

PURE BIOSCIENCE, INC.  
Form DEF 14A  
December 20, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

**PURE Bioscience, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**Not Applicable**

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

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No fee required.

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

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December 20, 2018

Dear Stockholder:

You are cordially invited to attend the 2019 Annual Meeting of Stockholders (the “Annual Meeting”) of PURE Bioscience, Inc. on Wednesday, January 30, 2019 at 9:00 a.m. (local time). The Annual Meeting will be held at our corporate offices at 1725 Gillespie Way, El Cajon, California 92020.

We are pleased to take advantage of the rules established by the Securities and Exchange Commission (the “SEC”) that allow companies to furnish proxy materials primarily over the internet. We believe that this will allow us to promptly provide proxy materials to you, while lowering the costs of distribution and reducing the environmental impact of our Annual Meeting.

On December 20, 2018, we mailed to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our proxy materials over the internet, including our Proxy Statement and Annual Report to Stockholders for the fiscal year ended July 31, 2018. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how you can receive a paper copy of the proxy materials by mail. If you receive your proxy materials by mail, the Annual Report, the Notice of 2019 Annual Meeting of Stockholders, the Proxy Statement, and a proxy card will be enclosed.

The matters to be acted upon are described in the Notice of 2019 Annual Meeting of Stockholders and Proxy Statement. Following the formal business of the Annual Meeting, we will report on our operations and respond to questions from stockholders.

Whether or not you plan to attend the Annual Meeting, your vote is very important and we encourage you to vote promptly. You may vote by proxy over the internet or by telephone, or, if you received paper copies of the proxy materials by mail, you can also vote by mail by following the instructions on your proxy card. If you attend the Annual Meeting you will, of course, have the right to revoke your proxy and vote your shares in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from your brokerage firm, bank or other nominee to vote your shares.

We look forward to seeing you at the Annual Meeting.

Sincerely yours,

*/s/ Henry Lambert*  
***Chief Executive Officer***

**PURE BIOSCIENCE, INC.**

**NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON January 30, 2019**

**TO OUR STOCKHOLDERS:**

Our 2019 Annual Meeting of Stockholders (the “Annual Meeting”) of PURE Bioscience, Inc. will be held at our corporate offices at 1725 Gillespie Way, El Cajon, California 92020, on January 30, 2019 at 9:00 a.m., local time, for the following purposes:

1. To elect four directors to hold office until the next annual meeting and until their respective successors are elected and qualified;
2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending July 31, 2019;
3. To approve, on a non-binding advisory basis, the compensation of our named executive officers, during the fiscal year ended July 31, 2018; and
5. To transact such other business as may properly be brought before the meeting or any adjournment or postponement thereof.

Our Board of Directors recommends a vote **FOR** each of the director nominees and **FOR** proposals 2 and 3 listed above. Stockholders of record at the close of business on December 11, 2018 are entitled to notice of, and to vote on, all matters at the Annual Meeting and any reconvened meeting following any adjournments or postponements thereof. For ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder, for any purpose relating to the Annual Meeting, during ordinary business hours at our principal offices located at 1725 Gillespie Way, El Cajon, California 92020.

All stockholders are invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, you are urged to vote or submit your proxy as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. Telephone and internet voting are available. For specific instructions on voting, please refer to the instructions in the Notice of Internet Availability of Proxy Materials or the proxy card. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING:** Our Annual Report on Form 10-K, Notice and Proxy Statement are available electronically at [www.proxydocs.com](http://www.proxydocs.com).

By Order of the Board of Directors

*/s/ Henry Lambert*  
**Chief Executive Officer**

December 20, 2018

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**PURE BIOSCIENCE, INC.**

**1725 Gillespie Way**

**El Cajon, California 92020**

**PROXY STATEMENT FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON January 30, 2019**

**GENERAL INFORMATION**

The accompanying proxy is solicited by the Board of Directors of PURE Bioscience, Inc. (the “Board” or “Board of Directors”) to be voted at the 2019 Annual Meeting of Stockholders (the “Meeting” or “Annual Meeting”) to be held on January 30, 2019 at our corporate offices at 1725 Gillespie Way, El Cajon, California 92020 at 9:00 a.m., local time, and any adjournments or postponements thereof. This Proxy Statement and the accompanying proxy are being made available to our stockholders on or about December 20, 2018. References in this proxy statement to “the Company,” “we,” “PURE,” “our,” and “us” are to PURE Bioscience, Inc.

In accordance with the rules of the Securities and Exchange Commission (the “SEC”), we are permitted to furnish proxy materials, including this Proxy Statement and our Annual Report for the fiscal year ended July 31, 2018 (the “Annual Report”) to stockholders by providing access to these documents through the internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless requested. Instead, our Notice of Internet Availability of Proxy Materials provides instructions on how to access and review the proxy materials on the internet. The Notice of Internet Availability of Proxy Materials also provides instructions on how to cast your vote via the internet or by telephone. If you would like to receive a printed or email copy of our proxy materials, please follow the instructions for requesting the materials in the Notice of Internet Availability of Proxy Materials.

**Record Date**

Holders of record of our shares of Common Stock, our only class of issued and outstanding voting securities (the “Common Stock”), at the close of business on December 11, 2018 (the “Record Date”) are entitled to notice of and to vote at the Annual Meeting. On December 11, 2018, 71,582,122 shares of our Common Stock were issued and outstanding.



## **Quorum**

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Votes for and against, abstentions and “broker non-votes” will each be counted as present for purposes of determining the presence of a quorum.

The Annual Meeting may be adjourned from time to time and at any reconvened meeting, action with respect to the matters specified in this notice may be taken without further notice to stockholders except as required by applicable law and our charter documents.

## **Stockholders of Record**

You are a “stockholder of record” if your shares are registered directly in your name with our transfer agent, Transfer Online, Inc. As a stockholder of record, you have the right to grant your voting proxy directly to the proxies designated by the Company or to vote in person at the Annual Meeting. As of the record date, we had 228 holders of record.

### **Shares Held in Street Name**

You are deemed to beneficially own your shares in “street name” if your shares are held in an account at a brokerage firm, bank, broker-dealer, trust or other similar organization. If this is the case, you will receive a separate voting instruction form with this Proxy Statement from such organization. As the beneficial owner, you have the right to direct your broker, bank, trustee, or nominee how to vote your shares, and you are also invited to attend the Annual Meeting. If you hold your shares in street name and do not provide voting instructions to your broker, bank, trustee or nominee, your shares will not be voted on any proposals on which such party does not have discretionary authority to vote (a “broker non-vote”), as further described below under the heading “Broker Non-Votes.”

Please note that if your shares are held of record by a broker, bank, trustee or nominee and you wish to vote at the Annual Meeting, you will not be permitted to vote in person unless you first obtain a proxy issued in your name from the record holder.

### **Broker Non-Votes**

Broker non-votes are shares held in street name by brokers or nominees who are present in person or represented by proxy, but which are not voted on a particular matter because the brokers or nominees do not have discretionary authority with respect to that proposal and they have not received voting instructions from the beneficial owner. Under the rules that govern brokers, brokers have the discretion to vote on routine matters, but not on non-routine matters. Routine matters include the ratification of the appointment of the Company’s independent registered public accountants. The remaining proposals to be considered at the Annual Meeting are considered to be non-routine matters, including the election of directors and the non-binding advisory vote on the compensation of our named executive officers. ***As a result, if you do not provide your broker or nominee with voting instructions on these non-routine matters your shares will not be voted on these proposals.***

### **Voting Matters**

Stockholders are entitled to cast one vote per share of Common Stock on each matter presented for consideration by the stockholders. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for a proper purpose during normal business hours at the executive offices of the Company for a period of at least 10 days preceding the day of the Annual Meeting.

There are three proposals scheduled to be voted on at the Annual Meeting:

1. To elect four directors to hold office until the next annual meeting and until their respective successors are elected and qualified;
2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending July 31, 2019; and
3. To approve, on a non-binding advisory basis, the compensation of our named executive officers, during the fiscal year ended July 31, 2018; and

Our Board of Directors recommends a vote **FOR** each of the four director nominees, **FOR** the ratification of the appointment of Mayer Hoffman McCann P.C., and **FOR** the approval of the compensation of our named executive officers.

We are currently unaware of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement. If other matters are properly presented at the Annual Meeting for consideration and you are a stockholder of record and have submitted your proxy, the persons named in your proxy will have the discretion to vote on those matters for you.

## Required Vote

Assuming a quorum is present, either in person or by proxy, the following vote is required for the proposals scheduled to be voted on at the Annual Meeting:

**Election of Directors:** Directors will be elected by a plurality of the votes, which means the four nominees who receive the greatest number of **FOR** votes will be elected. If you hold your shares through a broker and you do not  
1. instruct the broker on how to vote on this proposal, your broker will not have authority to vote your shares. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will not have any effect on the outcome of the proposal.

**Ratification of Auditors:** The ratification of the appointment of Mayer Hoffman McCann P.C. as our independent  
2. registered public accounting firm for the fiscal year ending July 31, 2018 requires that a majority of the votes cast, whether in person or represented by proxy, are voted **FOR** this proposal. Abstentions will be counted as present for purposes of determining the presence of a quorum, but will have no effect on the outcome of the vote.

**Executive Compensation:** The approval, on a non-binding advisory basis, of the compensation of our named  
3. executive officers requires that a majority of the votes cast, whether in person or represented by proxy, are voted **FOR** this proposal. Abstentions and “broker non-votes” will each be counted as present for purposes of determining the presence of a quorum, but will have no effect on the outcome of the vote.

## Voting Instructions

If you are a stockholder of record, you can vote in the following ways:

**By Internet:** By following the Internet voting instructions included in the Notice of Internet Availability of Proxy Materials or by following the instructions on the proxy card at any time up until 11:59 p.m., Eastern Daylight Time, on January 29, 2019.

**By Telephone:** By following the telephone voting instructions included in the Notice of Internet Availability of Proxy Materials or by following the instructions on the proxy card at any time up until 11:59 p.m., Eastern Daylight Time, on January 29, 2019.

**By Mail:** You may vote by mail by marking, dating and signing your proxy card in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials. The proxy card must be received prior to the Annual Meeting.

If your shares are held in street name, please follow the separate voting instructions you receive from your broker, bank, trustee or other nominee.

### **Proxies**

All shares represented by a proxy will be voted at the Annual Meeting, and where a stockholder specifies a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If a stockholder does not indicate a choice on the proxy card, the shares will be voted in favor of the election of each of the nominees for director contained in this Proxy Statement and in favor of each of the other proposals considered at the Annual Meeting.

