

NATIONAL HEALTH INVESTORS INC
Form 8-K
May 05, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 2, 2014 (May 2, 2014)

National Health Investors, Inc.
(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or organization)

001-10822
(Commission File No.)

62-1470956
(I.R.S. Employer
Identification No.)

222 Robert Rose Drive
Murfreesboro, Tennessee 37129
(Address of principal executive offices)

(615) 890-9100
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Items.

In order to provide a better basis for comparing the results of our operations with those of others in our industry, National Health Investors, Inc. has revised its interpretation of the definition provided by the National Association of Real Estate Investment Trusts (“NAREIT”) for the performance metric, Funds From Operations (“FFO”). We now consider “real estate depreciation” to include all amounts associated with real property under triple-net lease.

To consistently report results of operations in accordance with our revised interpretation, we have restated amounts previously disclosed according to our past interpretation of FFO. With the presentation included as Exhibit 99.1, we provide reconciliation from net income applicable to common shares, the most directly comparable financial GAAP metric, to FFO.

Our measure of FFO may not be comparable to similarly titled measures used by other REITs. Consequently, our FFO may not provide a meaningful measure of our performance as compared to that of other REITs. Since other REITs may not define the term in accordance with the current NAREIT definition or may have a different interpretation of the current NAREIT definition from us, caution should continue to be exercised when comparing our FFO to that of other REITs.

In addition, we have restated amounts previously reported for our performance metrics, normalized Adjusted FFO and normalized Funds Available for Distribution, to conform to our current definitions.

Item 9.01. Financial Statements and Exhibits.

Exhibit Index

Number	Exhibit
99.1	Reconciliation of Funds from Operations, Normalized Funds from Operations, Adjusted Funds from Operations, and Funds Available for Distribution with Amounts Previously Reported

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

National Health Investors, Inc.

By: /s/ Roger R. Hopkins
Name: Roger R. Hopkins
Title: Chief Accounting Officer

Date: May 2, 2014

ttom:1.00pt solid #000000">**Number of
Securities to
be Issued upon
Exercise of
Outstanding
Options Weighted Average
Exercise Price of
Outstanding
Options Number of Securities
Remaining Available
for Future Issuances
under Equity
Compensation Plans
(excluding securities
reflected in column (a)) (a) (b) (c)**

Equity Compensation Plans approved by security holders

1,094,727 9.03 602,698 (1)(2)

Equity Compensation Plans not approved by security holders

285,000 7.48 165,000 (3)

Total

1,379,727 8.71 767,698

- (1) Pursuant to terms of the SCYNEXIS, Inc. 2014 Equity Incentive Plan, the share reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1, 2015, and ending on (and including) January 1, 2024, in an amount equal to 4.0% of the total number of shares of

capital stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the share reserve for such year will be a lesser number of shares of common stock than would otherwise occur pursuant to the preceding sentence. On January 1, 2016, pursuant to the previously described terms, the share reserve was increased by 556,223 shares.

- (2) Pursuant to terms of the SCYNEXIS, Inc. 2014 Employee Stock Purchase Plan, the maximum number of common stock shares available under the plan will automatically increase on January 1 of each year for a period of up to ten years, commencing on the first January 1 following the IPO Date and ending on (and including) January 1, 2024, in an amount equal to the lesser of (i) 0.8% of the total number of shares of Capital Stock outstanding on December 31 of the preceding fiscal year, and (ii) 29,411 shares of Common Stock. Notwithstanding the foregoing, the Board may act prior to the first day of any fiscal year to provide that there will be no January 1 increase in the share reserve for such fiscal year or that the increase in the share reserve for such fiscal year will be a lesser number of shares of common stock than would otherwise occur pursuant to the preceding sentence. On January 1, 2016, pursuant to the previously described terms, the maximum number of common stock shares available under the plan was increased by 29,411 shares.
- (3) Our board of directors adopted the 2015 Inducement Plan, or the 2015 Plan, on March 26, 2015. The 2015 Plan provides for the grant of nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other forms of equity compensation (collectively, stock awards), all of which may be granted to persons not previously employees or directors of SCYNEXIS, or following a bona fide period of non-employment, as an inducement material to the individuals entering into employment with the company within the meaning of NASDAQ Listing Rule 5635(c)(4). The 2015 Plan has a share reserve covering 450,000 shares of our common stock. If a stock award granted under the 2015 Plan expires or otherwise terminates without all of the shares covered by the stock award having been issued, or is settled in cash, or shares are withheld to satisfy tax withholding obligations, then the shares of our common stock not acquired or withheld pursuant to the stock award again will become available for subsequent issuance under the 2015 Plan.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the SEC. These persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file.

To our knowledge, based solely on review of the forms furnished to us and written representations that no other reports were required during the fiscal year ended December 31, 2015, we believe that all Section 16(a) filing requirements applicable to the executive officers, directors and persons who beneficially own more than 10% of our common stock were complied with in 2015, with the exception of the Form 4 reporting acquisition of stock by David Angulo Gonzalez that was filed one day late.

