

INOVIO PHARMACEUTICALS, INC.

Form 424B5

March 07, 2013

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Filed pursuant to Rule 424(b)(5)
Registration Statement No. 333-176670

PROSPECTUS SUPPLEMENT

(to Prospectus dated September 2, 2011)

27,377,266 Shares of Common Stock

Warrants to Purchase 13,688,633 Shares of Common Stock

We are offering 27,377,266 units at a price of \$0.55 per unit, with each unit consisting of one share of common stock and a warrant to purchase 0.50 shares of common stock. Units will not be issued or certificated. The shares of common stock and warrants are immediately separable and will be issued separately. The shares of common stock, warrants and shares of common stock underlying the warrants are sometimes collectively referred to herein as the securities. The warrants will be exercisable on or after the date that is 180 days after the date of issuance and will terminate on the date that is 180 days after the fifth anniversary of the date the warrants are issued. For a more detailed description of our warrants, see the section entitled "Description of Warrants" beginning on page S-10 of this prospectus supplement, and for a more detailed description of our common stock, see the section entitled "Description of Capital Stock" beginning on page 8 of the accompanying prospectus.

Our common stock is listed on the NYSE MKT under the symbol INO. On March 5, 2013, the last reported sales price of our common stock on the NYSE MKT was \$0.69 per share. There is no established public trading market for the warrants and we do not expect a market to develop. In addition, we do not intend to apply for listing of the warrants on any national securities exchange or other nationally recognized trading system.

Investing in our securities involves a high degree of risk. Please read the information contained in and incorporated by reference under the heading Risk Factors beginning on page S-6 of this prospectus supplement, and under similar headings in the other documents that are filed after the date hereof and incorporated by reference into this prospectus supplement.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Unit	Total
Public offering price	\$ 0.55	\$ 15,057,496.30
Underwriting discounts and commissions	\$ 0.033	\$ 903,449.78
Proceeds, before expenses, to us	\$ 0.517	\$ 14,154,046.52

Delivery of the securities is expected to be made on or about March 12, 2013.

Sole Book-Running Manager

Cowen and Company

Co-Lead Manager

Brean Capital

March 7, 2013.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

A number of the statements we make or incorporate by reference in this prospectus supplement and the accompanying prospectus are not historical or current facts, but instead signify potential future circumstances and developments. We intend these statements as Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995. 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 are 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.

We urge you to review carefully and consider the various disclosures we make that attempt to advise interested parties of the factors that affect our business, including without limitation, the disclosures we make or incorporate by reference under the caption Risk Factors in this prospectus supplement.

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;

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

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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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the securities we are offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. This prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein include important information about us, our securities being offered and other information you should know before investing. You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and any related free writing prospectus that we authorized to be delivered to you, as well as the additional information described under the captions "Where You Can Find More Information" on page S-17 and "Incorporation of Documents by Reference" on page S-18 of this prospectus supplement before investing in our securities.

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 in any document incorporated by reference that was filed with the Securities and Exchange Commission (SEC) before 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 incorporated by reference in this prospectus supplement or 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 this prospectus supplement, the accompanying prospectus, any related free writing prospectus that we authorized to be distributed to you and the documents incorporated by reference herein and therein. We have not, and the underwriters have not, authorized anyone to provide you with 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. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and any related free writing prospectus that we have authorized to be delivered to you is accurate only as of their respective dates, regardless of the time of delivery of such documents or of any sale of securities. Our business, financial condition, results of operations and prospects may have changed since those dates. You should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the securities in any jurisdiction in which such an offer or solicitation relating to the securities is not authorized. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus outside the United States. Furthermore, you should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the securities if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.

Information contained on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus supplement. Because it is only a summary, it does not contain all of the information that may be important to you or that you should consider before making an investment in our units. You should carefully read the entire prospectus supplement and the accompanying prospectus, including the information contained under the caption "Risk Factors" and elsewhere in our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, the information under "Risk Factors" beginning on page S-6 of this prospectus supplement and other information that we file from time to time with the SEC as well as the financial statements and related notes and the other information incorporated by reference herein, before making an investment decision. See "Where You Can Find More Information" and "Incorporation of Certain Documents By Reference" in this prospectus supplement. This prospectus supplement may add to, update or change information in the accompanying prospectus.