If your shares are held by a broker, bank or other stockholder of record, in nominee name or otherwise, exercising fiduciary powers (typically referred to as being held in “street name”), you will receive a separate voting instruction form with your proxy materials. Your broker may vote your shares on the proposal to ratify our independent auditors, but will not be permitted to vote your shares with respect to the election of directors or on any of the other proposals unless you provide instructions as to how to vote your shares. Please note that if your shares are held of record by a broker, bank or nominee and you wish to vote at the meeting, you will not be permitted to vote in person unless you first obtain a proxy issued in your name from the record holder.

### **Multiple Proxies**

If you receive more than one set of proxy materials it generally means you hold shares registered in multiple accounts. To ensure that all your shares are voted, please submit proxies or voting instructions for all of your shares.

### **Proxy Revocation Procedure**

If you are a stockholder of record, you may revoke your proxy: (i) by written notice of revocation mailed to and received by the Secretary of the Company prior to the date of the Annual Meeting, (ii) voting again via the Internet or by telephone at a later time before the closing of those voting facilities at 11:59 p.m. (Eastern) on January 29, 2019, (iii) by executing and delivering to the Secretary a proxy dated as of a later date than a previously executed and delivered proxy (provided, however, that such action must be taken prior to 11:59 p.m. (Eastern Time) on January 29, 2019), or (iv) by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not in and of itself revoke a proxy.

### **Solicitation Costs**

The Company will bear the expenses of calling and holding the Annual Meeting and the solicitation of proxies therefor. This proxy statement and the accompanying materials, in addition to being mailed directly to stockholders, will be distributed through brokers, custodians, nominees and other like parties to beneficial owners of shares of Common Stock. The Company will pay reasonable expenses incurred in forwarding the proxy materials to the beneficial owners of shares and in obtaining the written instructions of such beneficial owners. The Company may consider the engagement of a proxy solicitation firm. Our directors, officers and employees may also solicit proxies by mail, telephone and personal contact, but they will not receive any additional compensation for these activities.

### **Voting Results**

We will announce preliminary voting results at the Annual Meeting. We will report final results in a Form 8-K report filed with the SEC.

## **GOVERNANCE OF OUR COMPANY**

### **Overview**

We are committed to maintaining high standards of business conduct and corporate governance, which we believe are fundamental to the overall success of our business, serving our stockholders well and maintaining our integrity in the marketplace. Our Corporate Governance Guidelines and Code of Business Conduct and Ethics, together with our Certificate of Incorporation, Bylaws and the charters of our Board Committees, form the basis for our corporate governance framework. As discussed below, our Board of Directors has established two standing committees to assist it in fulfilling its responsibilities to the Company and its stockholders: the Audit Committee and the Compensation Committee. The Board of Directors performs the functions typically assigned to a Nominating and Corporate Governance Committee.

### **Corporate Governance Guidelines**

Our Corporate Governance Guidelines are designed to ensure effective corporate governance of our Company. Our Corporate Governance Guidelines cover topics including, but not limited to, director qualification criteria, director responsibilities, director compensation, director orientation and continuing education, communications from stockholders to the Board, succession planning and the annual evaluations of the Board and its Committees. Our Corporate Governance Guidelines are reviewed regularly by the Board and revised when appropriate. The full text of our Corporate Governance Guidelines can be found in the “Corporate Governance” section of our website accessible at [www.purebio.com](http://www.purebio.com). A printed copy may also be obtained by any stockholder upon request to our Corporate Secretary.

### **Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors. This Code constitutes a “code of ethics” as defined by the rules of the SEC. This Code also contains “whistle blower” procedures adopted by our Audit Committee regarding the receipt, retention and treatment of complaints related to accounting, internal accounting controls or auditing matters and procedures for confidential anonymous employee complaints related to questionable accounting or auditing matters. Copies of the code may be obtained free of charge from our website, [www.purebio.com](http://www.purebio.com). Any amendments to, or waivers from, a provision of our code of ethics that applies to any of our executive officers will be posted on our website in accordance with the rules of the SEC. Other than as specifically referenced herein, the information contained on, or that can be accessed through, our website is not a part of this proxy statement.

## **Director Independence**

We are not currently listed on any national securities exchange or in an inter-dealer quotation system that has established a standard for independence. However, in evaluating the independence of our members and the composition of the committees of our Board of Directors, our Board utilizes the definition of “independence” as that term is defined by applicable listing standards of the NYSE MKT. As of the date hereof, our Board consists of six members, four of whom are considered independent as that term is defined by applicable listing standards of the NYSE MKT. Our independent directors include: Messrs. Chen and Lee and Ms. Risi and Dr. Hagen. The Board has also determined that Mr. Okuno will be independent.

## **Board and Committee Attendance**

During the fiscal year ended July 31, 2018, the Board of Directors met eight times and it took action by unanimous written consent two times. During the fiscal year ended July 31, 2018 our Compensation Committee took action by unanimous written consent twice and our Audit Committee met four times. Each of the directors attended 95% of the meetings of the Board of Directors.



### **Director Attendance at Annual Meeting**

We believe the annual meeting of stockholders provides a good opportunity for our directors to hear any feedback the stockholders may share with the Company at the meeting. As a result, we encourage our directors to attend our annual meeting. We reimburse our directors for the reasonable expenses incurred by them in attending the annual meeting.

### **Executive Sessions**

Executive sessions of our independent directors are held at each regularly scheduled meeting of our Board and at other times as necessary. The Board's policy is to hold executive sessions without the presence of management, including our President and Chief Executive Officer, who is the only non-independent director on the Board. Our Board Committees also generally meet in executive session at the end of each committee meeting.

### **Board Committees**

*Compensation Committee.* The Compensation Committee of the Board of Directors currently consists of Ms. Risi (Chair) and Dr. Hagen. Ms. Risi was appointed Chair of the Compensation Committee after Mr. Otis retired from the Board. Dr. Hagen was appointed to the Compensation Committee in June 2018. Following the Annual Meeting, the Board expects to appoint Messrs. Lee (Chair), Chen and Okuno to the Compensation Committee. The functions of the Compensation Committee include the approval of the compensation offered to our executive officers and recommending to the full Board of Directors the compensation to be offered to our directors, including our Chairman. The Board has determined that Ms. Risi and Dr. Hagen are each an "independent director" under the listing standards of the NYSE MKT and had previously determined that Mr. Otis was also an "independent director" under the listing standards of the NYSE MKT. In addition, the members of the Compensation Committee (and Mr. Otis while he served on the Board and the Compensation Committee) qualify as a "non-employee director" for purposes of Rule 16b-3 under the Exchange Act and as an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Compensation Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at [www.purebio.com](http://www.purebio.com).

*Audit Committee.* The Audit Committee of the Board of Directors, currently consists of Messrs. Cohee (Chair), Lee and Chen. Mr. Chen was appointed to the Audit Committee in June 2018 after Mr. Otis retired from the Board. Following the Annual Meeting, the Composition of the Audit Committee shall consist of Messrs. Lee (Chair), Chen and Okuno. The functions of the Audit Committee include the retention of our independent registered public accounting firm, reviewing and approving the planned scope, proposed fee arrangements and results of the Company's annual audit, reviewing the adequacy of the Company's accounting and financial controls and reviewing the

independence of the Company's independent registered public accounting firm. The Board has determined that each of Messrs. Chen and Lee is an "independent director" under the listing standards of the NYSE MKT. Mr. Cohee is not independent because the Company has retained Mr. Cohee to provide financial advisory services to the Company. See "Certain Relationships and Related Transactions" for additional information regarding the Company's retention of Mr. Cohee. The Board determined that it was in the Company's and its stockholders best interests for Mr. Cohee to continue to serve on the audit committee, based on his accounting and financial expertise, until the Board adds additional independent directors. The Board of Directors has also determined that Messrs. Cohee, Lee and Chen are each an "audit committee financial expert" within the applicable definition of the SEC. The Audit Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at [www.purebio.com](http://www.purebio.com).

*Nominating Committee.* The Board has not established a Nominating Committee, and as a result performs the functions typically assigned to a Nominating Committee, including the identification, recruitment and nomination of candidates for the Board and its committees, determining the structure, composition and functioning of the Board and its committees including the reporting channels through which the Board receives information and the quality and timeliness of the information, developing and recommending to the Board corporate governance guidelines applicable to the Company and annually reviewing and recommending changes, as necessary or appropriate, overseeing the annual evaluation of the Board's effectiveness and performance.

### **Board and Committee Effectiveness**

The Board and each of its Committees perform an annual self-assessment to evaluate their effectiveness in fulfilling their obligations. The Board and Committee evaluations cover a wide range of topics, including, among others, the fulfillment of the Board and Committee responsibilities identified in the Corporate Governance Guidelines and charters for each Committee.

### **Board Leadership Structure**

Our Bylaws provide our Board with flexibility to combine or separate the positions of Chairman of the Board and Chief Executive Officer in accordance with its determination that utilizing one or the other structure would be in the best interests of our company. Due to Mr. Pfanzelter's retirement from the Board and his position as Chairman of the Board, we do not currently have a chairman of the Board. The independent members of our Board currently serve in the Chairman role and believe this leadership structure enhances the accountability of our Chief Executive Officer to the Board and encourages balanced decision making. Our Board also separated the roles in recognition of the differences in responsibilities. While our Chief Executive Officer is responsible for the day-to-day leadership of the Company and its business operations, the role of Chairman is intended to provide overall guidance to the Board and management. The Board intends to carefully evaluate from time to time whether an independent member of our Board should be appointed as Chairman based on what the Board believes is best for the Company and its stockholders.

### **Board Oversight of Risk**

The Board is actively involved in the oversight of risks that could affect the Company. The Board as a whole has responsibility for risk oversight of the Company's risk management policies and procedures, with reviews of certain areas being conducted by the relevant Board committee. The Board satisfies this responsibility through reports by each Committee Chair regarding the Committee's considerations and actions, as well as through regular reports directly from management responsible for oversight of particular risks within the Company. Specifically, the Board committees address the following risk areas:

The Compensation Committee is responsible for overseeing the management of risks related to the Company's executive compensation plans and arrangements.

The Audit Committee discusses with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Board as a whole considers risks related to regulatory and compliance matters as well as risks related to the Company's sales and marketing and research and development initiatives.

The Board encourages management to promote a corporate culture that incorporates risk management into the Company's day-to-day business operations.

### **Stockholder Recommendations for Director Nominees**

In nominating candidates for election as a director, the Board will consider a reasonable number of candidates recommended by a single stockholder who has held over 20% of PURE Bioscience Common Stock for over one year and who satisfies the notice, information and consent provisions set forth in our Bylaws and Corporate Governance Guidelines. Stockholders who wish to recommend a candidate may do so by writing to the Board of Directors in care of the Corporate Secretary, PURE Bioscience, Inc., 1725 Gillespie Way, El Cajon, California 92020. The Board of Directors will use the same evaluation process for director nominees recommended by stockholders as it uses for other director nominees. A printed copy of our Bylaws may be obtained by any stockholder upon request to our Corporate Secretary.

