

PROVECTUS BIOPHARMACEUTICALS, INC.

Form 424B4

January 31, 2017

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**Filed Pursuant to Rule 424(b)(4)  
Registration No. 333-213986**

**PROSPECTUS**

**Subscription Rights to Purchase Up to 19,662,782 Units**

**Consisting of an Aggregate of Up to 78,651,128 Shares of Common Stock**

**and Up to 9,831,391 Shares of Series C Convertible Preferred Stock**

**at a Subscription Price of \$1.00 Per Unit**

We are distributing to holders of our common stock, par value \$0.001 per share, and certain holders of warrants to purchase common stock, at no charge, non-transferable subscription rights to purchase units. We refer to the offering that is the subject of this prospectus as the Rights Offering. Each unit, which we refer to as a Unit and collectively as the Units, consists of four shares of common stock and one-half a share of Series C Convertible Preferred Stock, which we refer to as the Preferred Stock. The Preferred Stock has a seven percent (7%) per annum dividend until the second anniversary of the date of issuance payable in kind and is convertible into shares of our common stock at a conversion ratio of eight (8) shares of common stock for each share of Preferred Stock held at the time of conversion, subject to adjustment. Holders of the Preferred Stock are also entitled to receive a percentage, ranging from 10% to 30%, of (i) any net licensing proceeds or any Net Sales (each defined in this prospectus) from PV-10 and PH-10 (for all indications of such drugs), if and when we enter into one or more licensing agreements, (ii) payments in connection with our liquidation, dissolution or winding up and (iii) payments in connection with a Fundamental Transaction (as defined in this prospectus), or any sale, lease, conveyance or other disposition of any intellectual property relating to PV-10 or PH-10. The exact percentage of such payments within that range will be based upon the gross proceeds we receive in the Rights Offering as described herein. Investors will not know the exact percentage of such payments until after the closing of the Rights Offering when the gross offering proceeds we receive becomes known. See

Description of Securities Preferred Stock Series C Convertible Preferred Stock Issuable in the Rights Offering beginning on page 60 of this prospectus. This prospectus also relates to the offering of the shares of common stock issuable upon conversion of the Preferred Stock and the shares of common stock issuable as dividends on the Preferred Stock. In the Rights Offering, you will receive one subscription right for each 20 shares of common stock and each 20 warrants with an exercise price of \$0.85 expiring June 19, 2020, which we refer to as the Listed Warrants, in each case owned at 5:00 p.m., Eastern Time, on January 26, 2017, the record date of the Rights Offering, or the Record Date.

Each subscription right will entitle you to purchase one Unit, which we refer to as the Basic Subscription Right, at a subscription price per Unit of \$1.00, which we refer to as the Subscription Price; *provided, however*, that we may reduce the Subscription Price by up to 20% as provided herein. If you exercise your Basic Subscription Rights in full, and any portion of the Units remain available under the Rights Offering, you will be entitled to an over-subscription privilege to purchase a portion of the unsubscribed Units at the Subscription Price, subject to proration, which we

refer to as the Over-Subscription Privilege.

For certain investors whose subscriptions may result in the purchaser beneficially owning more than 4.99% of our outstanding common stock, such investors may elect to receive in the Rights Offering, in lieu of shares of common stock, certain pre-funded warrants, which we refer to as the Pre-Funded Warrants, to purchase the same amount of shares of common stock. Each Pre-Funded Warrant will have an exercise price of \$0.0025, and the subscription price per Unit for any such electing investors will be reduced to \$0.99 (which equals the Subscription Price for the other Units sold in the Rights Offering, less the \$0.0025 exercise price for each Pre-Funded Warrant). This prospectus also relates to the offering of the shares of common stock issuable upon exercise of the Pre-Funded Warrants.

The Subscription Rights will expire if they are not exercised by 5:00 p.m., Eastern Time, on February 17, 2017, unless the Rights Offering is extended or earlier terminated by the Company in its sole discretion; *provided, however*, that we may not extend the expiration date of the Rights Offering by more than 30 days past the original expiration date. If you exercise your Subscription Rights, you may revoke such exercise before the expiration date of the Rights Offering by following the instructions herein. If the expiration date is extended, you may revoke your exercise of Subscription Rights at any time until the final expiration date as so extended. If we terminate the Rights Offering, all subscription payments received will be returned as soon as practicable thereafter without interest or deduction.

We have engaged Maxim Group LLC to act as the sole dealer-manager in the Rights Offering. We have not entered into any standby purchase agreement or other similar arrangement in connection with the Rights Offering. The Rights Offering is being conducted on a best-efforts basis and there is no minimum amount of proceeds necessary to be received in order for us to close the Rights Offering.

Shares of our common stock are listed on the NYSE MKT under the symbol PVCT, although NYSE MKT suspended trading in our common stock and commenced delisting procedures on October 13, 2016. We are appealing the NYSE MKT decision to commence delisting procedures, and on November 10, 2016, we provided our written submission to the Listing Qualifications Panel in connection with our appeal. The hearing before the Listing Qualifications Panel has been scheduled for January 25, 2017. In addition, on November 23, 2016, we received notice from NYSE MKT indicating that we are not in compliance with Section 1003(a)(iii) of the NYSE MKT Company Guide (requiring stockholders' equity of \$6.0 million or more if the Company has reported losses from continuing operations and/or net losses in its five most recent fiscal years). On December 22, 2016, we submitted a plan of compliance addressing how we intend to regain compliance with Section 1003(a)(iii) by May 23, 2018. Effective October 17, 2016, our common stock trades on the OTCQB under the symbol PVCT. On January 26, 2017, the closing sale price for our common stock was \$0.02 per share. The Subscription Rights are non-transferrable and will not be listed for trading on the NYSE MKT or any other stock exchange or market. You are urged to obtain a current price quote for our common stock before exercising your subscription rights.

	<b>Per Unit</b>	<b>Total<sup>(1)</sup></b>
Subscription price	\$ 1.00	\$ 19,662,782
Dealer-Manager fees and expenses <sup>(2)</sup>	\$ 0.078	\$ 1,533,697
Proceeds, before expenses, to us	\$ 0.922	\$ 18,129,085

(1) Assumes the Rights Offering is fully subscribed.

(2) In connection with this Rights Offering, we have agreed to pay to the dealer-manager a cash fee equal to 7.8% of the dollar amount of the Units sold to holders of Subscription Rights. We will provide to the dealer-manager upon completion of the Rights Offering a non-accountable expense allowance equal to \$100,000 for expenses incurred in connection with the Rights Offering and other consideration described under Plan of Distribution. We advanced \$30,000 against out-of-pocket expenses anticipated to be incurred by Maxim Group LLC, upon its engagement as a dealer-manager, which will be deducted from such \$100,000 expense allowance upon completion of the Rights

Offering; provided that Maxim Group LLC will promptly reimburse to us any portion of the advance not used for actual out-of-pocket expenses if the Rights Offering is not completed. See Plan of Distribution for more information.

**Our board of directors is making no recommendation regarding your exercise of the Subscription Rights.**

**Investing in our securities involves a high degree of risk. You should carefully consider all of the information set forth in this prospectus, including the section entitled Risk Factors beginning on page 25 of this prospectus, before exercising your subscription rights.**

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

*Dealer-Manager*

**Maxim Group LLC**

**The date of this prospectus is January 30, 2017**

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The distribution of this prospectus and the offering and sale of our securities in certain jurisdictions may be restricted by law. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus may contain forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as may, will, would, should, expects, plans, anticipates, could, intends, target, projects, contemplates, believe, assume, intend, potential, continue or other similar words or the negative of these terms. These statements are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described under the caption Risk Factors herein. Accordingly, you should not place undue reliance upon these forward-looking statements. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Also, the timing of events and circumstances and actual results could differ materially from those projected in the forward-looking statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We have included important factors in the cautionary statements included in this prospectus, including under the caption entitled Risk Factors that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. Except as required by law, we do not assume any intent to update any forward-looking statements after the date on which the statement is made, whether as a result of new information, future events or circumstances or otherwise.

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**QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING**

*The following are examples of what we anticipate will be common questions about the Rights Offering. The answers are based on selected information from this prospectus. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the Rights Offering. This prospectus contains more detailed descriptions of the terms and conditions of the Rights Offering and provides additional information about us and our business, including potential risks related to the Rights Offering, our common stock and our business. In this prospectus, all references to the Company, we, us and our refer to Provectus Biopharmaceuticals, Inc., a Delaware corporation, and its subsidiaries unless the context otherwise requires or where otherwise indicated.*

**Why are we conducting the Rights Offering?**

We are conducting the Rights Offering:

to raise additional capital for clinical development, including our ongoing phase 3 clinical trial of PV-10 to treat locally advanced cutaneous melanoma;

for working capital; and

for general corporate purposes.

**What is the Rights Offering?**

We are distributing, at no charge, to record holders of our common stock and Listed Warrants non-transferable Subscription Rights to purchase Units at a price of \$1.00 per Unit. The Subscription Rights will not be tradable. Each Unit consists of four shares of common stock and one-half a share of the Preferred Stock. Upon closing of the Rights Offering, the common stock and the Preferred Stock will immediately separate. You will receive one Subscription Right to purchase one Unit for every 20 shares of common stock and every 20 Listed Warrants, in each case that you owned as of 5:00 p.m., Eastern Time, on the Record Date. Each Subscription Right entitles the record holder to a Basic Subscription Right and an Over-Subscription Privilege. If the Rights Offering is oversubscribed (after taking into account all Over-Subscription requests), we may increase the size of the Rights Offering, in our sole discretion, by up to 20%, and we will allocate such increased amount pro rata among our stockholders and holders of Listed Warrants who exercise both their Basic Subscription Right and their Over-Subscription Privilege. The Subscription Rights will expire if they are not exercised by 5:00 p.m., Eastern Time, on February 17, 2017, unless extended or earlier terminated by the Company in its sole discretion; provided, however, that we may not extend the expiration date of the Rights Offering by more than 30 days past the original expiration date.

**What are the Basic Subscription Rights?**

For every 20 shares of common stock and every 20 Listed Warrants, in each case you owned as of the Record Date, you will receive one Basic Subscription Right, which gives you the opportunity to purchase one Unit, consisting of four shares of common stock and one-half a share of the Preferred Stock for a price of \$1.00 per Unit. For example, if

you owned 100 shares of common stock as of the Record Date, you will receive five Subscription Rights and will have the right to purchase 20 shares of our common stock and two and one-half shares of the Preferred Stock for \$1.00 per Unit (or a total payment of \$5.00). You may exercise all or a portion of your Basic Subscription Rights or you may choose not to exercise any Basic Subscription Rights at all.

