

Sorrento Therapeutics, Inc.
Form DEF 14A
May 13, 2016
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SCHEDULE 14A INFORMATION

(Rule 14a-101)

**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 under § 240.14a-12

Sorrento Therapeutics, Inc.

(Name of Registrant as Specified in Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

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.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

- (4) Date Filed:

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9380 Judicial Drive

San Diego, California 92121

**NOTICE OF 2016 ANNUAL MEETING OF
STOCKHOLDERS AND PROXY STATEMENT**

Dear Stockholder:

On behalf of our Board of Directors, I cordially invite you to attend the annual meeting of stockholders of Sorrento Therapeutics, Inc. (the Company) to be held at Cooley LLP located at 4401 Eastgate Mall, San Diego, California 92121 on June 30, 2016 at 12:00 p.m. local time, for the following purposes:

1. To elect six (6) directors for a one-year term to expire at the 2017 annual meeting of stockholders;
2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. To consider and act upon a proposal to approve an amendment to the Company's Amended and Restated 2009 Stock Incentive Plan, as amended (the 2009 Plan), to increase the number of shares issuable thereunder to 6,260,000 shares from 3,760,000 shares; and
4. To transact such other matters as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Our board of directors has fixed June 7, 2016 as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting and at any adjournment or postponement of the meeting.

If You Plan to Attend

Please note that space limitations make it necessary to limit attendance of the Annual Meeting to our stockholders. Registration and seating will begin at 11:00 a.m. Shares of common stock can be voted at the Annual Meeting only if the holder thereof is present in person or by valid proxy.

For admission to the Annual Meeting, each stockholder may be asked to present valid picture identification, such as a driver's license or passport, and proof of stock ownership as of the record date, such as the enclosed proxy card or a brokerage statement reflecting stock ownership. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. If you do not plan on attending the Annual Meeting, please vote, date and sign the enclosed proxy and return it in the business envelope provided. Even if you do plan to attend the Annual Meeting, we recommend that you vote your shares at your earliest convenience in order to ensure your representation at the Annual Meeting. Your vote is very important.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on Thursday, June 30, 2016 at 12:00 p.m. at Cooley LLP, 4401 Eastgate Mall, San Diego, California 92121.

The proxy statement and annual report to stockholders are available at <http://www.pstvote.com/sorrento2016>.

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By the Order of the Board of Directors

/s/ Henry Ji
Henry Ji, Ph.D.

*Chief Executive Officer and President and
Director*

Dated: May 17, 2016

Whether or not you expect to attend the Annual Meeting in person, we urge you to vote your shares at your earliest convenience. This will ensure the presence of a quorum at the Annual Meeting. Promptly voting your shares will save the Company the expenses and extra work of additional solicitation. An addressed envelope for which no postage is required if mailed in the United States is enclosed if you wish to vote by mail. Submitting your proxy now will not prevent you from voting your shares at the Annual Meeting if you desire to do so, as your proxy is revocable at your option. Your vote is important, so please act today!

If you have questions or need assistance voting your shares please contact:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022

Stockholders in the U.S. and Canada please call toll-free: (888) 750-5834

Stockholders in other locations please call: + (412) 232-3651

Banks and Brokers may call collect: (212) 750-5833

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9380 Judicial Drive

San Diego, California 92121

PROXY STATEMENT FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 30, 2016

The Board of Directors (the **Board**) of Sorrento Therapeutics, Inc. (**Sorrento** or the **Company**) is soliciting your proxy to vote at the Annual Meeting of Stockholders (the **Annual Meeting**) to be held at Cooley LLP, located at 4401 Eastgate Mall, San Diego, California 92121, on Thursday, June 30, 2016, at 12:00 p.m. Pacific Daylight Time, including at any adjournments or postponements of the Annual Meeting. You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card if you received paper copies of the proxy materials, or follow the instructions below to submit your proxy over the Internet.

We intend to mail this proxy statement and the accompanying proxy card on or about May 16, 2016 to all stockholders of record entitled to vote at the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

How do I attend the Annual Meeting?

The Annual Meeting will be held on Thursday, June 30, 2016, at 12:00 p.m. Pacific Daylight Time at Cooley LLP, located at 4401 Eastgate Mall, San Diego, California 92121. Information on how to vote in person at the Annual Meeting is discussed below.

Who is Entitled to Vote?

The Board has fixed the close of business on June 7, 2016 as the record date (the **Record Date**) for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. As of May 12, 2016, there were 40,213,733 shares of common stock outstanding. Each share of common stock represents one vote that may be voted on each proposal that may come before the Annual Meeting.

What is the Difference Between Holding Shares as a Record Holder and as a Beneficial Owner (Holding Shares in Street Name)?

If your shares are registered in your name with our transfer agent, Philadelphia Stock Transfer, Inc., you are the **record holder** of those shares. If you are a record holder, these proxy materials have been provided directly to you by the Company.

If your shares are held in a stock brokerage account, a bank or other holder of record, you are considered the **beneficial owner** of those shares held in **street name**. If your shares are held in street name, these proxy materials have been forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to instruct this organization on how to vote your shares.

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Who May Attend the Annual Meeting?

Only record holders and beneficial owners of our common stock, or their duly authorized proxies, may attend the Annual Meeting. If your shares of common stock are held in street name, you will need to bring a copy of a brokerage statement or other documentation reflecting your stock ownership as of the Record Date.

What am I Voting on?

There are three matters scheduled for a vote:

1. To elect six (6) directors for a one-year term to expire at the 2017 annual meeting of stockholders.
2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
3. To consider and act upon a proposal to approve an amendment to the 2009 Plan, to increase the number of shares issuable thereunder to 6,260,000 shares from 3,760,000 shares.

What if another matter is properly brought before the Annual Meeting?

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How Do I Vote?

Stockholders of Record

For your convenience, record holders of our common stock have three methods of voting:

1. *Vote by Internet.* The website address for Internet voting is on your vote instruction form.
2. *Vote by mail.* Mark, date, sign and promptly mail the enclosed proxy card (a postage-paid envelope is provided for mailing in the United States).
3. *Vote in person.* Attend and vote at the Annual Meeting.

Beneficial Owners of Shares Held in Street Name

For your convenience, beneficial owners of our common stock have three methods of voting:

1. *Vote by Internet.* The website address for Internet voting is on your vote instruction form.
2. *Vote by mail.* Mark, date, sign and promptly mail your vote instruction form (a postage-paid envelope is provided for mailing in the United States).

3. *Vote in person.* Obtain a valid legal proxy from the organization that holds your shares and attend and vote at the Annual Meeting.

If you vote by Internet, please DO NOT mail your proxy card.

All shares entitled to vote and represented by a properly completed and executed proxy received before the Annual Meeting and not revoked will be voted at the Annual Meeting as instructed in a proxy delivered before the Annual Meeting. If you do not indicate how your shares should be voted on a matter, the shares represented by your properly completed and executed proxy will be voted as the Board recommends on each of the enumerated proposals, with regard to any other matters that may be properly presented at the Annual Meeting and on all matters incident to the conduct of the Annual Meeting. If you are a registered stockholder and attend

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the Annual Meeting, you may deliver your completed proxy card in person. If you are a street name stockholder and wish to vote at the Annual Meeting, you will need to obtain a proxy form from the institution that holds your shares. All votes will be tabulated by the inspector of elections appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

We provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

How Many Votes do I Have?

On each matter to be voted upon, you have one vote for each share of common stock you own as of the close of business on the Record Date.

Is My Vote Confidential?

Yes, your vote is confidential. Only the inspector of elections, individuals who help with processing and counting your votes and persons who need access for legal reasons will have access to your vote. This information will not be disclosed, except as required by law.

What Constitutes a Quorum?

To carry on business at the Annual Meeting, we must have a quorum. A quorum is present when the holders of a majority of the voting power of all shares entitled to vote, as of the Record Date, are represented in person or by proxy. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. Shares owned by us are not considered outstanding or considered to be present at the Annual Meeting. If there is not a quorum at the Annual Meeting, either the chairperson of the Annual Meeting or our stockholders entitled to vote at the Annual Meeting may adjourn the Annual Meeting.

How Will my Shares be Voted if I Give No Specific Instruction?

We must vote your shares as you have instructed. If there is a matter on which a stockholder of record has given no specific instruction but has authorized us generally to vote the shares, they will be voted as follows:

1. For the election of each of the six (6) members to our Board;
2. For the ratification of the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2016; and
3. For an amendment to the 2009 Plan, to increase the number of shares issuable thereunder to 6,260,000 shares from 3,760,000 shares.

This authorization would exist, for example, if a stockholder of record merely signs, dates and returns the proxy card but does not indicate how its shares are to be voted on one or more proposals. If other matters properly come before

the Annual Meeting and you do not provide specific voting instructions, your shares will be voted at the discretion of the proxies.

If your shares are held in street name, see [What is a Broker Non-Vote?](#) below regarding the ability of banks, brokers and other such holders of record to vote the uninstructed shares of their customers or other beneficial owners in their discretion.

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How are Votes Counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count, for the election of directors, For, Withhold and broker non-votes; and, with respect to the other proposals, votes For and Against, abstentions and broker non-votes. Broker non-votes will not be included in the tabulation of the voting results of any of the proposals and, therefore, will have no effect on such proposals.

What is a Broker Non-Vote?

If your shares are held in street name, you must instruct the organization who holds your shares how to vote your shares. If you sign your proxy card but do not provide instructions on how your broker should vote on routine proposals (discussed in the next question), your broker will vote your shares as recommended by the Board. If you do not provide voting instructions, your shares will not be voted on any non-routine proposals. This vote is called a broker non-vote. Because broker non-votes are not considered under Delaware law to be entitled to vote at the Annual Meeting, broker non-votes will not be included in the tabulation of the voting results of any of the proposals and, therefore, will have no effect on these proposals.

Brokers cannot use discretionary authority to vote shares on the election of directors if they have not received instructions from their clients. Please submit your vote instruction form so your vote is counted.

Which Proposals are Considered Routine or Non-Routine ?

Proposal 2, the ratification of the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2016, is considered a routine proposal. All of the other proposals to be voted upon at the Annual Meeting are considered non-routine, and if you do not provide voting instructions, your shares will be treated as broker non-votes and, therefore, will have no effect on such proposals.

What is an Abstention?

An abstention is a stockholder's affirmative choice to decline to vote on a proposal. Under Delaware law, abstentions are counted as shares present and entitled to vote at the Annual Meeting. Our Bylaws provide that an action of our stockholders (other than the election of directors) is approved if a majority of the votes cast are in favor of such action. Therefore, abstentions will have the same effect as a vote against Proposal 2, the ratification of the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for our fiscal year ending December 31, 2016 and against Proposal 3, the approval of an amendment to the 2009 Plan, to increase the number of shares issuable thereunder to 6,260,000 shares from 3,760,000 shares.

How Many Votes are Needed for Each Proposal to Pass?

Proposal	Vote Required	Broker Discretionary Vote Allowed
Election of each of the six (6) members to our Board	Plurality of the votes cast (the six directors receiving the most For votes)	No
	A majority of the votes cast	Yes

Ratification of the Appointment of Mayer
Hoffman McCann P.C. as our Independent
Registered Public Accounting Firm for our Fiscal
Year Ending December 31, 2016

Approval of an amendment to the 2009 Plan, to
increase the number of shares issuable thereunder
to 6,260,000 shares from 3,760,000 shares

A majority of the votes cast

No

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What Are the Voting Procedures?

In voting by proxy with regard to the election of directors, you may vote in favor of all nominees, withhold your votes as to all nominees, or withhold your votes as to specific nominees. With regard to other proposals, you may vote in favor of or against the proposal, or you may abstain from voting on the proposal. You should specify your respective choices on the accompanying proxy card or your vote instruction form.

Is My Proxy Revocable?

You may revoke your proxy and reclaim your right to vote at any time before your proxy is voted by giving written notice to the Secretary of Sorrento, by delivering a properly completed, later-dated proxy card or vote instruction form or by voting in person at the Annual Meeting. All written notices of revocation and other communications with respect to revocations of proxies should be addressed to: Sorrento Therapeutics, Inc., 9380 Judicial Drive, San Diego, California 92121, Attention: Secretary, or by facsimile at (858) 210-3759. Your most current proxy card or Internet proxy is the one that will be counted.

Who is Paying for this Proxy Solicitation?

The entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this proxy statement, the proxy card and any additional soliciting materials furnished to stockholders, will be borne by us. Copies of solicitation material will be furnished to banks, brokerage houses, dealers, voting trustees, their respective nominees and other agents holding shares in their names, which are beneficially owned by others, so that they may forward such solicitation material, together with our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 to beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding these materials to the beneficial owners.

We have engaged Innisfree M&A Incorporated, or Innisfree, to solicit proxies from stockholders in connection with the 2016 Annual Meeting. We will pay Innisfree a fee of approximately \$25,000, an agreed upon fee per call made or received from certain retail investors plus reasonable out-of-pocket fees and expenses for soliciting proxies. In addition, Innisfree and certain related persons will be indemnified against certain liabilities arising out of or in connection with the engagement.

Do I Have Dissenters' Rights of Appraisal?

Our stockholders do not have appraisal rights under Delaware law or under our governing documents with respect to the matters to be voted upon at the Annual Meeting.

How can I Find out the Results of the Voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be disclosed in a Current Report on Form 8-K that we expect to file with the Securities and Exchange Commission (the "SEC") within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K with the SEC within four business days after the Annual Meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

When are Stockholder Proposals Due for the 2017 Annual Meeting?

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Any appropriate proposal submitted by a stockholder and intended to be presented at the 2017 Annual Meeting of Stockholders (the 2017 Annual Meeting) must be submitted in writing to the Company s Secretary at 9380 Judicial Drive, San Diego, California 92121, and received no later than January 17, 2017, to be includable in the Company s proxy statement and related proxy for the 2017 Annual Meeting. However, if the

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date of the 2017 Annual Meeting is convened more than 30 days before, or delayed by more than 30 days after, June 30, 2017, to be considered for inclusion in proxy materials for the 2017 Annual Meeting, a stockholder proposal must be submitted in writing to the Company's Secretary at 9380 Judicial Drive, San Diego, California 92121. A stockholder proposal will need to comply with the SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Although the Board will consider stockholder proposals, we reserve the right to omit from our proxy statement, or to vote against, stockholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8.

