frequently.

At the Annual Meeting, stockholders may cast a vote on the frequency of a say-on-pay vote by choosing the option of one year, two years or three years or stockholders may abstain from voting altogether.

After careful consideration, our Board of Directors has determined that it believes a stockholder advisory vote on executive compensation that is conducted every three years is the appropriate approach for the Company at this time and, therefore, the Board of Directors recommends that you vote for a three-year interval for the advisory vote on executive compensation.

We believe that the structure of executive compensation arrangements should be in place for a number of years between stockholder advisory votes, in order to allow the Board of Directors and stockholders time to evaluate the effectiveness of those arrangements. A vote every three years will also allow stockholders to better judge our executive compensation program with respect to our long-term performance.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years or three years, or abstain from voting when you indicate your preference in response to the resolution set forth below.

Stockholders will be asked at the Annual Meeting to approve the following resolution pursuant to this Proposal No. 3:

RESOLVED, that the stockholders of the Company vote in favor of a non-binding, advisory vote to hold the say-on-pay vote at an annual meeting of stockholders every three years.

Vote Required

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

THE BOARD OF DIRECTORS RECOMMENDS A VOTE TO HOLD A SAY-ON-PAY VOTE

EVERY *THREE* YEARS.

PROPOSAL NO. 4

RATIFICATION OF APPOINTMENT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors has selected Ehrhardt Keefe Steiner & Hottman PC (EKS&H) as our independent registered public accounting firm to audit and report upon our consolidated financial statements for the fiscal year ending December 31, 2012 and is submitting this matter to our stockholders for their ratification. A representative of EKS&H is expected to be present at the Annual Meeting to respond to appropriate questions. The representative will have an opportunity to make a statement and will be able to respond to appropriate questions.

Fees for Independent Registered Public Accounting Firm

The following table presents aggregate fees for professional services rendered by EKS&H for the audit of our annual consolidated financial statements for the years ended December 31, 2011 and 2010, respectively.

	Year Ended December 31	
	2011	2010
Audit fees (1)	\$ 163,141	\$ 94,881
Audit-related fees (2)	120,698	80,028
Tax fees (3)	12,490	4,950
All other fees		
Total fees	\$ 296,329	\$ 179,859

- (1) Audit fees are comprised of annual audit fees and quarterly review fees.
- (2) Audit-related fees for fiscal years 2011 and 2010 are comprised of fees related to registration statements and accounting consultation fees.
- (3) Tax fees are comprised of tax compliance, preparation and consultation fees.

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

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

Audit services include audit work performed in the preparation and audit of the annual financial statements, review of quarterly financial statements, reading of annual, quarterly and current reports, as well as work that generally only the independent auditor can reasonably be expected to provide, such as the provision of consents and comfort letters in connection with the filing of registration statements.

Audit-related services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions and special procedures required to meet certain regulatory requirements.

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

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

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

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

None of the services described above for 2011 or 2010 provided by EKS&H were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Required Vote and Recommendation of Board of Directors

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

THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* RATIFICATION OF THE APPOINTMENT OF EHRHARDT KEEFE STEINER & HOTTMAN PC AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2012.

PROPOSAL NO. 5

APPROVAL AND ADOPTION OF AMENDMENT TO THE AMPIO PHARMACEUTICALS, INC.

2010 STOCK OPTION AND INCENTIVE PLAN TO INCREASE THE SHARE RESERVE

Our 2010 Stock Option and Incentive Plan (the 2010 Plan), which was adopted in March 2010, currently has authorized for issuance 5,700,000 shares of Common Stock, of which 214,149 shares remained available for future grants as of the Record Date. Our Board of Directors has approved an amendment to the 2010 Plan, subject to approval by our stockholders, to increase the shares authorized for issuance by 2,500,000 shares to a total of 8,200,000 shares.

Our Board of Directors believes that the approval of the amendment to the 2010 Plan is in the best interests of our Company and stockholders because the availability of an adequate number of shares reserved for issuance under the 2010 Plan is an important factor in attracting, motivating and retaining qualified individuals essential to our success.