EXECUTIVE COMPENSATION**COMPENSATION OF EXECUTIVE OFFICERS****Summary Compensation Table**

The following table provides information regarding the compensation of each person who served as our principal executive officer during 2015, each person who served as principal financial officer during 2015, and our other highest paid executive officer during the year ended December 31, 2015. We refer to these executive officers as our named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option awards (1) (\$)	All other Compensation (\$)	Total (\$)
Marco Taglietti, M.D. President and Chief Executive Officer (15)	2015	360,000	264,000	1,690,062 (2)	3,743(3)	2,317,805
Yves J. Ribeill, Ph.D. Director, Former CEO (16)	2015	222,821	100,000	1,307,987 (4)	982,540 (6)	2,613,348
Eric Francois Chief Financial Officer (17)	2014	337,556	195,600	798,432 (5)	9,654 (7)	1,341,242
David Angulo, M.D. Chief Medical Officer (18)	2015	58,333	20,300	405,592 (8)	3,453 (9)	487,678
Charles F. Osborne, Jr. Former Chief Financial Officer (19)	2015	227,500	117,000	638,234 (10)	67,873 (11)	1,050,607
	2014	148,818	55,000	286,914 (12)	360,675 (14)	851,407
	2014	272,127	59,999	237,771 (13)	9,172	579,069

- (1) The amounts in this column reflect the aggregate grant date fair value of each option award granted during the fiscal year, as computed in accordance with FASB ASC Topic 718. Additionally, for certain officers indicated in the following footnotes, the amounts in this column also reflect the aggregate incremental fair value of all option awards modified during the fiscal year, as computed in accordance with FASB ASC Topic 718. The valuation methodologies and assumptions used in determining such amounts are described in Note 10 to our financial statements included in our annual report on Form 10-K as filed on March 7, 2016. The table below lists the aggregate number of shares and additional information with respect to the outstanding option awards held by

each of our officers as of December 31, 2015.

- (2) This amount represents the sum of (i) \$1,681,229, the aggregate grant date fair value of an option award granted on April 1, 2015, when Dr. Taglietti began serving in his capacity as Chief Executive Officer, and (ii) \$8,833, the aggregate incremental fair value of an option award granted on January 1, 2015, when Dr. Taglietti received non-employee director compensation in the form of an option grant. The grant date fair value per share of the April 1, 2015, option award was \$5.09 and the grant date fair value per share of the January 1, 2015, option award was \$5.32.

- (3) Includes life insurance premiums in the amount of \$968 and 401(k) account contributions of \$2,775.
- (4) This amount represents the sum of (i) \$253,745, the aggregate grant date fair value of an option award granted on April 1, 2015, when Dr. Ribeill was serving as President, (ii) \$1,011,667, the aggregate incremental fair value of all option awards modified during the fiscal year, and (iii) \$42,575, the aggregate grant date fair value of an option award granted on July 22, 2015, when Dr. Ribeill received an option grant as compensation for serving as a non-employee director. The grant date fair value per share of the April 1, 2015, option award was \$5.07, the weighted average incremental fair value per share of the modified option awards was \$4.18, and the grant date fair value per share of the July 22, 2015, option award was \$4.84.
- (5) This amount represents the sum of (i) \$702,789, the aggregate grant date fair value of an option award granted during the fiscal year and (ii) \$95,643, the aggregate incremental fair value of all option awards modified during the fiscal year. The grant date fair value per share of the option award granted during the fiscal year was \$3.76 and the weighted average incremental fair value per share of option awards modified during the fiscal year was \$3.10. Includes fair value of the acceleration of an option granted June 18, 2014, with an exercise price equal to \$9.64 per share, of which 2.08% of the shares subject to the option vest monthly for 48 months as measured from the date of grant, provided executive continues to provide continuous services to us. This option grant was modified during 2015 to provide for accelerated vesting of all unvested stock options and an extension to the existing 90-day post-employment option exercise period to 48 months.
- (6) Includes certain compensation earned pursuant to a severance agreement between the company and Dr. Ribeill (described in further detail below), including cash severance payments totaling \$900,000, paid over 12 months commencing with the first payroll period following the resignation date and a \$25,052 payment representing a contribution Dr. Ribeill can use towards continuing COBRA premiums for medical, dental, and vision group health coverage after the resignation date. Also includes accrued but unused paid vacation time of \$26,154, health insurance premiums prior to his resignation in the amount of \$4,221, life insurance premiums in the amount of \$613, and a \$9,000 contribution to his 401(k) plan account. Also includes \$17,500 paid as non-employee director compensation following his resignation as President on July 23, 2015.
- (7) Includes tax preparation payments in the amount of \$600, short term/long term disability premiums in the amount of \$1,130 and life insurance premiums in the amount of \$420. Also includes \$7,504 contributed to his 401(k) plan account.
- (8) This amount represents the aggregate grant date fair value of an option award granted on November 2, 2015.
- (9) Includes health insurance premiums in the amount of \$3,212, life insurance premiums in the amount of \$22, and contributions to his 401(k) plan account of \$219.
- (10) This amount represents the aggregate grant date fair value of an option award granted on June 4, 2015.
- (11) Includes relocation assistance in an amount \$60,000, health insurance premiums in the amount of \$4,546, life insurance premiums in the amount of \$402, and contributions to his 401(k) plan account of \$2,925.
- (12) This amount represents the sum of (i) \$48,420, the aggregate grant date fair value of an option award granted during the fiscal year and (ii) \$238,494, the aggregate incremental fair value of all option awards modified during the fiscal year. The grant date fair value per share of the option award granted during the fiscal year was \$5.07 and the weighted average incremental fair value per share of option awards modified during the fiscal year was \$3.44.
- (13) This amount represents the sum of (i) \$215,738, the aggregate grant date fair value of an option award granted during the fiscal year and (ii) \$22,033, the aggregate incremental fair value of all option awards modified during the fiscal year. The grant date fair value per share of the option award granted during the fiscal year was \$3.76 and the weighted average incremental fair value per share of option awards modified during the fiscal year was \$2.77. Includes fair value of the acceleration of an option granted June 18, 2014, with an exercise price equal to \$9.64 per share, of which 2.08% of the shares subject to the option vest monthly for 48 months as measured from the date of grant, provided executive continues to provide continuous services to us. This option grant was modified during 2015 to provide for accelerated vesting of all unvested stock options and an extension to the existing 90-day post-employment option exercise period to 36 months.

