

DYNAVAX TECHNOLOGIES CORP
Form DEFR14A
December 01, 2010

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

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

Dynavax Technologies Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box)

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

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

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4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

Fee paid previously with preliminary materials.

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

6. Amount Previously Paid:

7. Form, Schedule or Registration Statement No.:

8. Filing Party:

9. Date Filed:

EXPLANATORY NOTE

This revised Definitive Proxy Statement on Schedule 14A is being filed solely to remove the **PRELIMINARY COPY SUBJECT TO COMPLETION** heading on the Notice of Special Meeting of Stockholders filed as part of the Dynavax Technologies Corporation Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on November 30, 2010 (the **Original Filing**). Except as described above, all other information included in the Original Filing remains unchanged.

DYNAVAX TECHNOLOGIES CORPORATION

2929 Seventh Street, Suite 100

Berkeley, California 94710

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On January 5, 2011

Dear Stockholder:

Notice is hereby given that a Special Meeting of Stockholders of Dynavax Technologies Corporation, a Delaware corporation (the Company), will be held on January 5, 2011 at 9:00 a.m. local time at the Company's executive offices at 2929 Seventh Street, Suite 100, Berkeley, California 94710. The Company is conducting this Special Meeting for the following purposes:

1. To approve an amendment to the Company's Sixth Amended and Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 150,000,000 to 250,000,000 shares.
2. To approve the Dynavax Technologies Corporation 2011 Equity Incentive Plan.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Special Meeting is November 5, 2010. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment or postponement thereof. In accordance with Delaware law, for ten days prior to the Special Meeting, a list of stockholders of record will be available for inspection in the office of the Corporate Secretary, Dynavax Technologies Corporation, 2929 Seventh Street, Suite 100, Berkeley, California 94710. The list of stockholders will also be available at the Special Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to Be Held on January 5, 2011 at 9:00 a.m. local time at 2929 Seventh Street, Suite 100, Berkeley,

California 94710.

The proxy statement is available at <http://www.dynavax.com/2011specialproxy.html>.

By Order of the Board of Directors

/s/ Michael S. Ostrach
Michael S. Ostrach
Secretary

Berkeley, California

December 9, 2010

You are cordially invited to attend the meeting in person. Your vote is important, regardless of the number of shares you own. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) has been

provided for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

DYNAVAX TECHNOLOGIES CORPORATION

2929 Seventh Street, Suite 100

Berkeley, California 94710

PROXY STATEMENT

FOR A SPECIAL MEETING OF STOCKHOLDERS

January 5, 2011

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why am I receiving these materials?

We delivered these proxy materials to you because the Board of Directors of Dynavax Technologies Corporation (sometimes referred to as we, the Company or Dynavax) is soliciting your proxy to vote at a Special Meeting of Stockholders, including at any adjournments or postponements of the meeting. You are invited to attend the special meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

We intend to mail these proxy materials on or about December 9, 2010 to all stockholders of record entitled to vote at the special meeting.

How do I attend the special meeting?

The meeting will be held on Wednesday, January 5, 2011 at 9:00 a.m., California time at the Company's executive offices at 2929 Seventh Street, Suite 100, Berkeley, California 94710. Directions to the special meeting may be found at <http://www.dynavax.com/directions.html>. Information on how to vote in person at the special meeting is discussed below.

Who can vote at the special meeting?

Only stockholders of record at the close of business on November 5, 2010 will be entitled to vote at the special meeting. On this record date, there were 115,575,069 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on November 5, 2010 your shares were registered directly in your name with the Company's transfer agent, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the special meeting and we will give you a ballot when you arrive. Directions to the special meeting location are available at <http://www.dynavax.com/directions.html>.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the special meeting, we will vote your shares as you direct.

To vote using the telephone, simply follow the instructions on the enclosed proxy card. Voting by telephone has the same effect as voting by mail. If you vote by telephone, do not return your proxy card by mail. You may vote by telephone until 11:59 p.m., Eastern Standard Time, January 4, 2011.

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To vote using the internet, simply follow the instructions on the enclosed proxy card. If you vote by using the internet, do not return your proxy card by mail. You may vote by using the internet until 11:59 p.m., Eastern Standard Time, January 4, 2011.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on November 5, 2010 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the special meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the special meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

We are asking you to vote on two (2) proposals:

Proposal 1: To approve an amendment to the Company's Sixth Amended and Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 150,000,000 to 250,000,000 shares.

Proposal 2: To approve the Dynavax Technologies Corporation 2011 Equity Incentive Plan.

Why are we proposing to increase the authorized number of shares of common stock pursuant to Proposal 1?

We desire to have additional shares available to provide additional flexibility to use our capital stock for business and financial purposes in the future. The additional shares may be used for various purposes without further stockholder approval. These purposes may include raising capital; establishing strategic relationships with other companies; expanding our business or product candidates through the acquisition of other businesses or products; providing equity incentives to employees, officers or directors and other purposes related to our business. The additional shares of common stock that would become available for issuance if the proposal were adopted could also be used by us to oppose a hostile takeover attempt or to delay or prevent changes in control or our management.

Why are we seeking stockholder approval of the increase in the authorized number of shares of common stock in Proposal 1?

Section 242 of the Delaware General Corporation Law requires stockholder approval of an amendment to our certificate of incorporation, which is required in order to increase the authorized number of shares of our common stock.

Why is Dynavax's Board of Directors recommending approval of the increase in the authorized number of shares of common stock in Proposal 1?

As of our record date of November 5, 2010, our total common stock outstanding was 115,575,069. Taking into account shares of common stock reserved for issuance upon the exercise of outstanding warrants as well as shares of common stock reserved for issuance upon exercise of outstanding employee stock options, our total common stock outstanding on a fully diluted basis would represent approximately 149,700,000 of our currently authorized 150,000,000 shares. In developing its recommendation to the stockholders to vote in favor of the increase to the authorized number of shares of our common stock, our Board of Directors considered many factors, including but not limited to the following:

The benefits to us of having additional flexibility to use our capital stock for business and financial purposes in the future, including establishing strategic relationships with other companies and expanding our business or product candidates through the acquisition of other businesses or products.

The benefits to us of raising additional capital through sales of common stock under our at-the-market common stock purchase agreement with Aspire Capital Fund, LLC (Aspire Capital).

The benefits to the stockholders of using the additional shares to oppose a hostile takeover attempt or to delay or prevent changes in control or our management in order to maximize the value for our stockholders.

The dilution of the ownership interests in Dynavax held by our existing stockholders as a result of the potential issuance of the additional shares.

The consequences of our failure to increase the authorized number of shares of our common stock, including our inability to utilize our equity financing agreement with Aspire Capital and a lack of equity incentives to employees, officers or directors.

What happens if the increase in the authorized number of shares of common stock in Proposal 1 is approved?

If the increase in the authorized number of shares of our common stock is approved, we will file with the Secretary of State of Delaware a Certificate of Amendment to our Sixth Amended and Restated Certificate of Incorporation to increase our authorized number of shares of common stock from 150,000,000 shares to 250,000,000 shares.

What happens if the increase in the authorized number of shares of common stock in Proposal 1 is not approved?

If the increase in the authorized number of shares of our common stock is not approved, our Sixth Amended and Restated Certificate of Incorporation will remain as it is, and the authorized number of shares of our common stock will remain at 150,000,000. Our ability to use our capital stock for business and financial purposes will be limited to the number of authorized shares of our common stock available for issuance and we may lose the flexibility to operate our business optimally, for example, by limiting our ability to use our equity financing agreement with Aspire Capital. In addition, even if Proposal 2 is approved by a majority of the shares present, in person or represented by proxy and entitled to vote at the special meeting, the 2011 Plan will not become effective if the increase in the authorized number of shares of our common stock is not approved.

Why are we proposing to adopt the 2011 Plan pursuant to Proposal 2?

We currently have two stockholder-approved equity incentive plans: the Dynavax Technologies Corporation 1997 Equity Incentive Plan (the 1997 Plan), which has expired and has no shares remaining available for issuance, and the Dynavax Technologies Corporation 2004 Stock Incentive Plan (the 2004 Plan), which has 371,093 shares remaining available for grant as of November 5, 2010. We also sponsor a 2010 Employment Inducement Award Plan (the 2010 Inducement Plan), which is a non-stockholder approved plan intended to rely on an exemption from stockholder approval under certain NASDAQ rules for equity awards to newly hired employees as a material inducement to the individual s entering into employment with us. The 2010 Inducement Plan has 595,500 shares remaining available for grant. Once we exhaust our remaining share reserve under the 2004 Plan and the 2010 Inducement Plan, we will be unable to issue new equity awards to our new and existing employees, consultants, officers or directors. We are asking you to approve the 2011 Plan, rather than increase the number of shares available for issuance under the 2004 Plan or the 2010 Inducement Plan, because the 2011 Plan contains provisions that are designed to protect our stockholders interests and to reflect compensation and corporate governance best practices. The 2011 Plan will provide us with sufficient shares to enable us to grant equity awards to our employees for approximately two more years, and we anticipate seeking stockholder approval to increase the number of shares available for issuance under the 2011 Plan in fiscal year 2013. Upon the effectiveness of the 2011 Plan, no additional awards will be granted under either the 2004 Plan or the 2010 Inducement Plan. All shares currently subject to awards outstanding under the 1997 Plan, 2004 Plan or 2010 Inducement Plan, which awards expire or are forfeited, will be included in the reserve for the 2011 Plan to the extent such shares would otherwise return to such plans.

Why are we seeking stockholder approval of the 2011 Plan in Proposal 2?

NASDAQ Marketplace Rule 5635(c) generally requires stockholder approval when an equity compensation plan or other arrangement is established or materially amended, unless an exemption applies.

Why is Dynavax's Board of Directors recommending approval of the 2011 Plan in Proposal 2?

In developing its recommendation to the stockholders to vote in favor of the approval of the 2011 Plan, our Board of Directors considered many factors, including but not limited to the following:

The need to attract and retain highly qualified employees in a competitive market.