## **Identification and Evaluation of Director Nominees**

In evaluating nominees for membership on our Board, our Board applies the Board membership criteria set forth in our Corporate Governance Guidelines. Under these criteria, the Board takes into account many factors, including an individual's business experience and skills (including skills in core areas such as operations, management, technology, accounting and finance, strategic planning and international markets), as well as independence, judgment, knowledge of our business and industry, professional reputation, leadership, integrity and ability to represent the best interests of the Company's stockholders. In addition, the Board also considers the ability to commit sufficient time and attention to the activities of the Board, as well as the absence of any potential conflicts with the Company's interests. The Board does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Board does not have a formal policy with respect to diversity of nominees. Rather, our Board considers Board membership criteria as a whole and seeks to achieve diversity of occupational and personal backgrounds on the Board.

Our Board regularly assesses the appropriate size of our Board, and whether any vacancies on our Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Board will consider various potential candidates who may come to the attention of the Board through current Board members, professional search firms, stockholders or other persons. Each candidate brought to the attention of the Board, regardless of who recommended such candidate, is considered on the basis of the criteria set forth in our corporate governance guidelines. As stated above, our Board will consider candidates proposed for nomination by our significant stockholders. Stockholders may propose candidates by submitting the names and supporting information to: Corporate Secretary, PURE Bioscience, Inc., 1725 Gillespie Way, El Cajon, California 92020. Supporting information should include (a) the name and address of the candidate and the proposing stockholder, (b) a comprehensive biography of the candidate and an explanation of why the candidate is qualified to serve as a director taking into account the criteria identified in our corporate governance guidelines, (c) proof of ownership, the class and number of shares, and the length of time that the shares of our voting securities have been beneficially owned by each of the candidate and the proposing stockholder, and (d) a letter signed by the candidate stating his or her willingness to serve, if elected.

## **Communications with the Board of Directors**

The Board desires that the views of stockholders will be heard by the Board, its Committees or individual directors, as applicable, and that appropriate responses will be provided to stockholders on a timely basis. Stockholders wishing to formally communicate with the Board, any Board Committee, the independent directors as a group or any individual director may send communications directly to the Company at PURE Bioscience, Inc., 1725 Gillespie Way, El Cajon, California 92020, Attention: Corporate Secretary. All clearly marked written communications, other than unsolicited advertising or promotional materials, are logged and copied, and forwarded to the director(s) to whom the communication was addressed. Please note that the foregoing communication procedure does not apply to (i) stockholder proposals pursuant to Exchange Act Rule 14a-8 and communications made in connection with such proposals or (ii) service of process or any other notice in a legal proceeding.



## PROPOSAL ONE

### ELECTION OF DIRECTORS

#### Nominees for Director

Our business is managed under the oversight of our Board of Directors. Our board of directors currently consists of the following six individuals: Henry R. Lambert, Gary D. Cohee, Tom Y. Lee, CPA, Janet Risi Field, Elisabeth Hagen M.D and Ivan Chen. Our Board has nominated the following persons for election or re-election at the Annual Meeting:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Position(s) Held</b>
Henry R. Lambert	67	2013	Director, Chief Executive Officer
Tom Y. Lee, CPA	69	2014	Director
Ivan Chen	36	2018	Director
Dale Okuno	66		Director Nominee

In addition to the information regarding our directors and skills that led our Board to conclude that the individual should serve as a director, we also believe that all of our directors have a reputation for integrity, honesty and adherence to high ethical standards. We believe they each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to our company and our Board.

The Board also believes that re-electing two of our incumbent directors helps to promote stability and continuity. The Board expects that each such directors will continue to make substantial contributions to the Company by virtue of their familiarity with, and insight into, the Company's business and the Company's business strategy.

All of the nominees have indicated a willingness to continue serving as directors, and the Company has no reason to believe that any nominee will be unavailable or unable to serve. If any of them should decline or be unable to act as a director, the proxy holders will vote for the election of any other person or persons the Board may nominate.

The following sets forth information regarding the business experience of our directors as of December 11, 2018:

**Henry R. Lambert** was appointed to our Board and appointed as our Chief Executive Officer on September 10, 2013. Mr. Lambert is an accomplished food industry and consumer products executive with broad management skills, including strategic planning and business development, go-to-market execution, business integration and food safety. He has over 35 years of food industry experience, having worked at such notable companies as Heublein Inc., RJ Reynolds, Nabisco, Inc. and Pinnacle Foods. Mr. Lambert has served on boards and as a member of various food industry associations, including the International Foodservice Manufacturers Association (IFMA), Institute of Food Technologists and Safe Supply of Affordable Food Everywhere (SSAFE). From 2010 through June 2013, Mr. Lambert served as General Manager of the Global Food and Water Business of Underwriter Laboratories, where he was responsible for the start-up of the company's food safety services business. From 2007 to 2010, Mr. Lambert served as Senior Vice President of Business Development, and then President, of Arrowstream Transportation, Inc., a provider of innovative supply chain management solutions to the foodservice industry whose key customers included Wendy's, Applebee's, Arby's, TGIF, Sysco, and DMA. Mr. Lambert earned his MBA in Finance from the University of Chicago, Booth School of Business, and his BA in Economics (with Honors) from Union College, Schenectady, N.Y.



Mr. Lambert's qualifications to serve as a director on our Board include his service as the Company's Chief Executive Officer, his 37 years of experience in the food industry, his executive leadership experience and his service on the boards of a number of food industry associations.

**Tom Y. Lee, CPA** was appointed to our Board on October 24, 2014. Mr. Lee has served as the Chairman and CEO of Swabplus, Inc., a contract manufacturer of single-dose applicator and formulation OEM products, since 2008. Mr. Lee has experience in manufacturing and selling applicator and formulation OEM products, manufacturing and distributing products in Asia and is experienced in accounting matters. Mr. Lee was formerly audit committee chairman at First Continental Bank (which merged with United Commercial Bank in 2003). Mr. Lee has been an active CPA since 1983 and earned his Master of Science in accounting from California State University Long Beach and his Bachelors in Business Administration from TamKang University in Taipei, Taiwan.

Mr. Lee's qualifications to serve as a director on our Board include his experience in manufacturing and selling applicator and formulation OEM products, his experience with manufacturing and distributing products in Asia and his accounting background and expertise as a CPA. The Board also considered Mr. Lee's commitment to the Company and its technology platform based his investments in the Company's stock.

**Ivan Chen** was appointed to our Board on June 29, 2018. Mr. Chen, an attorney and entrepreneur, brings extensive experience in the healthcare and technology industries, with deep legal and strategic experience in areas including licensing, joint ventures, mergers & acquisitions, securities and corporate governance, and has been admitted to the bar in the states of California and New York. His experience includes serving as Director, Mergers & Acquisitions at eBay, Inc., a publicly-traded e-commerce platform. In this role, he led the negotiation and execution of numerous US and cross-border transactions. Prior to eBay, Mr. Chen focused on transactional, securities, and corporate governance matters while serving as an associate at Morrison & Foerster LLP and at Skadden, Arps, Meagher & Flom LLP, both large international law firms. Mr. Chen earned a J.D. from Harvard Law School, a master's degree from the University of Cambridge, and a bachelor's degree from Northwestern University.

Mr. Chen's qualifications to serve as a director on our Board include his executive leadership experience as an attorney and entrepreneur, as well as his educational background.

**Dale Okuno** has been nominated by the Board for election at the Annual Meeting. Mr. Okuno is Chief Executive Officer of Okuno Associates, Inc. an investment firm that focuses investments in technology companies. Prior to founding Okuno Associates, Mr. Okuno was founder and Chief Executive Officer of E-Z Data, Inc., a SaaS company, which he sold in 2009, a company that he founded in 1986. Mr. Okuno holds a BA in Philosophy and Psychology from San Jose State University.

Mr. Okuno’s qualifications to serve as a director on our Board include his executive leadership experience as a Chief Executive Officer and entrepreneur and his experience in building and growing technology companies.

The following information is furnished with respect to each of our directors who are not standing for reelection at the Annual Meeting:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Position Held</b>
Gary D. Cohee	72	2013	Director
Janet Risi Field	58	2017	Director
Elisabeth Hagen M.D	49	2018	Director

\*The Company intends to enter into a consulting relationship with the non-continuing directors for them to provide the Company ongoing services. The Company also intends to appoint each of the Ms. Field and Dr. Hagen to the Company’s scientific advisory board.

**Gary D. Cohee** was appointed to our Board on August 13, 2013. He has over 40 years of experience as an investment banker, having started his career in 1973 with Blyth, Eastman Dillon & Co. Since 2004, Mr. Cohee has served as President and CEO of PMB Securities Corp. From 2011 until 2012, Mr. Cohee served on the Advisory Board of Force Fuels, Inc. During his career in the investment banking business, Mr. Cohee worked for a number of investment banking firms, including Bateman Eichler and Paulson Investment Company. Mr. Cohee graduated from California State University-Long Beach in 1968 with a BS degree in Business Administration. He previously served as President of the Long Beach Bond Club, the Southern California Options Society and the Long Beach Century Club.

**Janet Risi Field** was appointed to our Board on July 26, 2017. Ms. Risi currently serves as President and Chief Executive Officer of Independent Purchasing Cooperative (“IPC”), a supply chain management organization, which she founded in 1996. IPC supplies all goods and services to the international fast food company, SUBWAY®. Ms. Risi formed IPC when SUBWAY had 7,000 restaurants, and has served on the SUBWAY Strategic Planning Council, which helped oversee the growth of the brand to over 40,000+ units worldwide. IPC now manages in excess of \$5 billion annually, covering food, packaging, equipment supplies, distribution, Gift and Loyalty card sales and marketing management, and services such as technology implementation. Prior to founding IPC, Ms. Risi was a commodities buyer for Ralston Purina. Ms. Risi also serves on the board of directors for Coral Gables Trust Bank and The Florida House. Ms. Risi received a B.A. in English and a minor in Business from DePauw University.