- (14) Includes certain compensation earned pursuant to a severance agreement between the company and Mr. Osborne (described in further detail below), including (i) an incentive cash payment of \$138,394 upon the effective date of his resignation; (ii) cash severance payments totaling \$179,348, which was equal to seven months of Mr. Osborne's then effective base salary, paid over seven months commencing with the first payroll period following the resignation date; and (iii) a \$11,978 payment representing a contribution Mr. Osborne can use towards continuing COBRA premiums for medical, dental, and vision group health coverage after the resignation date. Also includes accrued but unused paid vacation time of \$16,555, health insurance premiums prior to his resignation in the amount of \$9,636, life insurance premiums in the amount of \$299, and a \$4,465 contribution to his 401(k) plan account.
- (15) Dr. Taglietti became our Chief Executive Officer effective, April 1, 2015.
- (16) Dr. Ribeill resigned as our Chief Executive Officer effective April 1, 2015.
- (17) Mr. Francois became our Chief Financial Officer effective November 2, 2015.
- (18) Dr. Angulo became our Chief Medical Officer effective June 1, 2015.
- (19) Mr. Osborne resigned as our Chief Financial Officer effective June 30, 2015.

Our executive officers may receive discretionary annual cash bonuses based on a percentage of their respective annual salaries upon achievement of performance goals as established by our board of directors or compensation committee and agreed to by our executive officers which are more completely described below under the heading Employment Agreements.

Outstanding Equity Awards as of December 31, 2015

The following table provides information regarding outstanding equity awards held by our named executive officers as of December 31, 2015.

Name	Number of Securities Underlying Unexercised options		Option exercise	Option expiration
	Exercisable(1)	Unexercisable	Price	Date
Yves J. Ribeill, Ph.D.	25,928		\$ 9.64	6/17/2024
	191,953		\$ 9.64	7/31/2019
	50,000		\$ 8.76	7/31/2019
		8,800 (2)	\$ 8.64	7/21/2025
Marco Taglietti, M.D.	9,360		\$ 10.81	11/30/2024
	1,660		\$ 9.96	1/1/2025
		330,000 (3)	\$ 8.76	3/31/2025
Charles F. Osborne, Jr.	5,642		\$ 9.64	6/17/2024
	59,723		\$ 9.64	6/30/2018
	9,541		\$ 8.76	6/30/2018
Eric Francois		100,000 (3)	\$ 6.53	11/1/2025
David Angulo, M.D.		125,000 (3)	\$ 8.65	6/3/2025

- (1) The options listed are fully vested or are subject to an early exercise right and may be exercised in full prior to vesting of the shares underlying such options. Vesting of all options is subject to continued service on the applicable vesting date.
- (2) One-hundred percent (100%) of the shares subject to the option vest on the earlier of (i) the first anniversary of the date of grant, and (ii) the date of our next annual meeting. On March 16, 2016, Dr. Ribeill resigned as a

- member of our board of directors and, as a result, forfeited 8,800 unvested shares subject to options on that date.
- (3) 25% of the shares subject to this option vest on the one year anniversary of the grant date, and 2.08% of the shares subject to the option vest on each of the next 36 months thereafter, provided the executive continues to provide continuous services to us.

Employment Agreements

We have entered into an employment agreement with each of our named executive officers. These agreements generally provide for at will employment and set forth the terms and conditions of employment of each named executive officer. Each of the executive officers entered into a confidentiality, invention and non-competition agreement with us, which is incorporated by reference in his employment agreement.

Employment agreement with Dr. Ribeill. We entered into an employment agreement with Dr. Ribeill in December 2001 setting forth the terms of Dr. Ribeill's employment as our Chief Executive Officer. Pursuant to the agreement, Dr. Ribeill was initially paid a salary of \$125,000 and was eligible to receive an annual performance bonus of up to 30% of his base salary and certain stock options. We entered into an amended and restated employment agreement with Dr. Ribeill in December 2012, which replaced and superseded his prior employment agreement. Pursuant to this agreement, Dr. Ribeill received an annual salary of \$400,000 and was eligible to receive an annual performance bonus of up to 50% of his base salary. Dr. Ribeill resigned as our Chief Executive Officer effective April 1, 2015, and as our President effective July 21, 2015.

Employment agreement with Dr. Taglietti. We entered into an employment agreement with Dr. Taglietti in February 2015 setting forth the terms of Dr. Taglietti's employment as our Chief Executive Officer. Pursuant to the agreement, Dr. Taglietti was entitled to receive an annual salary of \$480,000, which has subsequently been increased to \$494,400 and is eligible to receive an annual performance bonus of up to 50% of his base salary (or such higher amount as determined by the Compensation Committee) and certain stock options. Dr. Taglietti commenced services as our Chief Executive Officer effective April 1, 2015. Dr. Taglietti is entitled to certain severance payments and benefits under his employment agreement, subject to executing a release and settlement agreement in a form acceptable to us, as further described below.

Employment agreement with Mr. Francois. We entered into an employment agreement with Mr. Francois in November 2015 setting forth the terms of Mr. Francois's employment as our Chief Financial Officer. Pursuant to the agreement, Mr. Francois will be entitled to receive an annual salary of \$350,000 and is eligible to receive an annual performance bonus of up to 35% of his base salary and certain stock options. Mr. Francois commenced services as our Chief Financial Officer effective November 1, 2015. Mr. Francois is entitled to certain severance payments and benefits under his employment agreement, subject to executing a release and settlement agreement in a form acceptable to us, as further described below.