The desire to provide long term incentives that align employee compensation with stockholder interests.

Our gross burn rates for the last three years.

The addition of a number of specific terms and limitations in the 2011 Plan that our Board believes represent compensation and corporate governance best practices.

What happens if the 2011 Plan in Proposal 2 is approved?

If the 2011 Plan is approved by our stockholders, the 2011 Plan will become effective and it will replace the 1997 Plan, the 2004 Plan and the 2010 Inducement Plan.

What happens if the 2011 Plan in Proposal 2 is not approved?

If the 2011 Plan is not approved by our stockholders, the 2011 Plan will not become effective, and we will continue to issue awards under the 2004 Plan to existing employees, consultants, officers and directors until our share reserve under such plan is exhausted. In addition, we may continue to issue equity awards to newly hired employees as a material inducement to the individuals entering into employment with us under the 2010 Inducement Plan.

How do I vote?

For each of the matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the special meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the special meeting and we will give you a ballot when you arrive. Directions to the special meeting location are available at <http://www.dynavax.com/directions.html>.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the special meeting, we will vote your shares as you direct.

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To vote using the telephone, simply follow the instructions on the enclosed proxy card. Voting by telephone has the same effect as voting by mail. If you vote by telephone, do not return your proxy card by mail. You may vote by telephone until 11:59 p.m., Eastern Standard Time, January 4, 2011.

To vote using the internet, simply follow the instructions on the enclosed proxy card. If you vote by using the internet, do not return your proxy card by mail. You may vote by using the internet until 11:59 p.m., Eastern Standard Time, January 4, 2011.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Dynavax. Simply complete and mail the proxy card to ensure that your vote is counted. To vote in person at the special meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

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

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you own as of November 5, 2010.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted For the approval of the amendment to our Sixth Amended and Restated Certificate of Incorporation to increase the authorized number of shares of our common stock.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees and our transfer agent, BNY Mellon, may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies, but BNY Mellon will be paid its customary fee of approximately \$10,000 plus out-of-pocket expenses if it solicits proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one set of proxy materials?

If you receive more than one set of proxy materials, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the proxy cards in the proxy materials to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

You may submit another properly completed proxy card with a later date.

You may send a timely written notice that you are revoking your proxy to Dynavax's Secretary at 2929 Seventh Street, Suite 100, Berkeley, California 94710.

You may attend the special meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy. Your most current proxy card or telephone or internet proxy is the one that is counted.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Against votes, abstentions and broker non-votes. Abstentions will be counted towards the vote total for each proposal, and will have the same effect as Against votes. For Proposal 1, broker non-votes will be counted towards the vote total and have the same effect as Against votes. Broker non-votes have no effect and will not be counted towards the vote total for Proposal 2.

What are broker non-votes and what is their effect on the vote?

Broker non-votes occur when a beneficial owner of shares held in street name fails to provide instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. If the beneficial owner does not provide voting instructions, the broker or nominee cannot vote the shares with respect to non-routine matters. Both proposals are non-routine matters and broker non-votes will be counted towards the quorum requirement. On Proposal 1, broker non-votes will have the same effect as Against votes. On Proposal 2, broker non-votes will have no effect.

How many votes are needed to approve each proposal?

Proposal 1, to approve the amendment of the Company's Sixth Amended and Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 150,000,000 to 250,000,000 shares, must receive For votes from the holders of a majority of the Company's outstanding shares entitled to vote. If you fail to return your proxy card, it will have the same effect as an

Against vote. If you return your proxy card and select Abstain, it will have the same effect as an Against vote. Broker non-votes will have the same effect as Against votes.

Proposal 2, to approve the Dynavax Technologies Corporation 2011 Equity Incentive Plan, must receive For votes from the holders of a majority of shares present either in person or by proxy, if a quorum of stockholders is achieved. If you return your proxy and select Abstain, it will have the same effect as an Against vote. Broker non-votes will have no effect.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares entitled to vote are present at the meeting in person or represented by proxy. On the record date, there were 115,575,069 shares outstanding and entitled to vote. Thus, the holders of at least 57,787,535 shares must be present in person or represented by proxy at the meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

How does Dynavax's Board of Directors recommend that I vote?

After careful consideration, our Board of Directors has approved the amendment to our Sixth Amended and Restated Certificate of Incorporation to increase the number of authorized shares of our common stock, and has determined that such action is advisable and in the best interests of Dynavax and our stockholders. Accordingly, our Board of Directors recommends that Dynavax stockholders vote For Proposal 1.

After careful consideration, the Compensation Committee of our Board of Directors has approved the Dynavax Technologies Corporation 2011 Equity Incentive Plan and has determined that such action is advisable and in the best interests of Dynavax and our stockholders. Accordingly, our Board of Directors recommends that Dynavax stockholders vote For Proposal 2.

Am I entitled to appraisal rights?

Under Delaware law, Dynavax stockholders are not entitled to appraisal rights in connection with the transactions described in this proxy statement.

How can I find out the results of the voting at the special meeting?

Preliminary voting results will be announced at the special meeting. Final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the special meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

What proxy materials are available on the internet?

The proxy statement is available at <http://www.dynavax.com/2011specialproxy.html>.

When are stockholder proposals due for next year's annual meeting?

To be considered for inclusion in the proxy materials for the 2011 annual meeting of stockholders, your proposal must be submitted in writing by February 13, 2011, to Michael S. Ostrach, Esq., Corporate Secretary. If you wish to bring a matter before the stockholders at next year's annual meeting and you do not notify us before March 15, 2011, for all proxies we receive, the proxy holders will have discretionary authority to vote on the matter, including discretionary authority to vote in opposition to the matter.

PROPOSAL 1

APPROVAL OF INCREASE IN NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

The Board of Directors is requesting stockholder approval of an amendment to the Company's Sixth Amended and Restated Certificate of Incorporation to increase the Company's authorized number of shares of common stock from 150,000,000 shares to 250,000,000 shares.

In addition to the 115,575,069 shares of common stock outstanding as of our record date, November 5, 2010, the Board of Directors has reserved 7,981,262 shares for issuance upon exercise of employee stock options and delivery of restricted stock units and up to 25,833,879 shares of common stock that may be issued upon exercise of outstanding warrants.

On September 14, 2010, the Board of Directors authorized Dynavax to enter into that certain Common Stock Purchase Agreement (the "Purchase Agreement"), dated September 20, 2010, with Aspire Capital Fund, LLC ("Aspire Capital"), which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$30.0 million shares of Dynavax common stock over the term of the Purchase Agreement. Under the Purchase Agreement, Dynavax has the right to sell up to a maximum of 150,000 shares per day on any business day on which the closing sale price of Dynavax common stock exceeds \$1.00 per share. Dynavax and Aspire Capital may mutually agree to increase the number of shares that may be sold per business day by up to an additional 1,000,000 shares per day. The purchase price per share is the lower of (i) the lowest sale price for the common stock on the date of sale or (ii) the arithmetic average of the three lowest closing sale prices for the common stock during the 12 consecutive business days ending on the business day immediately preceding the purchase date of those securities. As of November 5, 2010, Dynavax had raised approximately \$3.3 million from the sale of common stock to Aspire Capital pursuant to the Purchase Agreement. Dynavax expects to use the net proceeds from sales to Aspire Capital for general corporate purposes, including clinical trials, research and development expenses and general and administrative expenses. Dynavax has not determined the amounts it plans to spend on any of the areas listed above or the timing of these expenditures. Pending application of the net proceeds as described above, Dynavax intends to temporarily invest the proceeds in short-term interest bearing instruments.

Although, at present, the Board of Directors has no other plans to issue additional shares of common stock other than under the terms of our equity incentive plans, the Board of Directors believes it is prudent to have the shares available to provide additional flexibility to use its capital stock for business and financial purposes in the future. The additional shares may be used for various purposes without further stockholder approval. These purposes may include raising capital; providing equity incentives to employees, officers or directors; establishing strategic relationships with other companies; expanding the Company's business or product lines through the acquisition of other businesses or products; and other corporate purposes. The additional shares are also necessary to establish a share reserve for the 2011 Plan. As a result, if Proposal 1 is not approved, our 2011 Plan will not become effective. See Proposal 2 for a description of the 2011 Plan and the consequences if it does not become effective.

The additional shares of common stock that would become available for issuance if the proposal were adopted could also be used by Dynavax to oppose a hostile takeover attempt or to delay or prevent changes in control or management of Dynavax. For example, we have a "poison pill" which would, under certain circumstances related to an acquisition of shares not approved by the Board of Directors, give certain holders the right to acquire additional shares of common stock at a low price, or the Board of Directors could strategically sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board of Directors. Although this proposal to increase the authorized common stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt (nor is the Board of Directors currently aware of any such attempts directed at Dynavax), nevertheless, stockholders should be aware that approval of this proposal could facilitate future efforts by Dynavax to deter or prevent changes in control of Dynavax, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices.

In developing its recommendation to the stockholders to vote in favor of the increase to the authorized number of shares of our common stock, our Board of Directors considered many factors, including but not limited to the following:

The benefits to us of having additional flexibility to use our capital stock for business and financial purposes in the future, including establishing strategic relationships with other companies and expanding our business or product candidates through the acquisition of other businesses or products.

The benefits to us of raising additional capital through our at-the-market common stock purchase agreement with Aspire Capital.

The benefits to the stockholders of using the additional shares to oppose a hostile takeover attempt or to delay or prevent changes in control or our management in order to maximize the value for our stockholders.

The dilution of the ownership interests in Dynavax held by our existing stockholders as a result of the potential issuance of the additional shares.

The consequences of our failure to increase the authorized number of shares of our common stock include our inability to utilize our equity financing agreement with Aspire Capital and the failure of the 2011 Plan to become effective and therefore a lack of equity incentives that can be made available to employees, officers or directors.