If you wish to submit a proposal that is not to be included in the proxy materials for the 2017 Annual Meeting, your proposal must be submitted in writing to the Company's Secretary at 9380 Judicial Drive, San Diego, California 92121 by April 2, 2017 and no earlier than March 3, 2017. However, if the date of the 2017 Annual Meeting is convened more than 30 days before, or delayed by more than 30 days after June 30, 2017, to be brought before our 2017 Annual Meeting, a stockholder proposal must be submitted in writing to the Company's Secretary at 9380 Judicial Drive, San Diego, California 92121, not later than the close of business on the later of (1) the 90th day before the 2017 Annual Meeting, or (2) the 10th day following the day on which we first make a public announcement of the date of the 2017 Annual Meeting.

Who will Solicit Proxies on behalf of the Board?

The Company has retained Innisfree, a proxy solicitation firm, who may solicit proxies on the Board's behalf.

The original solicitation of proxies by mail may be supplemented by telephone, telegram, facsimile, electronic mail, and personal solicitation by our directors and officers (who will receive no additional compensation for such solicitation activities). You may also be solicited by advertisements in periodicals, press releases issued by us and postings on our corporate website. Unless expressly indicated otherwise, information contained on our corporate website is not part of this proxy statement.

Do the Company's Officers and Directors have an Interest in Any of the Matters to Be Acted Upon at the Annual Meeting?

Members of the Board have an interest in Proposal 1, the election to the Board of the six director nominees set forth herein, as each of the nominees is currently a member of the Board. Members of the Board and our executive officers do not have any interest in Proposal 2, the ratification of the appointment of our independent registered public accounting firm. Additionally, members of the Board and executive officers of Sorrento are eligible to receive awards under the terms of the 2009 Plan, and they therefore have a substantial interest in Proposal 3.

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You are requested to vote for six nominees for director, whose terms expire at this Annual Meeting and who will be elected for a new one-year term and will serve until their successors are elected and qualified. The nominees are Henry Ji, Ph.D., William S. Marth, Douglas Ebersole, Jaisim Shah, Kim D. Janda, Ph.D., and David H. Deming. All of the nominees are existing directors of Sorrento and each of the nominees has consented to being named as a nominee for director of Sorrento and has agreed to serve if elected

If no contrary indication is made, proxies in the accompanying form are to be voted for the aforementioned directors or in the event that any of the aforementioned directors is not a candidate or is unable to serve as a director at the time of the election (which is not currently expected), for any nominee who is designated by our Board to fill the vacancy.

All of our directors bring to the Board significant leadership experience derived from their professional experience and service as executives or board members of other corporations and/or venture capital firms. Certain individual qualifications and skills of our directors that contribute to the Board's effectiveness as a whole are described in the following paragraphs.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS**For a One-Year Term Expiring at the****2017 Annual Meeting of Stockholders**

Name	Age	Present Position with Sorrento Therapeutics, Inc.
Henry Ji, Ph.D.	51	Director, President and Chief Executive Officer
William S. Marth	61	Chairman
Kim D. Janda, Ph.D.	58	Director
Douglas Ebersole	60	Director
Jaisim Shah	55	Director
David H. Deming	62	Director

Henry Ji, Ph.D. co-founded and has served as a director of Sorrento Therapeutics, Inc. since January 2006, served as its Chief Scientific Officer from November 2008 to September 2012, as its Interim Chief Executive Officer from April 2011 to September 2012, and as its Chief Executive Officer and President since September 2012. Dr. Ji also served as our Secretary from September 2009 to June 2011. In 2002, Dr. Ji founded BioVintage, Inc., a research and development company focusing on innovative life science technology and product development, and has served as its President since 2002. From 2001 to 2002, Dr. Ji served as Vice President of CombiMatrix Corporation, a publicly traded biotechnology company that develops proprietary technologies, including products and services in the areas of drug development, genetic analysis, molecular diagnostics and nanotechnology. During his tenure at CombiMatrix, Dr. Ji was responsible for strategic technology alliances with biopharmaceutical companies. From 1999 to 2001, Dr. Ji served as Director of Business Development, and in 2001 as Vice President, of Stratagene Corporation (later acquired by Agilent Technologies, Inc.) where he was responsible for novel technology and product licensing and development. In 1997, Dr. Ji co-founded Stratagene Genomics, Inc., a wholly owned subsidiary of Stratagene Corporation, and served as its President and Chief Executive Officer from its founding until 1999. Dr. Ji is the holder of several issued and pending patents in the life science research field and is the sole inventor of Sorrento

Therapeutics Inc. s intellectual property. Dr. Ji has a Ph.D. in Animal Physiology from the University of Minnesota and a B.S. in Biochemistry from Fudan University.

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Dr. Ji has demonstrated significant leadership skills as President and Chief Executive Officer of Stratagene Genomics, Inc. and Vice President of CombiMatrix Corporation and Stratagene Corporation and brings more than 18 years of biotechnology and biopharmaceutical experience to his position on our Board. Dr. Ji's extensive knowledge of the industry in which we operate, as well as his unique role in our day-to-day operations as our Chief Executive Officer and President, allows him to bring to our Board a broad understanding of the operational and strategic issues we face.

William S. Marth has served as a director of our Company since January 2014. He has served as a director of Albany Molecular Research, Inc. since June 2012 and President and Chief Executive Officer since January 1, 2014. Mr. Marth was President and Chief Executive Officer of Teva Americas through the end of 2012. He previously served as President and Chief Executive Officer of Teva North America from January 2008 to June 2010, as President and Chief Executive Officer of Teva USA from 2005 to 2008 and was previously Executive Vice President and Vice President of Sales and Marketing for Teva USA. Mr. Marth played a significant role in establishing Teva as a leading specialty pharmaceutical company and being ultimately recognized as the worldwide No. 1 producer of generic drugs. In his role, he led the respiratory, neuroscience, oncology and women's healthcare divisions, as well as Latin America and Canada. He was a member of Teva's global executive management team and Teva Americas' board of directors from 2007 until 2013. He brings to this role his global experience in strategic planning, investor relations, research and development, supply chain and regulatory matters. He played a key role in building Teva to a \$12 billion business and in the strategy behind the acquisitions of Cephalon for \$6.8 billion and Barr Pharmaceuticals for \$7.4 billion. Prior to joining Teva USA, he held various positions with the Apothecon division of Bristol-Myers Squibb. Mr. Marth, who earned his B.Sc. in Pharmacy from the University of Illinois in 1977 and his M.B.A. in 1989 from the Keller Graduate School of Management, DeVry University, is a licensed pharmacist and serves on various other boards and committees, including The University of the Sciences in Philadelphia and the Board of Ambassadors for John Hopkins Project RESTORE. In addition, Mr. Marth served as the Chairman of the Board of the Generic Pharmaceutical Association (GPhA) in 2008 and 2009 and the American Society for Health-System Pharmacists (ASHP) in 2010.

We believe Mr. Marth's industry expertise, significant transactional expertise and commercial leadership experience provide valuable insight and perspective to our Board and Company.

Kim D. Janda, Ph.D. has served as a director of our Company since April 2012. Dr. Janda has served as Ely R. Callaway, Jr. Chaired Professor in the Departments of Chemistry, Immunology and Microbial Science at The Scripps Research Institute since 1996 and as the Director of the Worm Institute of Research and Medicine (WIRM) at The Scripps Research Institute since 2005. Furthermore, Dr. Janda has served as a Skaggs Scholar within the Skaggs Institute of Chemical Biology, also at The Scripps Research Institute, since 1996. Dr. Janda holds a B.S. degree from the University of South Florida in Clinical Chemistry and a doctoral degree from the University of Arizona with Robert B. Bates in natural product total synthesis. A hallmark of his research is that Dr. Janda has been able to uniquely combine principles of medicinal chemistry together with modern molecular biology, immunology and neuropharmacology, allowing the creation of both synthetic/natural molecules and processes with biological, chemical and physical properties. Dr. Janda has published over 425 original publications in refereed journals and founded the biotechnological companies CombiChem, Drug Abuse Sciences and AIPartia. Dr. Janda is associate editor of Bioorg & Med. Chem., PloS ONE and serves, or has served, on numerous journals including J. Comb. Chem., Chem. Reviews, J. Med. Chem., The Botulinum Journal, Bioorg. & Med. Chem. Lett., and Bioorg. & Med. Chem. Over a career of almost 25 years, Dr. Janda has provided numerous seminal contributions and is considered one of the first scientists to merge chemical and biological approaches into a cohesive research program. Dr. Janda serves on the Scientific Advisory Boards of Materia, Inc. and Singapore Ministry of Education (MOE), EP1 Physical Sciences.

Dr. Janda has almost 25 years of experience in life sciences and very strong technical expertise relating to the discovery and development of antibody therapeutics, which gives him a unique understanding of the research challenges and opportunities facing our company. As an experienced scientist and inventor on multiple patents in

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the life sciences industry, Dr. Janda brings critical insights into the operational requirements of a discovery and development company as well as to our overall business and strategies relating to our ongoing development efforts, and serves as the chair of our Scientific Advisory Board.

Douglas Ebersole has served as a director of our Company since August 2014. Mr. Ebersole has over 25 years of broad business experience in the industry as well as from consulting in a number of advisory roles, including as a former partner in a Silicon Valley law firm. Currently, Mr. Ebersole is an independent consultant and has worked primarily with PDL BioPharma (PDL) since 2005. From 1992 to 2005, Mr. Ebersole served in various senior executive roles at PDL, including Senior Vice President Corporate Development and Legal. During 2002, Mr. Ebersole served as PDL s interim Chief Executive Officer. While at PDL, Mr. Ebersole was responsible for all legal affairs, negotiation of major corporate alliances and public equity and debt financings, and was one of the principal architects of PDL s Queen patent licensing program. He also had overall responsibility for a number of functional areas including legal, business development, human resources, facilities, manufacturing and quality. Prior to PDL, Mr. Ebersole was initially Associate General Counsel and later General Counsel at NeXT Computer from 1989 to 1992 and earned a J.D. from Stanford University in 1982.

We believe that Mr. Ebersole s extensive legal, business and operational experience qualifies him to serve on our Board.

Jaisim Shah has served as a director of our Company since September 2013. He has more than 25 years of global biopharma experience including over 15 years in senior management leading business development, commercial operations, investor relations, marketing and medical affairs. Mr. Shah currently serves as the Chief Executive Officer and board member at Semnur Pharmaceuticals. Prior to Semnur, Mr. Shah was a consultant to several businesses, including Sorrento Therapeutics, and was the Chief Business Officer of Elevation Pharmaceuticals, where Mr. Shah led a successful sale of Elevation to Sunovion in September 2012. Prior to Elevation, Mr. Shah was president of Zelos Therapeutics, where Mr. Shah focused on financing and business development. Prior to Zelos, Mr. Shah was the Senior Vice President and Chief Business Officer at CytRx, a biopharmaceutical company. Previously, Mr. Shah was Chief Business Officer at Facet Biotech and PDL BioPharma where he completed numerous licensing/partnering and strategic transactions with pharmaceutical and biotech companies. Prior to PDL, Mr. Shah was at Bristol-Myers Squibb, most recently as Vice President of Global Marketing where he received the President s Award for completing one of the most significant collaborations in the company s history. Previously, Mr. Shah was at F. Hoffman-La Roche in international marketing and was global business leader for corporate alliances with Genentech and Idec. Mr. Shah holds an M.A. in Economics from the University of Akron and an M.B.A. from Oklahoma University.

We believe that Mr. Shah s extensive operational, executive and business development experience qualifies him to serve on our Board.

David H. Deming has served as a director of our Company since May 2015. Since March 2013, Mr. Deming has been a banker with TAG Healthcare Advisors, LLC, a boutique financial advisory firm serving the pharmaceutical, biotech and medical device industries. Mr. Deming started his career at J.P. Morgan in 1976 and was a managing director in charge of the Global Healthcare Investment Banking Group from 1991 to 2013. Mr. Deming is a director of Albany Molecular Research, Inc.

We believe that Mr. Deming s significant transactional and financial experience and relationships in the healthcare field qualify him to serve on our Board.

Board Independence

Our Board has the responsibility for establishing corporate policies and for our overall performance, although it is not involved in our day-to-day operations. Our Board consults with our counsel to ensure that our Board's determinations are consistent with all relevant securities and other laws and regulations regarding the

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definition of independent, including those set forth in the applicable NASDAQ rules, as in effect from time to time. Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, us, our senior management and our independent registered public accounting firm, our Board has determined that all of our directors, other than Dr. Ji and Mr. Shah, are independent.

Board Leadership Structure and Board's Role in Risk Oversight

We have a separate Chairman of the Board, Mr. Marth, and Chief Executive Officer, Dr. Ji. We believe that having an independent director serve as our Chairman allows our CEO to focus on our business, while allowing the Chairman to fulfill his fundamental Board leadership role, which includes providing advice to and independent oversight of our Board. As Chairman, Mr. Marth serves as the primary liaison between the CEO and the independent directors and provides strategic input and counseling to the CEO. With input from other members of the Board, committee chairs and management, he presides over meetings of the Board. Mr. Marth has developed an extensive knowledge of our company, its challenges and opportunities and has a productive working relationship with our senior management team.

The Board, as a unified body and through committee participation, organizes the execution of its monitoring and oversight roles and does not expect its Chairman to organize those functions. The Board has three standing committees – Audit, Compensation and Corporate Governance and Nominating. The membership of each of the Board committees is comprised of independent directors, with each of the committees having a separate chairman, each of whom is an independent director. Our non-management members of the Board meet in executive session, at which only they are present, at each board meeting.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. Management is responsible for the day-to-day management of risks the company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board recognizes that different leadership models may, depending upon individual circumstances, work for other companies and may be appropriate for the Company under different circumstances. The Board believes that the Company will be greatly benefited from having a single person setting the tone and direction for the Company and having primary responsibility for managing its operations, while allowing the Board to carry out its oversight responsibilities with the full involvement of each independent director. Our CEO communicates frequently with members of the Board to discuss strategy and challenges facing the company. Senior management usually attends our regular quarterly board meetings and is available to address any questions or concerns raised by the Board on risk management-related and any other matters. Each quarter, the Board receives presentations from senior management on matters involving our areas of operations.