Employment agreement with Dr. Angulo. We entered into an employment agreement with Dr. Angulo in July 2015 setting forth the terms of Dr. Angulo's employment as our Chief Medical Officer. Pursuant to the agreement, Dr. Angulo was entitled to receive an annual salary of \$390,000, which has subsequently been increased to \$401,700 and is eligible to receive an annual performance bonus of up to 35% of his base salary and certain stock options. Dr. Angulo commenced services as our Chief Medical Officer effective July 6, 2015. Dr. Angulo is entitled to certain severance payments and benefits under his employment agreement, subject to executing a release and settlement agreement in a form acceptable to us, as further described below.

Employment agreement with Mr. Osborne. We entered into an employment agreement with Mr. Osborne in November 2003 setting forth the terms of Mr. Osborne's employment as our Chief Financial Officer. Pursuant to the agreement, Mr. Osborne was initially paid an annual salary of \$220,000 and was eligible to receive an annual performance bonus of up to 30% of his base salary and certain stock options. We entered into an amended and restated employment agreement with Mr. Osborne in December 2012, which replaced and superseded his prior employment agreement, effective in December 2012. Pursuant to this agreement, Mr. Osborne received an annual salary for \$287,818 and was eligible to receive an annual performance bonus of up to 30% of his base salary. Mr. Osborne resigned as our Chief Financial Officer effective June 30, 2015, and in connection with Mr. Osborne's resignation, the company entered into a severance agreement as described below.

Change in Control Severance Benefits

Dr. Ribeill's Severance Arrangement

In July 2015, in connection with Dr. Ribeill's resignation from the company, we entered into a release and settlement agreement with Dr. Ribeill that provides for the following payments and benefits:

a cash payment of approximately \$100,000 upon the effective date of his resignation;

cash severance payments totaling approximately \$900,000, paid over 12 months commencing with the first payroll period following the effective date of his resignation;

a payment representing a contribution that Dr. Ribeill can use towards his COBRA premiums for medical, dental, and vision group health coverage,

the vesting and exercisability of all outstanding options held by Dr. Ribeill accelerating in full on the effective date of his resignation; and

the extension of his post-employment option exercise period from 90 days to 48 months.

Mr. Osborne's Severance Arrangement

In July 2015, in connection with Mr. Osborne's resignation from the company, we entered into a release and settlement agreement with Mr. Osborne that provides for the following payments and benefits:

a cash payment of approximately \$138,000 upon the effective date of his resignation;

cash severance payments totaling approximately \$179,000, which is equal to seven months of Mr. Osborne's effective base salary on the date of his separation, to be paid over seven months commencing with the first payroll period following the effective date of his resignation;

payment of the same percentage of the COBRA premiums for continued medical, dental, and vision group health coverage as we paid prior to Mr. Osborne's resignation, until the earlier of (a) seven months after resignation of employment, (b) such time as Mr. Osborne becomes enrolled in the group health insurance plan of another employer or (c) Mr. Osborne becomes entitled to Medicare after the COBRA election;

the vesting and exercisability of all outstanding options to purchase our common stock held by Mr. Osborne (except for options granted under our 1999 Stock Option Plan) were accelerated in full on the effective date of his resignation; and

the extension of his post-employment option exercise period from 90 days to 36 months.

Dr. Taglietti, Mr. Francois and Dr. Angulo's Employment Agreements

Dr. Taglietti, Mr. Francois and Dr. Angulo are entitled to certain severance payments and benefits under their respective employment agreements, subject to the applicable executive officer executing a release and settlement agreement in a form acceptable to us.

In the event of a termination without just cause by us or an executive officer's resignation for good reason at any time other than during the twelve month period following a change in control, the executive officer is eligible to receive the following payments and benefits:

in the case of Mr. Francois and Dr. Angulo, a cash amount equal to six months of the applicable executive officer's then current base salary, which will be paid over six months, commencing with the first payroll period following the effective date of his release, and in the case of Dr. Taglietti, a cash amount equal to twelve months of his then current base salary, which will be paid out in a lump sum on the 60th day following his termination date;

the vesting and exercisability of all outstanding options to purchase our common stock held by an eligible executive officer will be accelerated, and any repurchase rights held by us with respect to our common stock issued or issuable pursuant to any other stock award granted to such executive officer will lapse, with respect to the same number of shares as if the executive officer had continued employment for an additional six months in the case of Mr. Francois and Dr. Angulo, and twelve months in the case of Dr. Taglietti; and

if the executive officer elects COBRA coverage and timely pays his portion of the applicable premiums, payment of the same percentage of the COBRA premiums for continued medical, dental, and vision group health coverage as we paid prior to the executive officer's termination, until the earlier of (a) six months in the case of Mr. Francois and Dr. Angulo, and twelve months in the case of Dr. Taglietti, (b) such time as the executive officer becomes enrolled in the group health insurance plan of another employer or (c) the executive officer becomes entitled to Medicare after the COBRA election.

In the event of a termination without just cause by us or an executive officer's resignation for good reason at any time during the period that is within twelve months following a change in control, the executive officer is eligible to receive the following payments and benefits:

in the case of Mr. Francois and Dr. Angulo, a cash amount equal to 12 months of the applicable executive officer's then current base salary, which will be paid over 12 months, commencing with the first payroll period following the effective date of his release and settlement agreement, and in the case of Dr. Taglietti, a cash amount equal to 24 months of his then current base salary, which will be paid out in a lump sum on the 60th day following his termination date;

the vesting and exercisability of all outstanding options to purchase our common stock held by the executive officer will be accelerated in full, and any repurchase rights held by us respect to our common stock issued or issuable pursuant to any other stock award granted to such executive officer will lapse; and

payment of the same percentage of the COBRA premiums for continued medical, dental, and vision group health coverage as we paid prior to the executive officers termination, until the earlier of (a) 12 months in the case of Mr. Francois and Dr. Angulo, and 24 months in the case of Dr. Taglietti, (b) such time as the executive officer becomes enrolled in the group health insurance plan of another employer or (c) the executive officer becomes entitled to Medicare after the COBRA election.