The additional common stock to be authorized by adoption of the amendment would have rights identical to the currently outstanding common stock of the Company. Adoption of the proposed amendment and issuance of the common stock would not affect the rights of the holders of currently outstanding common stock of the Company, except for effects incidental to increasing the number of shares of the Company's common stock outstanding, such as dilution of the earnings per share and voting rights of current holders of common stock. If the amendment is adopted, it will become effective upon filing of a Certificate of Amendment of the Company's Sixth Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. The form of proposed certificate of amendment to the Company's Sixth Amended and Restated Certificate of Incorporation to increase the authorized shares of our common stock is attached to this proxy statement as Annex A.

The affirmative vote of the holders of a majority of the outstanding shares of the common stock will be required to approve this amendment to the Company's Sixth Amended and Restated Certificate of Incorporation. As a result, abstentions and broker non-votes will have the same effect as negative votes.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF PROPOSAL 1.

PROPOSAL 2

APPROVAL OF 2011 EQUITY INCENTIVE PLAN

In November 2010, the Compensation Committee of our Board of Directors adopted the Dynavax Technologies Corporation 2011 Equity Incentive Plan (the 2011 Plan), subject to approval by our stockholders and subject to the approval of Proposal 1 to the increase in the authorized number of shares of our common stock, as the successor to and continuation of the Dynavax Technologies Corporation 1997 Equity Incentive Plan (the 1997 Plan), which expired in 2007, the Dynavax Technologies Corporation 2004 Stock Incentive Plan (the 2004 Plan) and the 2010 Employment Inducement Award Plan (the 2010 Inducement Plan, and together with the 1997 Plan and the 2004 Plan, the Prior Plans), which were originally adopted by the Board in January 1997, January 2004 and January 2010, respectively.

Our Board of Directors is asking you to approve the 2011 Plan, which, in addition to providing clarity, ease of administration, and compliance with recent developments in applicable laws, will provide us with sufficient shares to enable us to grant equity awards to our employees for approximately two more years. Rather than simply request an increase in the share reserve of the Prior Plans, we are asking you to approve a new plan that we believe includes policies and terms that represent corporate governance best practices designed to protect our stockholders interests. If approved, the 2011 Plan will become effective on the date on which the Company files the Certificate of Amendment of the Company s Sixth Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. We anticipate seeking stockholder approval to increase the number of shares available for issuance under the 2011 Plan in 2013.

If the 2011 Plan is approved and becomes effective, the aggregate number of shares of common stock available for issuance (including shares subject to stock awards outstanding on November 5, 2010) under the Prior Plans and the 2011 Plan will be 22,981,262 shares, representing approximately 15% of the shares of our fully-diluted common stock outstanding as of November 5, 2010. However, no new stock awards shall be granted under the Prior Plans from and after the effective date of the 2011 Plan. Instead, on the effective date of the 2011 Plan, a total of 15,000,000 newly approved shares will become available for grant under the 2011 Plan and any shares remaining available for new grants on the effective date of the 2011 Plan under the Prior Plans (but not including any shares that may be added to the 2004 Plan share reserve on the first business day in 2011 by operation of the evergreen provision in Section 3(a) of the 2004 Plan) shall become available for issuance under the 2011 Plan. In addition, the Prior Plans will be terminated (to the extent not previously expired) as soon as the 2011 Plan is effective. Any shares that would otherwise have returned to the Prior Plans on or after the effective date of the 2011 Plan shall instead return to, and become available for new grants under, the 2011 Plan. To be clear, no shares are available for future grants under the 1997 Plan, and, as of November 5, 2010, there were options covering 792,539 shares outstanding under the 1997 Plan. If those options under the 1997 Plan expire or are otherwise forfeited prior to exercise, the shares subject to those options will become available for future grants under the 2011 Plan.

Approval of the 2011 Plan requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the special meeting. Abstentions will have the same effect as an Against vote. Broker non-votes will have no effect on the outcome of this Proposal.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF PROPOSAL 2.

Why You Should Vote for the 2011 Plan

Equity Incentives such as Stock Options Are an Important Part of Our Compensation Philosophy

The 2011 Plan is critical to our ongoing effort to build stockholder value through retaining and motivating key employees. The purpose of the increase in available shares under the 2011 Plan is to provide us with a sufficient reserve of common stock to offer appropriate incentives to our employees, consultants and directors. Dynavax is a clinical-stage biopharmaceutical company whose lead product candidate is HEPLISAV™, a Phase

3 investigational adult hepatitis B vaccine. Our success in developing marketable products, achieving a competitive position and implementing our current initiatives, particularly for HEPLISAV, will depend on our ability to attract and retain qualified personnel in areas requiring specific technical, medical or commercial expertise. Like all biotechnology companies, we actively compete for highly qualified employees. Our equity programs are key components of our strategy to attract and retain those individuals. We continue to believe that equity compensation is a critical component to motivate key employees and effectively aligns employee compensation with stockholder interests. Traditionally, stock options have been the primary focus of our equity program. The potential value of stock options is realized only if our share price increases, and so we believe stock options provide a strong incentive for individuals to work to grow our business and build stockholder value, and are most attractive to individuals who share our entrepreneurial spirit. In addition, we have also granted a limited number of restricted stock awards in recent years in order to attract and retain exceptional employees.

Our Prior Plans are Depleted

Grants of equity awards to our named executive officers and our directors have been made from our Prior Plans. As of November 5, 2010, our Prior Plans have 966,593 shares remaining available for grant; therefore, we are limited in our ability to issue equity to our named executive officers, key employees, consultants or our directors unless our stockholders approve a new stock plan. While we could increase cash compensation if we are unable to grant equity incentives, we have taken measures to conserve our use of cash and anticipate that we will have difficulty attracting, retaining, and motivating our named executive officers, our key employees and our directors if we are unable to make equity grants to them. Equity awards are a more effective executive compensation vehicle than cash at a growth-oriented, entrepreneurial company because they deliver high potential value with a smaller impact on current income and cash flow. Therefore, we are asking our stockholders to approve the 2011 Plan.

We Manage Our Equity Award Use Carefully

We continue to believe that equity awards such as stock options are a vital part of our overall compensation program. However, we recognize that equity awards dilute existing stockholders and therefore we must responsibly manage the growth of our equity compensation program. We are committed to effectively managing our equity compensation share reserve, including our burn rate. Detailed information about equity awards issued in prior years as well as other relevant information is set forth in the [Information for Burn Rate Calculation](#) table below.

The 2011 Plan Combines Compensation and Governance Best Practices

We note that our 2011 Plan contains provisions that are designed to protect our stockholders' interests and to reflect compensation and corporate governance best practices, including:

Stockholder approval is required for additional shares. Unlike our 2004 Plan, the 2011 Plan does not contain an annual evergreen provision that provides for automatic increases of shares on an ongoing basis. The 2011 Plan authorizes a fixed number for our share reserve, so that stockholder approval is required to issue any additional shares from the 2011 Plan once we have used all shares available for issuance. The 2011 Plan is not an inducement plan, and therefore requires stockholder approval under the NASDAQ Marketplace Rules.

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

Repricing is not allowed. The 2011 Plan prohibits the repricing or exchange of underwater stock options and stock appreciation rights without prior stockholder approval.

Reasonable share counting provisions. In general, when awards granted under the 2011 Plan lapse or are canceled, the shares reserved for those awards will be returned to the share reserve and be available for future awards. However, in contrast to our 2004 Plan, the 2011 Plan prohibits shares tendered to pay the exercise price of an award or shares withheld for payment of taxes to be returned to our share reserve.

Removal of automatic change of control vesting acceleration provisions. Our 2004 Plan provides for automatic accelerated vesting of equity awards issued under such plan upon a change of control if the acquiring company does not assume the awards (i.e., a single trigger provision) or if the acquiring company terminates the holder's employment within twelve months following the consummation of the change of control (i.e., a double trigger provision). Under the 2011 Plan, awards do not automatically accelerate upon a change of control unless there is an acceleration provision in an individual award agreement, or our Board of Directors elects to grant such accelerated vesting in connection with a particular transaction.

Information for Burn Rate Calculation

The following table provides the detailed information necessary to calculate our burn rates for the fiscal period ended November 5, 2010 and fiscal years ended 2009, 2008 and 2007. The table reflects grant information for our Prior Plans, but excludes our Employee Stock Purchase Plan.

	Year to Date November 5, 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Options Granted	2,348,994	1,398,350	1,764,700	1,132,085
Restricted Stock Units Granted			435,000	
Restricted Stock Awards Granted				5,000
Options Cancelled	777,261	936,606	1,203,182	270,303
Restricted Stock Units Cancelled	15,000	60,000	90,000	
Restricted Stock Awards Cancelled				
Options and Awards Available for Grant	966,593	658,909	660,653	1,257,171
Weighted-Average Common Stock Outstanding	76,457,748	40,350,136	39,819,046	39,746,382
Common Stock Outstanding	115,575,069	54,279,270	39,854,265	39,764,520

Summary of the 2011 Plan

A summary of the principal features of the 2011 Plan follows below. The summary is qualified by the full text of the 2011 Plan that is attached as Annex B to this proxy statement.

Types of Awards

The 2011 Plan provides for the following types of awards: incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance stock awards, performance cash awards, and other stock-based awards. We refer to these stock awards in this Proposal collectively as the stock awards or awards.

Eligibility

Stock awards may be granted under the 2011 Plan to employees (including officers) and consultants of Dynavax or our affiliates, and members of our Board of Directors. Pursuant to applicable tax law, we may only grant incentive stock options to our employees (including officers) and employees of our affiliates. As of November 5, 2010, we had a total of 129 employees and consultants and 8 non-employee directors who would be eligible to be granted awards from the 2011 Plan.