Unless the context otherwise requires, all references in this prospectus to "Inovio," "we," "us," "our," "the Company" or similar words refer to Inovio Pharmaceuticals, Inc., together with our consolidated subsidiaries.

Our Company

We are engaged in the discovery and development of a new generation of vaccines and immune therapies, called synthetic vaccines, focused on cancers and infectious diseases. Our DNA-based SynCon® technology is designed to provide universal protection against known as well as new unmatched strains of pathogens such as influenza. These synthetic vaccines, in combination with our proprietary electroporation delivery, have been shown in humans to generate best-in-class immune responses with a favorable safety profile. Our preclinical development and clinical programs include cervical dysplasia/cancer (therapeutic), influenza (preventive), prostate cancer (therapeutic), leukemia (therapeutic), hepatitis C virus, hepatitis B virus, HIV, and malaria vaccines. Our partners and collaborators include University of Pennsylvania, Drexel University, National Microbiology Laboratory of the Public Health Agency of Canada, Program for Appropriate Technology in Health/Malaria Vaccine Initiative (PATH or MVI), National Institute of Allergy and Infectious Diseases (NIAID), Merck, ChronTech, University of Southampton, United States Military HIV Research Program (USMHRP), U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID), HIV Vaccines Trial Network (HVTN) and Department of Homeland Security (DHS).

All of our potential human products are in research and development phases. We have not generated any revenues from the sale of any such products, and we do not expect to generate any such revenues for at least the next several years. We earn revenue from license fees and milestone revenue, collaborative research and development agreements, grants and government contracts. Our product candidates will require significant additional research and development efforts, including extensive preclinical and clinical testing. All product candidates that we advance to clinical testing will require regulatory approval prior to commercial use, and will require significant costs for commercialization. We may not be successful in our research and development efforts, and we may never generate sufficient product revenue to be profitable.

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The Offering

Common stock offered by us in this prospectus supplement	27,377,266 shares, plus 13,688,633 shares of common stock underlying the warrants offered hereby
Common stock to be outstanding immediately after this offering assuming the sale of all shares in this offering	179,921,237 shares, based upon 152,543,971 shares of common stock outstanding as of February 28, 2013.
Price per unit	\$0.55
Warrants offered by us	We are offering warrants to purchase up to 13,688,633 shares of our common stock in this offering. Each warrant may be exercised at any time commencing on the date that is 180 days after the date of issuance until the date that is 180 days after the fifth anniversary of the issuance of the warrants at an exercise price of \$0.7936 per share of common stock.
Use of proceeds	We intend to use the net proceeds received from the sale of the securities (including any resulting from the exercise of the warrants) 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. See Use of Proceeds on page S-7.
Market for our common stock and warrants	Our common stock is traded on NYSE MKT under the symbol INO. However, there is no established public trading market for the offered warrants, and we do not expect a market to develop. In addition, we do not intend to apply to list the warrants on any securities exchange. The warrants are immediately separable from the shares of common stock we are offering as part of the units.
Risk factors	Before buying any shares you should read the discussion of risks related to an investment in our common stock and warrants to purchase our common stock, see Risk Factors beginning on page S-6 of this prospectus supplement and page 1 of the accompany prospectus, as well as the risks discussed under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, as revised or supplemented by our quarterly reports on Form 10-Q, as subsequently filed with the SEC, each of which is incorporated by reference in this prospectus supplement.
Recent developments	Our total cash, cash equivalents and short-term investments on hand as of February 28, 2013 was \$16.9 million. Also, enrollment is continuing in our Phase II cervical dysplasia clinical study, and we expect to release unblinded efficacy data in the first quarter of 2014.

NYSE MKT symbol for common stock

INO

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Unless otherwise indicated, this prospectus supplement reflects and assumes that none of the warrants issued hereunder will be exercised. The number of shares of common stock that will be outstanding immediately after this offering as shown above is based on 137,055,380 shares common stock outstanding as of September 30, 2012. The number of shares of common stock outstanding as of September 30, 2012, as used throughout this prospectus supplement, unless otherwise indicated, excludes:

16,538,985 shares subject to outstanding options as of September 30, 2012, having a weighted average exercise price of \$1.28 per share;

21,593,844 shares of our common stock issuable upon exercise of outstanding warrants as of September 30, 2012, having a weighted average exercise price of \$1.16 per share;

38,233 shares of our common stock issuable upon conversion of outstanding preferred stock as of September 30, 2012, having a conversion price of \$6.80 per share.