**Elisabeth Hagen M.D.** was appointed to our Board on November 2, 2017. Dr. Hagen's wide-ranging food safety experience includes service in various positions at the United States Department of Agriculture (USDA) beginning in 2006 and as a consultant beginning in 2014. From August 2010 until December 2013, Dr. Hagen served as the USDA Under Secretary for Food Safety where she oversaw Food Safety and Inspection Service (FSIS) policies and programs. She also served as Chief Medical Officer for the USDA, where one of her primary focuses sought ways to reduce foodborne illness. Since January 2014, Dr. Hagen has served as a consultant advising a range of companies on food safety strategy, food trends, regulatory issues and crisis management. She serves as Food Safety Advisory Board Member for Chipotle Mexican Grill, Animal Welfare Advisory Board Member for Tyson Foods, and Advisory Board Member, Food Safety, at Yum Brands. Dr. Hagen holds an M.D. from Harvard Medical School and a bachelor's degree from Saint Joseph's University. She is specialty trained in internal medicine and infectious diseases.

### **Relationships**

Mr. Ivan Chen is the nephew of Mr. Tom Y. Lee. There are no other family relationships between any current director executive officer, or any director or executive officer during the fiscal year ended July 31, 2018.

### **Compensation Committee Interlocks and Insider Participation.**

None of the members of our Compensation Committee are or have been an officer or employee of us. During fiscal years 2018 and 2017, no member of our Compensation Committee had any relationship with us requiring disclosure under Item 404 of Regulation S-K, except as set forth above, none of our executive officers served on the Compensation Committee (or its equivalent) or board of directors of another entity any of whose executive officers served on our Compensation Committee or board of directors.

### **Vote Required and Board Recommendation**

If a quorum is present, either in person or by proxy, directors will be elected by a plurality of the votes, which means the four nominees who receive the greatest number of **FOR** votes will be elected. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will not have authority to vote your shares. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will not have any effect on the outcome of the proposal.

If any nominee becomes unavailable for any reason (which event is not anticipated) to serve as a director at the time of the meeting, then the shares represented by such proxy may be voted for such other person as may be determined by the proxy holders, unless a contrary instruction is indicated in the proxy.

Directors are to be elected to hold office until the next annual meeting of stockholders and until their successors are elected and qualified, or their earlier death, resignation or removal.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE NOMINEES LISTED ABOVE (ITEM 1 ON THE PROXY CARD).**

**PROPOSAL TWO**

**RATIFICATION OF APPOINTMENT OF MAYER HOFFMAN MCCANN P.C. AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

At the Annual Meeting, our stockholders will be asked to ratify the appointment of Mayer Hoffman McCann, P.C. (“Mayer Hoffman”) as our independent registered public accounting firm for the fiscal year ending July 31, 2019. Mayer Hoffman has served as the Company’s independent registered public accounting firm since September 2007. Our Audit Committee is responsible for approving the engagement of Mayer Hoffman as the Company’s independent registered public accounting firm for the year ending July 31, 2019. In the event our stockholders fail to ratify the appointment of Mayer Hoffman, the Audit Committee will reconsider its selection. In addition, even if our stockholders ratify the selection, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it believes that a change would be in the best interests of the Company and its stockholders. Mayer Hoffman McCann P.C. leases substantially all its personnel, who work under the control of Mayer Hoffman shareholders, from wholly-owned subsidiaries of CBIZ, Inc., in an alternative practice structure.

The Audit Committee meets with Mayer Hoffman on a quarterly or more frequent basis. At such times, the Audit Committee reviews the services performed by Mayer Hoffman, as well as the fees charged for such services.

A representative of Mayer Hoffman McCann P.C. is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she desires. The representative is also expected to be available to respond to appropriate questions from stockholders.

**Fees Billed to the Company by its independent auditors during Fiscal Years 2018 and 2017.**

The following table provides information regarding the fees billed to us by Mayer Hoffman McCann P.C. in the fiscal years ended July 31, 2018 and 2017. All fees described below were approved by the Board or the Audit Committee:

	For the years ended	
	July 31,	
	2018	2017
Audit Fees (1)	\$164,000	\$173,000
Tax Fees (2)	\$13,000	\$13,000
Total Fees	\$177,000	\$186,000

Audit Fees include fees for services rendered for the audit and quarterly reviews of our financial statements, (1) including our Annual Report on Form 10-K and our periodic reports, and fees incurred related to the filings of registration statements.

(2) Tax Fees consist of amounts billed by an affiliate of our independent auditors for services in connection with the preparation of our federal and state tax returns.

### **Pre-Approval Policies and Procedures**

Our Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services. The independent auditor and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval. Any proposed services not included within the list of pre-approved services or any proposed services that will cause the Company to exceed the pre-approved aggregate amount requires specific pre-approval by the Audit Committee. All audit fees and tax fees listed in the table above were approved by the Audit Committee pursuant to its pre-approval policies and procedures.

### **Interest of Certain Persons in Matters to be Acted Upon**

There are no persons who have a direct or indirect substantial interest in the matter described under Proposal 2 above.

### **Vote Required and Board Recommendation**

The ratification of the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending July 31, 2019 requires a majority of the votes cast, whether in person or represented by proxy, to vote **FOR** this proposal. Abstentions will be counted as present for purposes of determining the presence of a quorum, but will have no effect on the outcome of the vote.

Submission of the appointment to stockholder approval is not required. However, if our stockholders fail to ratify the appointment, the Audit Committee will reconsider whether to retain Mayer Hoffman McCann P.C. as our independent auditor or whether to consider the selection of a different firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditor at any time during the fiscal year ending July 31, 2019.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE RATIFICATION OF MAYER HOFFMAN MCCANN P.C. AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR THE FISCAL YEAR ENDING JULY 31, 2019 (ITEM 2 ON THE PROXY CARD).**

## **REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

The following is the report of the Audit Committee of the Board of Directors of PURE Bioscience, Inc. with respect to PURE Bioscience's audited financial statements for the fiscal year ended July 31, 2018, included in the Company's Annual Report on Form 10-K, filed with the SEC on October 25, 2018. The information contained in this report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The Audit Committee of the Board of Directors currently consists of three non-employee directors, including Messrs. Cohee (Chair), Lee and Chen. The Board has determined that each of Messrs. Chen and Lee is an "independent director" under the listing standards of the NYSE MKT.

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management has the responsibility for the financial statements and the reporting process, including internal control systems. Our independent registered public accounting firm, Mayer Hoffman McCann P.C., is responsible for expressing an opinion as to the conformity of our audited financial statements with generally accepted accounting principles.

### **Review with Management**

The Audit Committee reviewed and discussed the audited financial statements with management of the Company.

### **Review and Discussions with Independent Accountants**

The Audit Committee met with Mayer Hoffman to review the financial statements for the fiscal year ended July 31, 2018. The Audit Committee discussed with a representative of Mayer Hoffman the matters required to be discussed by Auditing Standard No. 1301, "Communicating with Audit Committees". In addition, the Audit Committee met with Mayer Hoffman, with and without management present, to discuss the overall scope of Mayer Hoffman's audit, the results of its examinations and the overall quality of the Company's financial reporting. The Audit Committee received the written disclosures and the letter from Mayer Hoffman required by Rule 3526 of the Public Company Accounting Oversight Board, Communication with Audit Committee Concerning Independence, and has discussed with Mayer Hoffman its independence, and satisfied itself as to the independence of Mayer Hoffman.



**Conclusion**

Based on the above review, discussions, and representations received, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended July 31, 2018 be included in the Company's Annual Report on Form 10-K filed with the SEC.

The Audit Committee of the Board of Directors:

Gary D. Cohee, Chair  
Ivan Chen  
Tom Y. Lee

**PROPOSAL THREE**  
**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

**Background**

Our Board of Directors and Compensation Committee are providing stockholders with the opportunity to cast an advisory vote on the compensation of our named executive officers. This proposal, commonly known as a “Say on Pay” proposal, gives you, as a stockholder, the opportunity to endorse or not endorse our executive compensation program and the compensation paid to our named executive officers as reported in this Proxy Statement.

The Say on Pay vote is advisory, and therefore not binding on the Compensation Committee or the Board. Although the vote is non-binding, the Compensation Committee and the Board will review the voting results, seek to determine the cause or causes of any significant negative voting, and take the voting results into consideration when making future decisions regarding executive compensation.

The Compensation Committee of the Board of Directors, which is comprised solely of independent directors, has the responsibility for evaluating and authorizing the compensation payable to our executive officers. The goal of our executive compensation program is to attract, motivate and retain executives of outstanding ability, performance and potential. To achieve this goal, the Compensation Committee has designed a package that combines competitive base pay, with incentive cash compensation conditioned on the achievement of predetermined annual performance goals and long-term equity awards. The Compensation Committee believes this package encourages employee retention and the creation of stockholder value. Our compensation program also seeks to be internally consistent with differentials commensurate with the scope of a named executive officer’s responsibilities.

**Fiscal Year 2018**

During the fiscal year ended July 31, 2018, our “named executive officers” were (i) Dave Pfanzelter, who served as our Executive Chairman until his retirement in August 2018, (ii) Henry R. Lambert, who serves as Chief Executive Officer, (ii) Mark S. Elliott, who serves as Vice President, Finance.

**Elements of Compensation**

Consistent with the size and nature of our Company, our executive compensation program is simple, consisting of a base salary, an annual performance-based cash bonus, long-term equity awards, and eligibility to participate in employee benefit plans that we make available to all of our full-time employees, including group health plan, group term life insurance, and short- and long-term disability benefits.

Taken as a whole, the elements of our compensation package are comparable to those offered by other similarly sized companies in our industry. This allows us to compete in acquiring talent and retaining key executives. Our annual performance-based cash bonuses link executive compensation to the Company's performance and the individual achievements and performance of our executives. Likewise, equity awards align the interests of our named executive officers with those of our stockholders, thereby creating an incentive to build stockholder value and acting as a retention tool.

The Compensation Committee did not retain a compensation consultant during fiscal year 2018 given the Company's cash constraints.

Stockholders are encouraged to read the Executive Compensation section of this Proxy Statement for a more detailed discussion of our compensation program.

### **Base Salary**

Base salaries of our named executive officers depend on their job responsibilities, the market rate of compensation paid by companies in our industry for similar positions, our financial position and cash constraints, and external factors like inflation and the projected strength of the economy. The Compensation Committee reviews the base salaries of our named executive officers at least annually.

The annual base salaries of our named executive officers are reflected in the Summary Compensation Table included in this Proxy Statement.

### **Annual Performance-Based Cash Bonus**

The annual performance-based cash bonus paid to our named executive officers is determined by the Compensation Committee based on the achievement of our corporate goals, weighted by importance, as well as individual goals applicable to the named executive officer's position. Our corporate goals consist of progress on sales and regulatory approval goals for our product offerings as well as on individual goals. The individual goals of our named executive officers are based on the executive's job title and responsibilities. In addition, the Compensation Committee retains discretion to adjust the actual amount of the annual bonus based on our stock performance, our accomplishments determined on a qualitative basis, and the strength of our financial and market position at the end of the fiscal year.