No person may be granted stock awards covering more than 2,000,000 shares of our common stock under our 2011 Plan during any calendar year pursuant to stock options, stock appreciation rights and other stock awards whose value is determined by reference to an increase over an exercise or strike price of at least 100% of the fair market value on the date the stock award is granted. Additionally, no person may be granted a performance stock award covering more than 1,500,000 shares or a performance cash award having a maximum value in excess of \$5,000,000 in any calendar year. Such limitations are designed to help assure that any deductions to which we would otherwise be entitled with respect to such awards will not be subject to the \$1,000,000 limitation on the income tax deductibility of compensation paid to any covered executive officer imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

Administration

The 2011 Plan is administered by our Board of Directors, which may in turn delegate authority to administer the 2011 Plan to a committee. Our Board of Directors has delegated administration of the 2011 Plan to the Compensation Committee of the Board of Directors (the Compensation Committee), but has retained the authority to concurrently administer the 2011 Plan with the Compensation Committee and may, at any time, re-vest in itself some or all of the powers previously delegated to the Compensation Committee. Subject to the terms of the 2011 Plan, the Compensation Committee may determine the recipients, numbers and types of stock awards to be granted, and terms and conditions of the stock awards, including the period of their exercisability and vesting. Subject to the limitations set forth below, the Compensation Committee also determines the fair market value applicable to a stock award and the exercise price of stock options and stock appreciation rights granted under the 2011 Plan.

In the discretion of the Board of Directors, the Compensation Committee may consist solely of two or more non-employee directors within the meaning of Rule 16b-3 of the Exchange Act, or solely of two or more outside directors within the meaning of Section 162(m) of the Code. The Compensation Committee has the authority to delegate its administrative powers under the 2011 Plan to a subcommittee consisting of members of the Compensation Committee. The 2011 Plan also permits delegation to one or more officers of the ability to determine the recipients, number of shares and types of stock awards (to the extent permitted by law) to be granted to employees other than our officers, subject to a maximum limit on the aggregate number of shares subject to stock awards that may be granted by such officers.

Stock Available for Awards

If this Proposal 2 is approved (and if Proposal 1 is also approved), the total number of shares of our common stock reserved for issuance under the 2011 Plan will consist of:

15,000,000 shares; plus

the number of shares subject to the Prior Plans that are available for new grants on the effective date of the 2011 Plan (but not including any shares that may be added to the 2004 Plan share reserve on the first business day in 2011 by operation of the evergreen provision in Section 3(a) of the 2004 Plan); plus

the number of shares that are subject to stock awards outstanding under each of the Prior Plans that, on or after the effective date of the 2011 Plan, expire or terminate prior to exercise or settlement, or are forfeited because of a failure to meet a contingency or condition required to vest such shares, to the extent such shares would otherwise have returned to the Prior Plan.

We call this total number the Share Reserve. In no event will the Share Reserve exceed 22,981,262 shares. The Share Reserve does not limit the number of equity awards granted under the 2011 Plan so long as the number of shares of common stock issued under equity awards made under the 2011 Plan does not exceed the Share Reserve.

As of November 5, 2010, under the Prior Plans, (i) options to purchase approximately 6,744,669 shares of common stock were outstanding, (ii) no stock appreciation rights covering any shares were outstanding, (iii) awards other than options and stock appreciation rights covering an aggregate of 270,000 were outstanding and (iv) approximately 966,593 shares remained available for future awards under the 2004 Plan and 2010 Plan. The weighted average exercise price of all options outstanding as of November 5, 2010 was approximately \$3.15 and the weighted average remaining term of such options was approximately 7 years. A total of 115,575,069 shares of our common stock were outstanding at November 5, 2010.

The shares of common stock subject to stock awards granted under the 2011 Plan that expire, are forfeited because of a failure to vest, or otherwise terminate without being exercised in full will return to the Share Reserve and be available for issuance under the 2011 Plan. However, any shares that are withheld to satisfy tax requirements or that are used to pay the exercise or purchase price of a stock award will not return to the 2011 Plan.

Appropriate adjustments will be made to the Share Reserve, to the other numerical limits described in the 2011 Plan (such as the limit on the number of shares that may be issued as incentive stock options and the limit on the number of shares that may be awarded to any one person in any calendar year for purposes of Section 162(m) of the Code) and to outstanding awards in the event of any change in our common stock without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, other than the conversion of convertible securities.

Repricing Prohibition

The 2011 Plan expressly provides that, without the approval of a majority of the votes cast in person or by proxy at a meeting of our stockholders, the Board of Directors may not provide for either the cancellation of underwater stock options or stock appreciation rights outstanding under the 2011 Plan in exchange for cash or the grant of a new award, or the amendment of outstanding stock options or stock appreciation rights to reduce the exercise price.

Terms of Options

A stock option is the right to purchase shares of our common stock at a fixed exercise price for a fixed period of time. Stock option grants may be incentive stock options or nonstatutory stock options. Each option is evidenced by a stock option agreement. The Board of Directors determines the terms of a stock option including the exercise price, the form of consideration paid on exercise, the vesting schedule, restrictions on transfer and the term.

Generally, the exercise price of a stock option may not be less than 100% of the fair market value of the stock subject to the option on the date of grant. Options granted under the 2011 Plan will vest at the rate specified in the option agreement.

In general, the term of an option granted under the 2011 Plan may not exceed ten years. Unless the terms of an optionee's stock option agreement provides otherwise, if an optionee's continuous service relationship with us, or any of our affiliates, ceases for any reason other than disability or death, the optionee may generally exercise any vested options for a period of three months following the cessation of service. The option term may be extended in the event that exercise of the option following such a termination of service is prohibited by applicable securities laws or our insider trading policy. If an optionee's service relationship with us, or any of our affiliates, ceases due to disability or death, or an optionee dies within a certain period following cessation of service, the optionee or a beneficiary may generally exercise any vested options for a period of 12 months in the event of disability and 18 months in the event of death. In no event may an option be exercised beyond the expiration of its term.

Acceptable forms of consideration for the purchase of our common stock issued under the 2011 Plan may include cash, payment pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board, common stock previously owned by the optionee, payment through a net exercise feature, or other approved forms of legal consideration.

Generally, an optionee may not transfer a stock option other than by will or the laws of descent and distribution or pursuant to a domestic relations order. However, to the extent permitted under the terms of the applicable stock option agreement, an optionee may designate a beneficiary who may exercise the option following the optionee's death.

Tax Limitations on Incentive Stock Options

The aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to incentive stock options that are exercisable for the first time by an optionee during any calendar year under all of our stock plans may not exceed \$100,000. The options or portions of options that exceed this limit are generally treated as nonstatutory stock options. In addition, the maximum number of shares that may be issued pursuant to the exercise of incentive stock options under the 2011 Plan is 50,000,000 shares. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any affiliate unless the following conditions are satisfied:

the option exercise price must be at least 110% of the fair market value of the stock subject to the option on the date of grant; and

the term of any incentive stock option award must not exceed five years from the date of grant.

Terms of Restricted Stock Awards

Restricted stock awards are awards of shares of our common stock. Each restricted stock award is evidenced by an award agreement that sets forth the terms and conditions of the award. A restricted stock award may be granted in consideration for cash, the recipient's services performed for us or an affiliate of ours or other form of legal consideration. Shares of our common stock acquired under a restricted stock award may be subject to forfeiture in accordance with the vesting schedule determined at the time of grant. Rights to acquire shares of our common stock under a restricted stock award may be transferred only upon such terms and conditions as are set forth in the restricted stock award agreement.

Terms of Restricted Stock Unit Awards

A restricted stock unit is a right to receive stock or cash (or a combination of cash and stock) equal to the value of a share of stock at the end of a set period. No stock is issued at the time of grant. Each restricted stock unit award is evidenced by an agreement that sets forth the terms and conditions of the award. Restricted stock unit awards may be subject to vesting in accordance with a vesting schedule determined at grant. Dividend equivalents may be credited in respect of shares of our common stock covered by a restricted stock unit award. When a participant's continuous service with us or any of our affiliates, terminates for any reason, the unvested portion of the restricted stock unit award will be forfeited unless otherwise provided in the restricted stock unit award agreement.

Terms of Stock Appreciation Rights

Stock appreciation rights will be granted pursuant to a stock appreciation rights agreement. Each stock appreciation right is denominated in common stock share equivalents. The Board of Directors determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our common stock on the date of grant. A stock appreciation right granted under the 2011 Plan vests at the rate specified in the stock appreciation right agreement as determined by the Board of Directors.

When a stock appreciation right is exercised, the holder is entitled to an amount equal to the product of (a) the excess of the per share fair market value of our common stock on the date of exercise over the strike price, multiplied by (b) the number of shares of common stock with respect to which the stock appreciation right is exercised. We may pay the amount of the appreciation in cash or shares of our common stock or a combination of both.

The Board of Directors determines the term of stock appreciation rights granted under the 2011 Plan, up to a maximum of 10 years. Unless the terms of an optionee's stock option agreement provides otherwise, if a participant's continuous service with us, or any of our affiliates, ceases for any reason other than disability or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. The stock appreciation right term may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws or our insider trading policy. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Terms of Performance Awards

The 2011 Plan provides for the grant of performance stock awards and performance cash awards. A performance award may vest or be exercised upon achievement of pre-determined performance goals during a specified period. A performance award may also require the completion of a specified period of continuous service. The length of any performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such performance goals have been attained will be determined by the Board of Directors or, as necessary, for compliance with Section 162(m) of the Code, the Compensation Committee. Performance goals will generally be established not later than ninety (90) days into a performance period. As soon as administratively practicable following the end of the performance period, the Compensation Committee will certify (in writing) whether the performance goals have been satisfied. The maximum performance award that may be granted to any individual in a calendar year is 1,500,000 shares of our common stock and \$5,000,000.

