

NantKwest, Inc.
Form DEF 14A
April 24, 2018
Table of Contents

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

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under §240.14a-12

NantKwest, Inc.

(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):

- (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.

- (1) Amount Previously Paid:

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

- (3) Filing Party:

- (4) Date Filed:

Table of Contents

**9920 Jefferson Boulevard
Culver City, California 90232
(310) 883-1300**

To our Stockholders:

We are pleased to invite you to attend the annual meeting of stockholders of NantKwest, Inc., to be held on Thursday, June 7, 2018 at 9:30 a.m. Pacific Time, at the Hilton Garden Inn, 2100 E. Mariposa Avenue, El Segundo, California 90245.

Details regarding how to attend the annual meeting and the business to be conducted at the annual meeting are more fully described in the accompanying notice of annual meeting of stockholders and proxy statement.

Your vote is important. Regardless of whether you plan to attend the annual meeting, it is important that your shares be represented and voted at the annual meeting, and we hope you will vote as soon as possible. You may vote by proxy via the Internet, by telephone, or by mail, according to the instructions on the enclosed proxy card or voting instruction card. Voting over the Internet or by telephone, by written proxy or voting instruction card will ensure your representation at the annual meeting regardless of whether you attend the annual meeting.

Thank you for your ongoing support of, and continued interest in, NantKwest, Inc.

Sincerely,

Patrick Soon-Shiong

Chairman and Chief Executive Officer

Culver City, California

April 24, 2018

The date of this proxy statement is April 24, 2018, and is being mailed to stockholders on or about May 4, 2018.

Table of Contents

NANTKWEST, INC.

9920 Jefferson Boulevard

Culver City, California 90232

(310) 883-1300

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date	9:30 a.m. Pacific Time, on Thursday, June 7, 2018
Place	Hilton Garden Inn, 2100 E. Mariposa Avenue, El Segundo, California 90245
Items of Business	(1) To elect six (6) directors from the nominees named in the accompanying proxy statement to serve until our 2019 annual meeting of stockholders and until their respective successors are duly elected and qualified. (2) To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. (3) To transact other business that may properly come before the annual meeting.
Adjournments and Postponements	Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
Record Date	April 17, 2018
	Only stockholders of record of our common stock as of the close of business on Tuesday, April 17, 2018, are entitled to notice of and to vote at the annual meeting.

Meeting Admission

You are invited to attend the annual meeting if you are a stockholder of record or a beneficial owner of shares of our common stock, in each case, as of April 17, 2018. If you are a stockholder of record, you must present valid government-issued photo identification (e.g., driver's license or passport) for admission to the annual meeting. If you are a beneficial owner of shares of our common stock, you must provide proof of such ownership as of April 17, 2018 (e.g., your most recent account statement reflecting your stock ownership as of April 17, 2018) and you must present valid government-issued photo identification for admission to the annual meeting.

Voting

Your vote is very important. You may vote by proxy via the Internet, by telephone, or by mail, according to the instructions on the enclosed proxy card or voting instruction card. For specific instructions on how to vote your shares, please refer to the section entitled *Questions and Answers* beginning on page 1 of the accompanying proxy statement.

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on June 7, 2018. The proxy statement, the accompanying materials and our 2017 annual report are being mailed on or about May 4, 2018 to all stockholders entitled to vote at the annual meeting. A copy of our proxy statement and our 2017 annual report are also posted on www.proxydocs.com/NK, and are available from the SEC on its website at www.sec.gov.