Each executive officer's employment agreement contains a better after-tax provision, which provides that if any of the payments to the executive officer constitutes a parachute payment under Section 280G of the Internal Revenue Code, the payments will either be (i) reduced or (ii) provided in full to the executive, whichever results in the executive receiving the greater amount after taking into consideration the payment of all taxes, including the excise tax under Section 4999 of the Internal Revenue Code, in each case based upon the highest marginal rate for the applicable tax.

For purposes of the agreements described above:

change in control generally means the occurrence of any of the following: (a) our company being party to any merger, consolidation or other similar transaction that results in our stockholders immediately before the merger, consolidation or other similar transaction owning less than 50% of the equity, or possessing less than 50% of the voting control, of us or the successor entity in the merger, consolidation or similar transaction;

(b) any liquidation, dissolution or other sale or disposition of all or substantially all of our assets; or (c) our stockholders sell or otherwise dispose of our capital stock in a single transaction or series of related transactions such that the stockholders immediately before such transaction or related transactions own less than 50% of the equity, and possess less than the voting power, of our capital stock; provided, however, that an initial public offering or subsequent public offering of our common stock does not constitute a change in control.

just cause generally means any of the following: (a) the executive officer's willful and material breach of his employment agreement and the executive officer's continued failure to cure such breach to the reasonable satisfaction of our board of directors within thirty days following written notice of such breach from our board of directors; (b) the executive officer's conviction of, or entry of a plea of guilty or nolo contendere to a felony or a misdemeanor involving moral turpitude; (c) the executive officer's willful commission of an act of fraud, breach of trust or dishonesty, including without limitation embezzlement or an act that results in material damage or harm to our business, financial condition or assets; (d) the executive officer's intentional damage or destruction of our substantial property; or (e) the executive officer's breach of the terms of his confidentiality agreement with us.

good reason generally means any of the following without the executive officer's express written consent: (a) assignment to, or withdrawal from, the executive officer of any duties or responsibilities that results in a material diminution in the executive officer's authority, duties or responsibilities as in effect immediately prior to such change; (b) a material diminution in the authority, duties or responsibilities of the supervisor to whom the executive officer is required to report, including (if applicable) a requirement that the executive officer report to a corporate officer or employee instead of reporting directly to our board of directors; (c) a material reduction by us of the executive officer's annual base salary; (d) a relocation of the executive officer or our principal executive offices if the executive officer's principal office is at such offices, to a location more than 60 miles from the location at which the executive officer is then performing his duties; or (e) a material breach by us of any provision of the executive officer's employment agreement or any other enforceable written agreement between us and the executive officer.

In addition to the amounts presented above, each executive officer is eligible to receive any benefits accrued under our broad-based benefit plans, such as accrued vacation pay, in accordance with those plans and policies. In the event that we determine that an executive officer has earned all or a portion of his annual performance bonus, we will pay the executive officer such earned amount within 30 days of the date of our determination.

DIRECTOR COMPENSATION

The following table sets forth information regarding compensation earned by our non-employee directors during the fiscal year ended December 31, 2015.

Name	Fees Earned or Paid in		Total
	Cash	Option Award(s) (1)	
Steven C. Gilman, Ph.D. (2)	\$ 36,281	\$ 95,638 (9)	\$ 131,919
Laurent Arthaud (3)	27,125	22,000 (10)	49,125
Ann F. Hanham, Ph.D.	37,250	53,915 (11)	91,165
David Hastings (4)	21,250	44,556	65,806
Pamela Kirby, Ph.D. (5)		75,089 (12)	75,089
Patrick J. Langlois, Ph.D.	27,875	66,456 (13)	94,331
Guy Macdonald		92,166 (14)	92,166
C. Patrick Machado (6)	22,125	44,556	66,681
Edward E. Penhoet, Ph.D. (7)	37,688	69,089 (15)	106,777
Jean-Yves Nothias, Ph.D. (8)		50,252 (16)	50,252

(1)

The amounts in this column reflect the aggregate grant date fair value of each option award granted during the fiscal year, as computed in accordance with FASB ASC Topic 718. Additionally, for certain directors indicated in the following footnotes, the amounts in this column also reflect the aggregate incremental fair value of all option awards modified during the fiscal year, as computed in accordance with FASB ASC Topic 718. The valuation methodologies and assumptions used in determining such amounts are described in Note 10 to our financial statements included in our annual report on Form 10-K as filed on March 7,

2016. The table below lists the aggregate number of shares and additional information with respect to the outstanding option awards held by each of our non-employee directors as of December 31, 2015.