Board of Directors Meetings

During the fiscal year 2015, our Board held six meetings and acted by written consent 23 times. Our Audit Committee held a total of five meetings and did not take any action by unanimous written consent, our Compensation Committee held a total of four meetings and acted by unanimous written consent one time and our Corporate Governance and Nominating Committee did not hold any meetings and acted by unanimous written consent one time. None of our incumbent directors attended fewer than 75% of the total number of meetings held by the Board and the committees on which, and for the period during which, the director served during fiscal year 2015.

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Information Regarding Board Committees

Our Board has established standing Audit, Compensation and Corporate Governance and Nominating Committees to devote attention to specific subjects and to assist it in the discharge of its responsibilities.

Audit Committee. We have a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our Audit Committee is currently comprised of Messrs. Deming, Marth and Ebersole. Mr. Deming serves as the Chairperson of the Audit Committee. The functions of the Audit Committee include, among others:

evaluating our independent registered public accounting firm's qualifications, independence and performance;

determining the engagement of our independent registered public accounting firm;

approving the retention of our independent public accounting firm to perform any proposed audit and permissible non-audit services;

monitoring the rotation of partners of our independent registered public accounting firm on our engagement terms as required by law;

reviewing our financial statements;

reviewing our critical accounting policies and estimates;

discussing with our management and our independent public accounting firm the results of the annual audit and the review of our quarterly financial statements; and

reviewing and evaluating, at least annually, the performance of the Audit Committee and its members, including compliance of the Audit Committee with its charter.

Typically, the Audit Committee meets at least quarterly and with greater frequency if necessary. Our Board has adopted a written charter of the Audit Committee that is available to stockholders on our Internet website at www.sorrentotherapeutics.com/investors under Corporate Governance.

Under the applicable rules and regulations of NASDAQ, each member of a company's audit committee must be considered independent in accordance with the NASDAQ listing standards and Rule 10A-3(b)(1) under the Exchange Act. Our Board reviews the NASDAQ standards and Exchange Act definitions of independence for Audit Committee members on an annual basis and has determined that all members of our Audit Committee are independent (as independence is currently defined in the NASDAQ rules). Our Board has determined that all members of our Audit

Committee also meet the requirements for financial literacy under the NASDAQ listing standards.

Our Board has determined that Mr. Deming is an audit committee financial expert, as defined under applicable SEC rules, and that Messrs. Deming, Marth and Ebersole meet the background and financial sophistication requirements under NASDAQ rules. In making these determinations, the Board made a qualitative assessment of each of Messrs. Deming, Marth and Ebersole's level of knowledge and experience based on a number of factors, including his formal education and experience. Both our independent registered public accounting firm and internal financial personnel regularly meet privately with our Audit Committee and have unrestricted access to the Audit Committee.

Compensation Committee. Our Compensation Committee is comprised of Messrs. Ebersole, Marth and Deming. Mr. Ebersole serves as the Chairperson of our Compensation Committee. The functions of the Compensation Committee include, among others:

determining the compensation and other terms of employment of our executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation;

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evaluating and recommending the type and amount of compensation to be paid or awarded to our Board members;

evaluating and recommending to our Board the equity incentive plans, compensation plans and similar programs advisable for us, as well as modification or termination of existing plans and programs;

administering our equity incentive plans;

establishing policies with respect to equity compensation arrangements;

reviewing and approving the terms of any employment agreements, severance arrangements, change in control protections and any other compensatory arrangements for our executive officers; and

reviewing and evaluating, at least annually, the performance of the Compensation Committee and its members, including compliance of the Compensation Committee with its charter.

Our Board has determined that all of the members of our Compensation Committee are independent under current NASDAQ rules. Our Board has adopted a written charter of the Compensation Committee that is available to stockholders on our Internet website at www.sorrentotherapeutics.com/investors under Corporate Governance. The Compensation Committee meets periodically throughout the year as necessary. The agenda for each meeting is usually developed by the Chairperson of the Compensation Committee, in consultation with our Chief Executive Officer and other representatives of senior management as necessary. The Compensation Committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice or otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in or be present during any deliberations or determinations of the Compensation Committee regarding his compensation. The charter of the Compensation Committee grants the Compensation Committee full access to all of our books, records, facilities and personnel, as well as authority to obtain, at our expense, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the sole authority to retain or consult compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms.

The Compensation Committee meets outside the presence of all of our executive officers, including the named executive officers, in order to consider appropriate compensation for our Chief Executive Officer. For all other named executive officers, the Compensation Committee meets outside the presence of all executive officers except our Chief Executive Officer. The annual performance reviews of our executive officers are considered by the Compensation Committee when making decisions on setting base salary, targets for and payments under our bonus plan and grants of equity incentive awards. When making decisions on executive officers, the Compensation Committee considers the importance of the position to us, the past salary history of the executive officer and the contributions we expect the executive officer to make to the success of our business.

During the past year, the Compensation Committee engaged Frederic W. Cook & Co., Inc. (Cook) as a compensation consultant. As part of its engagement, the Compensation Committee requested that Cook develop a comparative group of companies and perform analyses of competitive performance and compensation levels for the comparative group. Cook, who reports directly to the Compensation Committee and not to our management, is independent from us, has not provided any services to us other than to the Compensation Committee, and receives compensation from us only for services provided to the Compensation Committee. The Compensation Committee assessed the independence of Cook pursuant to SEC rules and concluded that the work of Cook has not raised any conflict of interest.

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Compensation Committee Interlocks and Insider Participation

As noted above, the Compensation Committee consists of three directors, each of whom is a non-employee director: Messrs. Ebersole, Marth and Deming. None of the aforementioned individuals was, during 2015, an officer or employee of ours, was formerly an officer of ours or had any relationship requiring disclosure by us under Item 404 of Regulation S-K. No interlocking relationship as described in Item 407(e)(4) of Regulation S-K exists between any of our executive officers or Compensation Committee members, on the one hand, and the executive officers or compensation committee members of any other entity, on the other hand, nor has any such interlocking relationship existed in the past.

Corporate Governance and Nominating Committee. Our Corporate Governance and Nominating Committee is comprised of Dr. Janda and Mr. Marth. Mr. Marth serves as the Chairperson of our Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee has responsibility for assisting our Board in, among other things, effecting board organization, membership and function including identifying qualified board nominees; effecting the organization, membership and function of board committees including composition and recommendation of qualified candidates; establishment of and subsequent periodic evaluation of successor planning for our Chief Executive Officer and other executive officers; development and evaluation of criteria for Board membership such as overall qualifications, term limits, age limits and independence; and oversight of compliance with the Corporate Governance Guidelines. The Corporate Governance and Nominating Committee shall identify and evaluate the qualifications of all candidates for nomination for election as directors. Potential nominees are identified by our Board based on the criteria, skills and qualifications that have been recognized by the Corporate Governance and Nominating Committee. While our nomination and corporate governance policy does not prescribe specific diversity standards, the Corporate Governance and Nominating Committee and its independent members seek to identify nominees that have a variety of perspectives, professional experience, education, differences in viewpoints and skills, and personal qualities that will result in a well-rounded Board.

The Board has determined that all of the members of our Corporate Governance and Nominating Committee are independent under current NASDAQ rules. The Board adopted a written charter setting forth the authority and responsibilities of the Corporate Governance and Nominating Committee. A copy of the charter is available to stockholders on our Internet website at www.sorrentotherapeutics.com/investors under Corporate Governance.

Director Qualifications

There are no specific minimum qualifications that our Board requires to be met by a director nominee recommended for a position on our Board, nor are there any specific qualities or skills that are necessary for one or more members of our Board to possess, other than as are necessary to meet the requirements of the rules and regulations applicable to us. The Board considers a potential director candidate's experience, areas of expertise and other factors relative to the overall composition of our Board and its committees, including the following characteristics:

the highest ethical standards and integrity and a strong personal reputation;

a background that provides experience and achievement in business, finance, biotechnology or other activities relevant to our business and activities;

a willingness to act on and be accountable for Board and, as applicable, committee decisions;

an ability to provide wise, informed and thoughtful counsel to management on a range of issues affecting us and our stockholders;

an ability to work effectively and collegially with other individuals;

loyalty and commitment to driving our success and increasing long-term value for our stockholders;

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sufficient time to devote to Board and, as applicable, committee membership and matters; and

the independence requirements imposed by the SEC and NASDAQ.

The Board retains the right to modify these qualifications from time to time.

If a stockholder wishes to propose a candidate for consideration as a nominee by the Corporate Governance and Nominating Committee, it should follow the procedures described in this section, the section entitled Security Holder Nominations and in the Company's Corporate Governance and Nominating Committee Charter. Following verification of the stockholder status of persons proposing candidates, the Corporate Governance and Nominating Committee makes an initial analysis of the qualifications of any candidate recommended by stockholders or others pursuant to the criteria summarized above to determine whether the candidate is qualified for service on the Board before deciding to undertake a complete evaluation of the candidate. If any materials are provided by a stockholder or professional search firm in connection with the nomination of a director candidate, such materials are forwarded to the Corporate Governance and Nominating Committee as part of its review. Other than the verification of compliance with procedures and stockholder status, and the initial analysis performed by the Corporate Governance and Nominating Committee, a potential candidate nominated by a stockholder is treated like any other potential candidate during the review process by the Corporate Governance and Nominating Committee.

Director Attendance at Annual Meetings

Although we do not have a formal policy regarding attendance by members of our Board at our annual meeting, we encourage all of our directors to attend.

Communications with our Board of Directors

Stockholders seeking to communicate with our Board should submit their written comments to the attention of our corporate secretary, at Sorrento Therapeutics, Inc., 9380 Judicial Drive, San Diego, California 92121. The corporate secretary will forward such communications to each member of our Board; provided that, if in the opinion of our corporate secretary it would be inappropriate to send a particular stockholder communication to a specific director, such communication will only be sent to the remaining directors (subject to the remaining directors concurring with such opinion).

Security Holder Nominations

The Board does not have a formal policy regarding the consideration of director candidates recommended by our security holders. However, the Board would consider such recommendations. The Board does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a security holder. Security holders who wish to make such a recommendation should send the recommendation to Secretary, Sorrento Therapeutics, Inc., 9380 Judicial Drive, San Diego, California 92121. The letter must identify the author as a stockholder, provide a brief summary of the candidate's qualifications and history and be accompanied by evidence of the sender's stock ownership, as well as consent by the candidate to serve as a director if elected. Following verification of the stockholder status of persons proposing candidates by the Secretary, director candidate recommendations will be forwarded to the Corporate Governance and Nominating Committee for further review. If the Corporate Governance and Nominating Committee believes that the candidate fits the profile of a director nominee as described above, the recommendation will be shared with the entire Board.

Vote Required; Recommendation of the Board of Directors

If a quorum is present and voting at the annual meeting, the six nominees receiving the highest number of votes will be elected to our Board. Votes withheld from any nominee, abstentions and broker non-votes will be

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counted only for purposes of determining a quorum. Broker non-votes will have no effect on this proposal as brokers or other nominees are not entitled to vote on such proposal in the absence of voting instructions from the beneficial owner.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF HENRY JI, PH.D., WILLIAM MARTH, KIM D. JANDA, PH.D., DOUGLAS EBERSOLE, JAISIM SHAH, AND DAVID H. DEMING. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE SO VOTED UNLESS YOU SPECIFY OTHERWISE ON YOUR PROXY CARD.

Table of Contents**PROPOSAL 2:****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Mayer Hoffman McCann P.C., (Mayer Hoffman), as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016 and has further directed that management submit the selection of independent registered public accounting firm for ratification by the stockholders at the annual meeting. Mayer Hoffman has audited the Company's financial statements since 2009. Representatives of Mayer Hoffman are not expected to be present at the annual meeting.

Stockholder ratification of the selection of Mayer Hoffman as the Company's independent registered public accounting firm is not required by Delaware law, the Company's certificate of incorporation, or the Company's Bylaws. However, the Audit Committee is submitting the selection of Mayer Hoffman to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders. Mayer Hoffman has advised the Company that Mayer Hoffman leases substantially all of its personnel, who work under the control of Mayer Hoffman's shareholders, from wholly-owned subsidiaries of CBIZ, Inc., in an alternative practice structure. Accordingly, substantially all of the hours expended on Mayer Hoffman's engagement to audit the Company's consolidated financial statements for the years ended December 31, 2015 and 2014, were attributed to work performed by persons other than Mayer Hoffman's full-time, permanent employees.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of Mayer Hoffman. Abstentions will be counted toward the tabulation of votes cast on Proposal 2 and will have the same effect as negative votes. Broker non-votes will be counted towards a quorum, but will not be counted for any purpose in determining whether Proposal 2 has been approved.

Independent Registered Public Accounting Firm's Fees

The following table represents aggregate fees billed to us for the years ended December 31, 2015 and 2014 by Mayer Hoffman, our principal accounting firm for such periods. All fees described below were pre-approved by the Audit Committee.

	Year Ended December 31,	
	2015	2014
Audit Fees ⁽¹⁾	\$ 453,000	\$ 168,765
Audit-Related Fees		
Tax Fees		
All Other Fees		
Total Fees	\$ 453,000	\$ 168,765

- (1) Audit fees consist of fees billed for professional services by Mayer Hoffman for audit and quarterly reviews of our financial statements and review of our registration statement on Form S-3, and related services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit Committee's Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm, Mayer Hoffman. The policy generally pre-approves specified

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services in the defined categories of audit services, audit-related services and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditors or on an individual explicit case-by-case basis before the independent registered public accounting firm are engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee members, but the decision must be reported to the full Audit Committee at its next scheduled meeting. By the adoption of this policy, the Audit Committee has delegated the authority to pre-approve services to the Chairperson of the Audit Committee, subject to certain limitations.

The Audit Committee has determined that the rendering of services by Mayer Hoffman other than audit services is compatible with maintaining the principal accounting firm's independence.

Vote Required; Recommendation of the Board of Directors

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting will be required to ratify the selection of Mayer Hoffman. Abstentions will be counted toward the tabulation of votes cast on this proposal and will have the same effect as negative votes. The approval of Proposal 2 is a routine proposal on which a broker or other nominee has discretionary authority to vote. Accordingly, it is unlikely that any broker non-votes will result from this proposal.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE TO RATIFY THE SELECTION OF MAYER HOFFMAN MCCANN P.C. AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016. PROXIES SOLICITED BY OUR BOARD OF DIRECTORS WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY OTHERWISE ON THEIR PROXY CARDS.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The following is the Audit Committee's report submitted to the Board for 2015.