By order of the Board of Directors,

Steven Yang
Corporate Secretary
Culver City, California

April 24, 2018

Table of Contents

<u>Table of Contents</u>	Page
<u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND ANNUAL MEETING</u>	1
<u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>	8
<u>Composition of the Board</u>	8
<u>Nominees for Director</u>	9
<u>Controlled Company Exemption</u>	11
<u>Director Independence</u>	11
<u>Role of Board in Risk Oversight Process</u>	11
<u>Board Meetings and Committees</u>	12
<u>Compensation Committee Interlocks and Insider Participation</u>	13
<u>Considerations in Evaluating Director Nominees</u>	14
<u>Stockholder Recommendations for Nominations to Our Board of Directors</u>	15
<u>Communications with the Board of Directors</u>	15
<u>Code of Business Conduct and Ethics</u>	15
<u>Director Compensation</u>	15
<u>Director Compensation Table</u>	16
<u>PROPOSAL NUMBER 1 ELECTION OF DIRECTORS</u>	17
<u>Nominees for Director</u>	17
<u>Required Vote</u>	17
<u>Board Recommendation</u>	17
<u>PROPOSAL NUMBER 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	18
<u>Fees Paid to the Independent Registered Public Accounting Firm</u>	19
<u>Auditor Independence</u>	19
<u>Pre-Approval Policy</u>	19
<u>Required Vote</u>	20
<u>Board Recommendation</u>	20
<u>Report of the Audit Committee</u>	20
<u>EXECUTIVE OFFICERS</u>	22
<u>EXECUTIVE COMPENSATION</u>	23
<u>Processes and Procedures for Executive Compensation</u>	23
<u>Summary Compensation Table</u>	23
<u>Equity Awards to Named Executive Officers</u>	23
<u>IPO Equity Awards</u>	24
<u>Executive Employment Agreements and Arrangements</u>	24
<u>Merger or Change of Control</u>	27
<u>Outstanding Equity Awards at 2017 Fiscal Year-End</u>	28
<u>Perquisites, Health, Welfare and Retirement Benefits</u>	28
<u>401(k) Savings Plan</u>	28
<u>Equity Compensation Plan Information</u>	29
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	30
<u>Related Person Transactions</u>	30
<u>Cambridge Investment</u>	30
<u>Lease Agreement with 605 Doug St, LLC</u>	31
<u>Agreements with Affiliates of NantWorks</u>	31
<u>Indemnification of Officers and Directors</u>	34
<u>Related Person Transactions Policy</u>	34

<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	36
<u>OTHER MATTERS</u>	38

Table of Contents

<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	38
<u>Fiscal Year 2017 Annual Report</u>	38
<u>Company Website</u>	38
<u>Availability of Bylaws</u>	38
<u>PROPOSALS OF STOCKHOLDERS FOR 2019 ANNUAL MEETING</u>	39

Table of Contents

NANTKWEST, INC.

9920 Jefferson Boulevard

Culver City, California 90232

PROXY STATEMENT

For the 2018 Annual Meeting of Stockholders

to be held on June 7, 2018

The information provided in the Questions and Answers format below is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read the entire proxy statement carefully.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND ANNUAL MEETING

Why am I receiving these materials?

This proxy statement and the enclosed form of proxy are furnished in connection with the solicitation of proxies by our board of directors for use at the 2018 annual meeting of stockholders of NantKwest, Inc., a Delaware corporation, and any postponements or adjournments thereof, or the annual meeting. The annual meeting will be held on Thursday, June 7, 2018 at 9:30 a.m. Pacific Time, at the Hilton Garden Inn, 2100 E. Mariposa Ave, El Segundo, California 90245.

Stockholders are invited to attend the annual meeting and are requested to vote on the items of business described in this proxy statement. This proxy statement, the accompanying materials and our 2017 annual report are being mailed on or about May 4, 2018, to all stockholders entitled to vote at the annual meeting. A copy of our proxy statement and our 2017 annual report are posted on www.proxydocs.com/NK, and are also available from the SEC on its website at www.sec.gov.

What is a proxy?

A proxy is your legal designation of another person to vote the stock you own. The person you designate is your proxy, and you give the proxy authority to vote your shares by submitting the enclosed proxy card, or if available, voting by telephone or the Internet. We have designated Patrick Soon-Shiong, Barry J. Simon, and Steven Yang to serve as proxies for the annual meeting.

What am I voting on?

You are being asked to vote on two proposals:

the election of six (6) directors from the nominees named in this proxy statement to hold office until our 2019 annual meeting of stockholders and until their respective successors are duly elected and qualified; and

the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018.

What if other matters are properly brought before the annual meeting?

As of the date of this proxy statement, we are not aware of any other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the annual meeting, the persons named as proxies will be authorized to vote or otherwise act on those matters in accordance with their judgment. If for any reason a director nominee is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate as may be nominated by our board of directors.

Table of Contents

How does the board of directors recommend that I vote?

Our board of directors recommends that you vote your shares:

FOR the election of each of the six (6) nominees for director named in this proxy statement; and

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018.

Who may vote at the annual meeting?

Only stockholders of record as of the close of business on April 17, 2018, the record date for the annual meeting, or the record date, are entitled to vote at the annual meeting. As of the record date, there were 79,088,200 shares of our common stock issued and outstanding, held by 35 holders of record. We do not have cumulative voting rights for the election of directors.