Performance-based stock and cash awards may be made subject to one or more of the following criteria: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization (EBITDA); (iv) total stockholder return; (v) return on equity or average stockholder's equity; (vi) return on assets, investment, or capital employed; (vii) stock price; (viii) margin (including gross margin); (ix) net income (before or after taxes); (x) operating income; (xi) operating income after taxes; (xii) pre-tax profit; (xiii) operating cash flow; (xiv) sales or revenue targets; (xv) increases in revenue or product revenue; (xvi) expenses and cost reduction goals; (xvii) improvement in or attainment of working capital levels; (xviii) economic value added (or an equivalent metric); (xix) market share; (xx) cash flow; (xxi) cash flow per share; (xxii) share price performance; (xxiii) debt reduction; (xxiv) implementation or completion of projects or processes; (xxv) customer satisfaction; (xxvi) stockholders' equity; (xxvii) capital expenditures; (xxviii) debt levels; (xxix) operating profit or net operating profit; (xxx) workforce diversity; (xxxi) growth of net income or operating income; (xxxii) billings; (xxxiii) submission to, or approval by, a regulatory body (including but not limited to the U.S. Food and Drug Administration) of an applicable filing or a product candidate; and (xxxiv) to the extent that an award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Board of Directors.

The performance goals may be based on a company-wide basis, with respect to one or more business units, divisions, affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise

(i) in the award agreement at the time the award is granted or (ii) in such other document setting forth the performance goals at the time the goals are established, we will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated goals; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any extraordinary items as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common shareholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and/or the award of bonuses under our bonus plans; and (10) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, we retain the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of the goals. The performance goals may differ from participant to participant and from award to award.

Terms of Other Stock Awards

The Board of Directors may grant other forms of stock awards that are valued in whole or in part by reference to the value of Dynavax common stock. Subject to the provisions of the 2011 Plan, the Board of Directors has the authority to determine the persons to whom and the dates on which such other stock awards will be granted, the number of shares of common stock (or cash equivalents) to be subject to each award, and other terms and conditions of such awards. Such awards may be granted either alone or in addition to other stock awards granted under the 2011 Plan. Such other forms of stock awards may be subject to vesting in accordance with a vesting schedule determined at grant.

Corporate Transactions; Changes in Control

Corporate Transaction. In the event of certain significant corporate transactions, the Board of Directors has the discretion to take one or more of the following actions with respect to outstanding stock awards under the 2011 Plan:

arrange for assumption, continuation, or substitution of a stock award by a surviving or acquiring entity (or its parent company);

arrange for the assignment of any reacquisition or repurchase rights applicable to any shares of our common stock issued pursuant to a stock award to the surviving or acquiring corporation (or its parent company);

accelerate the vesting and exercisability of a stock award followed by the termination of the stock award;

arrange for the lapse of any reacquisition or repurchase rights applicable to any shares of our common stock issued pursuant to a stock award;

cancel or arrange for the cancellation of a stock award, to the extent not vested or not exercised, in exchange for such cash consideration, if any, as the Board of Directors may determine in its sole discretion; and

arrange for the surrender of a stock award in exchange for a payment equal to the excess of (a) the value of the property the holder of the stock award would have received upon the exercise of the stock award, over (b) any exercise price payable by such holder in connection with such exercise.

The Board of Directors need not take the same action for each stock award.

For purposes of the 2011 Plan, a corporate transaction will be deemed to occur in the event of (i) the consummation of a sale of all or substantially all of our consolidated assets, (ii) the consummation of a sale of at least 90% of our outstanding securities, (iii) the consummation of a merger or consolidation in which we are not the surviving corporation, or (iv) the consummation of a merger or consolidation in which we are the surviving corporation but shares of our outstanding common stock are converted into other property by virtue of the transaction.

Change in Control. A stock award may be subject to additional acceleration of vesting and exercisability upon or after specified change in control transactions (as defined in the 2011 Plan), as provided in the stock award agreement or in any other written agreement between us or any affiliate and the participant, but in the absence of such provision, no acceleration shall occur. The acceleration of vesting of an award in the event of a corporate transaction or a change in control event under the 2011 Plan may be viewed as an anti-takeover provision, which may have the effect of discouraging a proposal to acquire or otherwise obtain control of Dynavax.

Duration, Suspension, Termination, and Amendment

The Board of Directors may suspend or terminate the 2011 Plan at any time. Unless sooner terminated by our Board of Directors, the 2011 Plan shall automatically terminate on November 11, 2020, which is the day before the tenth anniversary of the date the 2011 Plan was adopted by the Compensation Committee of the Board of Directors. No awards may be granted under the 2011 Plan while the 2011 Plan is suspended or after it is terminated.

The Board of Directors may amend the 2011 Plan at any time. However, no amendment or termination of the plan will adversely affect any rights under awards already granted to a participant unless agreed to by the affected participant. We will obtain stockholder approval of any amendment to the 2011 Plan as required by applicable law or listing requirement.

Tax Withholding

The Board of Directors may require a participant to satisfy any federal, state, local, or foreign tax withholding obligation relating to a stock award by (a) causing the participant to tender a cash payment; (b) withholding shares of common stock from the shares of common stock issued or otherwise issuable to the participant in connection with the award; (c) withholding cash from an award settled in cash or from other amounts payable to the participant; or (d) by other method set forth in the award agreement.

Federal Income Tax Information

The following is a summary of the principal U.S. federal income taxation consequences to participants and Dynavax with respect to participation in the 2011 Plan. The information is based upon current federal income tax rules and therefore is subject to change when those rules change. Because the tax consequences to any recipient may depend on his or her particular situation, each recipient should consult the recipient's tax adviser regarding the federal, state, local, and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award. The 2011 Plan is not qualified under the provisions of Section 401(a) of the Code, and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974. Our ability to realize the benefit of any tax deductions described below depends on our generation of taxable income as well as the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of our tax reporting obligations.

Incentive Stock Options

The 2011 Plan provides for the grant of stock options that qualify as incentive stock options, as defined in Section 422 of the Code. Under the Code, an optionee generally is not subject to ordinary income tax upon the grant or exercise of an incentive stock option. If the optionee holds a share received on the exercise of an incentive stock option for more than two years from the date the option was granted and more than one year from the date the option was exercised, which is referred to as the required holding period, the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the holder's tax basis in that share will be long-term capital gain or loss.

If, however, an optionee disposes of a share acquired on exercise of an incentive stock option before the end of the required holding period, which is referred to as a disqualifying disposition, the optionee generally will recognize ordinary income in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the share on the date the incentive stock option was exercised over the exercise price. However, if the sales proceeds are less than the fair market value of the share on the date of exercise of the option, the amount of ordinary income recognized by the optionee will not exceed the gain, if any, realized on the sale. If the amount realized on a disqualifying disposition exceeds the fair market value of the share on the date of exercise of the option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired on exercise of an incentive stock option exceeds the exercise price of that option generally will be an adjustment included in the optionee's alternative minimum taxable income for the year in which the option is exercised. If, however, there is a disqualifying disposition of the share in the year in which the option is exercised, there will be no adjustment for alternative minimum tax purposes with respect to that share. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an incentive stock option is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the option is exercised.

We are not allowed an income tax deduction with respect to the grant or exercise of an incentive stock option or the disposition of a share acquired on exercise of an incentive stock option after the required holding period. If there is a disqualifying disposition of a share, however, we are allowed a deduction in an amount equal to the ordinary income includible in income by the optionee.

Nonstatutory Stock Options

Generally, there is no taxation upon the grant of a nonstatutory stock option if the option is granted with an exercise price equal to the fair market value of the underlying stock on the grant date. On exercise, an optionee will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the stock over the exercise price. If the optionee is employed by us or one of our affiliates, that income will be subject to withholding tax. Generally, the optionee's tax basis in those shares will be equal to their fair market value on the date of exercise of the option, and the optionee's capital gain holding period for those shares will begin on that date. We will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the optionee.

Restricted Stock Awards

Generally, the recipient of a restricted stock award will recognize ordinary compensation income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is not vested when it is received (for example, if the employee is required to work for a period of time in order to have the right to sell the stock), the recipient generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may,

however, file an election with the Internal Revenue Service, within 30 days of his or her receipt of the stock award, to recognize ordinary compensation income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the stock on the date the award is granted over any amount paid by the recipient in exchange for the stock.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from stock awards will be the amount paid for such shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock award.

Restricted Stock Units

Generally, no taxable income is recognized upon receipt of a restricted stock unit award. The participant will recognize ordinary income in the year in which the shares subject to that unit are actually issued to the participant in an amount equal to the fair market value of the shares on the date of issuance. Generally, we will be entitled to an income tax deduction equal to the amount of ordinary income recognized by the participant at the time the shares are issued.

Stock Appreciation Rights

Generally, stock appreciation rights are subject to similar tax rules as nonstatutory stock options. This means that, generally, no taxable income is realized upon the receipt of a stock appreciation right. Upon exercise of the stock appreciation right, the fair market value of the shares (or cash in lieu of shares) received, less any strike price paid for such shares, is recognized as ordinary income to the participant in the year of such exercise. Generally, with respect to employees, we are required to withhold from the payment made on exercise of the stock appreciation right or from regular wages or supplemental wage payments an amount based on the ordinary income recognized. We will generally be entitled to an income tax deduction equal to the amount of ordinary income recognized by the participant.

Section 162(m)

Compensation of persons who are covered employees of the Company is subject to the tax deduction limits of Section 162(m) of the Code. Awards that qualify as performance-based compensation are exempt from the limitations of Section 162(m), thereby permitting us to claim the full federal tax deduction otherwise allowed for such compensation. The 2011 Plan is intended to enable us to grant awards that will be exempt from the deduction limits of Section 162(m). Under Section 162(m), compensation attributable to stock options and stock appreciation rights will qualify as performance-based compensation if, among other requirements, (i) such awards are approved by a compensation committee composed solely of outside directors, (ii) the plan contains a per-employee limitation on the number of shares for which such awards may be granted during a specified period, (iii) the per-employee limitation is approved by the stockholders, and (iv) the exercise or strike price of the award is no less than the fair market value of the stock on the date of grant. Compensation attributable to restricted stock, restricted stock units, performance awards and other stock-based awards will qualify as performance-based compensation, if, among other requirements, (i) the award is approved by a compensation committee composed solely of outside directors, (ii) the award is granted, becomes vested or is settled, as applicable, only upon the achievement of an objective performance goal established in writing by the Compensation Committee while the outcome is substantially uncertain, (iii) a committee of outside directors certifies in writing prior to the granting (or vesting or settlement) of the award that the performance goal has been satisfied, and (iv) prior to the granting (or vesting or settlement) of the award, the stockholders have approved the material terms of the award (including the class of employees eligible for such award, the business criteria on which the performance goal is based, and the maximum amount, or formula used to calculate the amount, payable upon attainment of the performance goal).