Following the end of each fiscal year, the Compensation Committee is responsible for determining the bonus amount payable to the executive officer based on the Company's and the executive officer's performance against the performance metrics established by the Compensation Committee for the recently completed fiscal year.

Due to the Company's limited financial resources and the Company's performance below the operating plan approved by the Board of Directors, our named executive officers did not receive any cash bonuses for the years ended July 31, 2018 and 2017.

### **Long-Term Incentive Awards**

We grant long-term equity incentives in the form of time-based and performance-based stock options and restricted stock units (RSUs) to our executive officers. The Compensation Committee determined it was in the best interests of the Company and its stockholders to issue both stock options to our executive officers in fiscal 2018. The Compensation Committee determined that the long-term nature of options provides a meaningful retention incentive, while the issuance of shares upon vesting (and upon exercise with respect to options) encourages our executives to build stockholder value, thereby aligning the interests of our named executive officers with those of our stockholders. The Compensation Committee determines the size of the incentive award based on company performance and the named executive officers past and expected future performance. The Compensation Committee also considered the current stock and equity award holdings of our executive officers prior to the grants.

During the fiscal year ended July 31, 2018, the Compensation Committee authorized the issuance of 550,000 stock options to our named executive officers. Each stock option represents the right to receive one share of common stock, issuable at the time the stock option vests, as set forth in the respective stock option agreements. The breakdown is as follows:

**Dave Pfanzelter Option Award:** The Board granted Mr. Pfanzelter an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

**Henry R. Lambert Option Award:** The Board granted Mr. Lambert an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

**Mark S. Elliott Option Award:** The Board granted Mr. Elliott an award consisting of an option to purchase one hundred fifty thousand (150,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

#### **Miscellaneous**

Our named executive officers are eligible to participate in employee benefit plans available to all full-time employees, including group health plan, group term life insurance, and short- and long-term disability benefits. We do not sponsor any defined benefit pension plan, nonqualified defined contribution plan, or deferred compensation plan; nor do we provide post-retirement health coverage for our named executive officers.

#### **Vote Required**

The Board and Compensation Committee believe the Company's executive compensation program uses appropriate structures and sound pay practices that are effective in achieving the Company's core compensation objectives. Accordingly, the Board recommends that you vote in favor of the following resolution:

“RESOLVED, that the stockholders of PURE Bioscience, Inc. hereby approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in this proxy statement, under the section entitled “Executive Compensation.”

If a quorum is present, the approval, on a non-binding advisory basis, of the compensation of our named executive officers requires that a majority of the votes cast, whether in person or represented by proxy, are voted **FOR** this proposal. Abstentions and “broker non-votes” will each be counted as present for purposes of determining the presence of a quorum, but will have no effect on the outcome of the vote.

The approval of this proposal is not a condition to the approval of any other proposals submitted to the stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS (ITEM 3 ON THE PROXY CARD).**

## EXECUTIVE OFFICERS

### Information Regarding Our Executive Officers

Information with respect to our current named executive officers is shown below. Since Henry R. Lambert also serves as a member of the Board, his executive officer biography is set forth under “Nominees for Directors” above.

Name	Age	Position(s) Held	Position(s) Held Since
Henry R. Lambert	67	Chief Executive Officer	2013
Mark Elliott	43	Vice President, Finance	2015
Tom Meyers	66	Chief Operating Officer	2018

\*Mr. Pfanzelter retired as our Executive Chairman and from the Board in August 2018.

**Mark S. Elliott** was appointed as our Vice President, Finance on July 31, 2015. Prior to his appointment, he served as our corporate controller since May 2006, and has been responsible for managing all accounting and regulatory reporting activities and for establishing all current financial and reporting systems. Prior to joining PURE in 2004, Mr. Elliott worked in government accounting. He earned a Bachelor’s of Science, Business Administration-Accountancy at California State University-San Marcos.

**Tom Myers** was appointed as our Chief Operating Officer on October 4, 2018 had been serving as the Company’s Executive Vice President, Technical Support and Services since September 2016 and had previously served as Executive Vice President, Marketing and Product Development since August 2011 when he joined the Company. In his previous role, Mr. Myers led the implementation and application of the Company’s SDC-based technology in customer facilities, the development of the Company’s food transport sanitation solution and other marketing and sales efforts. Prior to joining the Company, Mr. Myers served as the President and Principal of Idaho Milk Products. Mr. Myers has also held executive management roles at Weider Nutrition International, Puritan Quartz Pharmaceuticals, FruitSource Associates and FruitSource Confections, Nancy’s Specialty Foods, Izaki Glico and Berkshire Hathaway Corporation. Mr. Myers holds a Bachelor of Science degree from California State University Long Beach.

## EXECUTIVE COMPENSATION

**Summary Compensation Table**

The following table sets forth a summary of cash and non-cash compensation awarded, earned or paid for services rendered to us during the fiscal years ended July 31, 2018 and July 31, 2017 by our named executive officers, consisting of (i) each individual serving as principal executive officer during the fiscal year ended July 31, 2018 and (ii) our other two most highly compensated officers serving during the fiscal year ended July 31, 2018.

<b>Name and Principal Position</b>	<b>Fiscal Year</b>	<b>Salary (\$)(1)</b>	<b>Bonus</b>	<b>Option Awards (\$)(2)</b>	<b>Stock Awards (\$)(3)</b>	<b>All Other Compensation (\$)(4)</b>	<b>Total Compensation (\$)</b>
Henry R. Lambert	2018	\$ 301,000	—	\$68,000 (5)	\$ —	\$ 59,000	\$ 428,000
Chief Executive Officer	2017	\$ 350,000	—	\$438,000(6)	\$238,000(7)	\$ 56,000	\$ 1,082,000
Mark S. Elliott	2018	\$ 185,000	—	\$51,000 (8)	\$ —	\$ —	\$ 236,000
Vice President Finance	2017	\$ 182,000	—	\$62,000 (9)	\$ —	\$ —	\$ 244,000
Dave J. Pfanzelter (10)	2018	\$ 150,000	—	\$68,000 (11)	\$ —	\$ —	\$ 218,000
Chairman of the Board	2017	\$ 150,000	—	\$972,000(12)	\$595,000(13)	\$ —	\$ 1,717,000



- (1) Amounts reflect salary earned during the respective fiscal years. On April 1, 2018, Mr. Lambert's base salary was reduced from \$350,000 to \$175,000 per year.

- Amounts for the years ended July 31, 2018 and 2017 reflect the grant date fair value for financial statement reporting purposes with respect to stock options granted during the respective fiscal years, calculated in accordance with authoritative guidance.
- (2)

- Amounts for the years ended July 31, 2018 and 2017 reflect the grant date fair value for financial statement reporting purposes with respect to stock awards granted during the respective fiscal years, calculated in accordance with authoritative guidance.
- (3)

- Represents amounts reimbursed to Mr. Lambert for housing expenses in San Diego until June of 2018, where the Company is headquartered. Mr. Lambert maintains a permanent residence in Lake Forest, Illinois and he was renting a corporate apartment in San Diego. The Company reimbursed Mr. Lambert on a monthly basis for the housing expense.
- (4)

- (5) Represents an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock.

- (6) Represents two awards consisting of an option to purchase two hundred thousand (200,000) shares of common stock and an option to purchase four hundred thousand (400,000) shares of common stock.

- (7) Represents an award consisting of two hundred thousand (200,000) restricted stock units ("RSUs")

- (8) Represents an award consisting of an option to purchase one hundred fifty thousand (150,000) shares of common stock.

- (9) Represents an award consisting of an option to purchase one hundred fifty thousand (150,000) shares of common stock.

- Due to his service as Chairman of the Board, the Company considered Mr. Pfanzelter an executive officer. Mr. Pfanzelter retired from the Board and as Chairman of the Board on August 16, 2018. There were no disagreements between Mr. Pfanzelter and the Company regarding his retirement.
- (10)

- (11) Represents an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock.

- (12) Represents an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock and an award consisting of an option to purchase one million (1,000,000) shares of common stock.

- (13) Represents an award consisting of five hundred thousand (500,000) RSUs.

#### **Narrative to Summary Compensation Table**

The compensation program established for the Company's executive officers consisted of the following elements:

**Base Salary:** The base salaries of our named executive officers depend on their job responsibilities, the market rate of compensation paid by companies in our industry for similar positions, our financial position and performance, and the strength of our business. Base salaries provide a fixed means of compensation in order to attract and retain talent. On April 1, 2018, Mr. Lambert's base salary was reduced from \$350,000 to \$175,000 per year in the best interests of the Company to conserve cash. The base salary for Mr. Elliott was \$185,000 per year. Additionally, Mr. Pfanzelter received \$150,000 per year for his service as Chairman of the Board.

**Performance-Based Cash Awards:** As part of the Company's executive compensation program, our executive officers are eligible to receive performance-based cash awards. The annual performance-based cash awards are based on the executive officer's individual performance and the Company's actual performance compared to the corporate goals approved by the Board and the Compensation Committee. Following the end of each fiscal year, the Board and the Compensation Committee is responsible for determining the bonus amount payable to an executive officer based on that executive officer's individual performance during the fiscal year and its determination of the Company's actual performance compared to the corporate goals established for that fiscal year. Due to the Company's limited financial resources and performance, our named executive officers did not receive any bonuses for the years ended July 31, 2018 and 2017.

**Long-Term Equity Awards:** Equity ownership by our executive officers and key employees encourages them to create long-term value and aligns their interests with those of our stockholders. As a result, our executive compensation program provides for the issuance of stock options and restricted stock units ("RSUs").

During the fiscal year ended July 31, 2018, the Compensation Committee authorized the issuance of 550,000 stock options to our named executive officers. Each stock option represents the right to receive one share of common stock, issuable at the time the stock option vests, as set forth in the respective stock option agreements. The breakdown is as follows:

**Henry R. Lambert Option Awards:** The Board granted Mr. Lambert an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

**Mark S. Elliott Option Award:** The Board granted Mr. Elliott an award consisting of an option to purchase one hundred fifty thousand (150,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

**Chairman Option Awards:** The Board granted Mr. Pfanzelter an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

#### Outstanding Equity Awards at Year-End

The following table provides a summary of all equity awards held by our named executive officers that were outstanding as of July 31, 2018.