The Audit Committee has:

reviewed and discussed our audited consolidated financial statements with management and Mayer Hoffman McCann P.C., the independent registered public accounting firm;

discussed with Mayer Hoffman McCann P.C. the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board; and

received from Mayer Hoffman McCann P.C. the written disclosures and the letter regarding their communications with the Audit Committee concerning independence as required by the Public Company Accounting Oversight Board and discussed the auditors' independence with them.

In addition, the Audit Committee has met separately with management and with Mayer Hoffman McCann P.C.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2015 for filing with the Securities and Exchange Commission.

Audit Committee

Mr. David H. Deming

Mr. William Marth

Mr. Douglas Ebersole

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The foregoing Audit Committee Report shall not be deemed to be soliciting material, deemed filed with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act). Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Exchange Act that might incorporate by reference future filings, including this proxy statement, in whole or in part, the foregoing Audit Committee Report shall not be incorporated by reference into any such filings.

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PROPOSAL 3:

APPROVAL OF AN AMENDMENT TO THE COMPANY'S AMENDED AND RESTATED 2009 STOCK INCENTIVE PLAN

We are asking our stockholders to approve an amendment to the Sorrento Therapeutics, Inc. Amended and Restated 2009 Stock Incentive Plan, as amended (the "2009 Plan") which increases the maximum number of shares authorized for issuance under the 2009 Plan by 2,500,000 shares from 3,760,000 shares to 6,260,000 shares.

As of May 12, 2016, excluding the requested share reserve increase, 289,198 shares remain available for issuance under the 2009 Plan and 3,027,226 shares were subject to outstanding awards under the 2009 Plan.

Our Board adopted and our stockholders approved the 2009 Plan in October 2009. Our Board initially authorized the issuance of up to 480,000 shares of common stock under the 2009 Plan. On April 2, 2013, our Board approved an amendment and restatement of the 2009 Plan to, among other things, (a) increase the maximum number of shares authorized for issuance under the 2009 Plan to 1,360,000, (b) modify the evergreen provision so that the total number of shares of our common stock reserved for issuance under the 2009 Plan automatically increases at the beginning of each fiscal year by the lesser of (i) 1% of the aggregate number of shares of our common stock outstanding on the last day of the immediately preceding fiscal year, (ii) 5,000,000 shares (instead of the current 1,200,000 shares), or (iii) an amount approved by the administrator and (c) limit the aggregate value of awards which may be granted to any non-employee in any fiscal year. The amendment and restatement was approved by our stockholders on April 26, 2013. On April 16, 2014, our Board adopted an amendment to the 2009 Plan to remove the evergreen provision and to increase the number of shares authorized under the 2009 Plan to 3,760,000 shares, which was approved by our stockholders at the 2014 Annual Meeting of Stockholders held on June 19, 2014.

On May 12, 2016, our Board approved an amendment to the 2009 Plan, subject to approval by our stockholders. Our Board amended the 2009 Plan to provide for, and submits to our stockholders for approval, an amendment to the 2009 Plan to increase the maximum number of shares authorized for issuance under the 2009 Plan by 2,500,000 shares from 3,760,000 shares to 6,260,000 shares.

In addition, the Board approved amendments to the 2009 Plan which:

add a minimum vesting requirement of one year to all awards granted under the 2009 Plan;

eliminate the administrator's ability to accelerate the vesting of any award granted under the 2009 Plan in the absence of a change in control; and

prohibits cash buyouts of underwater stock options and stock appreciation rights without prior stockholder approval.

Why Our Board Recommends That You Vote in Favor of Proposal 3

Equity Incentive Awards Are Critical to Long-Term Stockholder Value Creation

Our equity incentive plan is critical to our long-term goal of building stockholder value. As discussed in the Executive and Director Compensation and Other Information section of this proxy statement, equity incentive awards are central to our compensation program and constitute a significant portion of our named executive officers' total direct compensation. Our Board and its Compensation Committee believe that our ability to grant equity incentive awards to new and existing employees, directors and eligible consultants has helped us attract, retain and motivate professionals with superior ability, experience and leadership capability. Historically, we have issued stock options and restricted stock under the 2009 Plan. These forms of equity compensation align the interests of our employees, directors and consultants with the interests of our stockholders, encourage retention and promote actions that result in long-term stockholder value creation.

Our equity incentive program is broad-based. As of May 12, 2016, approximately 92% of our employees had received grants of equity awards, all five of our non-employee directors had received grants of equity awards

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and 12 of our 23 consultants had received grants of equity awards. We believe we must continue to offer a competitive equity compensation plan in order to attract, retain and motivate the industry-leading talent imperative to our continued growth and success.

The 2009 Plan Will No Longer Have Shares Available for Grant

As of May 12, 2016, we had 289,198 shares available for grant under the 2009 Plan. Based on historical usage, as discussed below, if we do not increase the share reserve during 2016, we estimate that we would need to make significant changes to our equity award practices in order to conserve the share reserve balance until the time of our 2017 annual meeting. This assumes we continue to grant awards consistent with our historical usage and current practices, as reflected in our historical burn rate discussed below, and noting that future circumstances may require us to change our current equity grant practices. The changes to our practices could limit our flexibility to provide competitive compensation and thus our ability to attract, motivate and retain highly qualified talent.

Our 2009 Plan is the only active equity incentive plan we currently have in place. While we could increase cash compensation to a limited extent if we are unable to grant equity incentives, we anticipate that we will have difficulty attracting, retaining and motivating our employees, directors and consultants if we are unable to issue equity grants to them. We also believe that equity-based grants are a more effective compensation vehicle than strictly cash, because they better align the financial interests of our employees with the interests of our stockholders, and promote actions that result in long-term stockholder value creation.

We Manage Our Equity Incentive Award Use Carefully

We manage our long-term stockholder dilution by limiting the number of equity awards granted annually. The Compensation Committee carefully monitors our total dilution and equity expense to ensure that we maximize stockholder value by granting only the appropriate number of equity awards necessary to attract, retain and motivate employees.

Based on historical usage and our internal growth plans, we expect that the proposed 2,500,000 share increase in the number of shares available for issuance under the 2009 Plan would be sufficient for approximately 24 months of awards, assuming we continue to grant awards consistent with our historical usage and current practices, as reflected in our recent historical burn rate discussed below, and noting that future circumstances may require us to change our current equity grant practices. If the proposed increase to the share reserve is approved, the share reserve under the 2009 Plan could last for a longer or shorter period of time, depending on our future equity grant practices, which we cannot predict with any degree of certainty at this time.

The following table shows certain key equity metrics over the past three fiscal years:

Key Equity Metrics	2015	2014	2013
Equity burn rate ⁽¹⁾	3.7%	5.9%	4.3%
Overhang ⁽²⁾	9.0%	10.1%	6.7%

(1)

Equity burn rate is calculated by dividing the number of shares subject to equity awards granted during the fiscal year by the weighted-average number of shares outstanding during the period.

- (2) Overhang is calculated by dividing the sum of (x) the number of shares subject to equity awards outstanding at the end of the fiscal year and (y) the number of shares available for future grants, by the number of shares outstanding at the end of the fiscal year.

If the proposed increase to the Plan's share reserve is approved, the issuance of the additional shares to be reserved under the Plan would dilute existing stockholders by an additional 5.9% on a fully diluted basis, based on the number of shares of our common stock outstanding as of May 12, 2016.

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As described in the table above, the total aggregate equity value of the additional authorized shares being requested under the Plan (above the shares currently remaining available for issuance under the Plan), based on the closing price of our common stock on May 12, 2016, is \$14,000,000.

In light of the factors described above, and the fact that the ability to continue to grant equity compensation is vital to our ability to continue to attract and retain employees in the competitive labor markets in which we compete, the Board has determined that the proposed increased size of the share reserve under the 2009 Plan is reasonable and appropriate at this time.

Each year, the Compensation Committee of our Board of Directors and our management review our overall compensation strategy. We are committed to effectively managing our equity compensation and we carefully review our burn rate. As evident by our historical burn rate we achieve burn rates within the limits published by independent shareholder advisory groups, such as Institutional Shareholder Services (ISS) for biotechnology companies.

Key Features of the 2009 Plan

The proposed 2009 Plan, as amended, continues to include provisions designed to protect our stockholders' interests, including:

Administrator Independence. The Compensation Committee, comprised solely of independent non-employee directors, administers the plan.

Minimum vesting. The proposed 2009 Plan, as amended, provides for a one year minimum vesting requirement for all awards granted under the 2009 Plan.

Continued broad-based eligibility for equity awards. We grant equity awards to a significant number of employees, which are subject to time-based vesting, generally over a four-year period. By doing so, we link employee interests with stockholder interests throughout the organization and motivate our employees to act as owners of the business.

No discount stock options or stock appreciation rights. All stock options and stock appreciation rights will have an exercise price equal to or greater than the fair market value of our common stock on the date the stock option or stock appreciation right is granted.

Repricing is not allowed. Both the 2009 Plan and the 2009 Plan, as amended, prohibit the repricing of stock options and stock appreciation rights without prior stockholder approval. In addition, cash buyouts of underwater options and stock appreciation rights are prohibited without prior stockholder approval.

No accelerated vesting of awards. The proposed 2009 Plan, as amended, eliminates the Compensation Committee's ability to accelerate the vesting of any award granted under the 2009 Plan in the absence of a change in control.

No dividends on performance awards. No dividends will be paid on performance awards under the 2009 Plan unless and until such awards vest.

Description of the 2009 Plan

The following is a summary of the material features of the 2009 Plan which does not purport to be complete and is qualified in its entirety by reference to the full text of the 2009 Plan, as amended, a copy of which is included as Appendix A to this proxy statement.

Awards. The 2009 Plan provides for the grant of the following awards:

Incentive Stock Options (ISO), which may be granted solely to our employees, including our executive officers; and

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Non-Incentive Stock Options (NSO), stock appreciation rights, restricted stock awards, unrestricted stock awards, restricted stock unit awards, dividend equivalents, and performance awards, which may be granted to our directors, consultants or employees, including our executive officers.

Purpose. The purpose of the 2009 Plan is to encourage and enable our directors, consultants and employees, including our executive officers, to acquire or increase their holdings of common stock and other interests in the Company in order to promote a closer identification of their interests with those of the Company and its stockholders, thereby further stimulating their efforts to enhance the Company's efficiency, soundness, profitability, growth and stockholder value.

Administration. The 2009 Plan is administered by the Board or the Compensation Committee, provided that the Board may not act in lieu of the Compensation Committee on certain matters. In this Proposal 3, the Board and the Compensation Committee are collectively referred to as the Administrator. Subject to the terms and conditions of the 2009 Plan, the Administrator is authorized to select participants, determine the type and number of awards to be granted and the number of shares to which awards will relate or the amount of a performance award, specify dates at which awards will be exercisable or settled, including performance conditions that may be required as a condition thereof, set other terms and conditions of such awards, prescribe forms of award agreements, interpret and specify rules and regulations relating to the 2009 Plan, and make all other determinations that may be necessary or advisable for the administration of the 2009 Plan. Acceptable forms of consideration for the purchase of our common stock issued under the 2009 Plan will be determined by the Administrator and may include cash, surrender of common stock subject to the option being exercised, common stock previously owned by the participant, payment through a broker-assisted exercise or any combination of the foregoing. In addition, the Compensation Committee may delegate its authority under the 2009 Plan to the extent permitted by the Delaware General Corporation Law, except delegation is limited where necessary to meet requirements under Rule 16b-3 under the Exchange Act or Section 162(m) of the Internal Revenue Code of 1986 (the Code). Neither we nor the Administrator may reprice any stock option or stock appreciation right granted under the 2009 Plan without first obtaining the approval of the Company's stockholders.

Share Reserve. The 2009 Plan authorizes an aggregate of 6,260,000 shares of our common stock.

Shares of our common stock subject to options and other stock awards that have expired, are forfeited, are cancelled, become unexercisable or are settled for cash (in whole or in part) without having been exercised in full will again become available for grant under the 2009 Plan. Shares of our common stock issued under the 2009 Plan may include previously unissued shares or reacquired shares bought on the market or otherwise. If any shares of our common stock subject to a stock award are not delivered to a participant because such shares are withheld for the payment of taxes or the stock award is exercised through a net exercise, then the number of shares that are not delivered to participants shall again become available for grant under the 2009 Plan. In addition, if the exercise of any stock award is satisfied by tendering shares of our common stock held by the participant, then the number of shares tendered shall become available for grant under the 2009 Plan.

Limitation on Awards. The maximum number of shares that may be subject to awards granted under the 2009 Plan to any individual other than a non-employee director in any calendar year may not exceed 400,000 shares of our common stock. The maximum number of shares that may be subject to awards granted under the 2009 Plan to any non-employee director in any calendar year may not exceed 40,000 shares of our common stock. No individual may be granted, during any calendar year, awards initially payable in cash that could result in such individual receiving cash payments exceeding \$5,000,000 pursuant to such awards.

Stock Options. Stock options will be granted pursuant to stock option agreements. The exercise price for stock options cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2009 Plan will vest at the rate specified in the option agreement. A stock option agreement may provide for early

exercise of NSOs prior to vesting. Unvested shares of our common stock issued in connection with an early exercise may be repurchased by us upon termination of the participant's service. In

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general, the term of stock options granted under the 2009 Plan may not exceed ten years. Unless the terms of a participant's stock option agreement provide for earlier or later termination, if a participant's service relationship with us, or any of our affiliates, ceases for any reason other than for cause, disability or death, the participant may exercise any vested options for up to 90 days after the date the service relationship ends, unless the terms of the stock option agreement provide for a longer or shorter period to exercise the option. If a participant's service relationship with us, or any of our affiliates, ceases due to disability, the participant may exercise any vested options for up to one year after the date the service relationship ends. If a participant's service relationship with us, or any of our affiliates, ceases due to death, or the participant dies within 30 days following the date the service relationship ends other than for cause, the participant's beneficiary may exercise any vested options for up to one year following the date of death. If a participant's relationship with us, or any of our affiliates, ceases due to termination for cause, the option will terminate at the time the participant's relationship with us, or any of our affiliates, terminates. In no event may an option be exercised after its expiration date.