If you are a record holder of our common stock or Listed Warrants, the number of shares you may purchase pursuant to your Basic Subscription Rights is indicated on the enclosed Rights Certificate. If you hold your shares or Listed Warrants in the name of a broker, dealer, bank, or other nominee who uses the services of the

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Depository Trust Company, or DTC, you will not receive a Rights Certificate. Instead, DTC will issue one Subscription Right to your nominee record holder for every 20 shares of our common stock or every 20 Listed Warrants, in each case that you beneficially own as of the Record Date. If you are not contacted by your nominee, you should contact your nominee as soon as possible.

**What is the Over-Subscription Privilege?**

If you exercise your Basic Subscription Rights in full, you may also choose to exercise your Over-Subscription Privilege to purchase a portion of any Units that the other record holders do not purchase through the exercise of their Basic Subscription Rights. You should indicate on your Rights Certificate, or the form provided by your nominee if your shares or Listed Warrants are held in the name of a nominee, how many additional Units you would like to purchase pursuant to your Over-Subscription Privilege.

If sufficient Units are available, we will seek to honor your Over-Subscription request in full. If Over-Subscription requests exceed the number of Units available, however, we will allocate the available Units pro rata among the record holders exercising the Over-Subscription Privilege in proportion to the number of shares of our common stock or Listed Warrants each of those record holders owned on the Record Date, relative to the number of shares or Listed Warrants owned on the Record Date by all record holders exercising the Over-Subscription Privilege. If this pro rata allocation results in any record holders receiving a greater number of Units than the record holder subscribed for pursuant to the exercise of the Over-Subscription Privilege, then such record holder will be allocated only that number of Units for which the record holder oversubscribed, and the remaining Units will be allocated among all other record holders exercising the Over-Subscription Privilege on the same pro rata basis described above. The proration process will be repeated until all Units have been allocated. See *The Rights Offering Limitation on the Purchase of Units* for a description of certain stock ownership limitations.

To properly exercise your Over-Subscription Privilege, you must deliver to the Subscription Agent the subscription payment related to your Over-Subscription Privilege before the Rights Offering expires. See *The Rights Offering The Subscription Rights Over-Subscription Privilege*. To the extent you properly exercise your Over-Subscription Privilege for an amount of Units that exceeds the number of unsubscribed Units available to you, any excess subscription payments will be returned to you within 10 business days after the expiration of the Rights Offering, without interest or deduction.

Broadridge Corporate Issuer Solutions, Inc., our Subscription Agent for the Rights Offering, will determine the Over-Subscription allocation based on the formula described above.

**What are the terms of the Preferred Stock?**

The holders of Preferred Stock will be entitled to receive cumulative dividends at the rate per share of seven percent (7%) per annum until the second anniversary of the date of issuance of the Preferred Stock, calculated as provided in the Series C Certificate of Designation. The dividends become payable in shares of common stock, (i) upon any conversion of the Preferred Stock, (ii) on each such other date as our board of directors may determine, subject to written consent of the holders of Preferred Stock holding a majority of the then issued and outstanding Preferred Stock, (iii) upon our liquidation, dissolution or winding up, and (iv) upon occurrence of a fundamental transaction, including any merger or consolidation, sale of all or substantially all of our assets, exchange or conversion of all of our common stock by tender offer, exchange offer or reclassification. The aggregate dividend accrued at the expiration of the first anniversary of the issuance date of the Preferred Stock will be approximately 0.5801 shares of common



stock per share of Preferred Stock, and the aggregate dividend accrued at the second anniversary of the issuance date of the Preferred Stock will be approximately 1.2022 shares of common stock per share of Preferred Stock, subject to adjustment as provided in the Series C Certificate of Designation.

The Preferred Stock is convertible into shares of our common stock at a conversion ratio of eight (8) shares of common stock for each share of Preferred Stock held at the time of conversion, subject to adjustment as

provided in the certificate of designation of preferences, rights and limitations of the Preferred Stock (the

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Series C Certificate of Designation ), at any time at the option of the holder, provided that the holder will be prohibited from converting Preferred Stock into shares of our common stock if, as a result of such conversion, the holder, together with its affiliates, would own more than 4.99% of the total number of shares of our common stock then issued and outstanding. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days after such notice to us.

Pursuant to the terms of the Series C Certificate of Designation, holders of the Preferred Stock will be entitled to receive, in the aggregate, (i) a royalty payment equal to a percentage (the Applicable Percentage, as set forth in the table below) of any net licensing proceeds or Net Sales (each defined below) from PV-10 and PH-10 (for all indications of such drugs), if and when we enter into one or more licensing agreements (the Royalty Payments ); (ii) the Applicable Percentage of the total consideration receivable as a result of (x) any merger or consolidation, sale of all or substantially all of our assets, exchange or conversion of all of our common stock by tender offer, exchange offer or reclassification, which we refer to as a Fundamental Transaction, or (y) any sale, lease, conveyance or other disposition, whether in a single transaction or a series of related transactions, of any intellectual property relating to PV-10 or PH-10 (the Transaction Payments ); and (iii) the Applicable Percentage of any amounts distributed in connection with our liquidation, dissolution, or winding up (the Liquidation Payments ); provided, however, that holders of Preferred Stock shall be entitled to receive Royalty Payments, Transaction Payments and Liquidation Payments, if any, only until the Company has paid Royalty Payments, Transaction Payments and Liquidation Payments, in the aggregate, equal to ten times the net offering proceeds received by the Company in the Rights Offering (after deducting Dealer-Manager fees and expenses and other expenses of the Rights Offering) (the Maximum Payment Amount ), at which time all remaining outstanding shares of Preferred Stock will convert into shares of common stock in accordance with the paragraph above. Upon conversion of any shares of Preferred Stock (the Converted Shares ) to common stock prior to the payment of the Maximum Payment Amount in full, the holder of such Converted Shares shall no longer be entitled to receive any Royalty Payments, Transaction Payments or Liquidation Payments for such Converted Shares and the Maximum Payment Amount will be reduced by the maximum amount of any remaining Royalty Payments, Transaction Payments and Liquidation Payments, if any, that the holder of the Converted Shares would have been entitled to receive had such holder not converted such shares. See Description of Securities Preferred Stock Series C Convertible Preferred Stock Issuable in the Rights Offering. The Applicable Percentage is to be determined based on the gross offering proceeds received by the Company in the Rights Offering (without deducting Dealer-Manager fees and expenses and other expenses of the Rights Offering) as follows:

<b>Gross Proceeds Received by the Company</b>	<b>Applicable Percentage</b>
\$10 million or less	10%
More than \$10 million to \$20 million	20%
More than \$20 million	30%

As used in this prospectus, net licensing proceeds means all cash and marketable securities received by the Company from third party licensees with respect to licensing or partnering arrangements pursuant to the development or commercialization of PV-10 or PH-10, including (i) royalties based on sales of PV-10 or PH-10 by third party licensees or their sublicensees; (ii) any licensing fees for rights to develop or commercialize PV-10 or PH-10, or other payments in connection with the licensing of rights with respect to PV-10 or PH-10; and (iii) milestone payments based on development, regulatory or commercialization milestones for PV-10 and PH-10, less (x) any applicable

withholding taxes and any other amounts credited or deducted against the amounts actually received by the Company, unless and until the Company recoups such taxes or charges through a credit against taxes due or against other cash payments that the Company otherwise would be required to make, and (y) any amounts paid to a third party (including without limitation the fair market value as of the date of issuance of any equity issued to such third party to the extent that such equity is issued as a license fee and is not purchased for other consideration by such third party) with respect to the license, sublicense or acquisition of additional intellectual property rights and relating to the product covered by such license agreement. Net

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licensing proceeds shall not include (a) any equity or amounts received as payment for equity securities (up to the fair market value of such securities as of the date of issuance), (b) any amounts received in direct connection with the sale or provision of products or materials or services, or (c) any amounts received in consideration of bona fide research or development activities.

As used in this prospectus, **Net Sales** means for any period, the gross amount invoiced by the Company and its affiliates for the sale of PV-10 or PH-10 (including, without limitation, third party agents, distributors and wholesalers), less the total of the following, to the extent applicable: (i) trade, cash and/or quantity discounts not already reflected in the amount invoiced; (ii) all excise, sales and other consumption taxes (including value-added taxes) and custom duties, whether or not specifically identified as such in the invoice to the third party; (iii) freight, distribution, insurance and other transportation charges, whether or not specifically identified as such in the invoice to the third party; (iv) amounts repaid or credited by reason of rejections, defects or returns or because of chargebacks, retroactive price reductions, refunds or billing errors; (v) any royalty amounts or license fees payable by the Company to a non-affiliate third party for access to, or licensing in of, such non-affiliate third party's intellectual property rights for use or exploitation of PV-10 or Ph-10; and (vi) rebates and similar payments made with respect to sales paid for or reimbursed by any governmental or regulatory authority such as, by way of illustration, United States Federal or state Medicaid, Medicare or similar state program or equivalent foreign governmental program. For purposes of determining Net Sales, sale will not include transfers or dispositions for charitable, promotional, pre-clinical, clinical, regulatory or governmental purposes. **Net Sales** also excludes all net licensing proceeds received by the Company and its affiliates from third party licensees to the extent that any Royalty Payments have otherwise been made with respect to such net licensing proceeds.

### **Will the Preferred Stock be listed or quoted?**

We intend to apply to have the Preferred Stock quoted on the OTCQB, although there can be no assurance that the Preferred Stock will be quoted on the OTCQB.

### **What are the terms of the Pre-Funded Warrants?**

The Pre-Funded Warrants will only be issued to certain investors whose subscriptions for Units in the Rights Offering may result in the purchaser beneficially owning more than 4.99% of our outstanding common stock following the consummation of the Rights Offering, and who elect to receive Pre-Funded Warrants in lieu of shares of common stock underlying the Units for which the investors have subscribed. You will not be eligible to elect to receive Pre-Funded Warrants, except to the extent that your beneficial ownership could exceed 4.99% of the shares of common stock outstanding following the consummation of the Rights Offering.

Each Pre-Funded Warrant entitles the holder to purchase one share of common stock at an exercise price of \$0.0025 per share, and the subscription price per Unit for any such electing investors will be reduced to \$0.99 (which equals the Subscription Price for the other Units sold in the Rights Offering, less the \$0.0025 exercise price for each Pre-Funded Warrant). Each Pre-Funded Warrant will be exercisable from the date of issuance through its expiration on the fifth anniversary of the date of issuance; *provided, however*, that if upon such expiration date, the holder's exercise in full of the Pre-Funded Warrant would cause such holder's beneficial ownership of our common stock to exceed 4.99% (the **Maximum Percentage**) of our common stock outstanding immediately after giving effect to such exercise, the term of the Pre-Funded Warrant shall be automatically extended until, and the Pre-Funded Warrant shall be automatically exercised on, the date that is the 90th day following the date on which the Pre-Funded Warrant may

be exercised in full without the holder exceeding the Maximum Percentage. The Pre-Funded Warrants will be exercisable by paying the exercise price in cash or on a cashless basis in accordance with the terms of the Pre-Funded Warrants. The Pre-Funded Warrants will not be listed for trading on any stock exchange or market. The Pre-Funded Warrants do not confer upon the holder any voting or any other rights of a stockholder of the Company.