Name	Option Awards				Stock Awards		Market Value of shares or Units of stock that have not vested
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of shares or Units of stock that have not vested(#)	Market Value of shares or Units of stock that have not vested	
Henry R. Lambert	50,000	150,000	\$0.78	2/26/2023	(2)		(\$)(1)
	200,000	—	\$0.88	3/22/2022	(3)	200,000	\$112,000 (4)
		400,000	\$1.19	6/22/2027	(3)	—	\$—
	200,000	—	\$1.05	5/27/2021	(5)	—	\$—
Mark S. Elliott	37,500	112,500	\$0.78	2/26/2023	(6)		\$—
	150,000	—	\$0.88	3/1/2022	(7)	—	\$—

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	150,000	—	\$1.15	5/11/2018	(8)	—	\$—	
	2,500	—	\$18.72	5/14/2019		—	\$—	
	2,500	—	\$28.00	5/19/2020		—	\$—	
	6,875	—	\$6.72	7/14/2021		—	\$—	
	10,000	—	\$0.86	1/24/2023		—	\$—	
Dave J. Pfanzerter	50,000	150,000	\$0.78	2/26/2023	(9)	—	\$—	
	200,000	—	\$0.88	3/22/2022	(10)	500,000	\$280,000	(11)
		1,000,000	\$1.19	6/22/2027	(10)	—	\$—	
	200,000	—	\$1.05	5/27/2021	(12)	—	\$—	
	40,000	—	\$0.73	2/6/2023		—	\$—	

- (1) The market value was determined by multiplying the number of shares underlying the awards by the closing price for our common stock on July 31, 2018, which was \$0.56.

(2) During the year ended July 31, 2018, we granted Mr. Lambert an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

(3) During the year ended July 31, 2017, we granted Mr. Lambert an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments. In addition, we granted Mr. Lambert an award consisting of an option to purchase four hundred thousand (400,000) shares of common stock. The option has a ten-year term and vests 25% on December 31, 2018 with the remaining shares vesting in three equal annual installments thereafter.

(4) During the year ended July 31, 2017, we granted Mr. Lambert an award consisting of two hundred thousand (200,000) RSUs. 25% of the RSUs vest on December 31, 2018 with the remaining shares vesting in three equal annual installments thereafter.

(5) During the year ended July 31, 2016, we granted Mr. Lambert a five year award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. 33% vested on July 31, 2016; 33% vested on October 31, 2016; and 34% vested on January 31, 2017.

(6) During the year ended July 31, 2018, we granted Mr. Elliott an award consisting of an option to purchase one hundred fifty thousand (150,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

(7) During the year ended July 31, 2017, we granted Mr. Elliott an award consisting of an option to purchase one hundred fifty thousand (150,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

(8) During the year ended July 31, 2016, we granted Mr. Elliott a two year award consisting of an option to purchase one hundred fifty thousand (150,000) shares of common stock. The options vested quarterly over a one year period.

(9) During the year ended July 31, 2018, we granted Mr. Pfanzelter an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments.

(10) During the year ended July 31, 2017, we granted Mr. Pfanzelter an award consisting of an option to purchase two hundred thousand (200,000) shares of common stock. The option has a five-year term and vests in four quarterly installments. In addition, we granted Mr. Pfanzelter an award consisting of an option to purchase one million (1,000,000) shares of common stock. The option has a ten-year term and vests 25% on December 31, 2018 with the remaining shares vesting in three equal annual installments thereafter.

(11) During the year ended July 31, 2017, we granted Mr. Pfanzelter an award consisting of five hundred thousand (500,000) RSUs. 25% of the RSUs vest on December 31, 2018 with the remaining shares vesting in three equal annual installments thereafter.

During the year ended July 31, 2016, we granted Mr. Pfanzelter a five year award consisting of an option to (12) purchase two hundred thousand (200,000) shares of common stock. The options vested in three installments: 33% on July 31, 2016; 33% on October 31, 2016; and 34% on January 31, 2017.

During the year ended July 31, 2018, Messrs. Lambert and Pfanzelter and Mr. Elliott had 150,000 and 112,500 option awards vest, respectively. The respective value on vesting was \$13,000 and \$9,750, respectively.

## **Employment Agreements; Potential Payments Upon Termination or a Change in Control for Current Executive Officers**

### *Agreement with our Chief Executive Officer*

On September 10, 2013, we appointed Henry R. Lambert to serve as Chief Executive Officer and a member of the Board. The terms of Mr. Lambert's employment agreement provides that such agreement continues until termination by either the Company or Mr. Lambert. During the term of Mr. Lambert's employment agreement, he is entitled to an annual base salary, which may be increased, but not decreased, by the Board or the Compensation Committee in their discretion. The annual base salary of Mr. Lambert was \$350,000 until April 1, 2018 when his base salary was reduced to \$175,000. Mr. Lambert voluntarily agreed to this reduction in the best interest of the Company to conserve cash.

The employment agreement provides that, during the term of the agreement, Mr. Lambert is eligible for equity compensation grants to be awarded at the discretion of the Compensation Committee and the Board, and also provided for annual bonus targets equal to, as applicable, 50% of Mr. Lambert's current annual base salary, to be awarded at the sole discretion of the Compensation Committee and the Board. Additionally, pursuant to the terms of Mr. Lambert's employment agreement, we granted Mr. Lambert 500,000 RSUs, 200,000 of which subsequently expired by their terms. The award agreement for the 500,000 RSUs had provided Mr. Lambert with the right to require us to pay his state and federal withholding and other employment taxes upon the vesting and settlement of these RSUs in exchange for Mr. Lambert cancelling that number of shares of common stock having a value equal to the tax obligations we pay on his behalf. In December 2016, we entered into an RSU Cancellation Agreement with Mr. Lambert and our other officers and directors who received restricted stock unit awards (the "RSUs") in October 2013 as compensation for their continued services to us over a required vesting period. Mr. Lambert in his individual capacity, voluntarily agreed to cancel his RSUs based on his determination that cancelling the RSUs would be in the best interests of the Company and our stockholders. Mr. Lambert reached this conclusion in order to conserve our available cash resources and to reduce pressure on our stock price.

In January 2017, we entered into an amendment (the "First Amendment") to Mr. Lambert's employment agreement. The employment agreement, as amended, provided for certain compensation to be paid to Mr. Lambert if his employment is terminated by the Company without Cause or terminated by the executive for Good Reason or there occurs a Change in Control of the Company. However, in September 2018, we entered into a second amendment (the "Second Amendment") to Mr. Lambert's employment agreement, pursuant to which Mr. Lambert agreed to reduce the severance payments he is entitled to receive if he is terminated by the Company without cause or he terminates his employment for good reason. Under the employment agreement as amended by the first amendment, he was entitled to receive 24 months of base salary plus a \$1,000,000 lump sum payment. Under the Second Amendment, he is entitled to receive six months of base salary. In addition, under the Second Amendment, Mr. Lambert agreed to waive his rights to: (i) receive 24 months of base salary plus a \$1,000,000 lump sum payment in the event he is terminated in connection with or following a change in control of the Company and (ii) receive "gross-up" payments from the Company in the event any payment or distribution he receives from the Company is subject to an excise tax under Section 4999 of the

Internal Revenue Code.

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Under the Second Amendment, the term of Mr. Lambert's employment with the Company was extended to June 30, 2020. During such term, Mr. Lambert's employment with the Company remains "at-will." Either party may terminate Mr. Lambert's employment early, for any or no reason, and with or without cause, by providing the other party with 30 days' advance written notice. Additionally, the Second Amendment provides that Mr. Lambert will be entitled to accelerated vesting of his outstanding equity awards, and a period of 12 months to exercise any outstanding stock options, if his employment terminates at the expiration of his employment term on June 30, 2020.

On June 22, 2017, we granted Mr. Lambert (i) 200,000 RSUs for Common Stock and (ii) an option to purchase 400,000 shares of Common Stock, which were granted outside the Company's 2007 Amended and Restated Equity Incentive Plan pursuant to an RSU Agreement and Option Agreement, respectively. The RSU Agreement and Option Agreement provide that 25% of the RSUs and Options vest on December 31, 2018, and the remainder vest in three equal annual installments thereafter and any unvested shares are subject to accelerated vesting in connection with a termination without Cause or resignation for Good Reason, upon grantee's death or Complete Disability or upon a Change in Control (as the terms are defined in the RSU Agreement and Option Agreement as applicable). Additionally, the RSUs settle on the earlier (i) ten years from the date of grant, (ii) 60 days after the date that the grantee's service ceases for any reason, (iii) the date of the grantee's death or Complete Disability or (iv) a Change in Control.

The foregoing description of the employment agreement, as amended, does not purport to be complete and is qualified in its entirety by the terms and conditions of the employment agreement filed as Exhibit 10.33 to the Annual Report on Form 10-K for the year ended July 31, 2013 filed with the SEC on October 24, 2013, Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on January 20, 2017 and Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on September 7, 2018, which are incorporated herein by reference. The foregoing description of the RSU Agreement and Option Agreement does not purport to be complete and is qualified in its entirety by the terms and conditions of such RSU Agreement and Option Agreement filed as Exhibits 99.1 and 99.2, respectively, to the Current Report on Form 8-K filed with the SEC on June 23, 2017, which are incorporated herein by reference.

#### *Agreements with our Chairman*

On August 13, 2013, we appointed Dave J. Pfanzelter to serve as Chairman of the Board. On October 23, 2013, we entered into a Chairman Agreement with Mr. Pfanzelter (the "Chairman Agreement"). On August 13 2018, Mr. Pfanzelter retired from the Board as further described below.

The Chairman Agreement provided that Mr. Pfanzelter was to serve as Chairman of the Board, effective as of August 13, 2013, until his earlier resignation or removal. Pursuant to the Chairman Agreement, Mr. Pfanzelter was entitled to receive \$12,500 per month for his services as Chairman of the Board, payable on a quarterly basis (collectively "Chairman Compensation"). Mr. Pfanzelter was also eligible to receive annual and periodic bonuses in the discretion of

the Board. Additionally, pursuant to the terms of the Chairman Agreement, we granted Mr. Pfanzelter 2,800,000 RSUs. Due to his service as Chairman, we considered Mr. Pfanzelter an executive officer of the Company. The award agreement for the 2,800,000 RSUs had provided Mr. Pfanzelter with the right to require us to pay his state and federal withholding and other employment taxes upon the vesting and settlement of these RSUs in exchange for Mr. Pfanzelter cancelling that number of shares of common stock having a value equal to the tax obligations we pay on his behalf. In December 2016, we entered into an RSU Cancellation Agreement with Mr. Pfanzelter and our other officers and directors who received restricted stock unit awards (the "RSUs") in October 2013 as compensation for their continued services to us over a required vesting period. Mr. Pfanzelter in his individual capacity voluntarily agreed to cancel his RSUs based on his determination that cancelling the RSUs would be in the best interests of the Company and our stockholders. Mr. Pfanzelter reached this conclusion in order to conserve our available cash resources and to reduce pressure on our stock price.