Pursuant to the 2010 Plan, we may grant to eligible persons awards of incentive stock options (ISOs) within the meaning of Section 422(b) of the Internal Revenue Code of 1986, as amended (the Code), non-qualified stock options, restricted or unrestricted stock awards of our Common Stock, stock appreciation rights (SARs), restricted stock units, cash-based awards, performance share awards and dividend equivalent rights (together, Awards). Our Board of Directors believes that Awards are an integral part of the compensation packages to be offered to our executives, directors, employees and consultants and that the grant of Awards, which in most cases align the interests of the recipients with those of our stockholders, is an effective method to attract and retain employees in an industry characterized by a high level of employee mobility and aggressive recruiting of the services of a limited number of skilled personnel.

The following summary of certain features of the 2010 Plan is qualified in its entirety by reference to the full text of the 2010 Plan, which is filed as an exhibit to our Current Report on Form 8-K/A filed with the SEC on March 17, 2010. Attached to this Proxy Statement as Appendix A is the Instrument of Amendment to the 2010 Plan that would effect the amendment described in this Proposal No. 5. All capitalized terms used but not defined herein have the respective meanings ascribed to them in the 2010 Plan.

Nature and Purposes of the 2010 Plan

The purposes of the 2010 Plan are to facilitate fair, adequate and competitive compensation and to induce certain individuals to remain in the employ of, or to continue to serve as directors of, or as independent consultants to, our company and our present and future subsidiary corporations, as defined in section 424(f) of the Code, to attract new individuals to enter into such employment and service and to encourage such individuals to secure or increase on reasonable terms their stock ownership in the Company. Our Board of Directors believes that the granting of Awards under the 2010 Plan will promote continuity of management, increased incentive and personal interest in our welfare, and aid in securing our growth and financial success.

Duration and Modification

The 2010 Plan will terminate on March 5, 2020, ten years from its adoption by the Board of Directors. The Board of Directors may at any time terminate the 2010 Plan or make such modifications to the 2010 Plan as it may deem advisable, or amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action may adversely affect rights under any outstanding Award without the participant's consent. The Administrator of the 2010 Plan is specifically authorized to exercise its discretion to reduce the exercise price of outstanding stock options or SARs or effect the repricing of such Awards through cancellation and re-grants. To the extent required under NASDAQ Capital Market rules, to the extent determined by the Administrator to be required by the Code to ensure that ISOs granted under the 2010 Plan are qualified under Code Section 422, or to ensure that compensation earned under Awards qualifies as performance-based compensation under Code Section 162(m), 2010 Plan amendments shall be subject to stockholder approval. In accordance with NASDAQ Capital Market rules, an increase in the number of shares of Common Stock as to which Awards may be granted under the 2010 Plan requires stockholder approval.

Administration of the Plan

The 2010 Plan is administered by the Board of Directors or the Compensation Committee or a similar committee performing the functions of the Compensation Committee. The Administrator has the discretion to determine the participants under the 2010 Plan, the types, terms and conditions of the Awards, including performance and other earn out and/or vesting contingencies, permit transferability of Awards to immediate family members of a participant or a trust established for the benefit of such immediate family members, interpret the 2010 Plan's provisions and administer the 2010 Plan in a manner that it deems advisable.

Eligibility and Extent of Participation

The 2010 Plan provides for discretionary grants of Awards to all of our employees, non-employee directors and other key persons such as consultants and prospective employees, including those of any of our subsidiaries. As of September 30, 2012, we had 12 employees and three non-employee directors who would be eligible to participate in the 2010 Plan.

Shares Authorized for Issuance

At a special meeting on March 1, 2010, our stockholders approved the original adoption of the 2010 Plan, under which 2,500,000 shares were initially reserved for future issuance pursuant to Awards. On August 15, 2010, the number of shares issuable under the plan was increased to 4,500,000 shares by consent of a majority of our stockholders. On December 3, 2011, the number of shares issuable under the plan was increased to 5,700,000 shares by consent of a majority of our stockholders.

Stock Options

Under the 2010 Plan, the Administrator may grant Awards in the form of options to purchase shares of Common Stock. The exercise price per share of Stock subject to a stock option shall be determined by the Administrator and may not be less than the fair market value of the Stock at the time of grant. The exercise price for an ISO may not be less than 110% of the fair market value with respect to a participant who, at such time, owns stock representing more than 10% of the total combined voting power of the Common Stock.

No option granted pursuant to the 2010 Plan may be exercised more than 10 years after the date of grant, except that ISOs granted to participants who own more than 10% of the total combined voting power of the Common Stock at the time the ISO is granted may not be exercised more than five years after the date of grant.