- (2) Dr. Gilman was appointed to our board of directors effective February 25, 2015.
- (3) Mr. Arthaud resigned from the board of directors effective June 4, 2015.
- (4) Mr. Hastings was appointed to our board of directors effective September 24, 2015.
- (5) Ms. Kirby resigned from the board of directors effective June 4, 2015.
- (6) Mr. Machado was appointed to our board of directors effective September 24, 2015.
- (7) Mr. Penhoet resigned from the board of directors effective September 24, 2015.
- (8) Mr. Nothias resigned from the board of directors effective June 4, 2015.
- (9) Includes the aggregate grant date fair value of \$10,148 for options, exercisable for an aggregate of 2,212 shares of our common stock issued in lieu of cash payments made on January 2, 2015, April 1, 2015, July 1, 2015, and October 1, 2015, pursuant to our non-employee director compensation policy as more completely described below.
- (10) This amount represents the aggregate incremental fair value of all option awards modified during the fiscal year.
- (11) Includes the aggregate grant date fair value of \$10,892 for options, exercisable for an aggregate of 2,047 shares of our common stock issued in lieu of a cash payment made on January 2, 2015, pursuant to our non-employee director compensation policy as more completely described below.
- (12) This amount represents the sum of (i) \$18,491, the aggregate grant date fair value of option awards granted during the fiscal year, exercisable for an aggregate of 3,714 shares of our common stock, issued in lieu of cash payments made on January 2, 2015, and April 1, 2015, pursuant to our non-employee director compensation policy as more completely described below, and (ii) \$56,598, the aggregate incremental fair value of all option awards modified during the fiscal year.
- (13) Includes the aggregate grant date fair value of \$23,432 for options, exercisable for an aggregate of 5,148 shares of our common stock issued in lieu of cash payments made on January 2, 2015, April 1, 2015, July 1, 2015, and October 1, 2015, pursuant to our non-employee director compensation policy as more completely described below.
- (14) Includes the aggregate grant date fair value of \$49,143 for options, exercisable for an aggregate of 10,974 shares of our common stock issued in lieu of cash payments made on January 2, 2015, April 1, 2015, July 1, 2015, and October 1, 2015, pursuant to our non-employee director compensation policy as more completely described below.
- (15) This amount represents the sum of (i) \$43,023, the aggregate grant date fair value of an option award granted during the fiscal year and (ii) \$26,066, the aggregate incremental fair value of an option award modified during the fiscal year.
- (16) This amount represents the sum of (i) \$14,685, the aggregate grant date fair value of option awards granted during the fiscal year, exercisable for an aggregate of 2,964 shares of our common stock, issued in lieu of cash payments made on January 2, 2015, and April 1, 2015, pursuant to our non-employee director compensation policy as more completely described below, and (ii) \$35,567, the aggregate incremental fair value of all option awards modified during the fiscal year.

Information regarding Dr. Taglietti, our Chief Executive Officer, is set forth under Executive Compensation above, which includes information regarding his compensation as a director before he became our Chief Executive Officer. Information regarding Dr. Ribeill, our former Chief Executive Officer, is set forth under Executive Compensation above, which includes information regarding his compensation as a director after he resigned as an officer and employee.

The following table sets forth information regarding the number of shares of our common stock subject to outstanding options held by our non-employee directors as of December 31, 2015.

Name	Number of shares subject to outstanding options as of December 31, 2015
Steven C. Gilman, Ph.D.	18,842
Ann F. Hanham, Ph.D.	19,543
David Hastings	11,700
Patrick J. Langlois, Ph.D.	27,473
Guy Macdonald	27,604
C. Patrick Machado	11,700
Yves J. Ribeill	276,681

Our non-employee directors are compensated in accordance with the following policy:

Each non-employee director receives an annual base cash retainer of \$35,000 for such service, to be paid quarterly. In addition, the chairman of the Board receives an additional annual base cash retainer of \$28,000, to be paid quarterly.

In addition, each member of a committee receives compensation for service on a committee as follows:

- a. The chairperson of the audit committee receives an annual cash retainer of \$15,000 for this service, paid quarterly, and each of the other members of the audit committee receives an annual cash retainer of \$7,500, paid quarterly.
- b. The chairperson of the compensation committee receives an annual cash retainer of \$11,000 for this service, paid quarterly, and each of the other members of the compensation committee receive an annual cash retainer of \$5,500, paid quarterly.
- c. The chairperson of the nominating and corporate governance committee receive an annual cash retainer of \$7,500 for this service, paid quarterly, and each of the other members of the nominating and corporate governance committee receive an annual cash retainer of \$3,750, paid quarterly.

Each year on the date of the SCYNEXIS annual meeting of stockholders, each non-employee director will automatically be granted an option to purchase 8,800 shares of common stock. If a new board member joins the Board, the director will be granted an initial option to purchase 11,700 shares of common stock. Annual option grants to board members and initial option grants to new board members will have an exercise price per share equal to the fair market value of a share of common stock on the date of grant and will vest in full on the earlier of the next annual meeting of stockholders to occur in the year following the date of grant and the one year anniversary of the date of grant; provided, that the non-employee director is providing continuous services on the applicable vesting date.

In addition, each non-employee director may elect to receive nonstatutory stock options in lieu of all or a portion of the cash compensation to which the non-employee director would otherwise be entitled to, as described above. Each non-employee director shall make their election prior to the period in which the compensation is to be earned. For each non-employee director electing to receive a nonstatutory stock option in lieu of such cash compensation, the date on which the nonstatutory stock options will be granted will be the date on which the cash compensation would

otherwise have been earned, which is generally the first business day of each fiscal quarterly period, and the number of shares underlying such stock option will be determined by (i) dividing the cash compensation that the non-employee director elects to forgo in exchange for such nonstatutory stock options by 0.65, and (ii) dividing the result by the fair market value of a share of common stock on the date of grant. Each nonstatutory stock option granted in lieu of cash compensation pursuant to a non-employee director's election will be 100% vested on the date of grant. After a non-employee director has elected

to receive nonstatutory stock options in lieu of cash compensation, the option grants made to that non-employee director are awarded automatically pursuant to the previously described policy and no further action is required by the company's Board.

TRANSACTIONS WITH RELATED PERSONS

Related-Person Transactions Policy and Procedures

In February 2014, our board of directors adopted a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the prior consent of our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons in which the amount involved exceeds \$120,000 and such person would have a direct or indirect interest must first be presented to our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our audit committee is to consider the material facts of the transaction, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction. While we did not have a formal review and approval policy for related party transactions until February 2014, all of the transactions described below were entered into after presentation, consideration and approval by, or were ratified by, our board of directors or a committee of our board of directors.