In January 2017, we entered into an amendment to the Chairman Agreement. The Chairman Agreement, as amended, provided for certain compensation to be paid to Mr. Pfanzelter if he is removed by the Board without Cause or Mr. Pfanzelter resigns for Good Reason or there occurs a Change in Control of the Company

Upon any such event and subject to Mr. Pfanzelter's execution of a release of claims in favor of the Company, Mr. Pfanzelter would have been entitled to receive (i) a payment equal to \$3,000,000, (ii) a payment equal to 200% of his annual chairman compensation then in effect and (iii) the acceleration of then outstanding equity awards. Additionally, the amendment to the Chairman Agreement provides Mr. Pfanzelter a tax gross-up payment in the event that any payment or distribution made to Mr. Pfanzelter in connection with his separation from the Company or upon a change of control of the Company becomes subject to an excise tax pursuant to Section 280G and Section 4999 of the Internal Revenue Code. In addition, all outstanding vested stock options held by Mr. Pfanzelter at the date of such termination would continue to be exercisable for a period of up to 90 days following such termination, but in no event beyond the maximum permitted expiration date.

On June 22, 2017, we granted Mr. Pfanzelter (i) 500,000 RSUs for Common Stock and (ii) an option to purchase 1,000,000 shares of Common Stock, which were granted outside the Company's 2007 Amended and Restated Equity Incentive Plan pursuant to an RSU Agreement and Option Agreement respectively. The RSU Agreement and Option Agreement provided that 25% of the RSUs and Options vest on December 31, 2018, and the remainder vest in three equal annual installments thereafter and any unvested shares are subject to accelerated vesting in connection with a termination without Cause or resignation for Good Reason, upon grantee's death or Complete Disability or upon a Change in Control (as the terms are defined in the RSU Agreement and Option Agreement as applicable). Additionally, the RSUs settle on the earlier (i) ten years from the date of grant, (ii) 60 days after the date that the grantee's service ceases for any reason, (iii) the date of the grantee's death or Complete Disability or (iv) a Change in Control. Additionally, the RSU Agreement and the Option Agreement provide a tax gross-up payment in the event that any payment or distribution made to Mr. Pfanzelter in connection with his separation from the Company or upon a Change in Control becomes subject to an excise tax pursuant to Section 280G and Section 4999 of the Internal Revenue Code.

On August 13, 2018, in connection with his retirement, Mr. Pfanzelter entered into a Consulting Agreement (the "Consulting Agreement") with the Company for a term of three years pursuant to which he agreed to assist the Company's management to develop marketing and commercialization strategies, support the Company's financing activities and provide other services reasonably requested by the Board and Chief Executive Officer. Pursuant to the terms of the Consulting Agreement and his delivery of a waiver and release of claims, Mr. Pfanzelter (i) waived any rights he had to severance or change in control benefits under the terms of the Chairman Agreement, (ii) will receive a monthly consulting fee of \$5,000 and (iii) fully vested in his outstanding equity awards. The Consulting Agreement is terminable by either party at any time upon 30 days prior written notice, subject to certain conditions.

The foregoing description of the Chairman Agreement, as amended and the Consulting Agreement does not purport to be complete and is qualified in its entirety by the terms and conditions of such Chairman Agreement filed as Exhibit 10.35 to the Annual Report on Form 10-K for the year ended July 31, 2013 filed with the SEC on October 24, 2013 and Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on January 20, 2017 and the terms and conditions of the Consulting Agreement filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on August 17, 2018, which are incorporated herein by reference. The foregoing description of the RSU Agreement and Option Agreement does not purport to be complete and is qualified in its entirety by the terms and conditions of such RSU Agreement and Option Agreement filed as Exhibits 99.1 and 99.2, respectively, to the Current Report on Form 8-K filed with the SEC on June 23, 2017, which are incorporated herein by reference.

### **Code Section 162(m) Provisions**

Section 162(m) of the U.S. Internal Revenue Code, or the Code, generally disallows a tax deduction to public companies for compensation in excess of \$1 million paid to the Chief Executive Officer or any of the four most highly compensated officers. Prior to changes in tax law taking effect in 2018, there was an exception to the \$1.0 million limitation for performance-based compensation, including stock options, meeting certain requirements. Before such

amendments we had not adopted a policy that all compensation must qualify as deductible under Section 162(m) of the Code. The exemption from the Section 162(m) deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our Chief Executive Officer and certain other executive officers in excess of \$1.0 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

## **DIRECTOR COMPENSATION**

### **Compensation of Directors**

Our directors play a critical role in guiding our strategic direction and overseeing the management of our Company. Ongoing developments in corporate governance and financial reporting have resulted in an increased demand for such highly qualified and productive public company directors. The many responsibilities and risks and the substantial time commitment of being a director of a public company require that we provide adequate incentives for our directors' continued performance by paying compensation commensurate with our directors' workload. Our non-employee directors are compensated based upon their respective levels of Board participation and responsibilities, including service on Board committees.

Our director compensation is overseen by the Compensation Committee, which makes recommendations to our Board of Directors on the appropriate structure for our non-employee director compensation program and the appropriate amount of compensation to offer to our non-employee directors. Our Board of Directors is responsible for final approval of our non-employee director compensation program and the compensation paid to our non-employee directors. The Compensation Committee did not retain a compensation consultant to review the compensation of our directors during fiscal year 2018 given the Company's cash constraints.

### **Non-Employee Director Compensation**

For Fiscal 2018, our non-employee director compensation program consisted of: (i) annual cash retainers for Board service and for service on Board Committees and (ii) long-term equity awards granted on an annual basis to our continuing non-employee directors and upon their initial appointment to the Board for new directors. Our non-employee directors are not entitled to any Board or Board Committee meeting fees.

**Annual Cash Retainers:** Each non-employee director of the Company receives an annual cash retainer from the Company for their services as members of the Board and any committee of the Board as follows:

Each non-employee director receives an annual cash fee of \$60,000 payable for such director's service on the Board and each member of the Audit Committee and Compensation Committee receives an additional annual fee of \$4,000 and \$2,500, respectively, payable for such director's service on the committee. Following the Annual Meeting, the annual cash retainer will be reduced to \$40,000.

The Chair of the Audit Committee receives an additional annual cash fee of \$10,000 for such Chair's service and the Chair of the Compensation Committee receives an additional annual fee of \$5,000 for such Chair's service.

Annual cash retainers are paid to each non-employee director in four equal installments on a quarterly basis. Any non-employee directors serving a portion of the year will be entitled to receive such fees on a pro rata basis based on their length of service during the year. Messrs. Lambert and Pfanzelter do not receive any additional compensation for their board service.

**Long-Term Equity Awards:** Our Board, based on the recommendation of the Compensation Committee, approves an annual long-term equity award for our non-employee directors. In the fiscal year ended July 31, 2018, the Board granted each of our non-employee directors a stock option to purchase 200,000 shares of Common Stock. (These non-employee director grants of stock options vest fifty percent (50%) on the date of the 2019 Annual Meeting and fifty percent (50%) on the date of the 2020 Annual Meeting. New non-employee directors receive an initial award of (i) restricted stock units for 150,000 shares of Common Stock and (ii) a stock option to purchase 200,000 shares of Common Stock, with fifty percent (50%) of these awards vesting on the date of the next annual meeting following their appointment and the remaining fifty percent (50%) vesting on the following year's annual meeting.

**Reimbursement:** Our directors are entitled to reimbursement for their reasonable travel and lodging expenses for attending Board and Board Committee meetings.

**Director Compensation Table**

The following table sets forth compensation earned in the fiscal year ended July 31, 2018 by each of our non-employee directors who are not named executive officers.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	All Other Compensation (\$)	Total Compensation (\$)
Gary D. Cohee	\$70,000	\$—	\$37,000	—	\$ 107,000
William Otis (3)	\$63,000	\$—	\$37,000	—	\$ 100,000
Tom Y. Lee	\$64,000	\$—	\$37,000	—	\$ 101,000
Janet Risi Field	\$63,000	\$182,000	\$208,000	—	\$ 453,000
Dr. Hagen	\$45,000	\$166,000	\$190,000	—	\$ 401,000
Ivan Chen	\$6,000	\$98,000	\$89,000	—	\$ 193,000

(1) Amounts for the year ended July 31, 2018 reflect the grant date fair value for financial statement reporting purposes with respect to stock awards granted during the fiscal year, calculated in accordance with authoritative guidance.

(2) Amounts for the year ended July 31, 2018 reflect the grant date fair value for financial statement reporting purposes with respect to stock options granted during the fiscal year, calculated in accordance with authoritative guidance.

(3) Mr. Otis retired from the Board on June 29, 2018.

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

The following table provides information regarding the beneficial ownership of our common stock as of December 11, 2018, or the Evaluation Date, by: (i) each of our current directors and director nominees, (ii) each of our named executive officers as set forth in the Executive Compensation section of this Proxy Statement, (iii) each of our current executive officers, (iv) all directors and executive officers as a group and (v) our five percent or greater stockholders.

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The table is based upon information supplied by our officers, directors and principal stockholders and a review of Schedules 13D and 13G, if any, filed with the SEC. Unless otherwise indicated in the footnotes to the table and subject to community property laws where applicable, we believe that each of the stockholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned.

Applicable percentages are based on 71,582,122 shares outstanding as of the Evaluation Date, adjusted as required by rules promulgated by the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of our common stock issuable pursuant to the exercise of stock options or warrants or settlement of restricted stock units that are either immediately exercisable or exercisable within 60 days of the Evaluation Date. These shares are deemed to be outstanding and beneficially owned by the person holding those securities for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Name (1)	Number of Shares Beneficially Owned		Percent of Common Stock	
Henry R. Lambert	1,148,056	(2)	1.59	%
Mark S. Elliott	506,725	(3)	*	%
Tom Myers	498,850	(4)	*	%
Gary D. Cohee	865,643	(5)	1.20	%
Janet Risi	464,140	(6)	*	%
Tom Y. Lee	28,591,341	(7)	38.55	%
Elisabeth Hagen	400,000	(8)	*	%
Ivan Chen	175,000	(9)	*	%
David Pfanzelter	2,196,000	(10)	2.98	%
Dale Okuno	4,585,284	(11)	6.39	%
All of our executive officers and directors as a group (8 persons)	32,649,755	(12)	44.18	%



\* Indicates less than one percent of the outstanding shares of the Company's common stock.

(1) Unless, noted below, the address for each person listed in the table is c/o PURE Bioscience, Inc., 1725 Gillespie Way, El Cajon, California 92020.

(2) Consists of 550,000 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, and 598,056 shares of common stock held directly by Mr. Lambert.

(3) Consists of 434,375 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, and 72,350 shares of common stock held directly by Mr. Elliott.