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**Will fractional shares be issued upon exercise of Subscription Rights?**

No. We will not issue fractional shares of common stock in the Rights Offering. We will only distribute Subscription Rights to acquire whole Units, and rights holders will only be entitled to purchase a number of Units representing a whole number of Units. Any excess subscription payments received by the Subscription Agent will be returned within 10 business days after expiration of the Rights Offering, without interest or deduction.

**What effect will the Rights Offering have on our outstanding common stock?**

Based on 364,773,297 shares of common stock outstanding as of the Record Date assuming no other transactions by us involving our common stock prior to the expiration of the Rights Offering, if the Rights Offering is fully subscribed 443,424,425 shares of our common stock will be issued and outstanding and 9,831,391 shares of the Preferred Stock will be issued and outstanding. The exact number of shares of common stock and Preferred Stock that we will issue in this Rights Offering will depend on the number of Units that are subscribed for in the Rights Offering.

**How was the Subscription Price determined?**

Our board of directors determined the Subscription Price upon on the recommendation of a pricing committee comprised of two members of our board of directors. In determining the Subscription Price to recommend to our board of directors for approval, the pricing committee considered a number of factors, including:

the likely cost of capital from other sources;

the price at which our stockholders might be willing to participate in the Rights Offering;

historical and current trading prices for our common stock;

our need for liquidity and capital; and

the desire to provide an opportunity to our stockholders to participate in the Rights Offering on a pro rata basis.

In conjunction with its review of these factors, the pricing committee also reviewed a range of discounts to market value represented by the subscription prices in various prior rights offerings of other public companies.

The Subscription Price is not intended to bear any relationship to the book value of our assets or our past operations, cash flows, losses, financial condition, net worth, or any other established criteria used to value securities. You should not consider the Subscription Price to be an indication of the fair value of our common stock offered in the Rights Offering.

We may, in our sole discretion, reduce the Subscription Price by up to 20%. On your Rights Certificate or Beneficial Owner Election Form, as applicable, at the time you exercise your Subscription Rights, you may elect to receive either (i) proportionally more Units based on the payment amount we received from you in connection with the exercise of your Subscription Rights or (ii) an amount in cash equal to the difference between your total payment amount at the original Subscription Price and the payment amount that would have been due for the number of Units for which you subscribed at the reduced Subscription Price in the event we elect to reduce the Subscription Price per Unit. If you elect to receive cash in lieu of additional Units, the Company will remit such payment within 10 business days after the expiration date of the Rights Offering, without interest or deduction.

For example, if you own 100 shares of common stock and exercise your Subscription Rights in full to purchase five Units, then, assuming the Subscription Price is \$1.00 per Unit, you will pay a total Subscription Price of \$5.00. If we thereafter elect to reduce the Subscription Price by 20%, or to \$0.80 per Unit, you will be entitled to receive either (i) cash in an amount equal to \$1.00, or (ii) one additional Unit, comprised of

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four shares of common stock and one-half a share of Series C Preferred Stock, based on the election you made in your Rights Certificate or Beneficial Owner Election Form, as applicable, to receive either (1) proportionally more Units based on the payment amount we received from you in connection with the exercise of your Subscription Rights, or (2) an amount in cash equal to the difference between your total payment amount at the original Subscription Price and the payment amount that would have been due for the number of Units for which you subscribed at the reduced Subscription Price.

In the event that we determine to reduce the Subscription Price, we will file with the Commission and mail to stockholders of record as of the record date for the Rights Offering a prospectus supplement disclosing the reduced subscription price. The expiration date of the Rights Offering will be no less than seven calendar days after the date of such prospectus supplement disclosing a reduction in subscription price.

The market price of our common stock may decline during or after the Rights Offering. You should obtain a current price quote for our common stock before exercising your Subscription Rights and make your own assessment of our business and financial condition, our prospects for the future, the terms of the Rights Offering, the information in this prospectus and the other considerations relevant to your circumstances. In addition, there is no established trading market for the Preferred Stock to be issued pursuant to this Rights Offering, and the Preferred Stock may not be widely distributed.

**Am I required to exercise all of the Basic Subscription Rights I receive in the Rights Offering?**

No. You may exercise any number of your Basic Subscription Rights, or you may choose not to exercise any Basic Subscription Rights. If you do not exercise any Basic Subscription Rights, the number of shares of our common stock you own will not change. However, if you choose not to exercise your Basic Subscription Rights in full and other holders of Subscription Rights do exercise, your proportionate ownership interest in our company will decrease. If you do not exercise your Basic Subscription Rights in full, you will not be entitled to exercise your Over-Subscription Privilege.

**How soon must I act to exercise my Subscription Rights?**

If you received a Rights Certificate and elect to exercise any or all of your Subscription Rights, the Subscription Agent must receive your completed and signed Rights Certificate and payment for both your Basic Subscription Rights and any Over-Subscription Privilege you elect to exercise before the Rights Offering expires on February 17, 2017, at 5:00 p.m., Eastern Time. If you hold your shares or Listed Warrants in the name of a broker, dealer, bank, or other nominee, your nominee may establish a deadline before the expiration of the Rights Offering by which you must provide it with your instructions to exercise your Subscription Rights, along with the required subscription payment.

**May I transfer my Subscription Rights?**

No. The Subscription Rights may be exercised only by the stockholders or holders of Listed Warrants to whom they are distributed, and they may not be sold, transferred, assigned or given away to anyone else, other than by operation of law. As a result, Rights Certificates may be completed only by the stockholder or holder of Listed Warrants who receives the certificate. We do not intend to apply for the listing of the Subscription Rights on the NYSE MKT or any other securities exchange or recognized trading market.

**Will our directors and executive officers participate in the Rights Offering?**



To the extent they hold common stock or Listed Warrants as of the Record Date, our directors and executive officers will be entitled to participate in the Rights Offering on the same terms and conditions applicable to other Rights holders. While none of our directors or executive officers has entered into any binding commitment or agreement to exercise Subscription Rights received in the Rights Offering, Timothy C. Scott, our President and a member of our board of directors, and Eric A. Wachter, our Chief Technology Officer and a member of our board of directors, have indicated an interest in participating in the offering.

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**Has the board of directors made a recommendation to stockholders regarding the Rights Offering?**

No. Our board of directors is making no recommendation regarding your exercise of the Subscription Rights. Rights holders who exercise Subscription Rights will incur investment risk on new money invested. We cannot predict the price at which our shares of common stock will trade after the Rights Offering. On January 26, 2017, the closing price of our common stock was \$0.02 per share. The market price for our common stock may be above the Subscription Price or may be below the Subscription Price. If you exercise your Subscription Rights, you may not be able to sell the underlying shares of our common stock (or Preferred Stock) in the future at the same price or a higher price. You should make your decision based on your assessment of our business and financial condition, our prospects for the future, the terms of the Rights Offering, the information contained in this prospectus and other considerations relevant to your circumstances. See **Risk Factors** for discussion of some of the risks involved in investing in our securities.

**How do I exercise my Subscription Rights?**

If you are a stockholder or Listed Warrant holder of record (meaning you hold your shares of our common stock or Listed Warrants in your name and not through a broker, dealer, bank, or other nominee) and you wish to participate in the Rights Offering, you must deliver a properly completed and signed Rights Certificate, together with payment of the Subscription Price for both your Basic Subscription Rights and any Over-Subscription Privilege you elect to exercise, to the Subscription Agent before 5:00 p.m., Eastern Time, on February 17, 2017. If you are exercising your Subscription Rights through your broker, dealer, bank, or other nominee, you should promptly contact your broker, dealer, bank, or other nominee and submit your subscription documents and payment for the Units subscribed for in accordance with the instructions and within the time period provided by your broker, dealer, bank or other nominee.

**What if my shares or Listed Warrants are held in street name ?**

If you hold your shares of our common stock or Listed Warrants in the name of a broker, dealer, bank, or other nominee, then your broker, dealer, bank, or other nominee is the record holder of the shares or Listed Warrants you beneficially own. The record holder must exercise the Subscription Rights on your behalf. Therefore, you will need to have your record holder act for you.

If you wish to participate in this Rights Offering and purchase Units, please promptly contact the record holder of your shares or Listed Warrants. We will ask the record holder of your shares or Listed Warrants, who may be your broker, dealer, bank, or other nominee, to notify you of this Rights Offering.

**What form of payment is required?**

You must timely pay the full Subscription Price for the full number of Units you wish to acquire pursuant to the exercise of Subscription Rights by delivering to the Subscription Agent a:

personal check drawn on a U.S. bank;

certified check drawn on a U.S. bank; or

wire transfer.

If you send payment by personal uncertified check, payment will not be deemed to have been delivered to the Subscription Agent until the check has cleared.

If you send a payment that is insufficient to purchase the number of Units you requested, or if the number of Units you requested is not specified in the forms, the payment received will be applied to exercise your Subscription Rights to the fullest extent possible based on the amount of the payment received.

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**When will I receive my new shares of common stock and Preferred Stock?**

The Subscription Agent will arrange for the issuance of the common stock and Preferred Stock as soon as practicable after the expiration of the Rights Offering, payment for the Units subscribed for has cleared, and all prorating calculations and reductions contemplated by the terms of the Rights Offering have been effected. All shares of common stock and Preferred Stock that you purchase in the Rights Offering will be issued in book-entry, or uncertificated, form meaning that you will receive a direct registration (DRS) account statement from our transfer agent reflecting ownership of these securities if you are a holder of record of shares of common stock or Listed Warrants. If you hold your shares of common stock or Listed Warrants in the name of a broker, dealer, bank, or other nominee, DTC will credit your account with your nominee with the securities you purchase in the Rights Offering. Broadridge Corporate Issuer Solutions, Inc. is acting as the warrant agent in this offering and is also the transfer agent for our common stock and Preferred Stock.

**When will I receive my Pre-Funded Warrants?**

If you elect to receive any Pre-Funded Warrants, the Subscription Agent will arrange for the issuance of the Pre-Funded Warrants as soon as practicable after the expiration of the Rights Offering, payment for the Units subscribed for has cleared, and all prorating calculations and reductions contemplated by the terms of the Rights Offering have been effected. All Pre-Funded Warrants will be issued in physical form.

**After I send in my payment and Rights Certificate to the Subscription Agent, may I cancel my exercise of Subscription Rights?**

Yes. If you exercise your Subscription Rights, you may revoke such exercise before the expiration date of the Rights Offering by following the instructions herein. If the expiration date is extended, you may revoke your exercise of Subscription Rights at any time until the final expiration date as so extended. See The Rights Offering Revocation Rights.