Certain Relationships and Related Transactions

Other than compensation arrangements for our directors and named executive officers as described elsewhere in this proxy statement, since January 1, 2014, the following are the transactions to which we were a party or will be a party, in which:

the amounts involved exceeded or will exceed \$120,000; and

any of our directors, executive officers, holders of more than 5% of our capital stock, or any affiliate of our directors, executive officers and holders of more than 5% of our capital stock, had or will have a direct or indirect material interest.

Initial Public Offering

In May 2014, in connection with the consummation of our initial public offering, which we refer to as our IPO, we sold 217,163 shares of our common stock to five of our existing investors pursuant to the exercise of warrants previously issued in prior financings, for aggregate proceeds to us of \$43,433.

Purchasers (1)	Warrant Shares	Aggregate Purchase Price
Alta BioPharma Partners II, LP(2)	91,558	\$ 18,312
Alta Embarcadero BioPharma Partners II, LLC(2)	3,382	676
F.C.P.R. Genavent	14,005	2,801

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FCPR Biotechnology Fund(3)	36,503	7,301
Ventech Capital II(4)	71,715	14,343

- (1) See Security Ownership Of Certain Beneficial Owners And Management for more information about these directors, executive officers, holders of more than 5% of our capital stock, and their affiliates.

- (2) Entities affiliated with Alta BioPharma Partners II, LP (ABP II) and Alta Embarcadero BioPharma Partners II, LLC (AEBP II) are holders of more than 5% of our capital stock. Dr. Penhoet, a former member of our board of directors, is a director of Alta BioPharma Management II, LLC, the general partner of ABP II and manager of AEBP II.
- (3) FCPR Biotechnology Fund was a holder of more than 5% of our capital stock.
- (4) Ventech Capital II was a holder of more than 5% of our capital stock.

Series D-2 Preferred Stock Financing

In January 2014, in connection with a financing which commenced in December 2013, we sold 379,284 shares of our Series D-2 Preferred Stock (on a pre-reverse split basis), and warrants exercisable for 18,591 shares of our common stock to two members of our board of directors and our chief executive officer, as follows:

Purchasers (1)	Shares Purchased	Warrant Shares	Aggregate Purchase Price
Pamela Kirby, Ph.D.(2)	260,000	12,745	\$ 364,000
DFC Langlois(3)	107,142	5,251	\$ 149,999
Yves J. Ribeill, Ph.D.	12,142	595	\$ 16,999

- (1) See Security Ownership Of Certain Beneficial Owners And Management for more information about these directors and executive officers.
- (2) Pamela Kirby, Ph.D. was a member of our board of directors and resigned in June 2015.
- (3) Patrick J. Langlois, Ph.D. is a member of our board of directors and is the general partner of DFC Langlois.

Loan Guarantee and Related Matters with Sanofi and Merial

Sanofi is the parent corporation of Merial, and a holder of more than 5% of our capital stock. In connection with our 2010 Credit Agreement with HSBC Bank USA, National Association, in April 2010, which we refer to as our 2010 Credit Agreement, we entered into a Stand Alone First Demand Guarantee, which we refer to as the Sanofi Guarantee, and a Reimbursement and General Security Agreement, which we refer to as the Sanofi Reimbursement Agreement, with Sanofi, both of which were amended in March 2013, which we refer to as our 2013 Credit Facility.

On March 17, 2014, we entered into an amendment to the Sanofi Reimbursement Agreement pursuant to which we agreed to the following: (1) to use \$7.5 million of the proceeds raised in connection with our IPO to repay a portion of our outstanding loan with HSBC Bank USA, National Association, no later than June 30, 2014, (2) to amend our loan agreement with HSBC Bank USA, National Association to reduce the aggregate amount we may borrow under our credit facility to \$7.5 million, no later than June 30, 2014, and (3) to repay all amounts owed to HSBC Bank USA, National Association under our 2013 Credit Facility no later than December 31, 2014.

On April 29, 2014, we entered into another addendum to the Sanofi Reimbursement Agreement. Under this addendum and conditioned upon the closing of our IPO and Sanofi's investment of \$15.0 million in the IPO, the parties agreed to terminate our obligations made under the addendum dated March 17, 2014 and we agreed that to the extent Sanofi invests up to \$15.0 million in our IPO the amount to be invested by Sanofi will be used to pay down the outstanding balance under our 2013 Credit Facility. Upon the consummation of our IPO in May 2014, we repaid the full amount owed under the 2013 Credit Facility with HSBC Bank USA, National Association in May, 2014.

Research Services Agreement with Merial

We entered into a Research Services Agreement with Merial effective in January 2012, under which we performed research services for Merial, including the synthesis, purification, and characterization of individual or

libraries of compounds, phenotypic screening of compounds, and further testing and optimizing of compounds for the use of commercializing animal health products. In 2014, we received \$7.3 million from Merial under this agreement. This agreement expired on December 31, 2014. On December 31, 2014, we entered into a multi-year Research Services Agreement with Merial, effective December 24, 2014, under which we agreed to continue to provide Merial with contract research and screening services in the field of animal health on a fee-for-service basis. The Merial agreement was directly related to our former contract research and services business, which we referred to as our Services Business, and which we divested to Accuratus in July 2015. In connection with the sale of the Services Business we transferred the Merial agreement, including all future obligations and benefits.

In the year ended December 31, 2015, we received \$2.1 million from Merial under the research services agreement. See our annual report on Form 10-K as filed March 7, 2016, under the section Business-Collaborations and Licensing Agreements Associated with Our Former Services Business for more information.