Incentive stock options may be granted only to our employees, including executive officers. The aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to ISOs that are exercisable for the first time by a participant during any calendar year under all of our equity plans may not exceed \$100,000. The options or portions of options that exceed this limit are automatically treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock representing more than 10% of the total combined voting power of the Company or any of its affiliates unless the following conditions are satisfied:

the option exercise price is at least 110% of the fair market value of our common stock on the date of grant; and

the term of the ISO does not exceed five years from the date of grant.

Stock Appreciation Rights. Stock appreciation rights will be granted through a stock appreciation rights agreement. Each stock appreciation right is denominated in common stock equivalents. The exercise price of each stock appreciation right will be determined by the Administrator at the time of grant and will not be less than 100% of the fair market value of our common stock underlying the right. In general, the term of a stock appreciation right may not exceed ten years. Upon exercise of a stock appreciation right, we will pay the participant an amount equal to the excess of (i) the aggregate fair market value of our common stock on the date of exercise, over (ii) the aggregate exercise price determined by the Administrator on the date of grant. Stock appreciation rights will be paid either in cash, in shares of our common stock or partly in cash and partly in shares. Unless otherwise provided in a stock appreciation rights agreement, all stock appreciation rights will be settled in shares of our common stock, with cash paid for fractional shares. The Administrator may also impose any restrictions or conditions upon the vesting of stock appreciation rights that it deems appropriate. A recipient's stock appreciation rights agreement shall specify the terms upon which the recipient may exercise a stock appreciation right in the event the recipient's relationship with us, or any of our affiliates, ceases for any reason. Absent this disclosure, a stock appreciation right shall be governed by the same post-termination provisions applicable to options granted under the 2009 Plan, as discussed above. Stock appreciation rights carry no voting or dividend rights or other rights associated with stock ownership.

Restricted and Unrestricted Stock Awards. Restricted stock awards will be granted pursuant to restricted stock award agreements. A restricted stock award may be issued for nominal or no cost and may be granted in consideration for the recipient's past or future services performed for the Company or any of its affiliates. Participants receiving a restricted stock award generally will have all of the rights of a stockholder with respect to such stock, including rights to vote the shares and receive dividends. Shares of our common stock acquired under a restricted stock award will be subject

to forfeiture to us in accordance with vesting conditions based upon a schedule or performance criteria established by the Administrator. Generally, except as otherwise provided in the applicable restricted stock award agreement, restricted stock awards that have not vested will be forfeited upon the participant's termination of continuous service with us or an affiliate of ours for any reason. We will return the purchase price for a forfeited restricted stock award only if set forth in the participant's restricted stock award agreement.

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Unrestricted stock awards are similar to restricted stock awards, provided that shares of our common stock acquired under an unrestricted stock award will be fully vested on the date of grant.

Restricted Stock Unit Awards. Restricted stock unit awards will be granted pursuant to restricted stock unit award agreements. Restricted stock units are denominated in common stock equivalents. They are typically awarded to participants without payment of consideration, but are subject to vesting conditions based upon a schedule or performance criteria established by the Administrator. Unlike restricted stock, the stock underlying restricted stock units will not be issued until the stock units have vested. Prior to settlement, restricted stock unit awards carry no voting or dividend rights or other rights associated with stock ownership, but unless otherwise provided in a participant's restricted stock unit award agreement, dividend equivalents will accrue from the date the award is granted until the date the shares underlying a restricted stock unit are issued. Except as otherwise provided in the applicable restricted stock unit award agreement, restricted stock units that have not vested will be forfeited upon the participant's termination of continuous service with us or an affiliate of ours for any reason.

Performance Awards. Performance awards may be granted, vest or be exercised based upon the attainment of certain performance goals during a certain period of time. Performance awards may be paid in the form of cash or shares of our common stock or a combination of cash and shares. The value of performance awards may be linked to the satisfaction of performance criteria established by the Administrator. The Administrator will also determine whether performance awards are intended to be performance-based compensation within the meaning of Section 162(m) of the Code. Following is a brief discussion of the requirements for awards to be treated as performance-based compensation within the meaning of Section 162(m) of the Code.

Performance-Based Compensation under Section 162(m) of the Code. The Compensation Committee may grant awards to employees who are or may be covered employees, as defined in Section 162(m) of the Code, that are intended to be performance-based compensation within the meaning of Section 162(m) of the Code in order to preserve the deductibility of these awards for federal income tax purposes. Under the 2009 Plan, these performance-based awards may be paid in cash, shares, equity awards or a combination of cash, shares and equity awards. Participants are entitled to receive payment for a Code Section 162(m) performance-based award for any given performance period only to the extent that pre-established performance goals set by our Compensation Committee for the period are satisfied. These pre-established performance goals must be based on one or more of the following performance criteria: net earnings (either before or after interest, taxes, depreciation and amortization); gross or net sales or revenue; net income (either before or after taxes); adjusted net income; operating earnings or profit; cash flow (including, but not limited to, operating cash flow and free cash flow); return on assets; return on capital or return on invested capital; return on stockholders' equity; total stockholder return; return on sales; gross or net profit or operating margin; operating or other costs and expenses; improvements in expense levels; working capital; earnings per share or adjusted earnings per share; price per share of our common stock; regulatory body approval for commercialization of a product; implementation or completion of critical projects; market share; economic value; comparisons with various stock market indices; stockholders' equity; market recognition (including but not limited to awards and analyst ratings); financial ratios; net promoter score; customer satisfaction; and strategic team goals.

Any of the performance criteria may be measured with respect to the Company, or any subsidiary, division, business unit or individual, either in absolute terms, terms of growth or as compared to any incremental increase or decrease or as compared to results of a peer group(s) or to market performance indicators or indices. The Compensation Committee will define in an objective fashion the manner of calculating the performance criteria it selects to use for such awards. With regard to a particular performance period, the Compensation Committee will have the discretion to select the length of the performance period, the type of performance-based awards to be granted, and the performance goals that will be used to measure the performance for the period.

Except as provided by the Compensation Committee at the time of grant, the achievement of each performance goal will be determined in accordance with applicable accounting standards. The Compensation Committee may provide that objectively determinable adjustments will be made for purposes of determining the

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achievement of one or more of the performance goals established for an award. Any such adjustments will be based on items related to one or more of the following: a change in accounting principles; items relating to financing activities; financing activities; expenses for restructuring or productivity initiatives; other non-operating items; acquisitions; items attributable to the business operations of any entity acquired by us during the performance period; the disposal of a business or segment of a business; discontinued operations that do not qualify as a segment of a business under applicable accounting standards; any stock dividend, stock split, combination or exchange of shares occurring during the performance period; significant income or expense which are determined to be appropriate adjustments; unusual or extraordinary corporate transactions, events or developments; amortization of acquired intangible assets; items that are outside the scope of our core, on-going business activities; acquired in-process research and development; changes in tax laws; major licensing or partnership arrangements; asset impairment charges; gains or losses for litigation, arbitration and contractual settlements; or any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

Transferability of Awards. Generally, a participant may not transfer an award granted under the 2009 Plan other than by will or the laws of descent and distribution. However, a participant may transfer an NSO pursuant to a domestic relations order. In addition, if provided in an award agreement, NSOs, stock appreciation rights settled in shares, restricted stock awards and performance awards granted under the 2009 Plan may be transferred by instrument to the participant's immediate family or an inter vivos or testamentary trust or by gift to charitable institutions.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure not involving the receipt of consideration by us, such as a stock split, stock dividend, combination, recapitalization or reclassification, the number of shares reserved under the 2009 Plan and the number of shares and exercise price, if applicable, of all outstanding stock awards will be appropriately adjusted.

Change in Control. In the event of a change in control of the Company, the Administrator may take one or more of the following actions without the consent of any 2009 Plan participant or stockholder of the Company:

arrange for the 2009 Plan and all outstanding stock awards under the 2009 Plan to be assumed, continued or substituted for by the entity surviving the change in control, or its parent or subsidiary;

accelerate in part or in full the vesting provisions of stock awards held by participants;

arrange or otherwise provide for the payment of cash or other consideration to participants in exchange for the satisfaction or cancellation of such stock awards; or

generally make such other modifications, adjustments or amendments to outstanding awards or the 2009 Plan as the Administrator deems necessary or appropriate.

In the event that an award outstanding under the 2009 Plan is not exercised in full prior to consummation of a change in control in which the award is not being assumed, continued or substituted for, the award shall automatically terminate as of immediately prior to the consummation of the transaction. In addition, the 2009 Plan provides that in the event a participant is involuntarily terminated in connection with, or within 12 months after, a change in control of the Company, each of the participant's stock awards outstanding under the 2009 Plan that are assumed, continued or substituted for by a surviving entity in connection with the change in control will become fully vested, and any

repurchase right with respect to the award will lapse in its entirety unless the applicable award agreement provides for a more restrictive acceleration of the vesting schedule or more restrictive limitations on the lapse of repurchase rights.

Involuntary termination includes (i) a discharge without cause, or (ii) voluntary resignation by the participant within 60 days following a material reduction in the participant's job responsibilities, an involuntary relocation of participant's work site to a location more than 50 miles from the participant's work site as of

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immediately prior to the change in control or a material reduction in the participant's total compensation other than as part of a reduction by the same percentage amount of the compensation of all other similarly-situated employees, directors and consultants.

A change in control generally includes:

a merger or consolidation of the Company after which the Company's stockholders as of immediately prior to the merger or consolidation own 50% or less of the voting power of the surviving entity;

a sale, transfer or disposition of all or substantially all of the Company's assets;

a complete liquidation or dissolution of the Company; or

an acquisition of 50% or more of the Company's outstanding stock by any person or group.

Plan Amendments; No Repricing without Stockholder Approval. The Board will have the authority to amend or terminate the 2009 Plan. However, no amendment or termination of the Plan can adversely affect any rights under outstanding awards unless agreed to in writing by the affected participant. We will obtain stockholder approval of any amendments to the 2009 Plan as required by applicable law. Neither the Company nor the Administrator shall, without stockholder approval, allow for a repricing of options. In addition, the 2009 Plan prohibits the cash buyout of underwater options and stock appreciation rights without prior stockholder approval.

Term. The 2009 Plan will terminate April 2, 2023, which is the date ten years from the date our stockholders last approved the 2009 Plan.

Federal Income Tax Consequences Associated with the 2009 Plan

The following is a general summary under current law of the material federal income tax consequences to participants in the 2009 Plan. This summary deals with the general tax principles that apply and is provided only for general information. Some kinds of taxes, such as state, local and foreign income taxes and federal employment taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of income taxation that may be relevant in light of a holder's personal investment circumstances. This summarized tax information is not tax advice.

Non-Qualified Stock Options. For federal income tax purposes, if an optionee is granted an NSO under the 2009 Plan, the optionee will not have taxable income on the grant of the option, nor will we be entitled to any deduction. Generally, upon exercise of NSOs the optionee will recognize ordinary income, and we will be entitled to a deduction, in an amount equal to the excess of the fair market value of a common share over the option exercise price on the date each such option is exercised. The optionee's basis for the stock for purposes of determining gain or loss on subsequent disposition of such shares generally will be the fair market value of the common stock on the date the optionee exercises such option. Any subsequent gain or loss will be generally taxable as capital gains or losses.

Incentive Stock Options. There is no taxable income to an optionee when an optionee is granted an ISO or when that option is exercised. However, the amount by which the fair market value of the shares at the time of exercise exceeds

the option price will be an item of adjustment for the optionee for purposes of the alternative minimum tax. Gain realized by the optionee on the sale of an ISO is taxable at capital gains rates, and no tax deduction is available to us, unless the optionee disposes of the shares within (a) two years after the date of grant of the option or (b) within one year of the date the shares were transferred to the optionee. If the common shares are sold or otherwise disposed of before the end of the two-year and one-year periods specified above, the excess of the fair market value of a common share over the option exercise price on the date of the option's exercise will be taxed at ordinary income rates (or, if less, the gain on the sale), and we will be entitled to a deduction to the extent the optionee must recognize ordinary income. If such a sale or disposition takes place in the year in which the optionee exercises the option, the income the optionee recognizes upon sale or disposition of the shares will not be considered an item of adjustment for alternative minimum tax purposes.

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An ISO exercised more than three months after an optionee terminates employment, for reasons other than death or disability, will be taxed as an NSO, and the optionee will recognize ordinary income on the exercise. We will be entitled to a tax deduction equal to the ordinary income, if any, realized by the optionee.

Restricted Stock. An individual to whom restricted stock is issued generally will not recognize taxable income upon such issuance, and we generally will not then be entitled to a deduction, unless an election is made by the participant under Section 83(b) of the Code. However, when restrictions on shares of restricted stock lapse, such that the shares are no longer subject to a substantial risk of forfeiture, the individual generally will recognize ordinary income, and we generally will be entitled to a deduction for an amount equal to the excess of the fair market value of the shares at the date such restrictions lapse over the purchase price. If a timely election is made under Section 83(b) with respect to restricted stock, the participant generally will recognize ordinary income on the date of the issuance equal to the excess, if any, of the fair market value of the shares at that date over the purchase price of such shares, and we will be entitled to a deduction for the same amount.

Stock Appreciation Rights. A participant will not be taxed upon the grant of a stock appreciation right. Upon the exercise of the stock appreciation right, the participant will recognize ordinary income equal to the amount of cash or the fair market value of the stock received upon exercise. At the time of exercise, we will be eligible for a tax deduction as a compensation expense equal to the amount that the participant recognizes as ordinary income.

Other Stock Awards and Performance Bonus Awards. The participant will have ordinary income upon receipt of stock or cash payable under performance awards, dividend equivalents, restricted stock units and stock payments. We will be eligible for a tax deduction as a compensation expense equal to the amount of ordinary income recognized by the participant.

Section 162(m) of the Code. In general, under Section 162(m), income tax deductions of publicly-held corporations may be limited to the extent total compensation (including base salary, annual bonus, stock option exercises and non-qualified benefits paid) for specified executive officers exceeds \$1 million (less the amount of any excess parachute payments as defined in Section 280G of the Code) in any one year. However, under Section 162(m), the deduction limit does not apply to certain qualified performance-based compensation established by an independent Compensation Committee which conforms to certain conditions stated under the Code and related regulations. Options and stock appreciation rights granted by the Compensation Committee under the 2009 Plan are intended to qualify as qualified performance-based compensation under Section 162(m) of the Code. The 2009 Plan has been structured with the intent that certain other awards granted under the 2009 Plan may, in the discretion of the Compensation Committee, be structured so as to qualify for the qualified performance-based compensation exception to the \$1 million annual deductibility limit of Section 162(m) of the Code. However, awards granted under the 2009 Plan will be treated as qualified performance-based compensation under Section 162(m) of the Code only if the awards and the procedures associated with them comply with all requirements of Section 162(m) of the Code. There can be no assurance that compensation attributable to awards granted under the 2009 Plan will be treated as qualified performance-based compensation under Section 162(m) of the Code and thus be deductible to us.