SUPPLEMENTARY FINANCIAL INFORMATION

The following table sets forth certain of our historical selected financial information. Effective January 1, 2012, we adopted the Financial Accounting Standards Board's Accounting Standards Update, or ASU, No. 2011-05, Comprehensive Income (Topic 220): *Presentation of Comprehensive Income*, as amended by ASU 2011-12, Comprehensive Income (Topic 220): *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*. These updates revise the manner in which entities present comprehensive income (loss) in their financial statements. The following consolidated statements of comprehensive loss data revises historical information to illustrate the new presentation required by this pronouncement for the periods presented. We have derived our consolidated statements of comprehensive loss data for the fiscal years ended December 31, 2011, 2010 and 2009 from our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and incorporated by reference in this prospectus supplement.

	For the Years ended December 31,		
	2011	2010	2009
Net loss	\$ (15,304,095)	\$ (17,638,746)	\$ (24,458,924)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(3,263)	(102,946)	99,637
Unrealized gain on short-term investments	35,806		
Comprehensive loss	\$ (15,271,552)	\$ (17,741,692)	\$ (24,359,287)

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RISK FACTORS

*An investment in our common stock is subject to numerous risks as discussed more fully below and under the caption **Risk Factors** in the accompanying prospectus, our most recent Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, which we incorporate by reference herein, and other information that we file from time to time with the SEC after the date of this prospectus supplement and which we incorporate by reference herein. Any of these risks could adversely affect our financial condition and results of operations or our ability to execute our business strategy. You should read and consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in our common stock. The risks and uncertainties we have described are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also affect our business operations. If any of these risks actually occur, our business, financial condition and results of operations would suffer. In that case, the trading price of our common stock would likely decline and you might lose all or part of your investment in our common stock. See **Incorporation of Certain Documents By Reference**.*

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.

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 September 30, 2012, investors purchasing common stock in this offering will incur immediate dilution of \$0.38 per share of common stock purchased, based on the offering price of \$0.55 per share, without giving effect to the potential exercise of the warrants offered by this prospectus supplement. 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-8 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.

There is no public market for the warrants to purchase common stock in this offering.

There is no established public trading market for the warrants being sold in this offering, and we do not expect a market to develop. In addition, we do not intend to apply to list the warrants on any securities exchange. Without an active market, the liquidity of the warrants will be limited.

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately \$14.0 million, after commissions and estimated expenses payable by us, assuming that an aggregate of \$15.1 million of common stock is sold pursuant to this offering. We intend to use the net proceeds from the sale of the securities under this prospectus supplement 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.

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.

DETERMINATION OF OFFERING PRICE

We determined the offering price of the units being offered by this prospectus supplement principally by negotiations between us and the underwriters and our consideration of the closing prices (including high, low and average prices) and trading volumes of our common stock on the NYSE MKT preceding the date we determined the offering price. No independent appraisal or valuation was obtained to determine the offering price.

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Our net tangible book value as of September 30, 2012 was approximately \$13.2 million, or approximately \$0.10 per share of common stock. Net tangible book value per share is equal to our total tangible assets minus total liabilities, divided by the number of shares of common stock outstanding as of September 30, 2012. After giving effect to the sale by us of 27,377,266 units consisting of shares of common stock and warrants to purchase 0.50 shares of common stock at an offering price of \$0.55 per unit (and excluding shares of common stock issued and any proceeds received upon exercise of the warrants or any resulting accounting associated with the warrants), after deducting the underwriters' fees and estimated expenses of this offering, our as adjusted net tangible book value would have been approximately \$27.2 million, or \$0.17 per share of common stock. Assuming the completion of the offering, this represents an immediate increase in net tangible book value of \$0.07 per share to our existing stockholders and an immediate dilution of \$0.38 per share to anyone who purchases our common stock and warrants in this offering. The following table illustrates this calculation on a per share basis:

Public offering price per unit		\$ 0.55
Net tangible book value per share as of September 30, 2012	\$ 0.10	
Increase per share attributable to this offering	\$ 0.07	
Adjusted net tangible book value per share as of September 30, 2012 after giving effect to this offering		\$ 0.17
Dilution per share to new investors		\$ 0.38

The foregoing table is based on 137,055,380 shares of common stock outstanding as of September 30, 2012, which does not take into effect further dilution to new investors that could occur upon the exercise of outstanding options having a per share exercise price less than the offering price.