Stockholder of Record: Shares Registered in Your Name. If, at the close of business on the record date for the annual meeting, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the annual meeting.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank, or Other Nominee. If, at the close of business on the record date for the annual meeting, your shares were held, not in your name, but rather in an account at a brokerage firm, bank, or other nominee, 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 the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker, bank or other nominee regarding how to vote the shares in your account by following the voting instructions your broker, bank or other nominee provides. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the annual meeting unless you obtain a valid proxy from your broker, bank or other nominee.

How can I vote my shares?

Stockholder of Record: Shares Registered in Your Name

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

You may vote in person. If you plan to attend the annual meeting, you may vote by delivering your completed proxy card in person or by completing and submitting a ballot, which will be provided at the annual meeting.

You may vote by mail. Complete, sign and date the proxy card that accompanies this proxy statement and return it promptly in the postage-prepaid envelope provided (if you received printed proxy materials). Your

completed, signed and dated proxy card must be received prior to the annual meeting.

You may vote by telephone. To vote over the telephone, dial toll-free (866) 249-5381 and follow the recorded instructions. You will be asked to provide the company number and control number from your proxy card. Telephone voting is available 24 hours a day, 7 days a week, until 5:00 p.m. Eastern Time, on June 6, 2018.

You may vote via the Internet. To vote via the Internet, go to www.proxypush.com/NK to complete an electronic proxy card (have your proxy card in hand when you visit the website). You will be asked to provide the company number and control number from your proxy card. Internet voting is available 24 hours a day, 7 days a week, until 5:00 p.m. Eastern Time, on June 6, 2018.

-2-

Table of Contents

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

If you are a beneficial owner of shares held of record by a broker, bank or other nominee, you will receive voting instructions from your broker, bank or other nominee. You must follow the voting instructions provided by your broker, bank or other nominee in order to instruct your broker, bank or other nominee on how to vote your shares. Beneficial owners of shares should generally be able to vote by returning the voting instruction card, or by telephone or via the Internet. However, the availability of telephone or Internet voting will depend on the voting process of your broker, bank, or other nominee. **As discussed above, if you are a beneficial owner, you may *not* vote your shares in person at the annual meeting unless you obtain a legal proxy from your broker, bank or other nominee.**

Can I change my vote or revoke my proxy?

Stockholder of Record: Shares Registered in Your Name. If you are a stockholder of record, you can change your vote or revoke your proxy at any time before the annual meeting by:

entering a new vote by Internet or telephone (until the applicable deadline for each method as set forth above);

returning a later-dated proxy card (which automatically revokes the earlier proxy);

providing a written notice of revocation to our corporate secretary at NantKwest, Inc., 9920 Jefferson Boulevard, Culver City, California 90232, Attention: Corporate Secretary; or

attending the annual meeting and voting in person. Attendance at the annual meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Nominee. If you are the beneficial owner of your shares, you must contact the broker, bank or other nominee holding your shares and follow their instructions to change your vote or revoke your proxy.

What is the effect of giving a proxy?

Proxies are solicited by and on behalf of our board of directors. The persons named in the proxy, Patrick Soon-Shiong, our Chairman and Chief Executive Officer, Barry J. Simon, our President and Chief Administrative Officer, and Steven Yang, our Corporate Secretary, have been designated as proxies for the annual meeting by our board of directors. When proxies are properly dated, executed and returned, the shares represented by such proxies will be voted at the annual meeting in accordance with the instruction of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our board of directors as described above and, if any other matters are properly brought before the annual meeting, the shares will be voted in accordance with the proxies' judgment.

How many votes do I have?

On each matter to be voted upon at the annual meeting, each stockholder will be entitled to one vote for each share of our common stock held by them on the record date.

What is the quorum requirement for the annual meeting?

A quorum is the minimum number of shares required to be present or represented at the annual meeting for the meeting to be properly held under our bylaws and Delaware law. Holders of a majority of the voting power of our outstanding common stock entitled to vote at the annual meeting must be present in person or represented by proxy to hold and transact business at the annual meeting. On the record date, there were 79,088,200 shares outstanding and entitled to vote. Thus, the holders of at least 39,544,101 shares must be present in person or represented by proxy at the annual meeting to have a quorum.

-3-

Table of Contents

Abstentions, WITHHOLD votes, and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. If there is no quorum, the chairman of the meeting or the holders of a majority of the voting power present in person or represented by proxy at the annual meeting and entitled to vote at the annual meeting may adjourn the meeting to another date.

What are broker non-votes?