Internal Revenue Code Section 409A Requirements. Certain awards under the 2009 Plan may be considered nonqualified deferred compensation for purposes of Section 409A of the Code (Section 409A), which imposes certain requirements on compensation that is deemed under Section 409A to involve nonqualified deferred compensation. Among other things, the requirements relate to the timing of elections to defer, the timing of distributions and prohibitions on the acceleration of distributions. Failure to comply with these requirements (or an exception from such requirements) may result in the immediate taxation of all amounts deferred under the nonqualified deferred compensation plan for the taxable year and all preceding taxable years, by or for any participant with respect to whom the failure relates, the imposition of an additional 20% income tax on the participant for the amounts required to be

included in gross income and the possible imposition of penalty interest on the unpaid tax. Generally, Section 409A does not apply to incentive awards that are paid at the time

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the award vests. Likewise, Section 409A typically does not apply to restricted stock. Section 409A may, however, apply to incentive awards the payment of which is delayed beyond the calendar year in which the award vests. Treasury regulations generally provide that the type of awards provided under the 2009 Plan will not be considered nonqualified deferred compensation. However, to the extent that Section 409A applies to an award issued under the 2009 Plan, the 2009 Plan and all such awards will, to the extent practicable, be construed in accordance with Section 409A. Under the 2009 Plan, the Administrator has the discretion to grant or to unilaterally modify any award issued under the 2009 Plan in a manner that conforms with the requirements of Section 409A with respect to deferred compensation or voids any participant election to the extent it would violate Section 409A. The Administrator also has sole discretion to interpret the requirements of the Code, including Section 409A, for purposes of the 2009 Plan and all awards issued under the 2009 Plan.

Vote Required; Recommendation of the Board of Directors

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the annual meeting will be required to amend our Amended and Restated 2009 Stock Incentive Plan, as amended, to increase the maximum number of shares authorized for issuance under the 2009 Plan by 2,500,000 shares from 3,760,000 shares to 6,260,000 shares. Abstentions will be counted toward the tabulation of votes cast on this proposal and will have the same effect as negative votes. Broker non-votes will have no effect on this proposal as brokers or other nominees are not entitled to vote on such proposal in the absence of voting instructions from the beneficial owner.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE TO AMEND OUR AMENDED AND RESTATED 2009 STOCK INCENTIVE PLAN TO INCREASE THE MAXIMUM NUMBER OF SHARES AUTHORIZED FOR ISSUANCE UNDER THE 2009 PLAN BY 2,500,000 SHARES FROM 3,760,000 SHARES TO 6,260,000 SHARES. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE SO VOTED UNLESS YOU SPECIFY OTHERWISE ON YOUR PROXY CARD.

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**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information as of May 12, 2016, with respect to the beneficial ownership of shares of our common stock by:

each person or group known to us to be the beneficial owner of more than five percent of our common stock;

each of our directors;

each of our named executive officers; and

all of our current directors and executive officers as a group.

This table is based upon information supplied by officers, directors and principal stockholders and a review of Schedules 13D and 13G, if any, filed with the SEC. Other than as set forth below, we are not aware of any other beneficial owner of more than five percent of our common stock as of May 12, 2016. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 40,213,733 shares of common stock outstanding as of May 12, 2016, adjusted as required by rules promulgated by the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options that are either immediately exercisable or exercisable on or before July 11, 2016, which is 60 days after May 12, 2016. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

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Unless otherwise noted below, the address of each beneficial owner listed in the table is c/o Sorrento Therapeutics, Inc., 9380 Judicial Drive, San Diego, California 92121.

Name of Beneficial Owner	Beneficial Ownership of Common Stock	
	Number of Shares	Percentage of Class
Named Executive Officers and Directors:		
Dr. Henry Ji, Director, Chief Executive Officer and President	2,274,016 ⁽¹⁾	5.6
Richard Vincent, Former Executive Vice President and Chief Financial Officer		
Mark Durand, Former Executive Vice President and Chief Financial Officer		
Mike Royal, Former EVP, Clinical and Regulatory Affairs	83,542 ⁽²⁾	*
David Miao, Former SVP, Head of ADC Development	159,390	*
Douglas Langston, Vice President, Finance	18,225 ⁽²⁾	*
George Ng, EVP, Chief Administrative Officer and Chief Legal Officer	60,789 ⁽³⁾	*
Jeffrey Su, Chief Operating Officer	14,583 ⁽²⁾	*
William Marth, Chairman of the Board	125,806 ⁽²⁾	*
David Deming, Director	70,000 ⁽²⁾	*
Douglas Ebersole, Director	59,000 ⁽²⁾	*
Dr. Kim Janda, Director	96,789 ⁽⁴⁾	*
Jaisim Shah, Director	325,548 ⁽⁵⁾	*
All Current Officers and Directors as a Group (9 Persons)	3,044,756⁽⁶⁾	7.6
5% Stockholders:		
Dr. Patrick Soon-Shiong	7,908,235 ⁽⁷⁾	19.7
Cormorant Global Healthcare Master Fund, LP	2,095,334 ⁽⁸⁾	5.2
Wildcat Capital Management, LLC	2,623,533 ⁽⁹⁾	6.5
Yuhan Corporation	2,037,096 ⁽¹⁰⁾	5.1

* Less than 1%.

- (1) Comprised of (i) 235,814 shares of common stock issuable pursuant to stock options and (ii) 2,038,162 shares of common stock held in family trusts, of which Dr. Ji is a co-trustee with his wife Vivian Q. Zhang. Each of Dr. Ji and Vivian Q. Zhang, while acting as co-trustees, have the power to act alone and have those actions binding on both trustees and the trusts' assets, including voting and dispositive power over the shares of common stock held by the family trusts.
- (2) Comprised of shares of common stock issuable pursuant to stock options
- (3) Comprised of (i) 15,789 shares of common stock and (ii) 45,000 shares of common stock issuable pursuant to stock options.
- (4) Comprised of (i) 94,789 shares of common stock issuable pursuant to stock options, and (ii) 2,000 shares of common stock issuable upon exercise of warrants.
- (5) Includes 232,917 shares of common stock issuable pursuant to stock options.
- (6)

Includes (i) 896,174 shares of common stock issuable pursuant to stock options and (ii) 2,000 shares of common stock issuable upon exercise of warrants.

- (7) The indicated ownership is based solely on a Schedule 13D/A filed with the SEC by the reporting person on December 21, 2015. According to the Schedule 13D/A, the shares reported in the table as beneficially owned by the reporting person include 7,188,061 shares of common stock held by Cambridge Equities, LP (Cambridge Equities) and 720,174 shares of common stock held by Dr. Patrick Soon-Shiong. The table above excludes 1,724,138 shares of common stock issuable upon exercise of a warrant (the Warrant Shares) held by Cambridge Equities because the terms of the warrant prohibit Cambridge Equities from exercising any portion of the warrant to the extent that, after giving effect to the issuance of the requested number of Warrant Shares, Cambridge Equities and its affiliates or group members would beneficially own in excess of 19.9% of the number of shares of common stock outstanding immediately upon giving effect to

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- such issuance. Dr. Soon-Shiong has beneficial ownership over the shares of common stock and warrants held by Cambridge Equities. The principal business address of the reporting person is 9922 Jefferson Boulevard, Culver City, CA 90232.
- (8) The indicated ownership is based solely on a Schedule 13G/A filed with the SEC by the reporting person on February 16, 2016. According to the Schedule 13G/A, the reporting person beneficially owns 2,095,334 shares of common stock. The shares of common stock represent shares that may be deemed beneficially owned by Cormorant Global Healthcare Master Fund, LP (the Fund). Cormorant Global Healthcare GP, LLC serves as the general partner of the Fund, and Cormorant Asset Management, LLC serves as the investment manager of the Fund. Bihua Chen serves as the managing member of Cormorant Global Healthcare GP, LLC and Cormorant Asset Management, LLC. Each of the Reporting Persons disclaims beneficial ownership of the shares except to the extent of its or his pecuniary interest therein. The address of the principal business office of the reporting person is 200 Clarendon Street, 52nd Floor, Boston, MA 02116.
- (9) The indicated ownership is based solely on a Schedule 13D/A filed with the SEC by the reporting person on May 6, 2016. According to the Schedule 13D/A, the reporting person beneficially owns 2,623,533 shares of common stock. Wildcat Liquid Alpha, LLC (WLA) holds 184,000 shares of common stock (the WLA Shares) and Bonderman Family Limited Partnership (BFLP) holds 2,315,936 shares of common stock (the BFLP Shares). Wildcat Capital Management, LLC (Wildcat) may be deemed to beneficially own the WLA Shares and the BFLP Shares based on having voting power, which includes the power to vote or to direct the voting of such shares, and investment power, which includes the power to dispose, or direct the disposition of, such shares, pursuant to the terms of each of the WLA and BFLP operating agreements and an investment management agreement by and between Wildcat and each of WLA and BFLP, respectively. Pursuant to the terms of the investment management agreement, each of WLA and BFLP (i) delegates investment power with respect to the WLA Shares and the BFLP Shares, respectively, to Wildcat and (ii) may direct Wildcat to proscribe a particular investment, investment strategy or investment type. The investment management agreement can be terminated by BFLP or WLA upon 15 days prior written notice or by Wildcat upon 90 days prior written notice. BFLP owns a majority of the outstanding membership interests of WLA and may be deemed to beneficially own the WLA Shares. Infinity Q Capital Management, LLC (IQCM) may be deemed to beneficially own 123,597 shares of common stock held by Infinity Q Diversified Alpha Fund (IQDA) (the IQDA Shares) based on having voting power, which includes the power to vote or to direct the voting of such shares, and investment power, which includes the power to dispose, or direct the disposition of, such shares, pursuant to the terms of an investment management agreement by and between IQCM and Trust for Advised Portfolios on behalf of IQDA. Pursuant to the terms of the investment management agreement, IQDA (i) delegates investment power with respect to the IQDA Shares to IQCM and (ii) may direct IQCM to proscribe a particular investment, investment strategy or investment type. The investment management agreement can be terminated by either party upon 60 days prior written notice. As the members of IQCM, each of BFLP and Infinity Q Management Equity, LLC (IQME) has the right to appoint one manager of IQCM, and each of BFLP and IQME may be deemed to beneficially own the IQDA Shares. Mr. Velissaris is the sole manager of IQME. Because of the relationship of Mr. Velissaris to IQME, Mr. Velissaris may be deemed to beneficially own the IQDA Shares.
- Mr. Potter is an officer and the sole member of Wildcat. Because of the relationship of Mr. Potter to Wildcat, Mr. Potter may be deemed to beneficially own the WLA Shares and the BFLP Shares. Messrs. Potter and Velissaris are co-managers, and Chief Executive Officer and Chief Investment Officer, respectively, of IQCM. Because of the relationship of Messrs. Potter and Velissaris to IQCM, each of Messrs. Potter and Velissaris may be deemed to beneficially own the IQDA Shares. IQCM is managed separately and operated independently of Wildcat. IQCM employs its own investment strategy and operates in accordance with its own investment mandate, including the independent exercise of voting and investment powers with respect to securities held directly by IQDA. Accordingly, (i) each of Wildcat and WLA disclaims beneficial ownership of any shares of common stock beneficially owned by IQCM, IQME, IQDA and Mr. Velissaris, (ii) except to the extent indicated herein in respect of shares of common stock that

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WLA holds, WLA disclaims beneficial ownership of any shares of Common Stock beneficially owned by Wildcat, BFLP and Mr. Potter and (iii) each of IQCM, IQME, IQDA and Mr. Velissaris disclaims beneficial ownership of any shares of Common Stock beneficially owned by Wildcat or WLA, and, except to the extent indicated herein in respect of shares of Common Stock that IQCM, IQME, IQDA or Mr. Velissaris hold, any shares of Common Stock beneficially owned by BFLP and Mr. Potter. The principal business address of each of Wildcat, IQCM, IQME, IQDA, Leonard A. Potter and James Velissaris is 888 7th Avenue, 37th Floor, New York, New York 10106. The principal business address of each of BFLP and WLA is 301 Commerce Street, Suite 3150, Fort Worth, Texas 76102.

(10) The indicated ownership is based solely on a Schedule 13G filed with the SEC by the reporting person on May 9, 2016. According to the Schedule 13G, the reporting person beneficially owns 1,801,802 shares of common stock and a warrant to purchase 235,294 shares of common stock. The address of the principal business office of the reporting person is 74, Noryangjin-ro Dongjak-gu, Seoul, 06927, South Korea.

Table of Contents**EXECUTIVE COMPENSATION****Our Executive Officers**

The names of our executive officers and their ages as of May 12, 2016, positions, and biographies are set forth below. Dr. Ji's background is discussed under the section Board of Directors.

Name	Age	Position
Henry Ji, Ph.D.	51	Chief Executive Officer, President and Director
Kevin M. Herde	44	Executive Vice President & Chief Financial Officer
George Ng, J.D.	42	Executive Vice President, Chief Administrative Officer & Chief Legal Officer
Jeffrey Su, Ph.D.	52	Executive Vice President & Chief Operating Officer

Kevin M. Herde. Kevin M. Herde has been our Executive Vice President & Chief Financial Officer since April 2016. From August 2012 to February 2016, Mr. Herde was the Vice President of Global Blood Screening and Alliance Management for Hologic, Inc. From April 2002 to August 2012, Mr. Herde served in numerous finance roles with Gen-Probe Incorporated, ultimately as the Vice President of Finance and Corporate Controller. Prior to his 14 years at Gen-Probe and Hologic, Mr. Herde also served in multiple management roles in finance for Gateway, a global computer and technology company, and was an Audit Manager for KPMG LLP. Mr. Herde holds a Bachelor of Business Administration degree from the University of San Diego and is a Certified Public Accountant (CPA).