In addition, the calculations in the foregoing table do not take into account any of the following:

16,538,985 shares subject to outstanding options as of September 30, 2012, having a weighted average exercise price of \$1.28 per share;

21,593,844 shares of our common stock issuable upon exercise of outstanding warrants as of September 30, 2012, having a weighted average exercise price of \$1.16 per share;

38,233 shares of our common stock issuable upon conversion of outstanding preferred stock as of September 30, 2012, having a conversion price of \$6.80 per share.

To the extent that any of our outstanding options or warrants are exercised, we grant additional options under our stock option plans or issue additional warrants, or we issue additional shares of common stock in the future, there may be further dilution to new investors.

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DESCRIPTION OF CAPITAL STOCK

The following information supplements the discussion set forth in the accompanying prospectus under the heading Description of Capital Stock.

A summary of some of the important terms of our common stock is set forth beginning on page 8 of the accompanying prospectus under the heading Description of Capital Stock. You should refer to our certificate of incorporation, as amended, and our by-laws, as amended, for the actual terms of our capital stock. Copies of our current charter and bylaws may be obtained as described under the heading Where You Can Find More Information in this prospectus supplement.

As of September 30, 2012, 137,055,380 shares of common stock and 26 shares of preferred stock were issued and outstanding.

Computershare Investor Services Inc. is the transfer agent and registrar for the common stock.

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DESCRIPTION OF WARRANTS

The material terms and provisions of the warrants being offered pursuant to this prospectus supplement are summarized below. The form of warrant will be provided to each purchaser in this offering and will be filed as an exhibit to a Current Report on Form 8-K with the SEC in connection with this offering.

The purchaser of units will receive, for each unit purchased, one share of our common stock and 0.50 of a warrant representing the right to purchase one share of common stock at an exercise price of \$.07936 per share of common stock. The warrants are exercisable on or after the date that is 180 days after the date of issuance and will terminate on the date that is 180 days after the fifth anniversary of the date the warrants are issued. The exercise price is subject to appropriate adjustment in the event of stock dividends, stock splits, reorganizations or similar events affecting our common stock and the exercise price and number of warrants held by a purchaser (or such purchaser's direct or indirect transferee) are subject to appropriate adjustment in the event of cash dividends or other distributions to holders of shares of our common stock.

There is no established public trading market for the warrants, and we do not expect a market to develop. We do not intend to apply to list the warrants on any securities exchange. Without an active market, the liquidity of the warrants will be limited. In addition, in the event our common stock price does not exceed the per share exercise price of the warrants during the period when the warrants are exercisable, the warrants will not have any value.

Holder of the warrants may exercise their warrants to purchase shares of our common stock on or before the termination date by delivering an exercise notice, appropriately completed and duly signed, and payment of the exercise price for the number of shares for which the warrant is being exercised. In the event that the registration statement relating to the warrant shares is not effective and another exemption from registration is not available, a holder of warrants will have the right, in its sole discretion, to exercise its warrants for a net number of warrant shares pursuant to the cashless exercise procedures specified in the warrants. Warrants may be exercised in whole or in part, and any portion of a warrant not exercised prior to the termination date shall be and become void and of no value. The absence of an effective registration statement or applicable exemption from registration does not alleviate our obligation to deliver common stock issuable upon exercise of a warrant.

Upon the holder's exercise of a warrant, we will issue the shares of common stock issuable upon exercise of the warrant within three trading days of our receipt of notice of exercise and payment of the aggregate exercise price, subject to surrender of the warrant.