**How much will our company receive from the Rights Offering?**

Assuming that all 19,662,782 Units are sold in the Rights Offering, we estimate that the net proceeds from the Rights Offering will be approximately \$19,662,782 million, based on the Subscription Price of \$1.00 per Unit, after deducting fees and expenses payable to the dealer-manager, and after deducting other expenses payable by us. We intend to use approximately \$15.6 million of the net proceeds from the exercise of Subscription Rights for clinical development, consisting of: approximately \$9.3 million to expand the geographic scope necessary to complete patient accrual in our ongoing phase 3 clinical trial of PV-10 to treat locally advanced cutaneous melanoma; approximately \$3.6 million to complete patient accrual in the phase 1b portion and begin the phase 2 portion of our phase 1b/2 combination study of PV-10 and Merck's KEYTRUDA in late stage melanoma; approximately \$1.2 million to conduct our phase 1b/2 study of PV-10 in liver cancer (hepatocellular carcinoma); and approximately \$1.5 million to conduct exploratory pre-clinical studies and phase 1 clinical studies to support current and future oncology indications. We intend to use any remaining net proceeds for working capital and general corporate purposes. See Use of Proceeds.

**Are there risks in exercising my Subscription Rights?**

Yes. The exercise of your Subscription Rights involves risks. Exercising your Subscription Rights involves the purchase of additional shares of our common stock and Preferred Stock, and you should consider this investment as

carefully as you would consider any other investment. The market price of our common stock may not exceed the Subscription Price, and the market price of our common stock may decline during or after the Rights Offering. You may not be able to sell shares of our common stock or Preferred Stock purchased in the Rights Offering at a price equal to or greater than the Subscription Price. In addition, you should carefully consider the risks described under the heading **Risk Factors** for discussion of some of the risks involved in investing in our securities.

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**Are there any conditions to the completion of the Rights Offering?**

No. There are no conditions to the completion of the Rights Offering. We are not requiring a minimum subscription to complete the Rights Offering.

**Can the board of directors terminate or extend the Rights Offering?**

Yes. Our board of directors may decide to terminate the Rights Offering at any time and for any reason before the expiration of the Rights Offering. We also have the right to extend the Rights Offering for additional periods in our sole discretion; provided, however, that we may not extend the expiration date of the Rights Offering by more than 30 days past the original expiration date. We do not presently intend to extend the Rights Offering. We will notify stockholders and the public if the Rights Offering is terminated or extended by issuing a press release announcing the extension no later than 9:00 a.m., Eastern Time, on the next business day after the most recently announced expiration date of the Rights Offering. We may also decide, in our sole discretion, to increase the size of the Rights Offering by up to 20% if the Rights Offering is oversubscribed (after taking into account all Over-Subscription requests), and we will allocate such increased amount pro rata among our stockholders who exercise both their Basic Subscription Right and their Over-Subscription Privilege.

**If the Rights Offering is not completed or is terminated, will my subscription payment be refunded to me?**

Yes. The Subscription Agent will hold all funds it receives in a segregated bank account until completion of the Rights Offering. If we do not complete the Rights Offering, all subscription payments received by the Subscription Agent will be returned as soon as practicable after the termination or expiration of the Rights Offering, without interest or deduction. If you own shares in street name, it may take longer for you to receive your subscription payment because the Subscription Agent will return payments through the record holder of your shares.

**How do I exercise my Rights if I live outside the United States?**

The Subscription Agent will hold Rights Certificates for stockholders or holders of Listed Warrants having addresses outside the United States. To exercise Subscription Rights, foreign stockholders or holders of Listed Warrants must notify the Subscription Agent and timely follow other procedures described in the section entitled "The Rights Offering - Foreign Stockholders and Holders of Listed Warrants."

**What fees or charges apply if I purchase shares in the Rights Offering?**

We are not charging any fee or sales commission to issue Subscription Rights to you or to issue shares of common stock or Preferred Stock to you if you exercise your Subscription Rights. If you exercise your Subscription Rights through a broker, dealer, bank, or other nominee, you are responsible for paying any fees your broker, dealer, bank, or other nominee may charge you.

**What are the U.S. federal income tax consequences of receiving and/or exercising my Subscription Rights?**

For U.S. federal income tax purposes, we do not believe you should recognize income or loss in connection with the receipt or exercise of Subscription Rights in the Rights Offering. You should consult your tax advisor as to the tax consequences of the Rights Offering in light of your particular circumstances. For a detailed discussion, see "Material U.S. Federal Income Tax Considerations."

**To whom should I send my forms and payment?**

If your shares of common stock or Listed Warrants are held in the name of a broker, dealer, bank, or other nominee, then you should send your subscription documents and subscription payment to that broker, dealer,

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bank, or other nominee. If you are the record holder, then you should send your subscription documents, Rights Certificate, and subscription payment to the Subscription Agent by hand delivery, first class mail or courier service to:

*By Mail:*

**Broadridge Corporate Issuer Solutions, Inc.**

**Attn: BCIS Re-Organization Dept.**

**P.O. Box 1317**

**Brentwood, NY 11717**

*By Hand Delivery or Overnight Courier Excluding USPS:*

**Broadridge Corporate Issuer Solutions, Inc.**

**Attn: BCIS IWS**

**51 Mercedes Way**

**Edgewood, NY 11717**

You or, if applicable, your nominee are solely responsible for completing delivery to the Subscription Agent of your subscription documents, Rights Certificate and payment. You should allow sufficient time for delivery of your subscription materials to the Subscription Agent and clearance of payment before the expiration of the Rights Offering at 5:00 p.m. Eastern Time on February 17, 2017.

**Whom should I contact if I have other questions?**

If you have other questions or need assistance, please contact the Information Agent or the dealer-manager for the Rights Offering:

**Maxim Group LLC**

**405 Lexington Avenue**

**New York, New York 10174**

**Attention Syndicate Department**

**Email: [syndicate@maximgrp.com](mailto:syndicate@maximgrp.com)**

**Telephone: (212) 895-3745**

**Broadridge Corporate Issuer Solutions, Inc.**

**(844) 695-1509**

**(720) 414-6879 (toll number)**



**Who is the dealer-manager?**

Maxim Group LLC will act as dealer-manager for the Rights Offering. Under the terms and subject to the conditions contained in the dealer-manager agreement, the dealer-manager will use its best efforts to solicit the exercise of Subscription Rights and participation in the Over-Subscription Privilege. We have agreed to pay the dealer-manager certain fees and other consideration for acting as dealer-manager and to reimburse the dealer-manager for certain out-of-pocket expenses incurred in connection with the Rights Offering. The dealer-manager is not underwriting or placing any of the Subscription Rights or the shares of our common stock or Preferred Stock being issued in the Rights Offering.

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**PROSPECTUS SUMMARY**

*This summary highlights the information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that you should consider before deciding whether to exercise your Subscription Rights. You should carefully read this entire prospectus, including the information contained under the heading Risk Factors, and all other information included in this prospectus in their entirety before you decide to exercise your Subscription Rights.*

**Provectus Biopharmaceuticals, Inc.**

**Overview**

We are a development-stage biopharmaceutical company that is primarily engaged in developing ethical pharmaceuticals for oncology and dermatology indications. Our goal is to develop alternative treatments that are safer, more effective, less invasive and more economical than conventional therapies. We develop and intend to license or market and sell our two prescription drug candidates, PV-10 and PH-10. We also hold patents and other intellectual property which we believe may be used in over-the-counter products, which we refer to as OTC products, and various other non-core technologies. We have transferred all our intellectual property related to OTC products and non-core technologies to our subsidiaries and have designated such subsidiaries as non-core to our primary business of developing our oncology and dermatology prescription drug candidates.

**Prescription Drugs**

We focus on developing our prescription drug candidates PV-10 and PH-10. We are developing PV-10 for treatment of several life threatening cancers including metastatic melanoma, liver cancer, and breast cancer. We are developing PH-10 to provide minimally invasive treatment of chronic severe skin afflictions such as psoriasis and atopic dermatitis, a type of eczema. We believe that our prescription drug candidates will be safer and more specific than currently existing products. All of our prescription drug candidates are in either the pre-clinical or clinical trial stage.

The table below sets forth our two prescription drug candidates and our progress in developing those candidates for the indications shown:

<b>PV-10</b>	Phase 3 study in progress: Opened recruitment in U.S. in April 2015; expected expansion from limited sites in U.S. to sites in Europe, Latin America and Asia in 2017 in order to increase enrollment
<b>Melanoma*</b>	Phase 1 and 2 studies completed, full study reports submitted
	Orphan drug status obtained in January 2007

**PV-10 +**

<b>Pembrolizumab</b>	Phase 1b/2 study initiated September 2015; phase 2 portion expected to commence in 2017
<b>PV-10</b>	Phase 1 study to detect immune cell infiltration into melanomas treated with PV-10 completed, study report in preparation
<b>Melanoma (Method of Action)</b>	Data published in peer-reviewed journal May 2016
<b>PV-10</b>	Orphan drug status obtained in April 2011
<b>Cancers of the Liver</b>	Phase 1 initial patient accrual and treatment completed
	Phase 1 protocol expansion (September 2012 into 2017)

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Data communicated in 2015

Phase 1b/2 commencement expected in early 2017

**PV-10**

Phase 1 study completed

**Breast Cancer**

Further clinical development is being planned

**PH-10**

Phase 2c randomized study completed and full report submitted to FDA

**Psoriasis**

Toxicity study R&D for advanced studies 2012 to 2016

**PH-10**

Phase 2 mechanism of action study initiated in January 2015 by leading research facility

**Psoriasis (Mechanism of Action)**

Phase 2 study recruitment began in Q1 2015

Phase 2 study recruitment completed in Q3 2015, advanced immunologic profiling of clinical samples ongoing

Phase 2 study data being compiled for FDA end of Phase 2 meeting

**PH-10**

Phase 2 study completed and full report submitted to FDA

**Atopic Dermatitis**

Toxicity study R&D for advanced studies 2012 to 2016

\* In addition to clinical trials, 187 patients enrolled in the Compassionate Use Program for PV-10 received PV-10 between June 2009 and June 2016.

**Corporate Information**

On April 23, 2002, Provectus Pharmaceutical, Inc., a Nevada corporation and a merger blank check public company, acquired Provectus Pharmaceuticals, Inc., a privately-held Tennessee corporation ( PPI ), by issuing 6,680,000 shares

of common stock of Provectus Pharmaceutical to the stockholders of PPI in exchange for all of the issued and outstanding shares of PPI, as a result of which Provectus Pharmaceutical changed its name to Provectus Pharmaceuticals, Inc. and PPI became a wholly-owned subsidiary of us. On December 16, 2013, Provectus Pharmaceuticals, Inc. was reincorporated in Delaware and changed its name to Provectus Biopharmaceuticals, Inc.

Our principal executive offices are located at 7327 Oak Ridge Highway, Knoxville, TN 37931, and our telephone number is 1-866-597-5999. Our website address is [www.provectusbio.com](http://www.provectusbio.com). The information on, or accessible through, our website is not part of, and is not incorporated into, this prospectus and should not be considered part of this prospectus.

