
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): February 19, 2019

VICAL INCORPORATED

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-21088
(Commission File Number)

93-0948554
(I.R.S. Employer Identification Number)

10390 Pacific Center Court, San Diego, California 92121-4340
(Address of Principal Executive Offices) (Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 19, 2019, Vical Incorporated issued a press release announcing, among other things, its unaudited financial results for the three months and full year ended December 31, 2018. A copy of the press release is attached as Exhibit 99.1 to this Current Report.

The information in this Item 2.02, and Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 19, 2019, and in connection with a planned restructuring, Mammen Mammen, Jr., MD, Senior Vice President, Clinical Development will depart. Pursuant to the terms of his severance agreement, Dr. Mammen will be entitled to receive severance benefits consisting of continued base salary payments and the payment of health insurance premiums for a period of 12 months, plus a payment equal to his cash bonus paid in the previous year. Dr. Mammen will receive total cash severance benefits of approximately \$420,000. Dr. Mammen will also receive accelerated vesting on all his unvested stock awards as if he had remained employed by the Company for 12 months from the date of separation. In exchange for the severance benefits, Dr. Mammen is obligated to provide the Company with a general waiver and release of claims. The Company’s obligation to pay the severance benefits is subject to the waiver and release of claims not being revoked.

Item 8.01. Other Events.

On February 19, 2019, the Company announced that it was discontinuing clinical development of VL-2397 in an effort to conserve its cash resources while it completes its previously-announced review of strategic alternatives. The Company also announced an intention to undertake a restructuring, including an appropriate reduction in staff.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

[99.1 Press release issued by Vical Incorporated on February 19, 2019.](#)

SIGNATURE

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

VICAL INCORPORATED

Date: February 19, 2019

By: /s/ ANTHONY A. RAMOS

Anthony A. Ramos
Chief Financial Officer

Vical to Discontinue Clinical Development of VL-2397 as it Considers Near Term Strategic Alternatives

SAN DIEGO, Feb. 19, 2019 (GLOBE NEWSWIRE) -- Vical Incorporated (Nasdaq:VICAL) today announced that it has decided to discontinue the Phase 2 clinical trial of VL-2397 that was initiated in the first quarter of 2018. The decision was based on the Company's decision to conserve its cash resources while it pursues its strategic alternative review process, as well as low patient accrual rates. The Phase 2 clinical trial was evaluating VL-2397 as a potential first-line treatment for invasive aspergillosis in immunocompromised adults with acute leukemia or recipients of an allogeneic hematopoietic cell transplant.

"While we believe in the potential benefits of VL-2397, we have made a strategic decision to discontinue our current development activities and conserve cash," stated Vijay Samant, chief executive officer at Vical. "We want to thank the study investigators and their patients who participated in the trial for their support."

In the third quarter of 2018, Vical announced plans to explore a range of strategic options to enhance shareholder value. The Company retained MTS Health Partners, L.P. to assist in the strategic review process. Given the decision announced today, the Company will focus on concluding the strategic review process.

Vical also plans to undertake a restructuring, including an appropriate reduction in staff. As a result, the Company will incur a restructuring related charge in the first quarter of 2019.

Fourth Quarter 2018 Financial and Operating Results

Vical also reported financial results for the three months ended December 31, 2018. Net loss for the fourth quarter of 2018 was \$3.6 million, or \$0.17 per share, compared with a net loss of \$3.7 million, or \$0.21 per share, for the fourth quarter of 2017. Revenues for the fourth quarter of 2018 were \$0.1 million, compared with revenues of \$4.0 million for the fourth quarter of 2017, reflecting revenues from Astellas Pharma Inc. for services performed under the prior ASP0113 collaborative agreements. Vical had cash and investments of \$50.5 million at December 31, 2018. The Company's net cash burn for 2018 was \$12.4 million. The Company will not provide additional cash guidance until the strategic review process is complete.

About Vical

Vical develops biopharmaceutical products for the prevention and treatment of chronic or life-threatening infectious diseases. Additional information on Vical is available at www.vical.com.

Forward-Looking Statements

This press release contains forward-looking statements subject to risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements include plans to complete a restructuring and the estimated impact on cash resources, as well as Vical's plans to complete its review of strategic alternatives and the potential benefits of a strategic transaction. Risks and uncertainties include whether the termination of VL-2397 development and the planned restructuring will have the intended impact of conserving cash resources, Vical's ability to identify potential strategic transactions and to complete any transaction that it pursues; whether Vical will be able to realize the expected benefits of any transaction; and additional risks set forth in the Company's filings with the Securities and Exchange Commission. These forward-looking statements represent the Company's judgment as of the date of this release. The Company disclaims, however, any intent or obligation to update these forward-looking statements.

VICAL INCORPORATED

Selected Condensed Financial Information (Unaudited)

| Statements of Operations (in thousands, except per share amounts) | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|------------|---------------------|-------------|
| | December 31, | | December 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | |
| Contract revenue | \$ 114 | \$ 3,943 | \$ 1,582 | \$ 13,401 |
| License and royalty revenue | 10 | 10 | 40 | 418 |
| Total revenues | 124 | 3,953 | 1,622 | 13,819 |
| Operating expenses: | | | | |
| Research and development | 2,558 | 4,448 | 12,327 | 14,391 |
| Manufacturing and production | - | 1,790 | 1,436 | 6,479 |
| General and administrative | 1,517 | 1,596 | 7,505 | 6,335 |
| Total operating expenses | 4,075 | 7,834 | 21,268 | 27,205 |
| Loss from operations | (3,951) | (3,881) | (19,646) | (13,386) |
| Net investment and other income | 346 | 153 | 3,392 | 426 |
| Net loss | \$ (3,605) | \$ (3,728) | \$ (16,254) | \$ (12,960) |
| Basic and diluted net loss per share | \$ (0.17) | \$ (0.21) | \$ (0.74) | \$ (1.01) |
| Weighted average shares used in computing basic and diluted net loss per share | 21,844 | 17,778 | 21,842 | 12,888 |

Balance Sheets

December 31, December 31,

(in thousands)

| | 2018 | 2017 |
|---|------------------|------------------|
| Assets: | | |
| Cash, cash equivalents, and marketable securities, including restricted | \$ 48,071 | \$ 60,691 |
| Other current assets | 1,128 | 15,626 |
| Total current assets | 49,199 | 76,317 |
| Long-term investments | 2,386 | 2,209 |
| Property and equipment, net | 100 | 606 |
| Other assets | 659 | 1,362 |
| Total assets | <u>\$ 52,344</u> | <u>\$ 80,494</u> |
| Liabilities and stockholders' equity: | | |
| Current liabilities | \$ 3,581 | \$ 16,917 |
| Stockholders' equity | 48,763 | 63,577 |
| Total liabilities and stockholders' equity | <u>\$ 52,344</u> | <u>\$ 80,494</u> |

Contacts: Andrew Hopkins
(858) 646-1127
Website: www.vical.com

Anthony Ramos
Vice President and Chief Financial Officer