New Plan Benefits

We cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to executive officers, directors and employees under the 2011 Plan, although we do have information regarding equity grants awarded in fiscal year 2010 to our employees, including our executive officers, directors and consultants under the 2004 Plan. In addition, pursuant to the terms of our current non-employee director compensation policy, our directors will each receive on the day of the annual meeting of stockholders an annual stock option grant of up to 10,000 shares, with the actual amount of the grant depending on each director's length of service. However, the following table sets forth information about awards granted under the 2004 Plan during fiscal year 2010 to (i) each of our named executive officers, (ii) all executive officers as of November 5, 2010 as a group, (iii) all current non-employee directors as of November 5, 2010 as a group, and (iv) all employees, other than executive officers, as of November 5, 2010 as a group (approximately 122 people). On November 5, 2010, the last reported sales price of our common stock on The NASDAQ Capital Market (NASDAQ) was \$2.06.

2004 Plan Grants During Fiscal Year 2010

Name and Position	Stock Options (#)	Restricted Stock Units (#)	Performance Options (#)⁽⁴⁾
Dino Dina, M.D.			150,000
Robert L. Coffman, Ph.D.			100,000
Zbigniew Janowicz, Ph.D.			
Jennifer Lew			50,000
Michael S. Ostrach			50,000
All executive officers as a group (7 persons)	517,244 ⁽¹⁾		400,000 ⁽⁵⁾
All current non-employee directors as a group (8 persons)	80,000 ⁽²⁾		
All current employees and consultants, excluding our Named Executive Officers and other current executive officers (122 persons)	85,750 ⁽³⁾		292,500 ⁽⁶⁾

(1) Amount represents the number of option shares granted from January 1, 2010 through November 5, 2010, with a weighted average exercise price of \$1.72 per share. These stock options vest annually over a four-year period.

(2) Includes seven stock options to purchase an aggregated of 60,000 shares of common stock, granted on May 12, 2010, with an exercise price of \$1.88 per share (the closing price of our common stock on the date of grant). These stock options vest one year from the date of grant. Also includes one stock option to purchase 20,000 shares of common stock, granted on July 22, 2010 with an exercise price of \$2.02 per share (the closing price of our common stock on the date of grant). This stock option vests annually over a four-year period.

(3) Amount represents the number of option shares granted from January 1, 2010 through November 5, 2010, with a weighted average exercise price of \$1.49 per share. These stock options vest annually over a four-year period.

(4) Amounts represent the maximum number of shares of our common stock that may be earned under the 2004 Plan in accordance with the terms of certain performance-based awards that shall vest upon achievement of certain performance conditions.

(5) Amount represents the number of performance based option shares granted from January 1, 2010 through November 5, 2010, with a weighted average exercise price of \$1.58 per share.

(6) Amount represents the number of performance based option shares granted from January 1, 2010 through November 5, 2010, with a weighted average exercise price of \$1.52 per share.

Equity Compensation Plan Information

The following table provides certain information as of December 31, 2009 with respect to all of our equity compensation plans in effect on that date.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
1997 Equity Incentive Plan	828,122	\$ 2.80	
2004 Stock Incentive Plan	4,447,933 ⁽¹⁾	\$ 4.15	658,909
Total	5,276,055	\$ 3.94	658,909

(1) The maximum aggregate number of shares subject to the 2004 Stock Incentive Plan is subject to an annual increase on the first business day of each calendar year beginning in 2005 equal to the lesser of (x) 400,000 Shares, (y) two percent (2%) of the number of shares outstanding as of such date, or (z) a lesser number of shares determined by the Board of Directors.

We note that in order to induce qualified individuals to join Dynavax, the Company's Board of Directors adopted the 2010 Inducement Plan, effective January 8, 2010, which provides for the issuance of up to 1,500,000 shares of Dynavax common stock to new employees of Dynavax. Stockholder approval of the 2010 Inducement Plan was not required under Nasdaq Marketplace Rule 5635(c)(4). The 2010 Inducement Plan has a term of 10 years, and provides for the granting of stock options, stock appreciation rights, restricted stock awards and restricted stock unit awards. Exercisability, option price and other terms are determined by the plan administrator, but the option price cannot be less than 100% of fair market value of those shares on the date of grant. Stock options granted under the 2010 Inducement Plan generally vest over a period of four years, with the exception of performance based awards which will vest upon achievement of certain performance conditions. As of November 5, 2010, under the 2010 Inducement Plan, options to purchase approximately 904,500 shares of common stock were outstanding, no stock appreciation rights or any awards other than options covering any shares were outstanding and approximately 595,500 shares remained available for future awards. The weighted average exercise price of all options outstanding as of November 5, 2010 under the 2010 Inducement Plan was approximately \$1.54 and the weighted average remaining term of such options was approximately 9.25 years.

Vote Required

A majority of the shares present, in person or represented by proxy and entitled to vote at the special meeting must vote **FOR** the 2011 Plan for it to be adopted. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as an **Against** vote. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved. The 2011 Plan will not go into effect if our stockholders do not vote **FOR** approval of the 2011 Plan. Please vote as soon as possible.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

In this section, we analyze the material elements of our compensation program for our named executive officers, who are identified in the Summary Compensation Table below. This discussion is intended to provide the context necessary to understand the compensation of these senior executives, which is detailed in the tables and narratives that follow.

Compensation Philosophy and Objectives

Our executive compensation program is designed to attract, motivate, reward and retain talented individuals who are essential to our continued scientific leadership and business success, with the ultimate aim of increasing stockholder value. The Compensation Committee determines the form and amount of compensation for our named executive officers with the following guiding principles in mind:

Provide compensation that is sufficiently competitive in our industry and geography so that we attract and retain high-quality executive officers;

Align the interests of executives and our stockholders using performance-based incentives;

Create annual and long-term financial incentives for executives to achieve our business plans and strategic objectives;

Motivate executives to deliver long-term results; and

Create a team-oriented workplace that promotes innovation, high quality scientific and technical accomplishments and calculated risk-taking to achieve our objectives.

Compensation Setting Process

Our Compensation Committee determines all aspects of compensation for our named executive officers other than our chief executive officer, whose compensation is determined by the Board of Directors. For the year ended December 31, 2009, our Compensation Committee consisted of three independent, non-officer and non-employee directors: Ms. Buc, Ms. Phillips and Dr. Lawrence. Ms. Buc served as the Chairperson. Dr. Lawrence was appointed as a member of the Compensation Committee in January 2009. In May 2010, Dr. Lawrence resigned from the Board of Directors, including his position on the Compensation Committee. In August 2010, Ms. Buc resigned from the Board of Directors, including her position as Chairperson of the Compensation Committee. In August 2010, Daniel L. Kisner, M.D. was appointed as a member of the Compensation Committee, with Ms. Phillips now serving as Chairperson.

Compensation Decision Timeline. In the first quarter of each fiscal year, the Compensation Committee determines compensation targets, base salaries, incentive plan design, and incentive plan performance goals for that year. The Compensation Committee also determines the degree to which our named executive officers have earned incentive compensation for the preceding fiscal year, based on its review of the achievement of annual corporate and individual goals and objectives.

Decision Framework. With respect to Company compensation practices, our Compensation Committee's responsibilities include discussions with members of senior management which include our chief executive officer, vice president of human resources, vice president of finance and our general counsel, in establishing salary and incentive performance payment thresholds and ranges, administration of our incentive compensation and benefits plans, and equity incentive and stock purchase plans.

Generally, our Compensation Committee's process is comprised of two related elements: the determination of compensation levels and the review and evaluation of performance objectives for the past and current year. For executives other than the chief executive officer, our Compensation Committee solicits and considers evaluations and recommendations provided by the chief executive officer. In the case of the chief executive

officer, the evaluation of his performance is conducted by our Compensation Committee, which recommends any adjustments to his compensation and any stock incentive awards to be granted to him for review and approval by the Board of Directors. The chief executive officer may not participate in or be present during any deliberations or determinations of our Compensation Committee or Board of Directors regarding his compensation or individual performance objectives. In addition, our Compensation Committee may review and consider, as appropriate, materials such as financial reports and projections, operational data, goals, tally sheets that set forth the total compensation that may become payable to executives in various hypothetical scenarios, executive and director stock ownership information, Company stock performance data, analyses of historical executive compensation levels and current Company-wide compensation levels.

Typically, our Compensation Committee meets at least two times annually and with greater frequency if necessary. The agenda for each meeting is usually developed by the Chairperson of our Compensation Committee, in consultation with the vice president of human resources, our vice president of finance and our general counsel. From time to time, various members of management, including the chief executive officer and other employees, as well as outside advisors or consultants may be invited by our Compensation Committee to make presentations, provide financial or other background information or advice or otherwise participate in Compensation Committee meetings. The Compensation Committee has the sole authority to retain compensation consultants and obtain advice and assistance from internal and external legal, accounting or other advisors to assist in its evaluation of executive and director compensation.

Benchmarking. Because the Compensation Committee considers the competitiveness of our executive compensation program a key objective of the program, it evaluates market information about the compensation of executive officers at similar-sized biotechnology companies within our geographic region, or peer companies. As part of our Compensation Committee's deliberations, our vice president of human resources gathers data through sources of information on the median and related percentile compensation levels for biotechnology executives. The primary source of information is the Radford Biotechnology Executive Compensation Survey, from which we collect data for base salary, target annual bonuses and equity compensation for various positions at our peer group companies. We also review data provided by Equilar, Inc. on the reported base salaries, annual bonuses and equity compensation paid for various positions at our peer group companies. The market data is used as a guide, against which the Compensation Committee evaluates the compensation of each of the named executive officers in light of the executive's scope of responsibility, expertise, business knowledge and past performance. This process allows the Compensation Committee to set compensation at levels it believes are appropriate to retain and motivate our named executive officers. The Compensation Committee reviews the peer group on an annual basis.