## **Recent Developments**

### *Management Changes*

On December 27, 2016, the Board of Directors unanimously voted to terminate Peter R. Culpepper, effective immediately, from all positions he held with the Company and each of its subsidiaries, including Interim Chief Executive Officer and Chief Operating Officer of the Company, for cause, in accordance with the terms of his employment agreement based on the results of the investigation conducted by the Special Committee

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of the Board of Directors regarding improper expense advances and reimbursements to Mr. Culpepper. The Board of Directors has previously established a search committee to identify a permanent Chief Executive Officer after Dr. Dees' resignation effective February 27, 2016. In the interim, Timothy C. Scott, Ph.D., the Company's President, will perform the functions of the chief executive officer position in his capacity as President while the chief executive officer position remains vacant.

*SEC Subpoena*

As disclosed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, from time to time, we receive subpoenas and/or requests for information from governmental agencies with respect to our business. As we have previously disclosed, the Company received a subpoena from the staff of the Securities and Exchange Commission related to the travel expense advancements and reimbursements received by H. Craig Dees, our former Chairman and Chief Executive Officer. At this time, the staff's investigation into this matter remains ongoing. The Company is continuing to cooperate with the staff but cannot predict with any certainty what the outcome of the foregoing may be.

*August 2016 Preferred Stock and Warrant Offering*

On August 30, 2016, we closed a public offering of 240,000 shares of our Series B Convertible Preferred Stock, par value \$0.001 per share, which we refer to as the Series B Preferred Stock (which shares were initially convertible into an aggregate of 24,000,000 shares of our common stock), and warrants, which we refer to as the August 2016 Warrants, which were initially exercisable to purchase an aggregate of 24,000,000 shares of common stock at an exercise price of \$0.275 per share of common stock. The Series B Preferred Stock and August 2016 Warrants were sold together at a price of \$25.00 for a combination of one share of Series B Preferred Stock and 100 August 2016 Warrants to purchase one share of common stock each, resulting in gross offering proceeds of \$6,000,000 to us before the payment of placement agent fees and expenses related to the offering.

The conversion feature embedded within the Series B Preferred Stock was subject to anti-dilution price protection such that if the conversion price in effect on November 23, 2016 (the Price Reset Date) exceeded 85% of the average of the 45 lowest volume weighted average trading prices of the common stock during the period commencing on the date of issuance of the Series B Preferred Stock and ending on the Price Reset Date (as adjusted for stock splits, stock dividends, recapitalizations, reorganizations, reclassification, combinations, reverse stock splits or other similar events during such period), which we refer to as the Adjusted Conversion Price, then the conversion price shall be reset to the Adjusted Conversion Price and shall be further subject to adjustment as provided in the Certificate of Designation. In either case, if a holder of Series B Preferred Stock converted its shares of Series B Preferred Stock prior to any such price reset event, then such holder was entitled to receive additional shares of common stock equal to the number of shares of common stock that would have been issued assuming for such purposes the Adjusted Conversion Price were in effect at such time less the shares issued at the then Conversion Price (subject to being held in abeyance based on beneficial ownership limitations).

On the Price Reset Date, the Adjusted Conversion Price was set at \$0.0533 pursuant to the terms of the Certificate of Designation. Accordingly, on November 28, 2016, we issued holders who had previously converted their shares of Series B Preferred Stock 112,442,685 shares of common stock pursuant to the price reset provisions in the Certificate of Designation, and we were obligated to issue an additional 6,330,316 shares of common stock, which shares were being held in abeyance as of November 28, 2016 pursuant to beneficial ownership limitations. On December 16, 2016, we issued 3,165,158 of the shares being held in abeyance pursuant to beneficial ownership limitations, and on

December 27, 2016, we issued the remaining 3,165,158 shares of common stock being held in abeyance pursuant to beneficial ownership limitations.

As of December 30, 2016, there were 8,600 shares of Series B Preferred Stock outstanding, which are convertible into 5,647,009 shares of common stock, including the shares of common stock issuable in satisfaction of dividends payable on such shares of Series B Preferred Stock, upon conversion.

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The August 2016 Warrants expire on August 30, 2021. Pursuant to the terms of the August 2016 Warrants, because the exercise price in effect on the Price Reset Date exceeded 85% of the average of the 45 lowest volume weighted average trading prices of the common stock during the period commencing on the date of issuance of the August 2016 Warrants and ending on the Price Reset Date (as adjusted for stock splits, stock dividends, recapitalizations, reorganizations, reclassification, combinations, reverse stock splits or other similar events during such period), which we refer to as the Adjusted Exercise Price, then (i) the exercise price was reset to the Adjusted Exercise Price (and without giving effect to any prior conversions) and will be further subject to adjustment as provided in the August 2016 Warrants, and (ii) the number of shares of common stock issuable upon exercise of the August 2016 Warrants will be reset to equal the number of shares of common stock issuable upon conversion of Series B Preferred Stock after giving effect to the Adjusted Conversion Price. If a holder of August 2016 Warrants exercised its August 2016 Warrants prior to such repricing, then such holder was entitled to receive shares of common stock equal to the difference between the exercise price and the Adjusted Exercise Price; provided, however, that only the initial purchaser of Preferred Stock and August 2016 Warrants in the offering was entitled to receive the benefit of such price protection and such issuance of shares of common stock upon a price reset event. The exercise price of the August 2016 Warrants is further subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the common stock.

On the Price Reset Date, the Adjusted Exercise Price was set at \$0.0533 pursuant to the terms of the August 2016 Warrants. No holder of August 2016 Warrants had exercised its August 2016 Warrants prior to the Price Reset Date, so no additional shares of common stock were due to holders of August 2016 Warrants as of the Price Reset Date. Holders of August 2016 Warrants are entitled to exercise their August 2016 Warrants at the Adjusted Exercise Price and will receive an aggregate of 112,564,968 shares of common stock upon exercise of the August 2016 Warrants.

*Special Meeting of Stockholders*

On November 2, 2016, we filed a definitive proxy statement on Schedule 14A with the Securities and Exchange Commission, pursuant to which we solicited our stockholders to (i) approve a proposed amendment to our certificate of incorporation to authorize an increase in the number of authorized shares of common stock to an amount that will be sufficient to, in part, allow us to issue the shares of common stock that will be contained in the Units (if the maximum amount of Units is sold in the Rights Offering) and the shares of common stock that will be issuable upon conversion of the Preferred Stock (if the maximum amount of Units is sold in the Rights Offering) and (ii) authorize our board of directors to amend the Company's certificate of incorporation to effect a reverse stock split of our common stock at a ratio of between 1-for-10 and 1-for-50, such ratio to be determined by the board of directors in its sole discretion (the Reverse Stock Split) at a special meeting of stockholders that was held on November 28, 2016 (the Special Meeting). At the Special Meeting, our stockholders approved the proposal to increase the number of shares of common stock we are authorized to issue from 400 million shares to one billion shares and did not approve the proposal to amend our certificate of incorporation to effectuate the Reverse Stock Split.



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	Nine months ended September 30 (Unaudited)		Years ended December 31				2011
	2016	2015	2015	2014	2013	2012	
<b>(all amounts in thousands except per share data)</b>							
<b>Consolidated Statement of Operations Data:</b>							
Gain on settlement net of discount	\$	\$	\$	\$ 4,178	\$	\$	\$
Operating expenses							
Research and development	6,874	7,537	11,380	5,809	4,267	5,677	9,479
General and administrative	12,455	7,453	13,274	11,002	8,761	8,661	11,962
Total operating loss	(19,329)	(14,991)	(24,654)	(12,633)	(13,028)	(14,338)	(21,441)
Other income, net	(98)	141	152	2,390	(14,670)	1,769	2,006
Net loss	(19,427)	(14,850)	(24,502)	(10,243)	(27,698)	(12,569)	(19,435)
Dividend paid in-kind to preferred shareholders	(2,257)						
Deemed dividend	(727)						
Dividends on Series B preferred stock					(1,188)	(183)	(247)
Net loss applicable to common stockholders	\$ (22,411)	\$ (14,850)	\$ (24,502)	\$ (10,243)	\$ (28,886)	\$ (12,752)	\$ (19,682)
Basic and diluted loss per common share	\$ (0.10)	\$ (0.08)	\$ (0.13)	\$ (0.06)	\$ (0.22)	\$ (0.11)	\$ (0.19)
Weighted average number of common shares outstanding basic and diluted	213,723	192,604	195,662	175,828	132,001	112,987	105,725

	As of September 30 (Unaudited)		As of December 31			
	2016	2015	2014	2013	2012	2011
<b>(all amounts in thousands)</b>						

**Consolidated Balance Sheet Data:**

Cash, cash equivalents and marketable securities	\$ 5,178	\$ 14,179	\$ 17,392	\$ 15,696	\$ 1,222	\$ 7,705
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Patents, net	2,409	2,913	3,584	4,255	4,926	5,598
Other assets	3,098	3,348	5,208	57	56	47
Total assets	10,686	20,440	26,184	20,008	6,204	13,350
Current liabilities	5,376	4,123	848	513	511	263
Long-term liability			147	12,866	1,300	3,067
Series B Preferred Stock					2	4
Common stock	244	205	185	160	118	110
Additional paid-in capital	205,289	196,908	181,299	152,520	122,626	115,690
Accumulated deficit	(200,223)	(180,796)	(156,294)	(146,051)	(118,353)	(105,784)
Total stockholders' equity	5,310	16,317	25,190	6,629	4,393	10,020

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**Rights Offering Summary**

*The following summary describes the principal terms of the Rights Offering, but is not intended to be complete. See the information under the heading *The Rights Offering* in this prospectus for a more detailed description of the terms and conditions of the Rights Offering.*

**Securities to be offered**

We are distributing to you, at no charge, one non-transferable Subscription Right to purchase one Unit for every 20 shares of our common stock and every 20 Listed Warrants, in each case that you owned on the Record Date. Each Unit consists of four shares of common stock and one-half a share of Preferred Stock.

For certain investors whose subscriptions may result in the purchaser beneficially owning more than 4.99% of our outstanding common stock, such investors may elect to receive in the Rights Offering, in lieu of shares of common stock, certain pre-funded warrants, which we refer to as the Pre-Funded Warrants, to purchase the same amount of shares of common stock. If you do not wish to exceed the ownership threshold, you may elect to receive a Pre-Funded Warrant in lieu of any shares of common stock underlying the Units for which you have subscribed. You will not be eligible to elect to receive Pre-Funded Warrants, except to the extent that your beneficial ownership could exceed 4.99% of the shares of common stock outstanding following the consummation of the Rights Offering. Each Pre-Funded Warrant will have an exercise price of \$0.0025, and the subscription price per Unit for any such electing investors will be reduced to \$0.99 (which equals the Subscription Price for the other Units sold in the Rights Offering, less the \$0.0025 exercise price for each Pre-Funded Warrant). The Pre-Funded Warrants do not confer upon the holder any voting or any other rights of a stockholder of the Company.