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker holding the shares as to how to vote on matters deemed non-routine and there is at least one routine matter to be voted upon at the meeting. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker holding the shares. If the beneficial owner does not provide voting instructions, the broker can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. In the event that a broker votes shares on the routine matters, but does not vote shares on the non-routine matters, those shares will be treated as broker non-votes with respect to the non-routine proposals. Accordingly, if you own shares through a nominee, such as a broker or bank, please be sure to instruct your nominee how to vote to ensure that your vote is counted on each of the proposals.

What matters are considered routine and non-routine ?

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018 (Proposal No. 2) is considered routine under applicable federal securities rules. The election of directors (Proposal No. 1) is considered non-routine under applicable federal securities rules.

What are the effects of abstentions and broker non-votes?

An abstention represents a stockholder's affirmative choice to decline to vote on a proposal. If a stockholder indicates on its proxy card that it wishes to abstain from voting its shares, or if a broker, bank or other nominee holding its customers' shares of record causes abstentions to be recorded for shares, these shares will be considered present and entitled to vote at the annual meeting. As a result, abstentions will be counted for purposes of determining the presence or absence of a quorum and will also count as votes against a proposal in cases where approval of the proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting (e.g., Proposal No. 2). However, because the outcome of Proposal No. 1 (election of directors) will be determined by a plurality vote, abstentions will have no impact on the outcome of such proposal as long as a quorum exists.

Broker non-votes will be counted for purposes of calculating whether a quorum is present at the annual meeting but will not be counted for purposes of determining the number of votes cast. Therefore, a broker non-vote will make a quorum more readily attainable but will not otherwise affect the outcome of the vote on any proposal.

What is the voting requirement to approve each of the proposals?

Proposal No. 1: Election of Directors. The election of directors requires a plurality of the voting power of shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors. This means that the six (6) nominees for director receiving the highest number of FOR votes will be elected as directors. You may vote (i) FOR each director or (ii) WITHHOLD for each director nominee. Because the outcome of this proposal will be determined by a plurality vote, shares voted WITHHOLD will have no impact on the outcome of this proposal, but will count towards the quorum requirement for the annual meeting.

Table of Contents

Proposal No. 2: Ratification of Appointment of Ernst & Young LLP. The ratification of the appointment of Ernst & Young LLP requires the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote thereon to be approved. You may vote **FOR**, **AGAINST**, or **ABSTAIN** on this proposal. Abstentions will count towards the quorum requirement for the annual meeting and will have the same effect as a vote against the proposal.

Patrick Soon-Shiong, our Chairman and Chief Executive Officer, owns approximately 59% of our outstanding common stock and has advised us that he intends to vote (1) **FOR** the election of all six (6) nominees for director named in this proxy statement and (2) **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

Who will count the votes?

A representative of Mediant Communications, Inc. will tabulate the votes and act as inspector of elections.

What if I do not specify how my shares are to be voted or fail to provide timely directions to my broker, bank or other nominee?

Stockholder of Record: Shares Registered in Your Name. If you are a stockholder of record and you submit a proxy but you do not provide voting instructions, your shares will be voted:

FOR the election of each of the six (6) nominees for director named in this proxy statement; and

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018.

In addition, if any other matters are properly brought before the annual meeting, the persons named as proxies will be authorized to vote or otherwise act on those matters in accordance with their judgment.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Nominee. Brokers, banks and other nominees holding shares of common stock in street name for customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, your broker, bank or other nominee will have discretion to vote your shares on our sole routine matter Proposal No. 2 to ratify the appointment of Ernst & Young LLP. Absent direction from you, however, your broker, bank or other nominee will not have the discretion to vote on Proposal No. 1 relating to the election of directors.

How can I contact NantKwest's transfer agent?

You may contact our transfer agent by writing American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219. You may also contact our transfer agent via email at help@astfinancial.com or by telephone at (800) 937-5449.

How can I attend the annual meeting?

Stockholder of Record: Shares Registered in Your Name. If you were a stockholder of record at the close of business on the record date, you must present valid government-issued photo identification (e.g., driver's license or passport) for

admission to the annual meeting.

Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee. If you were a beneficial owner at the close of business on the record date, you may not vote your shares in person at the annual meeting unless you obtain a legal proxy from your broker, bank or other nominee who is the stockholder of record with respect to your shares. You may still attend the annual meeting even if you do not have a legal proxy. For admission to the annual meeting, you must provide proof of beneficial ownership as of the record date (e.g., your most recent account statement reflecting your stock ownership as of the record date) and you must present valid government-issued photo identification.

Table of Contents

Please note that no cameras, recording equipment, large bags, briefcases or packages will be permitted in the annual meeting.

Will the annual meeting be webcast?