The peer group includes publicly held pharmaceutical and biotechnology companies located in the San Francisco Bay Area with which we compete for executive talent and consisted of the following companies: Affymax, Inc., Alexza Pharmaceuticals, Inc., Cytokinetics, Inc., DepoMed, Inc., Durect Corp., Medivation, Inc, Rigel Pharmaceuticals, Inc., Sangamo Biosciences, Inc., Supergen, Inc., Theravance, Inc., and Xenoport, Inc.

In general, we typically target total direct compensation (base salary, cash-based incentives, and equity-based compensation) for our named executive officers at approximately the 75th percentile of peer group data for target performance. The Compensation Committee may elect to set total direct compensation above or below this benchmark, based upon performance, position, experience and budget. The Compensation Committee reviews our performance relative to that of our peer group in order to ensure that benchmark information considered in establishing equity compensation accurately reflects current market conditions. The Compensation Committee believes that annual equity awards create strong incentives to drive future stockholder return.

Elements of Executive Compensation

Our executive compensation program includes the following elements:

Base salary;

Annual cash-based incentive awards; and

Equity-based awards.

In addition, we provide broad-based employee benefits to our named executive officers, including participation in our employee stock purchase plan and severance and change in control benefits, but the Compensation Committee does not consider these benefits or amounts when making determinations about the other elements of our executive compensation program.

Base Salary

Base salary is cash compensation paid to our named executive officers throughout the year, regardless of corporate performance or stockholder returns. The Compensation Committee believes that base salary should be set at levels that are sufficient to attract and retain strong talent in a competitive market for executives. To set base salaries, the Compensation Committee considers competitive market conditions for executive compensation, the Company's performance and the experience, responsibilities and performance of the individual executive officer.

Annual Cash-Based Incentive Awards

The Compensation Committee uses cash-based incentive awards to reward our named executive officers for performance that is aligned with the interests of our stockholders, as measured by achievement of individual goals and Company goals established by the Board of Directors.

Target incentive compensation is expressed as a percentage of the named executive officer's annual base salary. For fiscal 2009, the target incentive compensation for each of the named executive officers and the respective allocation of the incentive compensation between corporate and personal goals were as follows:

Name	Target Incentive Compensation (Percentage of Annual Base Salary)	Allocation of Incentive Compensation to Corporate Goals	Allocation of Incentive Compensation to Personal Goals
Dino Dina, M.D.	60%	100%	0%
Robert L. Coffman, Ph.D.	50%	40%	60%
Zbigniew Janowicz, Ph.D.	50%	0%	100%
Jennifer Lew ⁽¹⁾	34%	57%	43%
Michael S. Ostrach	50%	100%	0%

⁽¹⁾ From January 1 to August 15, 2009, the target incentive compensation for Ms. Lew was 30% of her annual base salary, allocated 20% to corporate goals and 80% to personal goals. From August 16 to December 31, 2009, the target incentive compensation for Ms. Lew was 40% of her annual base salary, allocated 100% to corporate goals.

In 2009, the corporate goals were grouped into two categories including (i) Program-specific activities related to the Company's lead program, HEPLISAV; and (ii) Financing activities. The target weight and achievement percentages for our corporate goals were as follows:

Corporate Goals	Performance Objective	Target Weight	Achievement
Program Development	Remove clinical hold for HEPLISAV		
	Resume clinical development for HEPLISAV, including site initiation for two Phase 3 trials by the end of January 2010	50%	50%
Financial	Secure a minimum of \$15M in financing by the end of 2009 to enable clinical development of HEPLISAV	50%	50%
TOTAL		100%	100%

The goals are established with the expectation that results will fall within the 70% to 95% range. Results below or above that range are possible if there is significant under- or out-performance by the Company. In the year ended December 31, 2009, the Company achieved all of its program development goals following the removal of the clinical hold for HEPLISAV and achieved its financial goal by securing funding through the transaction consummated with Symphony Capital Partners on December 30, 2009.

The target incentive compensation for Dr. Dina, Mr. Ostrach and Ms. Lew (since August 2009) is based 100% on the achievement of Company goals. The Compensation Committee believes that placing a large percentage of total cash compensation at risk promotes our pay-for-performance philosophy by aligning incentives to lead the Company to achieve its overall objectives and increase stockholder value.

Our Compensation Committee evaluates the performance of Dr. Coffman based on achievement of corporate and personal goals and determines the incentive amount payable in accordance with such achievement. A portion of Ms. Lew's compensation was determined based on achievement of personal goals prior to her appointment as a named executive officer in August 2009. The target incentive compensation for Dr. Janowicz is based 100% on the achievement of goals specific to the operations in Düsseldorf, Germany. Our Board of Directors and our Compensation Committee have the discretion to determine the level to which goals were achieved, modify the performance criteria or select other performance factors with respect to incentive compensation paid to our named executive officers for any given fiscal year.

The following table summarizes the 2009 performance goals and achievement levels of the named executive officers:

Name	2009 Goals	Achievement
Dino Dina, M.D.	Corporate Goals only	100%
Robert L. Coffman, Ph.D.	Corporate Goals	40%
	Personal Goals:	60%
	Management of partnered research programs to develop new product candidates	
	Strategic planning activities related to HEPLISAV, pipeline programs, maintenance of intellectual property portfolio	
Zbigniew Janowicz, Ph.D.	Goals for Dusseldorf Operations:	58%
	Manufacturing and process development related to HEPLISAV and pipeline programs	
	New revenue generation from third party service contracts	
	Development of preclinical product candidates	
Jennifer Lew	Corporate Goals only from August - December 2009	57%
	Personal Goals from January - August 2009	43%
	Management of general and administrative expenses to achieve budgetary target	
	Compensation planning and analysis, including assessment of peer company metrics and disclosures for executive officers and Board of Directors compensation	
	Development of Finance organization	
Michael S. Ostrach	Corporate Goals only	100%

In fiscal 2009, the total targeted cash compensation for our named executive officers ranged between the 50th to 60th percentiles of market data from the Radford Survey, which is below our historical 75th percentile

benchmark target as the Company attempted to manage the available total cash. As pay practices within our peer group evolve, the Compensation Committee will continue to evaluate our executive compensation.

Equity-Based Awards Equity Compensation Plans

The Compensation Committee uses equity awards, whether in the form of stock options or restricted stock units that vest over extended periods, primarily to motivate our named executive officers to realize benefits from longer-term strategies that increase stockholder value, and to promote commitment and retention. Equity awards generally vest over four years, which the Compensation Committee believes encourages retention of key leadership while aligning their interests with the interest of stockholders with respect to business growth and stock price appreciation. Certain equity awards vest upon the achievement of performance criteria that the Company believes are critical to its long-term success.

The Compensation Committee believes that stock options are an important form of long-term incentive compensation because they align the executive officer's interests with the interests of stockholders, since the options have value only if our stock price increases over time. The Compensation Committee also observed that awards of restricted stock units are increasingly common at our peer group companies and have a retention effect because they have value even if our stock price declines. From time to time, the Compensation Committee may consider circumstances that warrant the grant of full value awards such as restricted stock units. Examples of these circumstances include, among others, attracting a new executive to the team; recognizing a promotion to the executive team; retention; and rewarding outstanding long-term contributions.

The Compensation Committee periodically reviews the pool of available options to be granted under the Company's stock plan as a way to manage grants of equity incentives. In fiscal 2009, the Compensation Committee granted stock options to the named executive officers. In determining the size and types of equity grants to executive officers, the Compensation Committee considers several factors including:

each executive officer's ownership in Dynavax;

the overall share usage under our equity compensation plans for grants to our executive officers;

the amount of equity that would be available for future issuance following the grants;

a targeted level of equity holdings in which 50% of the total equity held by an executive officer is invested following the new grants of equity;

market data collected regarding the equity grant ranges for the peer companies listed above and Radford surveys; and

a target equity value based on a percentage of the Company's total common stock outstanding.

For the chief executive officer, the target equity value is set at the beginning of each fiscal year within a range of 3% to 5% of total common stock outstanding. For the remaining named executive officers, the target equity value is set at the beginning of each fiscal year at up to 1% of the Company's total common stock outstanding. The following table summarizes the target equity value for the 2009 fiscal year and illustrates how the equity awards were determined for each named executive officer:

Name	Target Equity Value (Percentage of Total Shares Outstanding)	Target Equity Value (Number of Securities Underlying Options)	Total Option Awards Granted During 2009 (Number of Securities Underlying Options)	Total Outstanding Equity Awards at Fiscal Year End	% of Ownership at Fiscal Year End
Dino Dina, M.D.	3% to 5%	1,992,713	200,000	1,389,997	2.6%
Robert L. Coffman, Ph.D.	1%	398,543	75,000	430,555	0.8%

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Zbigniew Janowicz, Ph.D.	£1%	398,543	30,000	217,500	0.4%
Jennifer Lew	£1%	398,543	25,000	105,000	0.2%
Michael S. Ostrach	£1%	398,543	75,000	425,000	0.8%

Our equity grant practices require that stock options and other equity compensation have prices determined based on the fair market value on the date of grant. In the case of our named executive officers, the date of grant for our stock option awards has been on the later of: the date of approval of the grant by our Board of Directors or Compensation Committee, or the date of hire. In the case of non-executive employees and consultants, the date of grant for our stock option awards has been on the later of: the date of approval by our chief executive officer (pursuant to authority delegated by the Compensation Committee) or the date of hire for our employees and consultants. Furthermore, we have adopted a policy that the date of approval by our chief executive officer for all grants to non-executive officer employees and consultants must be made within the first week of the following month from the date of hire. The fair market value of our stock option awards has historically been the NASDAQ closing price on the date of grant.