**Size of Offering**

19,662,782 Units.

**Subscription Price**

\$1.00 per Unit. The Subscription Price per Unit was determined by the pricing committee of our board of directors. We may, in our sole discretion, reduce the Subscription Price by up to 20%. On your Rights Certificate or Beneficial Owner Election Form as applicable, at the time you exercise your Subscription Rights, you may elect to receive either (i) proportionally more Units based on the payment amount we received from you in connection with the exercise of your Subscription Rights or (ii) an amount in cash equal to the difference between your total payment

amount at the original Subscription Price and the payment amount that would have been due for the number of Units for which you subscribed at the reduced Subscription Price in the event we elect to reduce the Subscription Price per Unit. If you elect to receive cash in lieu of additional Units, the Company will remit such payment within 10 business days after the expiration date of the Rights Offering, without interest or deduction. In the event that

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we determine to reduce the subscription price, we will file with the Commission and mail to stockholders of record as of the record date for the Rights Offering a prospectus supplement disclosing the reduced subscription price. The expiration date of the Rights Offering will be no less than seven calendar days after the date of such prospectus supplement disclosing a reduction in subscription price. See The Rights Offering Subscription Price.

**Preferred Stock**

*Dividends.* The holders of Preferred Stock will be entitled to receive cumulative dividends at the rate per share of seven percent (7%) per annum until the second anniversary of the date of issuance of the Preferred Stock payable in kind, calculated as provided in the Series C Certificate of Designation. The dividends become payable in shares of common stock (i) upon any conversion of the Preferred Stock, (ii) on each such other date as our board of directors may determine, subject to written consent of the holders of Preferred Stock holding a majority of the then issued and outstanding Preferred Stock, (iii) upon our liquidation, dissolution or winding up, and (iv) upon occurrence of a Fundamental Transaction. The aggregate dividend accrued at the expiration of the first anniversary of the issuance date of the Preferred Stock will be approximately 0.5801 shares of common stock per share of Preferred Stock, and the aggregate dividend accrued at the second anniversary of the issuance date of the Preferred Stock will be approximately 1.2022 shares of common stock per share of Preferred Stock, subject to adjustment as provided in the Series C Certificate of Designation.

*Conversion.* The Preferred Stock is convertible into shares of our common stock at a conversion ratio of eight (8) shares of common stock for each share of Preferred Stock, subject to adjustment as provided in the Series C Certificate of Designation, at any time at the option of the holder, provided that the holder will be prohibited from converting Preferred Stock into shares of our common stock if, as a result of such conversion, the holder, together with its affiliates, would own more than 4.99% of the total number of shares of our common stock then issued and outstanding. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days after such notice to us. There is no mandatory conversion provision for the Preferred Stock.

*Royalties.* Pursuant to the terms of the Series C Certificate of Designation, holders of the Preferred Stock will be entitled to receive, in

the aggregate, (i) a royalty payment equal to a percentage (the Applicable Percentage, as set forth in the table below) of any net licensing proceeds or any Net Sales from PV-10 and PH-10 (for all indications of such drugs), if and when we enter into one or more licensing agreements (the Royalty Payments ); (ii) the Applicable Percentage of the total consideration receivable as a result of (x) a Fundamental Transaction or (y) any sale, lease, conveyance or other disposition, whether in a single transaction or a series of related transactions, of any intellectual property relating to PV-10 or PH-10

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(the Transaction Payments ); and (iii) the Applicable Percentage of any amounts distributed in connection with our liquidation, dissolution, or winding up (the Liquidation Payments ); provided, however, that holders of Preferred Stock shall be entitled to receive Royalty Payments, Transaction Payments and Liquidation Payments, if any, only until the Company has paid Royalty Payments, Transaction Payments and Liquidation Payments, in the aggregate, equal to ten times the net offering proceeds received by the Company in the Rights Offering (after deducting Dealer-Manager fees and expenses and other expenses of the Rights Offering) (the Maximum Payment Amount ), at which time all remaining outstanding shares of Preferred Stock will automatically convert into shares of common stock in accordance with the paragraph above. Upon conversion of any shares of Preferred Stock (the Converted Shares ) to common stock prior to the payment of the Maximum Payment Amount in full, the holder of such Converted Shares shall no longer be entitled to receive any Royalty Payments, Transaction Payments or Liquidation Payments for such Converted Shares and the Maximum Payment Amount will be reduced by the maximum amount of any remaining Royalty Payments, Transaction Payments and Liquidation Payments, if any, that the holder of the Converted Shares would have been entitled to receive had such holder not converted such shares. The Applicable Percentage is to be determined based on the gross offering proceeds received by the Company in the Rights Offering (without deducting Dealer-Manager fees and expenses and other expenses of the Rights Offering) as follows:

<b>Gross Proceeds Received by the Company</b>	<b>Applicable Percentage</b>
\$10 million or less	10%
More than \$10 million to \$20 million	20%
More than \$20 million	30%

See Description of Securities Preferred Stock Series C Convertible Preferred Stock Issuable in the Rights Offering beginning on page 64 for the full definition of net licensing proceeds and Net Sales.

*Liquidation Preference.* In the event of our liquidation, dissolution, or winding up, any amounts remaining available for distribution to stockholders after payment of all liabilities of our company and payment of the Liquidation Payments will be distributed *pari passu* to the holders of the Preferred Stock (on an as converted basis without giving effect for such purposes to the 4.99% or 9.99% beneficial ownership limitation, as applicable), the Series B Preferred Stock (on an as converted basis

without giving effect for such purposes to the 4.99% or 9.99% beneficial ownership limitation, as applicable) and our common stock.

*Voting Rights.* The holders of the Preferred Stock have no voting rights, except as required by law. Any amendment to our certificate of



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incorporation, bylaws or Series C Certificate of Designation that adversely affects the powers, preferences and rights of the Preferred Stock requires the approval of the holders of a majority of the shares of Preferred Stock then outstanding. See Description of Securities Preferred Stock Series C Convertible Preferred Stock Issuable in the Rights Offering.

*Quotation.* We plan to have the Preferred Stock quoted on the OTCQB, although there can be no assurance that the Preferred Stock will be quoted on the OTCQB.

*Adjustments.* If we (i) pay a stock dividend or otherwise make a distribution or distributions payable in shares of our common stock (not including any shares of our common stock issued upon conversion of, or payment of a dividend on, the Preferred Stock or the Series B Preferred Stock) with respect to the then outstanding shares of our common stock; (ii) subdivide outstanding shares of common stock into a larger number of shares; or (iii) combine (including by way of a reverse stock split) outstanding shares of common stock into a smaller number of shares, then the conversion price shall be multiplied by a fraction of which the numerator shall be the number of shares of common stock (excluding any treasury shares) outstanding immediately before such event and of which the denominator shall be the number of shares of common stock outstanding immediately after such event (excluding any treasury shares).

**Pre-Funded Warrants**

Each Pre-Funded Warrant entitles the holder to purchase one share of common stock at an exercise price of \$0.0025 per share, and the subscription price per Unit for any such electing investors will be reduced to \$0.99 (which equals the Subscription Price for the other Units sold in the Rights Offering, less the \$0.0025 exercise price for each Pre-Funded Warrant). Each Pre-Funded Warrant will be exercisable from the date of issuance through its expiration on the fifth anniversary of the date of issuance; *provided, however*, that if upon such expiration date, the holder's exercise in full of the Pre-Funded Warrant would cause such holder's beneficial ownership of our common stock to exceed 4.99% (the Maximum Percentage) of our common stock outstanding immediately after giving effect to such exercise, the term of the Pre-Funded Warrant shall be automatically extended until, and the Pre-Funded Warrant shall be automatically exercised on, the date that is the 90th day following the date on which the Pre-Funded Warrant may be exercised in full without the holder exceeding the Maximum Percentage. The Pre-Funded Warrants will be exercisable by paying the exercise price in cash or, solely during any period when a registration statement for the exercise of

the Pre-Funded Warrants is not in effect, on a cashless basis. The Pre-Funded Warrants will not be listed for trading on any stock exchange or market. The Pre-Funded Warrants do not confer upon the holder any voting or any other rights of a stockholder of the Company. See Description of Securities Warrants Pre-Funded Warrants Issuable in the Rights Offering.

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**Record Date**

5:00 p.m., Eastern Time, January 26, 2017.

**Basic Subscription Rights**

Your Basic Subscription Right will entitle you to purchase one Unit at the Subscription Price.

**Over-Subscription Privilege**

If you exercise your Basic Subscription Rights in full, you may also choose to purchase a portion of any Units that are not purchased by our other stockholders or holders of Listed Warrants through the exercise of their Basic Subscription Rights, subject to proration described elsewhere in this prospectus.

**Expiration Date**

The Subscription Rights will expire at 5:00 p.m., Eastern Time, on February 17, 2017. We reserve the right to extend the expiration date in our sole discretion; provided, however, that we may not extend the expiration date of the Rights Offering by more than 30 days past the original expiration date.

**Procedure for Exercising Subscription Rights**

To exercise your Subscription Rights, you must take the following steps:

If you are a record holder of our common stock or Listed Warrants, you must deliver payment and a properly completed Rights Certificate to the Subscription Agent to be received before 5:00 p.m., Eastern Time, on February 17, 2017. You may deliver the documents and payments by first class mail or courier service. If you use first class mail for this purpose, we recommend using registered mail, properly insured, with return receipt requested.

If you are a beneficial owner of shares or Listed Warrants that are registered in the name of a broker, dealer, bank, or other nominee, you should instruct your broker, dealer, bank, or other nominee to exercise your Subscription Rights on your behalf. Please follow the instructions of your nominee, who may require that you meet a deadline earlier than 5:00 p.m., Eastern Time, on February 17, 2017.

**Delivery of Shares**

As soon as practicable after the expiration of the Rights Offering, the Subscription Agent will arrange for the issuance of the shares of common stock and Preferred Stock purchased pursuant to the Rights Offering. All shares of common stock and Preferred Stock that are purchased in the

Rights Offering will be issued in book-entry, or uncertificated, form meaning that you will receive a direct registration, or DRS, account statement from our transfer agent reflecting ownership of these securities if you are a holder of record of shares of our common stock or Listed Warrants. If you hold your shares or Listed Warrants in the name of a bank, broker, dealer, or other nominee, DTC will credit your account with your nominee with the securities you purchased in the Rights Offering.

**Non-Transferability of Subscription Rights**

The Subscription Rights may not be sold, transferred, assigned or given away to anyone. The Subscription Rights will not be listed for trading on any stock exchange or market.

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**No Board Recommendation**

Our board of directors is not making a recommendation regarding your exercise of the Subscription Rights. You are urged to make your decision to invest based on your own assessment of our business and financial condition, our prospects for the future, the terms of the Rights Offering, the information in this prospectus and other information relevant to your circumstances. Please see **Risk Factors** for a discussion of some of the risks involved in investing in our securities.