We do not expect to webcast the annual meeting.

How are proxies solicited for the annual meeting and who is paying for such solicitation?

Our board of directors is soliciting proxies for use at the annual meeting by means of the proxy materials. We will bear the entire cost of proxy solicitation, including the preparation, assembly, printing, mailing and distribution of the proxy materials. Copies of solicitation materials will also be made available upon request to brokers, banks and other nominees to forward to the beneficial owners of the shares held of record by such brokers, banks or other nominees. The original solicitation of proxies may be supplemented by solicitation by telephone, electronic communication, or other means by our directors, officers or employees. No additional compensation will be paid to these individuals for any such services, although we may reimburse such individuals for their reasonable out-of-pocket expenses in connection with such solicitation. We do not plan to retain a proxy solicitor to assist in the solicitation of proxies.

If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur.

Where can I find the voting results of the annual meeting?

We will announce preliminary voting results at the annual meeting. We will also disclose voting results on a Current Report on Form 8-K filed with the SEC within four (4) business days after the annual meeting. If final voting results are not available to us in time to file a Current Report on Form 8-K within four (4) business days after the annual meeting, we will file a Current Report on Form 8-K to publish preliminary results and, within four (4) business days after final results are known, file an additional Current Report on Form 8-K to publish the final results.

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

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

I share an address with another stockholder, and we received only one printed copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted an SEC-approved procedure called "householding," under which we can deliver a single copy of the proxy materials and annual report to multiple stockholders who share the same address unless we receive contrary instructions from one or more of the stockholders. This procedure reduces our printing and mailing costs. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will undertake to deliver promptly a separate copy of the proxy materials and annual report to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy, or, if you are receiving multiple copies, to request that we only send a single copy of next year's proxy materials and annual report, you may contact us as follows:

NantKwest, Inc.

Edgar Filing: NantKwest, Inc. - Form DEF 14A

Attention: Corporate Secretary

9920 Jefferson Boulevard

Culver City, California 90232

(310) 883-1300

-6-

Table of Contents

Stockholders who hold shares in street name may contact their brokerage firm, bank, broker-dealer or other nominee to request information about householding.

Is there a list of stockholders entitled to vote at the annual meeting?

The names of stockholders of record entitled to vote at the annual meeting will be available at the annual meeting and from our corporate secretary for ten days prior to the meeting for any purpose germane to the meeting, between the hours of 9:00 a.m. and 4:30 p.m., Pacific Time, at our corporate headquarters located at 9920 Jefferson Boulevard, Culver City, California 90232.

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

Please see the section entitled *Proposals of Stockholders for 2019 Annual Meeting* in this proxy statement for more information regarding the deadlines for the submission of stockholder proposals for our 2019 annual meeting.

What are the implications of being an emerging growth company?

We are an emerging growth company under applicable federal securities laws and therefore permitted to take advantage of certain reduced public company reporting requirements. As an emerging growth company, we provide in this proxy statement the scaled disclosure permitted under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, including certain executive compensation disclosures required of a smaller reporting company, as that term is defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In addition, as an emerging growth company, we are not required to conduct votes seeking approval, on an advisory basis, of the compensation of our named executive officers or the frequency with which such votes must be conducted. We will remain an emerging growth company until the earliest to occur of: (a) January 1, 2021; (b) the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue; (c) the end of the fiscal year in which the market value of our common stock that is held by non-affiliates exceeds \$700.0 million as of the end of the second quarter of that fiscal year; or (d) the issuance, in any three-year period, by us of more than \$1.0 billion in non-convertible debt securities.

Table of Contents**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE****Composition of the Board**

Our business affairs are managed under the direction of our board of directors, which is currently comprised of six members. Three of the six directors qualify as independent within the meaning of such term as set forth in the listing standards of The NASDAQ Stock Market, LLC, or NASDAQ.

On June 18, 2015, we entered into a letter agreement with Cambridge Equities, LP, or Cambridge, which we refer to as the Cambridge Nominating Agreement. Pursuant to the Cambridge Nominating Agreement, Cambridge has the right to designate one director who shall be nominated by our board of directors or a duly authorized committee thereof, for election to our board of directors for so long as Cambridge or its affiliates directly own more than 20% of the issued and outstanding shares of our common stock, subject to adjustment for stock splits, stock dividends, recapitalizations and similar transactions. Patrick Soon-Shiong, M.D., our Chairman and Chief Executive Officer, also controls the entity that is the general partner of Cambridge, and was selected by Cambridge to hold this board seat. The Cambridge director nominee shall be nominated and recommended for election to the board of directors by our board of directors, subject to any applicable limitations imposed by the Delaware General Corporation Law, or the DGCL, the board of directors' fiduciary duties to our stockholders and any other applicable law. Cambridge's right to have a designee nominated or appointed to serve on our board of directors shall automatically terminate whenever Cambridge owns less than 20% of our issued and outstanding shares of common stock.

