

VICAL INC
Form 8-K
February 25, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **February 20, 2005**

VICAL INCORPORATED

(Exact name of registrant as specified in charter)

Delaware
(State or other
jurisdiction of
incorporation)

000-21088
(Commission File
Number)

93-0948554
(I.R.S. Employer
Identification No.)

**10390 Pacific Center Court
San Diego, California**
(Address of principal executive offices)

92121-4340
(Zip Code)

Registrant's telephone number, including area code: **(858) 646-1100**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On February 20, 2005, the Compensation Committee of our Board of Directors established base salary and equity compensation for 2005 and approved bonuses for 2004 for our executive officers. The following table sets forth the 2005 base salary and equity compensation and the 2004 bonuses to be paid to our executive officers:

Name and Title	2005 Base Salary	Stock Options	Restricted Stock Awards	2004 Bonus
Vijay B. Samant, President and Chief Executive Officer	\$ 418,000	75,000	80,000	\$ 200,000
David C. Kaslow, Chief Scientific Officer	\$ 302,500	20,000	25,000	\$ 100,000
Jill M. Church, Vice President, Chief Financial Officer and Secretary	\$ 232,000	20,000	12,000	\$ 45,000

The stock options described above (i) were granted pursuant to our Amended and Restated Stock Incentive Plan (the "Plan"), (ii) terminate ten years after the date of grant, or earlier in the event the optionholder's service to us is terminated and (iii) have an exercise price per share of \$5.08, or the closing price of our common stock as reported on the Nasdaq National Market for Tuesday, February 22, 2005. Subject to the optionholder's continued service to us, 25% of the shares of common stock subject to such stock options vest on the first anniversary of the date of grant, and the remaining shares vest quarterly over the following three years; provided that such shares vest in full in the event of a change in our control.

The restricted stock awards described above (i) were granted pursuant to the Plan and (ii) enable the holders of such restricted stock awards to purchase shares of our common stock at a purchase price of \$0.01 per share, with settlement to occur on one or more future dates that are no earlier than the vesting dates for the shares being purchased on such dates. Subject to the recipient's continued service to us, 25% of the shares of common stock subject to such restricted stock awards vest on the first anniversary of the date of grant, and the remaining shares vest quarterly over the following three years; provided that such shares vest in full in the event of a change in our control.

In addition to the 2005 base salary and equity compensation described above, the Compensation Committee approved a payment of up to \$50,000 to Mr. Samant for 2005 to cover expenses related to relocation to the San Diego area. The Compensation Committee also approved a \$50,000 retention bonus to be paid to Dr. Kaslow assuming he is still employed by us on November 1, 2005, or such earlier date as may be determined by the Compensation Committee, and the Compensation Committee determines that he has continued to perform his duties through such date at a level consistent with prior periods.

Finally, the Compensation Committee approved a modification to our existing severance arrangement with Dr. Kaslow to provide that such severance arrangement will remain in effect for a year following its current expiration date on October 8, 2005.

SIGNATURES

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

VICAL INCORPORATED

Date: February 25, 2005

By: /s/ JILL M. CHURCH
Jill M. Church
Vice President, Chief Financial Officer
and Secretary