(4) Consists of 280,000 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, and 218,850 shares of common stock held directly by Mr. Myers.

(5) Consists of 300,000 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, and 565,643 shares of common stock held directly by Mr. Cohee.

(6) Consists of 300,000 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, and 164,140 shares of common stock held directly by Ms. Risi.

(7) Consists of (a) 300,000 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, (b) 26,158,008 shares of common stock and (c) warrants to purchase 2,133,333 shares of common stock held directly by Mr. Lee and his spouse.

(8) Consists of 250,000 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, and 150,000 shares of common stock held directly by Dr. Hagen.

(9) Consists of 100,000 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, and 75,000 shares of common stock held directly by Mr. Chen.

(10) Consists of 2,196,000 shares of common stock held directly by Mr. Pfanzelter.

(11) Consists of 4,371,951 shares of common stock and warrants to purchase 213,333 shares of common stock held directly by Mr. Okuno.

(12) Consists of (a) 2,514,375 shares of common stock subject to options currently exercisable or exercisable within 60 days of the Evaluation Date, (b) warrants to purchase 2,133,333 shares of common stock which are currently exercisable and (c) 28,002,047 shares of common stock, held by all directors and executive officers as a group.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Act"), requires our executive officers and directors and persons who beneficially own more than 10% of our Common Stock to file initial reports of beneficial

ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such persons.

To the Company's knowledge, other than as described below, no person who, during the fiscal year ended July 31, 2018, was a director or officer of the Company, or beneficial owner of more than ten percent of the Company's Common Stock (which is the only class of securities of the Company registered under Section 12 of the Act), failed to file on a timely basis reports required by Section 16 of the Act during such fiscal year.

On September 25, 2017, the Company completed the initial closing of a tender offer in which it offered to amend the terms of the outstanding warrants it had issued to investors participating in private placement financings the Company completed in August 2014 (the "2014 Warrants"), in November 2015 (the "2015 Warrants") and in January 2017 (the "2017 Warrants"). As part of the tender offer and in order to raise funds to support its continued operations, the Company offered to reduce the respective exercise prices of the 2014, 2015 and 2017 Warrants if the holders agreed to exercise their Warrants in cash by September 25, 2017. On September 27, 2017, Mr. Lee timely filed a Form 4 Report disclosing his participation in the Company's tender offer and the related amendment and exercise of two warrants (a 2014 Warrant and a 2015 Warrant) that he had received as an investor in the Company's 2014 and 2015 private placement financings. On October 10, 2017, Mr. Lee filed an amendment to his Form 4 Report to report the amendment and exercise of a third warrant that occurred on September 25, 2017 (an additional 2015 Warrant) as part of the Company's tender offer. The amendment and exercise of this additional 2015 Warrant was inadvertently omitted from the initial Form 4 Report filed by Mr Lee.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Certain Relationships and Related Transactions, and Director Independence**

Except as described below and other than Board or employment relationships and compensation resulting from those employment relationships, no director, executive officer, 5% stockholder or immediate family member of any of the foregoing, was a party to any transaction or series of transactions since August 1, 2016 (the beginning of the year ended July 31, 2017), or is to be a party to any currently proposed transaction or series of proposed transactions, in which (i) we were or are to be a participant, (ii) the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at fiscal year-end for the fiscal years ended July 31, 2018 and 2017, which is \$32,020, and (iii) any director, executive officer, or immediate family member of any of the foregoing had or will have a direct or indirect material interest.

### **Equity Transactions with our Directors and Officers**

Since August 1, 2016, the Company has entered into the following equity investment transactions with its directors and officers:

On May 20, 2016, Mr. Lee and his spouse exercised an outstanding warrant for 487,115 shares of Common Stock for an aggregate exercise price of \$219,202.

On September 25, 2017, Mr. Lee and his spouse exercised warrants to purchase 694,703 shares of Common Stock for an aggregate exercise price of \$341,881 in connection with the Company's warrant tender offer to holders of the Company's warrants.

On September 25, 2017, Bill Otis exercised warrants to purchase 9,066 shares of Common Stock for an aggregate exercise price of \$5,440 in connection with the Company's warrant tender offer to holders of the Company's warrants. Mr. Otis retired from the Board in June 2018.

On September 25, 2017, Dave Pfanzelter exercised warrants to purchase 16,000 shares of Common Stock for an aggregate exercise price of \$9,600 in connection with the Company's warrant tender offer to holders of the Company's warrants. Mr. Pfanzelter retired from the Board in August 2018.

On August 16, 2018, we completed a closing of a private placement financing to accredited investors. We raised approximately \$1.5 million in net proceeds in the private placement financing and issued an aggregate of 3,333,964 shares of our common stock at a purchase price of \$0.45 per share, including the conversion of approximately \$0.5 million held in the form of a promissory note as of July 31, 2018. The shares issued in the private placement

financing were issued pursuant to a securities purchase agreement entered into with the investors. Mr. Lee invested approximately \$1.0 million through his affiliates, including approximately \$0.5 million of cash and the cancellation of existing indebtedness in the amount of approximately \$0.5 million that was held in the form of a promissory note payable as of July 31, 2018.

### **Compensation of Our Current Directors and Executive Officers**

For information with respect to the compensation offered to our current directors and executive officers, please see the descriptions under the headings “Executive Compensation” and “Director Compensation” in this proxy statement.

### **Related Party Transaction Policy and Procedures**

Pursuant to our Related Party Transaction and Procedures, our executive officers, directors, and principal stockholders, including their immediate family members and affiliates, are prohibited from entering into a related party transaction with us without the prior consent of our Audit Committee or our independent directors. Any request for us to enter into a transaction with an executive officer, director, principal stockholder, or any of such persons’ immediate family members or affiliates, must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting the proposed agreement, our Audit Committee will consider the relevant facts and circumstances available and deemed relevant, including, but not limited, to the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products, and, if applicable, the impact on a director’s independence. Our Audit Committee shall approve only those agreements that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our Audit Committee determines in the good faith exercise of its discretion.

### **Compensation Committee Interlocks and Insider Participation.**

None of the members of our Compensation Committee are or have been an officer or employee of us. During fiscal 2018, 2017 and 2016, no member of our Compensation Committee had any relationship with us requiring disclosure under Item 404 of Regulation S-K, except as set forth above, none of our executive officers served on the Compensation Committee (or its equivalent) or board of directors of another entity any of whose executive officers served on our Compensation Committee or board of directors.

## **OTHER MATTERS**

The management of the Company is not aware of any matter to be acted upon at the Annual Meeting other than the matters described above. However, if any other matter properly comes before the Annual Meeting, the proxy holders will vote the proxies thereon in accordance with their best judgment on such matter.

## **STOCKHOLDER PROPOSALS FOR 2019 ANNUAL MEETING Ryan please help with the following dates.**

Stockholders interested in submitting a proposal for consideration at our 2020 Annual Meeting of Stockholders must do so by sending such proposal to our Corporate Secretary at PURE Bioscience, Inc., 1725 Gillespie Way, El Cajon, California 92020, telephone (619) 596-8600. Under the SEC's proxy rules (Rule 14a-8), the deadline for submission of proposals to be included in our proxy materials for the 2020 Annual Meeting is August 22, 2019. Accordingly, in order for a stockholder proposal to be considered for inclusion in our proxy materials for the 2020 Annual Meeting, any such stockholder proposal must be received by our Corporate Secretary on or before August 22, 2019, and comply with the procedures and requirements set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as well as the applicable requirements of our Bylaws. Any stockholder proposal received after August 22, 2019 will be considered untimely, and will not be included in our proxy materials. In addition, stockholders interested in submitting a proposal outside of Rule 14a-8 must properly submit such a proposal in accordance with our Bylaws.

Our Bylaws require advance notice of business to be brought before a stockholders' meeting, including nominations of persons for election as directors. Pursuant to our Bylaws, the date after which notice to the Company of a stockholder proposal submitted outside the process of Rule 14a-8 is considered timely is as follows, provided that such notice meets the information and other requirements set forth in our Bylaws:

A stockholder seeking to have a proposal included in the Company's proxy materials must deliver written notice to the Company of such proposal between June 23, 2019 and August 22, 2019, unless the date of the 2020 Annual Meeting is more than 30 days before or after the one-year anniversary of the Annual Meeting, in which case such notice must be delivered to the Company on the later of the 90th day before the date of the 2020 Annual Meeting or the 15th day following the day on which public announcement of the date of the 2020 Annual Meeting is first made.

A stockholder not seeking inclusion of a proposal in the Company's proxy materials must deliver written notice to the Company not less than 90 days before the date of the 2020 Annual Meeting.

If a stockholder that has notified the Company of its intention to present a proposal at the 2020 Annual Meeting does not appear or send a qualified representative to present his proposal at the 2020 Annual Meeting, the Company need not present the proposal for a vote at the 2020 Annual Meeting.

## HOUSEHOLDING OF ANNUAL MEETING MATERIALS

We have adopted “householding,” a procedure approved by the SEC under which stockholders who share an address will receive a single copy of the Annual Meeting materials. This procedure reduces printing costs and mailing fees, while also reducing the environmental impact of the distribution of documents related to the Annual Meeting. If you reside at the same address as another PURE Bioscience stockholder and wish to receive a separate copy of the Annual Meeting materials, you may do so by making a written or oral request to: Attn: Corporate Secretary, PURE Bioscience, Inc., 1725 Gillespie Way, El Cajon, California 92020, telephone (619) 596-8600. Upon your request, we will promptly deliver a separate copy to you. The Proxy Statement and our Annual Report are also available at [www.proxyvote.com](http://www.proxyvote.com).

Some brokers household proxy materials, delivering a single proxy statement or notice to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders.

Once you have received notice from your broker that they will be householding materials 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 separate proxy statement or notice, please notify your broker directly. You may also call (800) 542-1061 or write to: Household Department, Broadridge, 51 Mercedes Way, Edgewood, New York 11717, and include your name, the name of your broker or other nominee, and your account number(s). Any stockholders who share the same address and currently receive multiple copies of the Annual Meeting materials who wish to receive only one copy in the future may contact their bank, broker, or other holder of record, or PURE Bioscience at the contact information listed above, to request information about householding.

**ANNUAL REPORT**

Our Annual Report to Stockholders, which contains our Annual Report on Form 10-K for the year ended July 31, 2018 will also be made available (without exhibits), free of charge, to interested stockholders upon written request to PURE Bioscience, Inc., 1725 Gillespie Way, El Cajon, California 92020, Attention: Corporate Secretary.

BY ORDER OF THE BOARD OF DIRECTORS

By Order of the Board of Directors

*/s/ Henry R. Lambert*

December 20, 2018 Chief Executive Officer