The shares of common stock issuable on exercise of the warrants will be, when issued in accordance with the warrants, duly and validly authorized, issued and fully paid and non-assessable. We will authorize and reserve at least that number of shares of common stock equal to the number of shares of common stock issuable upon exercise of all outstanding warrants.

If, at any time the warrant is outstanding, we consummate any fundamental transaction, as described in the warrants and generally including any consolidation or merger into another corporation, the consummation of a transaction whereby another entity acquires more than 50% of our outstanding common stock, or the sale of all or substantially all of our assets, or other transaction in which our common stock is converted into or exchanged for other securities or other consideration, the holder of any warrants will thereafter receive, upon exercise of the warrants, the securities or other consideration to which a holder of the number of shares of common stock then deliverable upon the exercise or conversion of such warrants would have been entitled upon such consolidation or merger or other transaction. However, if the successor entity does not have stock that is publicly traded on a national securities exchange, each holder of a warrant will have the option, exercisable at any time concurrently or within 30 days after consummation of the fundamental transaction, to cause us or the successor corporation to purchase the warrant by paying to the holder an amount of cash equal to the Black-Scholes value of the remaining unexercised portion of the warrant on the date of the consummation of the fundamental transaction.

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The exercisability of the warrants is prohibited if, upon exercise, the holder (together with the holder's affiliates and any other persons or entities acting together with the holder as a group) would hold more than 9.99% of our total common stock issued and outstanding. The absence of an effective registration statement relating to the common stock issuable upon exercise of the warrant will not provide the holder with the right to net-settle the warrant in cash.

Amendments and waivers of the terms of the warrants require the written consent of the holder of the warrants.

THE HOLDER OF A WARRANT WILL NOT POSSESS ANY RIGHTS AS A STOCKHOLDER UNDER THAT WARRANT UNTIL THE HOLDER EXERCISES THE WARRANT. THE WARRANTS MAY BE TRANSFERRED INDEPENDENT OF THE COMMON STOCK WITH WHICH THEY WERE ISSUED, SUBJECT TO APPLICABLE LAWS.

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We have entered into an underwriting agreement with Cowen and Company, LLC, acting as representatives of the several underwriters, with respect to the securities in this offering. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters named below, and each underwriter severally has agreed to purchase, the respective number of units set forth opposite its name below:

Underwriter	Number of Units
Cowen and Company, LLC	19,164,087
Brean Capital, LLC	5,475,453
Maxim Group LLC	2,737,726
Total	27,377,266

The underwriters are offering the units subject to their acceptance of the units from us and subject to prior sale. The underwriting agreement provides that the obligation of the underwriters to purchase the units offered hereby is subject to certain conditions and that the underwriters are obligated to purchase all of the units offered hereby if they purchase any of the units.

The underwriters initially propose to offer to the public the units purchased pursuant to the underwriting agreement at the public offering price on the cover page of this prospectus and to selected dealers at such price less a concession of not more than \$0.0198 per unit. After the securities are released for sale to the public, the underwriters may change the offering price and other selling terms at various times.

The underwriters will purchase the securities from us. The total price per unit to the public will be \$0.55, the total underwriters' discounts and commissions will be \$0.033 per unit and the total proceeds to us will be \$14,154,046.52.

The following table summarizes the compensation we will pay and proceeds, before expenses, to us:

	Per Unit	Total
Public offering price	\$ 0.55	\$ 15,057,496.30
Underwriting discounts and commissions	\$ 0.033	\$ 903,449.78
Proceeds, before expenses, to us	\$ 0.517	\$ 14,154,046.52

We also have agreed to provide the underwriters with a expense reimbursement of up to \$100,000.

The expenses of this offering payable by us, not including underwriting discounts and commissions, are estimated to be approximately \$200,000, which includes legal, accounting and printing costs.

Pursuant to the underwriting agreement, we have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriters or such other indemnified parties may be required to make in respect of any such liabilities.

The underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover of this prospectus supplement. If all of the shares are not sold at the public offering price, the underwriters may change the offering price and other selling terms.

Discretionary Accounts. The underwriters do not intend to confirm sales of the shares to any accounts over which the underwriters have discretionary authority.

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Stabilization. In connection with this offering, the underwriters may engage in stabilizing transactions, syndicate covering transactions, and purchases to cover positions created by short sales.