Engagement Letters with Burrill Securities

In March 2013, we entered into an engagement letter with Burrill Securities, an affiliate of Burrill Biotechnology Capital Fund, L.P., a prior holder of more than 5% of our capital stock, and an entity with which one of our directors, Dr. Hanham, was affiliated at the time. Pursuant to the letter, we engaged Burrill Securities to assist us with the identification of certain strategic alternatives. Under the letter, we would have owed Burrill Securities a success fee of \$1.0 million upon the closing of specified strategic transactions during the term of the letter or within twelve months after the end of the term of the letter. The term of the letter expired on September 6, 2013.

In May 2013, we entered into an engagement letter with Burrill Securities. Pursuant to the letter, we engaged Burrill Securities to assist us with the identification of certain strategic alternatives. Under the letter, we would have owed Burrill Securities a success fee of 5% of the transaction value of any strategic transaction or financing transaction resulting from the engagement and closed during the term of the letter or within twelve months after the end of the term of the letter. The term of the letter expired on November 17, 2013. In December 2013, we entered into an amendment to the engagement letter that provided that notwithstanding anything to the contrary in the engagement letter, in the event we consummated a public offering of our common stock prior to November 17, 2014, we would pay Burrill Securities a success fee of \$500,000 as payment in full for all our obligations under the engagement letter. In May 2014, we paid the \$500,000 success fee to Burrill Securities pursuant to the engagement letter, as amended.

Participation in Initial Public Offering

The following holders, who held more than 5% of our capital stock at the time of our IPO, purchased shares of our common stock in our IPO at the public offering price in varying amounts: Alta BioPharma Partners II, LP and its affiliate, which are affiliated with one of our former directors, Edward E. Penhoet, Ph.D.; S.R. One, Limited; FCPR Biotechnology Fund, which was affiliated with Jean-Yves Nothias, Ph.D., a former director of SCYNEXIS; Ventech Capital and its affiliates, which were affiliated with Mounia Chaoui, Ph.D., a former director of SCYNEXIS at the time of the IPO; and F.C.P.R. Genavent. The aggregate amount that these entities purchased in the IPO was approximately \$13.4 million of shares of our common stock, and the aggregate size of the IPO was \$62.0 million. In addition, Sanofi, the parent company of Merial, a holder of more than 5% of our capital stock, purchased \$15.0 million of shares of our common stock in connection with our IPO.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials and Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or set of Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders, allows us to save money by reducing the number of documents we must print and mail and helps protect the environment as well.

Householding is available to both registered stockholders (i.e., those stockholders with certificates registered in their name) and street name holders (i.e., those stockholders who hold their shares through a brokerage).

If you are a registered stockholder and have consented to our mailing of proxy materials and other stockholder information only to one account in your household, as identified by you, we will deliver or mail a single copy of our Notice of Internet Availability of Proxy Materials or set of Annual Meeting materials, as applicable, for all registered stockholders residing at the same address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a Notice of Internet Availability of Proxy Materials or set of Annual Meeting materials, as applicable, please notify your broker or direct your written request to our Corporate Secretary at SCYNEXIS, Inc., 101 Hudson Street, Suite 3610, Jersey City, New Jersey, 07302, or contact James Clarke, Interim General Counsel, at (201) 884-5485. A separate copy of a Notice of Internet Availability of Proxy Materials or set of Annual Meeting materials will then promptly be delivered to you. Stockholders who currently receive multiple copies of the Notice of Internet Availability of Proxy Materials or set of Annual Meeting materials, as applicable, at their address and would like to request householding of their communications should contact their brokers.

OTHER MATTERS

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

By Order of the Board of Directors

/s/ Eric Francois
Eric Francois
Chief Financial Officer
April 21, 2016

A copy of SCYNEXIS' S Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2015, is available on our website, www.scynexis.com. A printed copy is also available without charge upon written request to: Corporate Secretary at SCYNEXIS, Inc., 101 Hudson Street, Suite 3610, Jersey City, New Jersey, 07302.

DIRECTIONS to The Westin Jersey City Newport (site of the Annual Meeting) (also available at www.westinjerseycitynewport.com/hotel-directions)

Newark International Airport (EWR), is the closest airport, just 30 minutes away by taxi or rental car with convenient public transit options available. Next to the Holland Tunnel, the hotel is a quick drive from New York City.

Northern New Jersey's PATH train is steps away from the hotel and delivers you to Manhattan in under 10 minutes. Additionally, a ferry runs between Newport and Manhattan at peak times, and New Jersey Transit buses serve central Jersey City.

From East

Take Interstate 87 West to the Palisades Parkway South to the New Jersey Turnpike.

Take Exit 14C Holland Tunnel.

Turn right on Luis Marin Boulevard.

Turn left on 6th Street.

The hotel will be on the left.

From West

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Take Interstate 280 East via ramp to the left towards the New Jersey Turnpike/Newark.

Take Exit 17-A to New Jersey state highway 7 East.

Follow through to US highway 1 & 9 North.

Turn slight right towards Holland Tunnel.

Turn right on Luis Marin Boulevard.

Turn left on 6th Street.

The hotel will be on the left.

From Newark Airport

Head north toward Express Road.

Take the US-1 North/US-9 North/US-22/NJ-21 ramp.

Continue toward US-9 Truck North, following signs for approximately three miles.

Take the exit on the left onto US-1 N/US-9 North and continue onto NJ-139 East.

Turn right onto Jersey Avenue.

Bear left slightly onto 11th Street.

Continue onto Newport Parkway.

Turn right onto Washington Boulevard.

The hotel will be on your right.

From North

Take the New Jersey Turnpike South.

Take Exit 14C Holland Tunnel.

Turn right on Luis Marin Boulevard.

Turn left on 6th Street.

The hotel will be on the left.