Additionally, under the terms of his employment agreement, Barry J. Simon, M.D., our President and Chief Administrative Officer, for so long as he remains our employee, shall be nominated and recommended for election to the board of directors at each annual stockholder meeting by our board of directors or a duly authorized committee thereof. If Dr. Simon's employment with us is terminated for any reason, his membership on our board of directors will also terminate, unless otherwise agreed in writing by us and Dr. Simon.

At each annual meeting of stockholders, the terms of each of our six incumbent directors expire and all members of our board of directors are standing for election. The six directors elected at the annual meeting will serve from the time of election and qualification until the earliest of the next annual meeting of stockholders following such election or their resignation or removal.

The following table sets forth the names, ages, and certain other information for each of the directors with terms expiring at the annual meeting (who are also nominees for election as a director at the annual meeting). All information is as of April 17, 2018.

Name	Age	Position
<i>Nominees for Director</i>		
Patrick Soon-Shiong, M.D., FRCS (C), FACS.	65	Chairman of the Board of Directors and Chief Executive Officer
Barry J. Simon, M.D.	53	President, Chief Administrative Officer and Director
Steve Gorlin	80	Vice Chairman of the Board of Directors
Michael D. Blaszyk(1)(2)	65	Director
Frederick W. Driscoll(1)(2)	67	Director
John C. Thomas, Jr.(1)	64	Director

- (1) Member of audit committee.
- (2) Member of compensation committee.

-8-

Table of Contents**Nominees for Director**

Patrick Soon-Shiong, M.D., FRCS (C), FACS was appointed Chairman of our board of directors and Chief Executive Officer in March 2015. Dr. Soon-Shiong previously served as our Co-Chairman of our board of directors from December 2014 to March 2015 and as our Chief Medical Officer from January 2015 to March 2015. In 2011, he founded NantWorks, an ecosystem of companies to create a transformative global health information and next generation pharmaceutical development network, for the secure sharing of genetic and medical information. Dr. Soon-Shiong, a physician, surgeon and scientist, has pioneered novel therapies for both diabetes and cancer, published over 100 scientific papers, and has over 230 issued patents on groundbreaking advancements spanning a myriad of fields. Dr. Soon-Shiong performed the world's first encapsulated human islet transplant, the first engineered islet cell transplant, and the first pig to man islet cell transplant in diabetic patients. He invented and developed Abraxane, the nation's first FDA approved protein nanoparticle albumin-bound delivery technology for the treatment of cancer. Abraxane was approved by the FDA for metastatic breast cancer in 2005, lung cancer in 2012, and pancreatic cancer in 2013. Abraxane is now approved in many countries across the globe. From 1997 to 2010, Dr. Soon-Shiong served as founder, Chairman, and CEO of two global pharmaceutical companies, American Pharmaceutical Partners (sold to Fresenius SE for \$4.6 billion in 2008) and Abraxis BioScience (sold to Celgene Corporation for \$3.8 billion in 2010). Dr. Soon-Shiong serves as Chairman of the Chan Soon-Shiong Family Foundation and Chairman and CEO of the Chan Soon-Shiong Institute of Molecular Medicine, a nonprofit medical research organization. He was appointed by House Speaker Paul Ryan to the Health Information Technology Advisory Committee, a committee established by the 21st Century Cures Act that will advise the President and his administration on health IT policy and will tackle issues with healthcare interoperability and privacy and security, while working with key stakeholders to create standards in these areas. He previously co-chaired the CEO Council for Health and Innovation at the Bipartisan Policy Center and previously served as a member of the Global Advisory Board of Bank of America. He is an Adjunct Professor of Surgery at UCLA, a visiting Professor at the Imperial College of London, the Executive Director of the UCLA Wireless Health Institute and a board member of the California Telehealth Network. The Friends of the National Library of Medicine has honored him with their Distinguished Medical Science Award. Dr. Soon-Shiong holds a degree in medicine from the University of the Witwatersrand and a M.Sc. in science from the University of British Columbia. We believe that Dr. Soon-Shiong is qualified to serve as a member of our board of directors due to his depth of expertise as chairman and chief executive officer of multiple multi-billion dollar companies in the life sciences industry, his broad experience in research and development of pioneering technologies, and his educational background. Pursuant to the Subscription and Investment Agreement between us and Cambridge Equities, LP, or Cambridge, Cambridge has the ability to designate one director who shall be nominated by our board for election to our board of directors for as long as Cambridge continues to hold at least 20% of the issued and outstanding shares of our common stock. Dr. Soon-Shiong was selected by Cambridge to hold this board seat.