Stabilizing transactions permit bids to purchase shares of common stock so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.

Syndicate covering transactions involve purchases of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. If the underwriters have a naked short position, the position would be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the shares in the open market that could adversely affect investors who purchase in the offering.

These stabilizing transactions and syndicate covering transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on the NYSE MKT, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making. In connection with this offering, the underwriters may engage in passive market making transactions in our common stock on the NYSE MKT in accordance with Rule 103 of Regulation M under the Securities Exchange Act of 1934, as amended, during a period before the commencement of offers or sales of common stock and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded.

Lock-up Agreements. We and all of our directors and executive officers have agreed that, subject to certain exceptions, without the prior written consent of Cowen and Company, LLC, we and they will not, (i) during the period ending 90 days, subject to an 18-day extension under certain circumstances (subject to clause (ii) below), following the date of this prospectus, offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic consequence of ownership of, directly or indirectly, or make any demand or request or exercise any right with respect to the registration of, or file with the SEC a registration statement under the Securities Act relating to, any common stock or securities convertible into or exchangeable or exercisable for any common stock, or (ii) during the period ending 30 days following the date of this prospectus, directly or indirectly offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, any shares of Common Stock pursuant to that certain Sales Agreement dated as of June 1, 2012 between us and Cowen and Company, LLC (the "ATM Agreement").

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. The exceptions permit us, among other things and subject to restrictions, to: (a) issue common stock or options pursuant to employee benefit plans, (b) issue common stock upon exercise of outstanding options or warrants or (c) file registration statements on Form S-8. The exceptions permit parties to the lock-up agreements, among other things and subject to restrictions, to: (a) make certain gifts, (b) if the party is a corporation, partnership, limited liability company or other business entity, make transfers to any shareholders, partners, members of, or owners of similar equity interests in, the party, or to an affiliate of the party, if such transfer is not for value, and (c) if the party is a corporation, partnership, limited liability company or other business entity, make transfers in

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connection with the sale or transfer of all of the party's capital stock, partnership interests, membership interests or other similar equity interests, as the case may be, or all or substantially all of the party's assets, in any such case not undertaken for the purpose of avoiding the restrictions imposed by the lock-up agreement. In addition, the lock-up provision will not restrict broker-dealers from engaging in market making and similar activities conducted in the ordinary course of their business.

Cowen and Company, LLC, in its sole discretion, may release our common stock and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release our common stock and other securities from lock-up agreements, Cowen and Company, LLC will consider, among other factors, the holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time of the request.

United Kingdom. The underwriters have represented and agreed that:

the underwriters have not made or will not make an offer of the securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) (FSMA) except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority (FSA);

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and

it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Singapore. This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments, and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within 6 months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; or (4) as specified in Section 276(7) of the SFA.

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South Korea. The securities may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to the applicable laws and regulations of South Korea, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The securities have not been registered with the Financial Services Commission of South Korea for public offering in South Korea. Furthermore, the securities may not be re-sold to South Korean residents unless the purchaser of the shares complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with their purchase.

Switzerland. The securities will not be offered, directly or indirectly, to the public in Switzerland and this prospectus does not constitute a public offering prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations.

European Economic Area. In relation to each Member State of the European Economic Area (Iceland, Norway and Lichtenstein in addition to the member states of the European Union) that has implemented the Prospectus Directive (each, a Relevant Member State), the underwriters have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of the securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the securities to the public in that Relevant Member State at any time:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or

in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any securities under, the offer contemplated in this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

in the case of any securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (1) the securities acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the underwriter has been given to the offer or resale; or (2) where securities have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those securities to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of the provisions in the two immediately preceding paragraphs, the expression an offer of the securities to the public in relation to the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered

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so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Electronic Offer, Sale and Distribution of Shares. A prospectus in electronic format may be made available on the websites maintained by certain of the underwriters and the underwriters may distribute prospectuses electronically. Internet distributions will be allocated by the underwriters. Other than the prospectus in electronic format, the information on these websites is not part of this prospectus supplement, the accompanying prospectus or the registration statement of which the accompanying prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Other Relationships. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us and/or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Other