Stock Awards Restricted or Unrestricted

The 2010 Plan permits the grant of stock awards, which grant the participant the right to receive shares of Common Stock in the future. Stock Awards may or may not contain transferability restrictions and vesting restrictions relating to the participant's continued service with the Company and/or the achievement of pre-established performance goals. Such restrictions, if any, will be determined by the Administrator and described in the Award Certificate.

Stock Appreciation Rights

The 2010 Plan also permits the grant of Awards of SARs, which are grants of the right to receive shares of Common Stock with an aggregate fair market value equal to the value of the SAR. The value of a SAR with respect to one share of Common Stock on any date is the excess of the fair market value of a share on such date over the fair value of the shares underlying of the SAR on the grant date.

Restricted Stock Units

The 2010 Plan provides for discretionary grants of restricted stock unit awards, which consist of the right to receive cash, common stock or a combination thereof at a date on or after meeting the vesting restrictions, which may include the participant's continued service with the Company and/or the achievement of pre-established performance goals. Such restrictions will be determined by the Administrator and described in the Award Certificate.

Cash-Based Awards

The Administrator may grant cash-based awards, which are awards entitling the recipient to receive a cash-denominated payment. Cash-based awards may contain vesting restrictions, which may include the participant's continued service with the Company and/or the achievement of pre-established performance goals. Such restrictions, if any, will be determined by the Administrator and described in the Award Certificate.

Performance Share Awards

The Administrator may also grant performance share awards independently or in connection with other Awards. The Administrator will establish performance objectives in an Award Certificate or in a separate performance plan and the participant will receive a certain number of shares of Common Stock based on the attainment of the performance objectives at the end of the performance period.

Performance-Based Awards

Awards may be granted under the 2010 Plan such that they qualify for the performance-based compensation exemption of Code Section 162(m). An employee or other key person providing services to the Company may receive a performance-based award upon the attainment of Performance Goals that are established by the Administrator and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Administrator. The Administrator must define in an objective fashion the manner of calculating the Performance Criteria it selects to use in accordance with the 2010 Plan. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. Subject to adjustments for stock splits and similar events, the maximum award granted to any one individual that is intended to qualify as performance-based compensation under Section 162(m) of the Code will not exceed 200,000 shares of Common Stock for any performance cycle. If a performance-based award is payable in cash, it cannot exceed \$500,000 for any performance cycle. In addition, options or stock appreciation rights with respect to no more than 400,000 shares may be granted to any one individual during any one calendar year period.

Dividend Equivalent Rights

Under the 2010 Plan, the Administrator is authorized to grant a dividend equivalent right to any participant either as a component of another Award or as a separate Award, conferring on participants the right to receive cash or shares of Common Stock equal in value to dividends paid on a specific number of shares or other periodic payments. The terms and conditions of the dividend equivalent right shall be specified in the Award Certificate. Dividend equivalents credited to the holder of a dividend equivalent right may be paid currently or may be deemed to be reinvested in additional shares. Any such reinvestment shall be at the fair market value at the time thereof. A dividend equivalent right may be settled in cash, shares, or a combination thereof.

Voting Rights

Participants will not have any interest or voting rights in shares covered by their Awards until the Awards shall have been exercised or restrictions shall have lapsed and a certificate for such shares shall have been issued. In the case of restricted stock Awards, a grantee shall have the rights of a stockholder with respect to the voting of the shares underlying the Award upon grant of the restricted stock Award and payment of any applicable purchase price, subject to any conditions contained in the Award Certificate.

Adjustment of Number of Shares

In the event of any corporate event or transaction involving the Company such as a merger, consolidation, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, exchange of shares or other similar change in capital structure or similar corporate event or transaction, the Administrator shall, to prevent dilution or enlargement of participants' rights under the 2010 Plan, make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the 2010 Plan, including the maximum number of shares that may be issued in the form of ISOs, (ii) the number of stock options or SARs that can be granted to any one individual grantee and the maximum number of shares that may be granted under a performance-based award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the 2010 Plan, (iv) the repurchase price, if any, per share subject to each outstanding restricted stock award, and (v) the exercise price for each share subject to any then-outstanding stock options and SARs under the 2010 Plan, without changing the aggregate exercise price as to which such stock options and SARs remain exercisable. The Administrator shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event.