Barry J. Simon, M.D. has served as a member of our board of directors since 2007 and as our President and Chief Administrative Officer since January 2017 and President and Chief Operating Officer from March 2015 to December 2016. From 2007 to March 2015, Dr. Simon was also our President and Chief Executive Officer. Prior to joining us, he held various senior management and advisory positions at Roche Labs, Inc., a U.S. pharmaceutical company; F. Hoffmann-La Roche, Ltd., a global healthcare company; Connetics Corp., a specialty pharmaceutical company; Immunomedics, Inc., a biopharmaceutical company; Immusol, Inc., a biopharmaceutical company; HealthPro BioVentures, LLC, a healthcare and life sciences investment bank; and NorthSound Capital, LLC, a U.S.-based hedge fund. Dr. Simon has successfully contributed to Biologics License Applications, or BLAs, and drug launches for Xeloda, Pegasys, Kytril, Fortovase, Valcyte, Fuzeon and Tamiflu. Dr. Simon has attended corporate training programs by the London School of Business and the Amos Tuck School of Business at Dartmouth College. He is clinically trained in infectious diseases, anesthesiology, and internal medicine and received his M.D. from the SUNY Downstate, Health Sciences Center in New York. We believe that Dr. Simon is qualified to serve as a member of our

board of directors because of his extensive medical and scientific knowledge and experience, and senior management experience in the biopharmaceutical industry.

Table of Contents

Steve Gorlin was appointed Vice Chairman of our board in December 2014. Mr. Gorlin previously served as our Executive Chairman from January 2014 to December 2014. Over the past 40 years, he has founded several biotechnology and pharmaceutical companies, including Hycor Biomedical, Inc. (acquired by Agilent), Theragenics Corporation, CytRx Corporation, Medicis Pharmaceutical Corporation (sold to Valeant for approximately \$2.6 billion), EntreMed, Inc., MRI Interventions, DARA BioSciences, Inc., MiMedx, and Medivation, Inc. Mr. Gorlin previously served on the Business Advisory Council to the Johns Hopkins School of Medicine and The Johns Hopkins BioMedical Engineering Advisory Board. He also serves on the board of the Andrews Institute. He was a founder of a number of non-medical related companies, including Perma-Fix, Inc.; Pretty Good Privacy, Inc. sold to Network Associates; Judicial Correction Services, Inc. sold to Correctional Healthcare; and NTC China. He started The Touch Foundation, a nonprofit organization for the blind and was a principal financial contributor to the founding of Camp Kudzu for diabetic children. He presently serves as the Executive Chairman of the board of directors of DemeRx, Inc., and serves on the board of directors of NTC China, Inc., PolarityTE, Inc., ViCapsys, Aperisys, Rion and Smartpharm. We believe Mr. Gorlin is qualified as a member of our board due to his extensive biotechnology and pharmaceutical industry knowledge and substantial experience serving on other boards of directors.

Michael D. Blaszyk has served as a member of our board of directors since July 2015. Mr. Blaszyk has served as the chief financial officer for Dignity Health (formerly known as Catholic Healthcare West), a not-for-profit public benefit corporation, since December 2000. Prior to joining Dignity Health, Mr. Blaszyk was the senior vice president and chief financial officer for University Hospitals Health System in Cleveland, Ohio, a healthcare system, from October 1997 to December 2000. Mr. Blaszyk also previously served as the managing partner of the Northeast region Health Care Provider Consulting Practice for Merger LLC (formerly known as William M. Mercer), a global consulting firm, and the executive vice president at Boston Medical Center, a non-profit academic medical center. Mr. Blaszyk is a director and member of the audit committee of Sound Physicians, Inc., a Fresenius company. He received his bachelor's degree in life sciences from Wayne State University and his master's degree in health services administration from the University of Colorado. We believe that Mr. Blaszyk is qualified to serve as a member of our board of directors because of his extensive experience and knowledge in the healthcare industry and his significant financial and accounting background.