George Ng, J.D. George Ng has been our Executive Vice President, Chief Administrative Officer & Chief Legal Officer since March 2015. From 2012 to 2015, Mr. Ng was Senior Vice President & General Counsel at BioDelivery Sciences International, Inc. From 2010 to 2012, Mr. Ng was in private practice as a partner with two AMLAW 200 law firms, where he had leadership roles, including establishing the life sciences practice group for one firm and heading it as the firmwide co-chair. From 2007 to 2010, Mr. Ng served in numerous legal, compliance, IP and management roles with Spectrum Pharmaceuticals, Inc., ultimately as the Head of Legal, Chief Compliance Officer & Chief IP Counsel. Prior to 2007, Mr. Ng also served in various management and legal roles for Alpharma Inc. (now a part of Pfizer Inc.) and multiple law firms. Mr. Ng obtained his J.D. from the University of Notre Dame and a B.A.S. in Biochemistry and Economics from the University of California, Davis.

Jeffrey Su, Ph.D. Jeffrey Su has been our Executive Vice President & Chief Operating Officer since October 2015. From March, 2011 to October 2015, Mr. Su was Chief Scientific and Development Officer for Cytovance Biologics Inc. and from August 2009 to February 2011, he was Vice President of Bioanalytical and Process Development at Cytovance Biologics Inc.. He was the Vice President, Product Development for Femta Pharmaceuticals Inc. from June 2008 to May 2009. From January 2007 to May 2008, he was the Deputy Director, Manufacturing Technologies for Sanofi Pasteur Inc.; from August 2004 to November 2006, he was the Senior Director, Manufacturing and Controls, New Products for Cancervax Corp.; from February 2003 to July 2004, he was the Director of Process and Analytical Development for The Dow Chemical Company; from October 2000 to February 2003, he was the Associate Director, Protein Chemistry, for Tanox Inc.; from January 1999 to August 2000, he was the Assistant Director, DSP for Medarex and from April 1995 to December 1998, he was Scientist and Group Leader for Human Genome Sciences Inc. Dr. Su has a Ph.D. in Chemistry from Carleton University in Canada and a M.Sc. in Chemistry from Nankai University in China.

Code of Ethics

We have adopted the Sorrento Therapeutics, Inc. Code of Business Conduct and Ethics that applies to all of our employees, executive officers and directors. The Code of Business Conduct and Ethics is available to stockholders on our Internet website at www.sorrentotherapeutics.com/investors under Corporate Governance.

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If we make any substantive amendments to our Code of Business Conduct and Ethics or grant any waiver from a provision of our Code of Business Conduct and Ethics to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our Internet website at www.sorrentotherapeutics.com/investors under Corporate Governance and/or in our public filings with the SEC.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the SEC's rules and regulations with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

Mr. Douglas Ebersole

Mr. William Marth

Mr. David Deming

The foregoing Compensation Committee Report shall not be deemed to be soliciting material, deemed filed with the SEC or subject to the liabilities of Section 18 of the Exchange Act. Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Exchange Act that might incorporate by reference future filings, including this proxy statement, in whole or in part, the foregoing Compensation Committee Report shall not be incorporated by reference into any such filings.

Compensation Discussion and Analysis

Compensation Philosophy

The primary goals of our Board with respect to executive compensation are to attract and retain talented and dedicated executives, to tie annual and long-term cash and stock incentives to achievement of specified performance objectives, and to create incentives resulting in increased stockholder value. To achieve these goals, our Compensation Committee recommends to our Board executive compensation packages, generally comprising a mix of salary, discretionary bonus and equity awards. Although we have not adopted any formal guidelines for allocating total compensation between equity compensation and cash compensation, we have implemented and maintain compensation plans that tie a substantial portion of our executives' overall compensation to achievement of corporate goals.

Role of Compensation Consultant

The Compensation Committee has the power to engage independent advisors to assist it in carrying out its responsibilities. In 2014, the Compensation Committee engaged Barney & Barney LLC (Barney & Barney), a compensation consulting firm, to review and advise on our compensation practices. The Compensation Committee assessed the independence of Barney & Barney pursuant to SEC rules and concluded that the work of Barney & Barney has not raised any conflict of interest. Barney & Barney prepared a report dated October 2014 (the October 2014 Report) that surveyed the compensation policies of our peer group, including compensation and benefits of our independent board members and key employees, and comparing the results of the survey with our existing

compensation practices. The Compensation Committee used the October 2014 Report as one factor for determining the compensation of our named executive officers during 2015 in order to ensure that the compensation for our named executive officers was set at competitive levels. The Compensation Committee also relied on the Radford Global Life Sciences Survey dated as of October 2014 and its members' collective experience and expertise in determining the appropriate levels of compensation.

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With respect to compensation determinations made in 2015, our peer group consisted of the following companies, which were determined to be: (i) biotechnology companies with Phase II & III compounds in development, (ii) generally of a similar size to us, and (iii) located in technology hubs or higher cost of living areas (to reflect the recruiting challenges of the Southern California region):

AcelRx Pharmaceuticals, Inc.	Discovery Laboratories Inc.
Ambit Bioscience Corporation	Galena Biopharma, Inc.
Amicus Therapeutics, Inc.	Heron Therapeutics, Inc.
ArQule, Inc.	MacroGenics, Inc.
Arrowhead Research Corp.	Mirati Therapeutics, Inc.
BIND Therapeutics, Inc.	OncoMed Pharmaceuticals, Inc.
BioTime, Inc.	PharmAthene, Inc.
Caladrius Biosciences, Inc.	Rigel Pharmaceuticals, Inc.
ChemoCentryx, Inc.	Synta Pharmaceuticals Corp.
CTI BioPharma Corp.	Tetraphase Pharmaceuticals, Inc.
CytRx Corporation	Threshold Pharmaceuticals Inc.

The Compensation Committee pre-approved the peer group to ensure it reflected relevant market capitalization and other factors, including our then-current circumstances.

Barney & Barney reviewed and advised on all principal aspects of the executive and Board compensation program. Its main responsibilities were to:

advise on alignment of pay and performance;

review and advise on executive total compensation, including base salaries, short- and long-term incentives, associated performance goals, and retention and severance arrangements;

advise on trends in executive compensation;

advise on Board and Board committee compensation;

provide recommendations regarding the composition of our peer group;

analyze peer group proxy statements, compensation survey data and other publicly available data (and apply its experience with other companies to this analysis); and

perform any special projects requested by the Compensation Committee.

In setting 2015 compensation, the Compensation Committee reviewed the market data presented in the October 2014 Report and compared each named executive officer's base salary, target annual performance bonus and equity compensation value, separately and in the aggregate, to amounts paid to similarly-situated executives at our peer companies. The Compensation Committee believes that targeting compensation towards similarly situated executives at our peer companies helps achieve the compensation objectives described above. However, compensation for each executive may vary from this range depending on other factors the Compensation Committee considers relevant, such as internal pay equity amongst our named executive officers or levels of authority, responsibility and experience of our named executive officers that exceed the norms for individuals holding comparably-titled positions at other companies.

Elements of Compensation

We evaluate individual executive performance with a goal of setting compensation at levels our Board or any applicable committee thereof believes are comparable with executives in other companies of similar size and

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stage of development while taking into account our relative performance and our own strategic goals. The compensation received by our named executive officers consists of the following elements:

Base Salary.

Base salaries for our executives are established based on the scope of their responsibilities and individual experience, taking into account competitive market compensation paid by other companies for similar positions within our industry.

The Compensation Committee considers compensation data from the peer companies to the extent the executive positions at these companies are considered comparable to our positions and informative of the competitive environment. Compensation data for our peer group were collected from available proxy-disclosed data. This information was gathered and analyzed for the 25th, 50th and 75th percentiles for annual base salary, short-term incentive pay elements and long-term incentive pay elements.

Based on a review of Dr. Ji's individual performance since joining us in 2006 and the competitive market base pay data for CEOs included in our peer group in the October 2014 Report, the Compensation Committee set Dr. Ji's 2015 annual base salary at \$500,000.

Pursuant to an employment agreement dated April 5, 2016, Mr. Herde, our Chief Financial Officer, has an annual base salary of \$300,000. Mr. Ng, our Executive Vice President, Chief Administrative Officer and Chief Legal Officer, is a party to an employment agreement with us dated December 8, 2014 pursuant to which we pay him an annual base salary of \$450,000. Mr. Su, our Executive Vice President and Chief Operating Officer, is paid an annual base salary of \$400,000 pursuant to an employment agreement dated October 16, 2015.

Variable Pay.

We design our variable pay programs to be both affordable and competitive in relation to the market. We monitor the market and adjust our variable pay programs as needed. Our variable pay programs, such as our bonus program, are designed to motivate employees to achieve overall goals. Our programs are designed to avoid entitlements, to align actual payouts with the actual results achieved and to be easy to understand and administer.

2015 Bonuses

In making its determination as to whether our named officers achieved their performance objectives for awarding 2015 bonuses under our bonus program, the Compensation Committee assessed the performance of the business and the annual progress towards our overall business objectives. The Compensation Committee determined, that on a whole, the annual corporate objectives were met during 2015. Following this determination, the Compensation Committee considered each executive officer's contributions and achievements based on an evaluation by our CEO (except for his own performance) and established a bonus recommendation for each executive officer. Accordingly, on March 11, 2016, the Compensation Committee approved the following bonuses for our current executive officers:

Named Executive Officer	Target Annual Cash Bonus Opportunity (as a	Actual Bonus Payout as a Percent of Target	Actual Annual Cash Bonus
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	percentage of base salary)		
Henry Ji, Ph.D.	55%	100%	\$ 275,000
Douglas Langston	25%	80%	\$ 50,000
George H. Ng	35%	100%	\$ 119,765
Jeffrey Su, Ph.D. ⁽¹⁾	35%	58%	\$ 81,667

- (1) Dr. Su's bonus reflects the fact he was first engaged as a consultant in May of 2015, and then hired as Executive Vice President & Chief Operating Officer in October 2015.

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Equity-Based Incentives.

Salaries and bonuses are intended to compensate our executive officers for short-term performance. We also have adopted an equity incentive program intended to reward longer-term performance and to help align the interests of our named executive officers with those of our stockholders. We believe that long-term performance is achieved through an ownership culture that rewards performance by our named executive officers through the use of equity incentives. Our equity incentive plan has been established to provide our employees, including our named executive officers, with incentives to help align those employees' interests with the interests of our stockholders.

When making equity-award decisions, the Compensation Committee considers market data, the grant size, the forms of long-term equity compensation available to it under our existing plans and the status of previously granted awards. The amount of equity incentive compensation granted reflects the executives' expected contributions to our future success. Existing ownership levels are not a factor in award determination, as the Compensation Committee does not want to discourage executives from holding significant amounts of our stock.

Future equity awards that we make to our named executive officers will be driven by our sustained performance over time, our named executive officers' ability to impact our results that drive stockholder value, their level of responsibility, their potential to fill roles of increasing responsibility, and competitive equity award levels for similar positions in comparable companies. Equity forms a key part of the overall compensation for each executive officer and is evaluated each year as part of the annual performance review process and incentive payout calculation.

The amounts awarded to the named executive officers are based on the Compensation Committee's subjective determination of what is appropriate to incentivize the executives. Generally, the grants to named executive officers vest over: (i) a four-year period with 25% vesting on each anniversary of the grant date, or (ii) a four-year period with 1/4 of the shares vesting on the first anniversary of the applicable vesting commencement date, and 1/48 of the shares vesting thereafter on a monthly basis. All equity awards to our employees, including named executive officers, and to directors, have been granted and reflected in our financial statements, based upon the applicable accounting guidance, with the exercise price equal to the fair market value of one share of common stock on the grant date.

In February 2015, the Compensation Committee decided to grant long-term equity based incentives in the form of options to purchase shares of common stock to our then current named executive officers. It is our view that option based awards best align with the interest of our shareholders. The equity awards granted to our named executive officers in 2015 are set forth in the 2015 Summary Compensation Table and Grants of Plan-Based Awards During Fiscal Year 2015 table contained herein.

In order to encourage a long-term perspective and to encourage key employees to remain with us, our stock options typically have annual vesting over a four-year period and a term of ten years. Generally, vesting ends upon termination of services and exercise rights of vested options cease three months after termination of services. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents.

Benefits Programs

We design our benefits programs to be both affordable and competitive in relation to the market while conforming with local laws and practices. We monitor the market, local laws and practices and adjust our benefits programs as needed. We design our benefits programs to provide an element of core benefits and, to the extent possible, offer options for additional benefits, be tax-effective for employees in each country and balance costs and cost sharing between us and our employees.

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Timing of Equity Awards

Only the Compensation Committee may approve stock option grants to our executive officers. Stock options are generally granted at meetings of the Compensation Committee. On limited occasions, a grant may be made pursuant to a unanimous written consent of the Compensation Committee, which occurs primarily for the purpose of approving a compensation package for a newly hired or promoted executive. The exercise price of a newly granted option is the closing price of our common stock on the date of grant.

Executive Equity Ownership

We encourage our executives to hold a significant equity interest in our company. However, we do not have specific share retention and ownership guidelines for our executives.

Effect of Accounting and Tax Treatment on Compensation Decisions

In the review and establishment of our compensation programs, we consider the anticipated accounting and tax implications to us and our executives.

Section 162(m) of the Internal Revenue Code of 1986, as amended, (the Code), imposes a limit on the amount of compensation that we may deduct in any one year with respect to our Chief Executive Officer and each of our next three most highly compensated executive officers, excluding the Chief Financial Officer, unless certain specific and detailed criteria are satisfied. Performance-based compensation, as defined in the Code, is fully deductible if the programs are approved by stockholders and meet other requirements. In general, we have determined that, at this time, we will not seek to limit executive compensation so that it is deductible under Section 162(m) of the Code. However, from time to time, we monitor whether it might be in our interests to structure our compensation programs to satisfy the requirements of Section 162(m) of the Code. We seek to maintain flexibility in compensating our executives in a manner designed to promote our corporate goals and, therefore, our Compensation Committee has not adopted a policy requiring that any or all compensation to be deductible. Our Compensation Committee will continue to assess the impact of Section 162(m) of the Code on our compensation practices and determine what further action, if any, is appropriate.