Summary of Change in Control and Involuntary Termination Arrangements as of December 31, 2009

Change in Control

To promote retention of certain key officers, our Board of Directors has authorized the Company to enter into Management Continuity and Severance Agreements, or Management Agreements, with each of the named executive officers. These agreements were amended in October 2008 for all named executive officers, except for Dr. Janowicz, whose agreement was amended in April 2009 in conformance with his employment agreement and German law. In particular, the purpose of the Management Agreements is to encourage the executives to carry out their duties when there is a possibility of a Change in Control of Dynavax. The Management Agreements are not employment agreements and do not provide any assurance of continued employment.

The Management Agreements define a Change in Control as the occurrence of any of the following events:

Change of Ownership where any Person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act) is or becomes the Beneficial Owner (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities;

Merger a merger or consolidation of the Company whether or not approved by the Board, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

Sale of Assets if the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Involuntary Termination in connection with a Change in Control

Immediately prior to the effective date of a Change in Control, regardless of whether the executive is offered or accepts a position with the New Company (as defined below), the executive shall receive an additional two years vesting of employee stock options to purchase Dynavax common stock that are held by the executive on the effective date of such Change in Control and will immediately vest on such date. In addition, all restricted stock units held by the executive on the effective date of such Change in Control will fully vest immediately on such date.

Additionally, if, during the two-year period following a Change in Control, Dynavax or the New Company terminates the executive's employment other than for cause or if such termination is involuntary (as such terms are defined in the agreements), the executive shall receive:

a lump-sum cash payment equal to 12 months of the executive's then effective annual base salary, payable six months from the termination date;

a lump-sum cash payment equal to the executive's target incentive compensation based on the executive's then effective annual base salary. Dr. Janowicz is instead entitled to a lump-sum cash payment equal to 50% of his effective annual base salary;

continuing health insurance benefits for 12 months upon the executive's election of COBRA Continuation Coverage; and

the extension of exercisability of all stock options to purchase the Company's Common Stock for a period of three years following termination of employment (but in any event not beyond each option's expiration date).

The Management Agreements define "New Company" as:

in the case of a Change in Ownership, the Company;

in the case of a Merger, the surviving entity; and

in the case of a Sale of Assets, the purchaser of all or substantially all of the Company's assets.

Involuntary Termination

Under the terms of the Management Agreements, upon involuntary termination without cause (as such terms are defined in the agreements) the executive shall receive:

a lump-sum cash payment equal to six months of the executive's then effective annual base salary;

continuing health insurance benefits for six months upon the executive's election of COBRA Continuation Coverage;

an additional six months vesting of employee stock options to purchase Dynavax common stock that are held by the executive on the effective date of such involuntary termination; and

90 days to exercise vested options, as provided under the Incentive Plan.

All of our named executive officers receive the same involuntary termination benefits except the chief executive officer, who receives a cash severance payment equal to 12 months of his then effective annual base salary, 12 months of continuing health insurance coverage, and an additional 12 months vesting of stock options. Dr. Janowicz is entitled to receive a cash severance payment under the terms of his employment agreement.

SUMMARY COMPENSATION TABLE

The following table shows for the fiscal years ended December 31, 2009, 2008 and 2007, compensation awarded to or paid to, or earned by, the Company's named executive officers during the fiscal year ended December 31, 2009.

Name and Principal Position	Year	Salary	Non-Equity Incentive			All Other Compensation ⁽⁴⁾	Total
			Plan Compensation ⁽¹⁾	Stock Awards ⁽²⁾	Option Awards ⁽³⁾		
Dino Dina, M.D.	2009	\$ 408,000	\$ 244,800	\$	\$ 96,180	\$ 9,631	\$ 758,611
President, Chief Executive Officer and Director	2008	\$ 408,000	\$ 146,880	\$ 117,900	\$ 359,120	\$ 2,538	\$ 1,034,438
	2007	\$ 400,000	\$ 180,000	\$	\$ 1,026,425	\$ 2,180	\$ 1,608,605
Robert L. Coffman, Ph.D.	2009	\$ 305,000	\$ 152,500	\$	\$ 36,068	\$ 19,687	\$ 513,255
Vice President and Chief Scientific Officer	2008	\$ 281,112	\$ 118,067	\$ 78,600	\$ 233,925	\$ 3,511	\$ 715,215
	2007	\$ 275,600	\$ 103,626	\$	\$ 164,228	\$ 4,787	\$ 548,241
Zbigniew Janowicz, Ph.D. ⁽⁵⁾	2009	\$ 341,405	\$ 99,007	\$	\$ 14,427	\$ 22,946	\$ 477,785
Chief Executive Officer and Managing Director of Rhein Biotech GmbH (Dynavax Europe)	2008	\$ 360,184	\$ 124,081	\$	\$ 77,093	\$ 20,741	\$ 582,099
	2007	\$ 324,409	\$ 81,751	\$	\$	\$ 18,811	\$ 424,971
Jennifer Lew ⁽⁶⁾	2009	\$ 200,625	\$ 68,063	\$	\$ 12,023	\$ 4,242	\$ 284,953
Vice President, Finance							
Michael S. Ostrach	2009	\$ 307,000	\$ 153,500	\$	\$ 36,068	\$ 32,318	\$ 528,886
Vice President, Chief Business Officer and General Counsel	2008	\$ 307,000	\$ 110,520	\$ 78,600	\$ 124,760	\$ 3,126	\$ 624,006
	2007	\$ 300,000	\$ 105,600	\$	\$	\$ 2,079	\$ 407,679

- (1) Represents payments pursuant to an approved incentive plan earned for the fiscal year reported, although amounts were paid in the subsequent fiscal year.
- (2) Represents the aggregate grant date fair value of stock awards granted in the fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation (FASB ASC Topic 718). See note 13 of our Notes to consolidated financial statements in our annual report on Form 10-K filed with the SEC on March 16, 2010 for a discussion of assumptions we made in determining the compensation costs included in this column.
- (3) Represents the aggregate grant date fair value of option awards granted in the fiscal year in accordance with FASB ASC Topic 718. See note 13 of our Notes to consolidated financial statements in our annual report on Form 10-K filed with the SEC on March 16, 2010 for a discussion of assumptions we made in determining the compensation costs included in this column.
- (4) Represents the total amount paid during the fiscal year for additional medical insurance and other benefits not offered to all other employees.
- (5) The 2009 base salary of 244,800, 2009 bonus of 70,992, and all other compensation of 16,453 for Dr. Janowicz were converted using the daily average interbank Euro to USD rate for the fiscal year ended December 31, 2009, of 1.39463. The 2008 base salary of 244,880, 2008 bonus of 84,332, and all other compensation of 14,097 for Dr. Janowicz were converted using the daily average interbank Euro to USD rate for the fiscal year ended December 31, 2008, of 1.47134. The 2007 base salary of 236,667, 2007 bonus of 59,640, and all other compensation of 13,723 for Dr. Janowicz were converted using the daily average interbank Euro to USD rate for the fiscal year ended December 31, 2007, of 1.37074.
- (6) Ms. Lew became Vice President, Finance as of August 16, 2009.

GRANTS OF PLAN-BASED AWARDS

The following table shows certain information regarding grants of plan-based awards to the named executive officers during the fiscal year ended December 31, 2009.

Name	Grant Date	Option Awards: Number of Securities Underlying Options	All Other Stock Awards: Number of Shares of Stock or Units	Exercise or Base Price of Awards	Aggregate Grant Date Fair Value of Awards Computed in Accordance with FASB ASC Topic 718
Dino Dina, M.D.	3/10/2009	200,000		\$ 0.54	\$ 96,180
Robert L. Coffman, Ph.D.	3/10/2009	75,000		\$ 0.54	\$ 36,068
Zbigniew Janowicz, Ph.D.	3/10/2009	30,000		\$ 0.54	\$ 14,427
Jennifer Lew	3/10/2009	25,000		\$ 0.54	\$ 12,023
Michael S. Ostrach	3/10/2009	75,000		\$ 0.54	\$ 36,068

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following tables show certain information regarding outstanding equity awards for the named executive officers as of December 31, 2009.

Number of Securities Underlying Options

Name		Grant Date	Outstanding	Number of Securities Underlying Unexercised Options - Exercisable ⁽¹⁾	Number of Securities Underlying Unexercised Options - Unexercisable	Option Exercise Price	Option Expiration Date
Dino Dina, M.D.	(1)	3/21/2002	66,666	66,666		\$ 3.00	3/20/2012
	(3)	3/21/2002	66,666	66,666		\$ 3.00	3/20/2012
	(3)	3/21/2002	33,333	33,333		\$ 3.00	3/20/2012
	(3)	3/21/2002	33,333	33,333		\$ 3.00	3/20/2012
	(1)	12/18/2003	399,999	399,999		\$ 3.00	12/17/2013
	(1)	1/20/2005	50,000	50,000		\$ 7.49	1/19/2015
	(2)	2/23/2006	100,000	75,000	25,000	\$ 6.06	2/22/2016
	(2)	2/2/2007	250,000	125,000	125,000	\$ 6.19	2/2/2017
	(2)	1/30/2008	100,000	25,000	75,000	\$ 6.12	1/29/2018
	(2)	3/10/2009	200,000		200,000	\$ 0.54	3/9/2019
Robert L. Coffman, Ph.D.	(1)	1/22/2003	55,555	55,555		\$ 1.50	1/21/2013
	(1)	1/20/2005	75,000	75,000		\$ 7.49	1/19/2015
	(2)	2/14/2006	50,000	37,500	12,500	\$ 5.85	2/13/2016
	(2)	2/2/2007	40,000	20,000	20,000	\$ 6.19	2/2/2017
	(2)	2/3/2008	75,000	18,750	56,250	\$ 5.31	2/2/2018
	(2)	3/10/2009	75,000				