**Director and Officer Participation in Rights Offering**

While none of our directors or executive officers has entered into any binding commitment or agreement to exercise Subscription Rights received in the Rights Offering, Timothy C. Scott, our President and a member of our board of directors, and Eric A. Wachter, our Chief Technology Officer and a member of our board of directors, have indicated an interest in participating in the Rights Offering.

**Revocation**

Exercises of Subscription Rights may be revoked prior to the expiration date of the Rights Offering (as such expiration date may be extended as provided herein) by following the instructions provided herein. See **The Rights Offering** **Revocation Rights**.

**Use of Proceeds**

Assuming that all 19,662,782 Units are sold in the Rights Offering, after deducting fees and expenses payable to the dealer-manager, and after deducting other expenses payable by us, we estimate the net proceeds of the Rights Offering will be approximately \$17,372,492. We intend to use approximately \$15.6 million of the net proceeds from the exercise of Subscription Rights for clinical development, consisting of: approximately \$9.3 million to expand the geographic scope necessary to complete patient accrual in our ongoing phase 3 clinical trial of PV-10 to treat locally advanced cutaneous melanoma; approximately \$3.6 million to complete patient accrual in the phase 1b portion and begin the phase 2 portion of our phase 1b/2 combination study of PV-10 and Merck's KEYTRUDA in late stage melanoma; approximately \$1.2 million to conduct our phase 1b/2 study of PV-10 in liver cancer (hepatocellular carcinoma); and approximately \$1.5 million to conduct exploratory pre-clinical studies and phase 1 clinical studies to support current and future oncology indications. We intend to use any remaining net proceeds for working capital and general corporate purposes. See **Use of Proceeds**.

**Material U.S. Federal Income Tax Considerations**

For U.S. federal income tax purposes, we do not believe you should recognize income or loss upon receipt or exercise of a Subscription Right. You should consult your own tax advisor as to the tax

consequences of the Rights Offering in light of your particular circumstances. See Material U.S. Federal Income Tax Considerations.

**Extension and Termination**

Although we do not presently intend to do so, we may extend the Rights Offering for additional time in our sole discretion; provided, however, that we may not extend the expiration date of the Rights

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Offering by more than 30 days past the original expiration date. Our board of directors may for any reason terminate the Rights Offering at any time before the completion of the Rights Offering. If the Rights Offering is oversubscribed (after taking into account all Over-Subscription requests), we may increase the size of the Rights Offering, in our sole discretion, by up to 20%, and we will allocate such increased amount pro rata among our stockholders and holders of Listed Warrants who exercise both their Basic Subscription Right and their Over-Subscription Privilege.

**Subscription Agent and Information Agent**

Broadridge Corporate Issuer Solutions, Inc.

**Questions**

If you have any questions about the Rights Offering, please contact the Information Agent, Broadridge Corporate Issuer Solutions, Inc., at (844) 695-1509 (toll free) or (720) 414-6879 (toll number) or our dealer-manager, Maxim Group LLC, at (212) 895-3745 or by email at: [syndicate@maximgrp.com](mailto:syndicate@maximgrp.com).

**Market for Common Stock**

Our common stock is listed on the NYSE MKT under the symbol PVCT, although NYSE MKT suspended trading in our common stock and commenced delisting procedures on October 13, 2016. We are appealing the NYSE MKT decision to commence delisting procedures, and on November 10, 2016, we provided the Listing Qualifications Panel our written submission in connection with our appeal. The hearing before the Listing Qualifications Panel occurred on January 25, 2017. In addition, on November 23, 2016, we received notice from NYSE MKT indicating that we are not in compliance with Section 1003(a)(iii) of the NYSE MKT Company Guide (requiring stockholders' equity of \$6.0 million or more if the Company has reported losses from continuing operations and/or net losses in its five most recent fiscal years). As of September 30, 2016, we had stockholders' equity of approximately \$5.3 million. On December 22, 2016, we submitted a plan addressing how we intend to regain compliance with Section 1003(a)(iii) by May 23, 2018. Effective October 17, 2016, our common stock trades on the OTCQB under the symbol PVCT. See Market Price of our Common Stock and Dividend Policy.

**Risk Factors**

Before you exercise your Subscription Rights to purchase Units, you should be aware that there are risks associated with your investment, and you should carefully read and consider risks described in the section

captioned Risk Factors together with all of the other information included in this prospectus.

**Dealer-Manager**

Maxim Group LLC.

**Distribution arrangements**

Under the terms and subject to the conditions contained in the dealer-manager agreement, the dealer-manager will use its best efforts to solicit the exercise of Subscription Rights and participation in the Over-Subscription Privilege. We have agreed to pay the dealer-



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manager certain fees for acting as dealer-manager and to reimburse the dealer-manager for certain out-of-pocket expenses incurred in connection with this Rights Offering. The dealer-manager is not underwriting or placing any of the Subscription Rights or the Units, shares of common stock or Preferred Stock or Pre-Funded Warrants being issued in this Rights Offering. See Plan of Distribution for a discussion of the fees and expenses to be paid to the dealer-manager.

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**RISK FACTORS**

*Investing in the Rights Offering and our securities involves risk. Before making an investment in the Rights Offering and our securities, you should carefully consider the risks described below, together with the other information included in this prospectus, and the risks we have highlighted in other sections of this prospectus. The risks described below are those which we believe are the material risks we face. Any of the risks described below could significantly and adversely affect our business, prospects, financial condition and results of operations. As a result, the trading price of our common stock could decline, and you may lose part or all of your investment. The risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements.*

**Risk Factors That May Affect Our Business**

*We are an early stage company, have no prescription drug products approved for commercial sale, have incurred substantial losses, and expect to incur substantial losses and negative operating cash flow for the foreseeable future.*

We are an early stage company that has no prescription drug products approved for commercial sale. We have never generated any substantial revenues and may never achieve substantial revenues or profitability. As of September 30, 2016, we have incurred net losses of \$201 million in the aggregate since inception in January 2002. We expect to incur substantial losses and negative operating cash flow for the foreseeable future. We may never achieve or maintain profitability, even if we succeed in developing and commercializing one or more of our prescription drug candidates, OTC products, or non-core technologies. We also expect to continue to incur significant operating expenditures and anticipate that our operating and capital expenses may increase substantially in the foreseeable future as we:

continue to develop and seek regulatory approval for our prescription drug candidates PV-10 and PH-10;

seek licensure of PV-10, PH-10, our OTC products, and our other non-core technologies;

further develop our non-core technologies;

implement additional internal systems and infrastructure; and

hire additional personnel.

We also expect to experience negative operating cash flow for the foreseeable future as we fund our operating losses and any future capital expenditures. As a result, we will need to generate significant revenues in order to achieve and maintain profitability. We may not be able to generate these revenues or achieve profitability in the future. Our failure to achieve or maintain profitability could negatively impact the value of our common stock.

All of our existing prescription drug candidates are in early to intermediate stages of development. It may be several years, if ever, until we have a prescription drug product available for commercial resale. If we do not successfully develop and license or commercialize our prescription drug candidates, or sell or license our OTC products or non-core technologies, we will not achieve revenues or profitability in the foreseeable future, if at all. If we are unable to generate revenues or achieve profitability, we may be unable to continue our operations.

***We need additional capital to conduct our operations and commercialize and/or further develop our prescription drug candidates in 2017 and beyond, and our ability to obtain the necessary funding is uncertain.***

We will need additional capital in 2017 and beyond as we continue to develop and seek commercialization of our prescription drug candidates. We intend to proceed as rapidly as possible with licensure of PH-10 on the basis of our expanding phase 2 atopic dermatitis and psoriasis results, which continue to be developed. We potentially may license PV-10 depending on the timing for the optimal deal structure for our stockholders. We

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are also focusing on PV-10 geographic licensing and partnering opportunities in such countries as China and India. We are also focusing on potential co-development partnering opportunities with combination of PV-10 and immune checkpoint blockade or systemic immunotherapy agents. We intend to also proceed as rapidly as possible with the sale or licensure of our OTC products and other non-core technologies. Although we believe that there is a reasonable basis for our expectation that we will become profitable due to both the licensure of PH-10 and PV-10, and the sale or licensure of our OTC products and non-core technologies, we cannot assure you that we will be able to achieve, or maintain, a level of profitability sufficient to meet our operating expenses.

We have based our estimate of capital needs on assumptions that may prove to be wrong, and we cannot assure you that estimates and assumptions will remain unchanged. For example, we are currently assuming that we will continue to operate without any significant staff or other resources expansion. We intend to acquire additional funding through this Rights Offering, and we may also seek capital from public or private equity or debt financings or other financing sources that may be available. Such additional financing may not be available on acceptable terms, or at all. As discussed in more detail below, additional equity financing could result in significant dilution to stockholders. Further, in the event that additional funds are obtained through licensing or other arrangements, these arrangements may require us to relinquish rights to some of our products, product candidates, and technologies that we would otherwise seek to develop and commercialize ourselves. If sufficient capital is not available, we may be required to delay, reduce the scope of, or eliminate one or more of our programs, any of which could have a material adverse effect on our business and may impair the value of our patents and other intangible assets.

***There is substantial doubt as to our ability to continue as a going concern.***

Our cash and cash equivalents were \$5,178,076 at September 30, 2016, compared with \$14,178,902 at December 31, 2015. As of December 30, 2016, we had cash and cash equivalents of \$1,168,578. We continue to incur significant operating losses, and management expects that significant on-going operating expenditures will be necessary to successfully implement our business plan and develop and market our products. These circumstances raise substantial doubt about our ability to continue as a going concern. Implementation of our plans and our ability to continue as a going concern will depend upon our ability to develop PV-10 and raise additional capital.

Management believes that we have access to capital resources through possible public or private equity offerings (including this Rights Offering), exchange offers, debt financings, corporate collaborations or other means. In addition, we continue to explore opportunities to strategically monetize our lead drug candidate, PV-10, through potential licensing transactions, although there can be no assurance that we will be successful with such plans. We have historically been able to raise capital through equity offerings, although no assurance can be provided that we will continue to be successful in the future. If we are unable to raise sufficient capital through this Rights Offering or otherwise, we may be forced to implement significant cost cutting measures as early as the first quarter of 2017.

***Our prescription drug candidates are at an intermediary stage of development and may never obtain U.S. or international regulatory approvals required for us to commercialize our prescription drug candidates.***

We will need approval of the FDA to commercialize our prescription drug candidates in the U.S. and approvals from the FDA equivalent regulatory authorities in foreign jurisdictions to commercialize our prescription drug candidates in those jurisdictions.