Change in Control

Unless otherwise specified in an Award Certificate, upon the occurrence of a Sale Event, the 2010 Plan and all outstanding Awards shall terminate, unless provision is made in connection with the Sale Event by the parties thereto for the assumption or continuation of Awards by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as such parties shall agree.

In the event of termination upon a Sale Event, (i) the Company shall have the option (in its sole discretion) to make or provide for a cash payment to the grantees holding options and SARs in exchange for the cancellation thereof or (ii) each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding options and SARs held by such grantee. The Administrator shall also have the discretion to accelerate the vesting of all other Awards.

As used in the 2010 Plan, the term "Sale Event" means (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, or (iii) the sale of all of the Stock of the Company to an unrelated person or entity.

New Plan Benefits to Named Executive Officers and Others

If this Proposal No. 5 is approved, the following equity awards would be expected to be granted following approval:

Director Compensation. We expect to continue to make annual restricted stock awards valued at \$10,000 to each of our non-employee directors, which awards are in addition to cash director fees. The value of the common stock being delivered in satisfaction of this obligation is fixed based on the closing price of our common stock on the NASDAQ Capital Market on the date of grant of the award.

Because incentive awards granted under the 2010 Plan are generally discretionary, the table below sets forth information pertaining to stock options and shares of restricted stock that were granted in 2011 pursuant to the 2010 Plan to the persons or groups named below.

Name and Position	Total Number of Stock Options	Dollar Value of Stock Options (1)	Total Number of Shares of Restricted Stock	Dollar Value of Restricted Stock (1)
Donald B. Wingerter, Jr., <i>former Chief Executive Officer</i>				
Mark D. McGregor, <i>Chief Financial Officer</i>	100,000	\$ 205,522		
All current executive officers as a group	100,000	\$ 205,522		
All current non-employee directors as a group	425,000	\$ 973,212	13,635	\$ 30,000
All employees, including all current officers who are not executive officers, as a group	60,000	\$ 146,529		

(1) Market values for stock option awards were calculated using the Black-Scholes Method. A discussion of the assumptions used in calculating the Black-Scholes values may be found in Note 11 Common Stock Equity Incentive Plan of the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011. Market values for restricted stock awards were determined by multiplying the number of shares granted by the closing market price of our stock on the grant date in accordance with FASB ASC 718.

(2) Additional grants were made under the 2010 Plan during the current fiscal year. These grants are discussed below under Executive Compensation Summary Compensation Table for 2011, 2010 and 2009 and Executive Compensation Director Compensation for 2011.

Equity Compensation Plan Information

At a special meeting held on March 1, 2010, our stockholders approved the adoption of the 2010 Plan, under which 2,500,000 shares were initially reserved for future issuance under restricted stock awards, options, and other equity awards. On August 15, 2010, the number of shares issuable under the plan was increased to 4,500,000 shares by consent of a majority of our stockholders. On December 3, 2011, the number of shares issuable under the plan was increased to 5,700,000 shares by consent of a majority of our stockholders. The following table displays equity compensation plan information as of September 30, 2012:

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	4,480,731	\$ 2.12	214,149
Equity compensation plans not approved by security holders			
Total	4,480,731	\$ 2.12	214,149

Tax Aspects Under the Code

The following is a summary of the principal federal income tax consequences of certain transactions under the 2010 Plan. It does not describe all federal tax consequences under the 2010 Plan, nor does it describe state or local tax consequences.

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

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

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

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

Restricted Stock Awards. Restricted stock Awards are generally subject to ordinary income tax at the time the restrictions lapse. The Company will be entitled to a corresponding Federal income tax deduction at the time the participant recognizes ordinary income.

Stock Appreciation Rights. No income is realized by the participant at the time upon the grant of a SAR. When the participant receives the appreciation inherent in the SARs in stock, the spread between the then current market value and the Base Value will be taxed as ordinary income to the participant. The Company will be entitled to a Federal tax deduction equal to the amount of ordinary income the participant is required to recognize as the result of exercising the SAR.

Other Awards. The Company generally will be entitled to a tax deduction in connection with an award under the 2010 Plan in an amount equal to the ordinary income realized by the participant at the time the participant recognizes such income. Participants typically are subject to income tax and recognize such tax at the time that an award is exercised, vests or becomes non-forfeitable, unless the award provides for a further deferral.

Parachute Payments. The vesting of any portion of an option or other award that is accelerated due to the occurrence of a change in control (such as a sale event) may cause a portion of the payments with respect to such accelerated award