Role of Executives in Executive Compensation Decisions

The Board and our Compensation Committee generally seek input from our Chief Executive Officer, Dr. Ji, when discussing the performance of, and compensation levels for, executives other than himself. The Compensation Committee also works with Dr. Ji and our Chief Financial Officer to evaluate the financial, accounting, tax and retention implications of our various compensation programs. Neither Dr. Ji nor any of our other executives participate in deliberations relating to his compensation.

Compensation Risk Management

We have considered the risk associated with our compensation policies and practices for all employees, and we believe we have designed our compensation policies and practices in a manner that does not create incentives that could lead to excessive risk taking that would have a material adverse effect on us for the following reasons:

We structure our compensation to consist of base salary, variable pay, equity-based pay and benefits. The base portion of compensation is designed to provide a steady income regardless of our stock price performance so that executives do not feel pressured to focus exclusively on stock price performance to the detriment of other important business measures. Our variable pay and equity-based pay programs are designed to reward both short- and long-term corporate performance. For short-term performance, our variable pay programs are designed to motivate employees to achieve overall goals. For long-term performance, our stock option awards generally vest over four years and are only valuable if our stock

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price increases over time. We believe that these variable elements of compensation are a sufficient percentage of overall compensation to motivate executives to produce superior short- and long-term corporate results, while the fixed element is also sufficiently high that the executives are not encouraged to take unnecessary or excessive risks in doing so.

Our bonus program has been structured around attainment of overall corporate goals for the past several years and we have seen no evidence that it encourages unnecessary or excessive risk taking.

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table provides certain summary information concerning compensation awarded to, earned by or paid to our Principal Executive Officer, our Principal Financial Officer and the three other highest paid executive officers whose total annual salary and bonus exceeded \$100,000 (collectively, the named executive officers) for fiscal year 2015.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock/ Option Awards (\$)⁽¹⁾	All Other Compensation (\$)⁽²⁾	Total (\$)
Henry Ji, Ph.D. Chief Executive Officer and President	2015	500,000	300,000	1,968,800 ⁽³⁾	30,718	2,799,518
	2014	425,000	157,500	286,000	26,978	895,478
	2013	291,383		576,710	28,742	896,835
Richard Vincent Former Executive Vice President and Chief Financial Officer ⁽⁴⁾	2015	51,157			367,236	418,393
	2014	365,240	70,000	143,000	23,881	602,121
	2013	296,000		571,000	25,557	893,564
Mark Durand Former Executive Vice President and Chief Financial Officer ⁽⁵⁾	2015	67,046 ⁽⁶⁾		706,800	190,963	964,809
Douglas Langston Vice President, Finance ⁽⁷⁾	2015	250,000	73,603	777	27,251	351,631
	2014	179,166		140,150	26,459	345,775
George H. Ng EVP and Chief Administrative Officer and Chief Legal Officer ⁽⁸⁾	2015	306,875	348,934 ⁽⁹⁾	19,600 ⁽¹⁰⁾	29,395	704,804
	2014			648,000		648,000
Jeffrey Su EVP and Chief Operating Officer ⁽¹¹⁾	2015	83,333		702,070 ⁽¹²⁾	7,270	792,673
Mike Royal Former EVP, Clinical and Regulatory Affairs ⁽¹³⁾	2015	400,000	120,750		36,292	557,042
	2014	287,500	50,000	787,900	32,073	1,157,473
	2013	84,792		205,560	3,520	293,871
David Miao Former SVP, Head of ADC Development ⁽¹⁴⁾	2015	250,000	50,000		927,383	1,227,383
	2014	250,000		143,000	267,654	660,654
	2013	8,737			400,000	408,737

- (1) These amounts represent the aggregate grant date fair value of awards for grants of options and warrants to each named executive officer in the relevant fiscal year, computed in accordance with FASB ASC Topic 718. The dollar amounts listed do not necessarily reflect the dollar amounts of compensation actually realized or that may be realized by our named executive officers. For a detailed description of the assumptions used for purposes of determining grant date fair value, see Note 12 to the financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2015. These amounts represent the aggregate grant date fair value of awards for grants of options and warrants to each named executive officer in the relevant fiscal year, computed in

accordance with FASB ASC Topic 718.

- (2) The amounts in this column consist of health and welfare benefits in 2015, 2014 and 2013. Includes \$365,240 in severance for Mr. Vincent in 2015 and \$186,875 in severance for Mr. Durand in 2015. In addition, includes \$900,000, \$240,000 and \$400,000 for 2015, 2014 and 2013, respectively, in deferred compensation paid to Mr. Miao in connection with the purchase of Concartis Biosystems, Corp.
- (3) Includes 1,000,000 options and 9,500,000 warrants granted by each of our subsidiaries, Scintilla Pharmaceuticals, Inc., Concartis Biosystems Corp., LA Cell Inc., Sorrento Biologics, Inc. and TNK Therapeutics, Inc.

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- (4) Mr. Vincent resigned as our Executive Vice President and Chief Financial Officer on January 31, 2015.
- (5) Mr. Durand served as a director of the Company from March 7, 2014 until his resignation on April 29, 2015 to become Executive Vice President and Chief Financial Officer. Mr. Durand retired as our Executive Vice President and Chief Financial Officer on June 23, 2015.
- (6) \$21,307 of such amount is director compensation.
- (7) Mr. Langston has served as our Vice President, Finance since March 3, 2014. Following Mr. Vincent's resignation on January 31, 2015, Mr. Langston served as our Principal Financial and Accounting Officer until Mr. Durand was hired on April 29, 2015. Following Mr. Durand's retirement on June 23, 2015, Mr. Langston served as our Principal Financial and Accounting Officer until April 5, 2016.
- (8) Mr. Ng entered into an employment agreement with us in December 2014 and started with the Company in April 2015.
- (9) Such amount is a sign-on bonus and not part of our bonus plan.
- (10) Includes options granted by our subsidiaries consisting of 150,000 from Scintilla Pharmaceuticals, Inc., 100,000 from Sorrento Biologics, Inc., 300,000 from LA Cell, Inc., 300,000 from TNK Therapeutics, Inc. and 100,000 from Concortis Biosystems Corp.
- (11) Dr. Su was hired by us as EVP and Chief Operating Officer in October 2015.
- (12) Includes options granted by our subsidiaries consisting of 400,000 from Sorrento Biologics, Inc., 100,000 from LA Cell, Inc. and 200,000 from TNK Therapeutics, Inc.
- (13) Dr. Royal resigned from the Company as of March 15, 2016.
- (14) Mr. Miao resigned from the Company as of January 16, 2016.

GRANTS OF PLAN-BASED AWARDS DURING FISCAL YEAR 2015

The following table shows for fiscal year 2015, certain information regarding grants of plan-based awards to our named executive officers:

Named Executive Officer	Grant Date	All Other Option Awards: Number of Securities Underlying Exercise Price		Grant Date Fair Value of Option Awards (\$) ⁽¹⁾
		Options (#)	Per Share (\$/Sh)	
Henry Ji	2/24/2015	160,000	\$ 12.78	\$ 1,348,800
	10/30/2015	1,000,000 ⁽²⁾	\$ 0.01	\$ 10,000
	10/30/2015	1,000,000 ⁽³⁾	\$ 0.01	\$ 10,000
	5/11/2015	1,000,000 ⁽⁴⁾	\$ 0.01	\$ 10,000
	5/11/2015	1,000,000 ⁽⁵⁾	\$ 0.01	\$ 10,000
	10/30/2015	1,000,000 ⁽⁶⁾	\$ 0.25	\$ 10,000
Richard Vincent ⁽⁷⁾				
Mark Durand ⁽⁸⁾	4/29/2015	120,000	\$ 5.89	\$ 706,800
Douglas Langston	2/19/2015	100	\$ 11.78	\$ 777
George Ng	10/30/2015	150,000 ⁽²⁾	\$ 0.01	\$ 1,200
	10/30/2015	100,000 ⁽³⁾	\$ 0.01	\$ 800
	5/11/2015	300,000 ⁽⁴⁾	\$ 0.01	\$ 2,400
	5/11/2015	300,000 ⁽⁵⁾	\$ 0.01	\$ 2,400
	10/30/2015	100,000 ⁽⁶⁾	\$ 0.25	\$ 12,800
Jeffrey Su	10/23/2015	50,000	\$ 8.01	\$ 264,500
	7/20/2015	20,000	\$ 23.99	\$ 110,420

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5/6/2015	50,000	\$	10.41	\$	321,550
10/30/2015	400,000 ⁽³⁾	\$	0.01	\$	3,200
5/11/2015	100,000 ⁽⁴⁾	\$	0.01	\$	800
5/11/2015	200,000 ⁽⁵⁾	\$	0.01	\$	1,600

Mike Royal⁽⁹⁾

David Miao⁽¹⁰⁾

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- (1) Amount shown in this column does not reflect dollar amounts actually received by our named executive officer. Instead, this amount represents the aggregate grant date fair value of the stock option awards determined in accordance with FASB ASC Topic 718. The valuation assumptions used in determining the amount is described in Note 12 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015. Our named executive officer will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options on the date the options are exercised.
- (2) Represents options granted by Scintilla Pharmaceuticals, Inc.
- (3) Represents options granted by Sorrento Biologics, Inc.
- (4) Represents options granted by LA Cell, Inc.
- (5) Represents options granted by TNK Therapeutics, Inc.
- (6) Represents options granted by Concoris Biosystems Corp.
- (7) Mr. Vincent resigned as our Executive Vice President and Chief Financial Officer on January 31, 2015.
- (8) Mr. Durand retired as our Executive Vice President and Chief Financial Officer on June 23, 2015. Mr. Durand served as a director of the Company from March 7, 2014 until his resignation on April 29, 2015 to become Executive Vice President and Chief Financial Officer.
- (9) Mike Royal resigned from the Company as of March 15, 2016.
- (10) David Miao resigned from the Company as of January 16, 2016.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth information for the named executive officers regarding the number of shares subject to both exercisable and unexercisable stock options/warrants, as well as the exercise prices and expiration dates thereof, as of December 31, 2015. Except for the options/warrants set forth in the table below, no other equity awards were held by any our named executive officers as of December 31, 2015.

Name	Option/ Warrant Grant Date	Option/Warrant Award Number		Option/ Warrant Exercise Price \$(¹)	Option/ Warrant Expiration Date
		Number of Securities Underlying Unexercised Options/ Warrant (#) Exercisable	Number of Securities Underlying Unexercised Earned Options/ Warrant (#) Unexercisable		
Henry Ji	2/16/2010 ⁽²⁾	6,000		\$ 1.75	2/15/2020
	2/6/2012 ⁽²⁾	7,500	2,500	\$ 4.00	2/6/2022
	10/29/2013 ⁽³⁾	54,708	46,292	\$ 8.40	10/29/2023
	10/7/2014 ⁽³⁾	29,167	70,833	\$ 4.32	10/7/2024
	2/24/2015 ⁽³⁾		80,000	\$ 12.78	2/24/2025
	2/24/2015 ⁽⁴⁾	80,000		\$ 12.78	2/24/2025
	10/30/2015 ⁽⁵⁾⁽⁶⁾	10,417	489,583	\$ 0.01	10/30/2025
	10/30/2015 ⁽⁷⁾⁽⁶⁾	10,417	489,583	\$ 0.01	10/30/2025
	5/11/2015 ⁽⁸⁾⁽⁶⁾	36,458	463,542	\$ 0.01	5/11/2025
	5/11/2015 ⁽⁹⁾⁽⁶⁾	36,458	463,542	\$ 0.01	5/11/2025
	10/30/2015 ⁽¹⁰⁾⁽⁶⁾	510,417	489,583	\$ 0.25	10/30/2025
	10/30/2015 ⁽¹¹⁾⁽¹²⁾	200,000	9,300,000	\$ 0.01	10/30/2019
	10/30/2015 ⁽¹³⁾⁽¹²⁾	200,000	9,300,000	\$ 0.01	10/30/2019
	5/11/2015 ⁽¹⁴⁾⁽¹²⁾	700,000	8,800,000	\$ 0.01	5/11/2019
	5/11/2015 ⁽¹⁵⁾⁽¹²⁾	700,000	8,800,000	\$ 0.01	5/11/2019
	5/11/2015 ⁽¹⁶⁾⁽¹²⁾	700,000	8,800,000	\$ 0.25	5/11/2019
Richard Vincent ⁽¹⁹⁾					
Mark Durand ⁽²⁰⁾	3/7/2014 ⁽¹⁷⁾	13,000		\$ 13.53	12/31/2015
	10/1/2014 ⁽¹⁸⁾	6,400	5,600	\$ 4.78	12/31/2015
	4/29/2015 ⁽³⁾	30,000	90,000	\$ 8.95	12/31/2015
Douglas Langston	1/9/2014 ⁽³⁾	7,188	7,813	\$ 8.12	1/9/2024
	10/7/2014 ⁽³⁾	5,833	14,167	\$ 4.32	10/7/2024
	2/19/2015 ⁽⁵⁾	100		\$ 11.78	2/19/2025
George Ng	12/18/2014 ⁽³⁾	30,000	90,000	\$ 8.16	12/18/2024
	10/30/2015 ⁽⁵⁾⁽²¹⁾	4,167	95,833	\$ 0.01	10/30/2025
	10/30/2015 ⁽⁷⁾⁽²²⁾	3,125	71,875	\$ 0.01	10/30/2025
	5/11/2015 ⁽⁸⁾⁽²¹⁾	29,167	170,833	\$ 0.01	5/11/2025

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	5/11/2015 ⁽⁹⁾⁽²¹⁾	29,167	170,833	\$ 0.01	5/11/2025
	10/30/2015 ⁽¹⁰⁾⁽²³⁾	52,083	47,917	\$ 0.25	5/11/2025
Jeffrey Su	10/23/2015 ⁽³⁾		50,000	\$ 8.01	10/23/2025
	7/20/2015 ⁽³⁾		20,000	\$ 23.99	7/20/2025
	5/6/2015 ⁽³⁾		50,000	\$ 10.41	5/6/2025
	10/30/2015 ⁽⁷⁾⁽²²⁾	12,500	287,500	\$ 0.01	10/30/2025
	5/11/2015 ⁽⁸⁾⁽²¹⁾	9,722	56,945	\$ 0.01	5/11/2025
	5/11/2015 ⁽⁹⁾⁽²¹⁾	19,445	113,889	\$ 0.01	5/11/2025
Mike Royal ⁽²⁵⁾	1/9/2014 ⁽³⁾	31,146	33,854	\$ 8.12	