We are continuing to pursue clinical development of our most advanced prescription drug candidates, PV-10 and PH-10, for use as treatments for specific conditions. The continued and further development of these prescription drug

candidates will require significant additional research, formulation and manufacture development, and pre-clinical and extensive clinical testing prior to their regulatory approval and commercialization. Pre-clinical and clinical studies of our prescription drug candidates may not demonstrate the

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safety and efficacy necessary to obtain regulatory approvals. Pharmaceutical and biotechnology companies have suffered significant setbacks in advanced clinical trials, even after experiencing promising results in earlier trials. Pharmaceutical drug and medical device products that appear to be promising at early stages of development may not reach the market or be marketed successfully for a number of reasons, including the following:

a product may be found to be ineffective or have harmful side effects during subsequent pre-clinical testing or clinical trials,

a product may fail to receive necessary regulatory clearance,

a product may be too difficult to manufacture on a large scale,

a product may be too expensive to manufacture or market,

a product may not achieve broad market acceptance,

others may hold proprietary rights that will prevent a product from being marketed, and

others may market equivalent or superior products.

Satisfaction of the FDA's regulatory requirements typically takes many years, depends upon the type, complexity and novelty of the product candidate and requires substantial resources for research, development and testing. We cannot predict whether our research and clinical approaches will result in drugs that the FDA considers safe for humans and effective for indicated uses. The FDA has substantial discretion in the drug approval process and may require us to conduct additional nonclinical and clinical testing or to perform post-marketing studies. The approval process may also be delayed by changes in government regulation, future legislation or administrative action or changes in FDA policy that occur prior to or during our regulatory review. Delays in obtaining regulatory approvals may:

delay commercialization of, and our ability to derive product revenues from, our product candidates;

impose costly procedures on us; and

diminish any competitive advantages that we may otherwise enjoy.

We do not expect any prescription drug and other product candidates that we are developing to be commercially available without a partner. Our research and product development efforts may not be successfully completed and may

not result in any successfully commercialized products. Further, after commercial introduction of a new product, discovery of problems through adverse event reporting could result in restrictions on the product, including withdrawal from the market and, in certain cases, civil or criminal penalties.

Even if we comply with all FDA requests, we cannot be sure that we will ever obtain regulatory clearance for any of our prescription drug or other product candidates. Failure to obtain FDA approval of any of our product candidates will severely undermine our business by reducing our number of salable products and, therefore, corresponding product revenues.

In foreign jurisdictions, we must receive approval from the appropriate regulatory authorities before we can commercialize our drugs. Foreign regulatory approval processes generally include all of the risks associated with the FDA approval procedures described above.

***Our former Chief Executive Officer and Chairman of the Board of Directors, as well as our former Interim Chief Executive Officer, received travel expense advancements, which may be deemed a violation of Section 402 of the Sarbanes-Oxley Act of 2002 and/or other federal securities laws.***

Our internal control testing for the period ended December 31, 2015 identified inadequate supporting documentation and lack of adequate review for the travel advances and expense reimbursements to Dr. Dees.

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In February 2016, the Audit Committee initiated a review of Company procedures, policies and practices, including travel expense advancements and reimbursements to Dr. Dees. The Audit Committee retained independent counsel and an advisory firm with forensic accounting expertise to assist the Audit Committee in conducting the investigation. As part of the investigation, the Committee reviewed the Company's financial policies and procedures, including management expenses. The Audit Committee concluded that Dr. Dees did not produce receipts for most of the travel expense advances he received from 2013 to 2015, and that some receipts produced by Dr. Dees during this period appear to have been altered.

A subsequent investigation conducted by a special committee of the Board of Directors regarding Mr. Culpepper's travel expenses concluded that Mr. Culpepper did not produce receipts and/or proof of travel for certain travel expense advances he received.

Section 402 of the Sarbanes Oxley Act of 2002 prohibits personal loans to a director or executive officer of a public company. If the SEC were to commence an investigation or institute proceedings to enforce a violation of this statute or other federal securities laws as a result of the travel advances to Dr. Dees or Mr. Culpepper, we may become a party to litigation or proceedings over these matters, and the outcome of such litigation or proceedings (including criminal, civil or administrative sanctions or penalties by the SEC), alone or in addition to the costs of litigation, may materially and adversely affect our business. The Company is unable to predict the extent of its ultimate liability with respect to the advances to Dr. Dees and Mr. Culpepper.

***We have identified a material weakness in our internal control over financial reporting, and our management has concluded that our disclosure controls and procedures are not effective. We cannot assure you that additional material weaknesses or significant deficiencies do not exist or that they will not occur in the future. If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results or prevent fraud, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.***

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Based on the results of management's assessment and evaluation of our internal controls, our principal executive officer and principal financial officer concluded that our internal control over financial reporting was not effective due to the material weakness described below.

The Company has identified the following material weakness related to its travel expense advancement and reimbursement policies and procedures to Dr. Dees: (1) the documentation provided for an expenditure was not sufficient to support the authorization of such expenditure, (2) only the check register and not the supporting documentation was obtained by an executive officer approving the expenses incurred by another executive officer, and (3) there was not adequate reconciliation of travel advances to actual expenses. As a result, our management also has concluded that our disclosure controls and procedures are not effective such that the information relating to our Company required to be disclosed in the reports we file with the SEC (a) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

We continue to aggressively remediate the material weakness in our internal controls over financial reporting. To do so, we have put in place more clearly defined, tighter controls, including a clear process for limiting, approving and documenting travel advances and expenses and appropriately managing them. Specifically, we have:



Adopted a control enhancement to require the provision of all invoice copies along with the check register for appropriate approval, including all travel reimbursements separately approved;

Established a policy so travel advances are no longer permitted; and

Implemented a more formal and detailed travel and expense policy.

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In addition, we have replaced the independent consulting group previously utilized by management to aid in our documentation and testing of internal controls over financial reporting and appointed John Glass as our Interim Chief Financial Officer to assist in the organization and strategic operation of the Company as to its procedures and daily operations of the Company. We are also in the process of implementing many of the other recommendations made by counsel to the Audit Committee to remediate these issues, including the identification and recruitment of a permanent Chief Executive Officer and any other positions necessary. We believe the foregoing actions will continue to improve our internal control over financial reporting as well as our disclosure controls and procedures. We will continue to monitor the effectiveness of our internal control over financial reporting in the area affected by the material weakness discussed above, and will perform any additional procedures, as well as implement any new resources and policies, deemed necessary by our management to remediate the material weakness.

If we do not successfully remediate the material weakness described above, or if other material weaknesses or other deficiencies arise in the future, we may be unable to accurately report our financial results on a timely basis or prevent fraud, which could cause our reported financial results to be materially misstated and require restatement which could result in the loss of investor confidence, delisting or cause the market price of our common stock to decline.

***We did not obtain and may not obtain or maintain the benefits associated with breakthrough therapy designation.***

On March 21, 2014, we submitted a request for breakthrough therapy designation (BTD) to the FDA for PV-10 in the treatment of metastatic melanoma in the United States. The FDA denied the request in May 2014, but stated that a new request may be submitted if we obtain new clinical evidence that supports BTD. Accordingly, we are not entitled to the benefits of BTD, including expedited development and review of PV-10 in the treatment of melanoma.

If we resubmit such request for BTD, we may not be granted BTD, or even if granted, we may not receive the benefits associated with BTD. This may result from a failure to maintain breakthrough therapy status if PV-10 is no longer considered to be a breakthrough therapy. For example, a drug's development program may be granted BTD using early clinical testing that shows a much higher response rate than available therapies. However, subsequent interim data derived from a larger study may show a response that is substantially smaller than the response seen in early clinical testing. Another example is where BTD is granted to two drugs that are being developed for the same use. If one of the two drugs gains traditional approval, the other would not retain its designation unless its sponsor provided evidence that the drug may demonstrate substantial improvement over the recently approved drug. When BTD is no longer supported by emerging data or the designated drug development program is no longer being pursued, the FDA may choose to send a letter notifying the sponsor that the program is no longer designated as a BTD program.

***We depend on the successful completion of clinical trials for our product candidates, including PV-10. The positive clinical results obtained for our product candidates in prior clinical studies may not be repeated in future clinical studies.***

Before obtaining regulatory approval for the sale of our product candidates, including PV-10, we must conduct additional clinical trials to demonstrate the safety and efficacy of our product candidates. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. Competition in clinical development has made it difficult to enroll patients at an acceptable rate in our clinical trials. Advances in medical technology could make our product candidates obsolete prior to completion of clinical testing. A failure of one or more of our clinical trials can occur at any stage of testing. The outcome of pre-clinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, pre-clinical and clinical data are often



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susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in pre-clinical studies and clinical trials have nonetheless failed to obtain marketing approval for their products.

In October 2012, we presented final top-line data from the phase 2 trial of PV-10 for metastatic melanoma, and in March 2014, applied for BTM with the FDA, which was subsequently denied pending new clinical evidence that supports BTM. We (i) are conducting an expanded phase 1 trial of PV-10 for metastatic liver cancer; (ii) are conducting an exploratory phase 1 trial of PV-10 for neuroendocrine tumors (NET) metastatic to the liver; (iii) have completed a phase 1 clinical study of PV-10 for recurrent breast cancer; (iv) have completed a phase 1 trial of PV-10 in an investigator initiated study to ascertain the feasibility of detecting immune cell infiltrates in injected melanoma tumors which led to publication of data in 2016; (v) are conducting advanced immunologic profiling of clinical samples obtained in a phase 2 clinical trial for mechanism of action of PH-10 for psoriasis; (vi) have completed multiple phase 2 clinical trials of PH-10 for psoriasis and atopic dermatitis; (vii) have commenced a global phase 3 clinical trial to assess response to intralesional PV-10 versus that of investigator's choice of systemic chemotherapy or intralesional oncolytic viral therapy in patients with melanoma confined to cutaneous and subcutaneous sites; and (viii) have commenced a phase 1b/2 study of PV-10 and Merck's KEYTRUDA in late stage melanoma. While we have experience with earlier phase clinical development, we have never conducted a phase 3 clinical trial. The positive results we have seen to date in our phase 2 clinical trials of PV-10 for metastatic melanoma do not ensure that later clinical trials will demonstrate similar results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy characteristics despite having progressed satisfactorily through pre-clinical studies and initial clinical testing. A number of companies in the pharmaceutical and biotechnology industries, including those with greater resources and experience, have suffered significant setbacks in phase 3 clinical development, even after seeing promising results in earlier clinical trials.

We may experience a number of unforeseen events during clinical trials for our product candidates, including PV-10, that could delay or prevent the commencement and/or completion of our clinical trials, including the following:

regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

the clinical study protocol may require one or more amendments delaying study completion;

clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;

the number of subjects required for clinical trials of our product candidates may be larger than we anticipate, subjects may drop out of these clinical trials at a higher rate than we anticipate and enrollment in these clinical trials has been significantly slower than we anticipated so we have had to expand our geographic scope of enrollment of patients;

clinical investigators or study subjects fail to comply with clinical study protocols;

trial conduct and data analysis errors may occur, including, but not limited to, data entry and/or labeling errors;

our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

we might have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding that the subjects are being exposed to unacceptable health risks;

regulators or institutional review boards may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements;

the cost of clinical trials of our product candidates may be greater than we anticipate;