Frederick W. Driscoll has served as a member of our board of directors since September 2017. Mr. Driscoll served as Chief Financial Officer at Flexion Therapeutics, Inc., a publicly traded specialty pharmaceutical company, from 2013 until his retirement in March 2017, however he continues to provide advisory services to the company. Prior to Flexion, he was Chief Financial Officer at Novavax, Inc., a publicly traded biopharmaceutical company, from 2009 to 2013. From 2008 to 2009, Mr. Driscoll served as Chief Executive Officer of Genelabs Technologies, Inc., a publicly traded biopharmaceutical and diagnostics company later acquired by GlaxoSmithKline. He previously served as Genelabs' Chief Financial Officer from 2007 to 2008. From 2000 to 2006, Mr. Driscoll served as Chief Executive Officer at OXiGENE, Inc., a biopharmaceutical company. Mr. Driscoll has also served as Chairman of the Board and Audit Committee Chair at OXiGENE and as a member of the Audit Committee for Cynapsus Therapeutics, Inc., which was sold to Sunovion Pharmaceuticals in 2016. Mr. Driscoll earned a Bachelor's degree in accounting and finance from Bentley University. We believe that Mr. Driscoll is qualified to serve as a member of our board of directors because of his extensive experience and knowledge in the healthcare industry and his significant financial and accounting background.

John C. Thomas, Jr. has served as a member of our board of directors since April 2014. Since 2001, Mr. Thomas has served as Chief Financial Officer and Secretary, and from 2001 to 2016 as a director of CorMatrix Cardiovascular, a privately held medical device company. He has also served as Chief Financial Officer, Secretary, and Director of Motion Reality, Inc., a motion capture and simulation company, since 1991. Since 2012, Mr. Thomas has been serving as a director of Novelion Therapeutics, Inc. (formerly QLT, Inc.), a public company focused on rare diseases and is the chairperson of their Audit and Risk Committee and Nominating and Governance Committee. During the

past ten years, Mr. Thomas served as acting Chief Financial Officer for DemeRx, Inc., MRI Interventions, Inc., MiMedx Group, Inc., and DARA BioSciences and as a

-10-

Table of Contents

director of MRI Interventions, Inc. Between 1999 and 2012, Mr. Thomas served as a Trustee and subsequently the Chairman of the Finance Committee of The Walker School, a private school. Mr. Thomas is a Certified Public Accountant and graduated from the University of Virginia, McIntire School of Commerce. We believe that Mr. Thomas is qualified to serve on our board of directors due to his significant financial and accounting knowledge and experience serving on boards of directors of public companies.

Controlled Company Exemption

Patrick Soon-Shiong, M.D., our Chairman and Chief Executive Officer, and entities affiliated with him control a significant majority of our common stock. As a result, we are a controlled company within the meaning of the NASDAQ corporate governance standards. Under the NASDAQ corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance standards, including (1) the requirement that a majority of our board of directors consist of independent directors and (2) the requirement that we have a nominating and corporate governance committee. Our board of directors has determined that each of Messrs. Blaszyk, Driscoll, and Thomas, representing three of our six directors, is independent as that term is defined under the rules of NASDAQ. In addition, in reliance upon the controlled company exemption, we have elected not to have a nominating and corporate governance committee.

These exemptions do not modify the independence requirements for our audit committee, and we satisfy the member independence requirement for the audit committee under the NASDAQ corporate governance standards and SEC rules and regulations. Audit committee members must also satisfy separate independence criteria set forth in Rule 10A-3, under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the rules of NASDAQ, a director will only qualify as an independent director if, among other things, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Director Independence

To be considered independent for purposes of Rule 10A-3 and under the rules of NASDAQ, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors undertook a review of the independence of our directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that each of Messrs. Blaszyk, Driscoll, and Thomas, representing three of our six directors, is independent as that term is defined under the rules of NASDAQ.

In making these determinations, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances our board of directors deemed relevant in determining their independence, including consulting relationships, family relationships and the beneficial ownership of our capital stock by each non-employee director.

There are no family relationships among any of our directors or executive officers.

Role of Board in Risk Oversight Process

One of the key functions of our board of directors is informed oversight of our risk management process. Our board of directors does not have a standing risk management committee, but rather administers this oversight

-11-

Table of Contents

function directly through the board of directors as a whole, as well as through its standing committees that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure. Our audit committee is responsible for reviewing and discussing our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies with respect to risk assessment and risk management. Our audit committee also monitors compliance with legal and regulatory requirements and reviews related party transactions, in addition to oversight of the performance of our external audit function. Our board of directors monitors the effectiveness of our corporate governance guidelines. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. The board believes its leadership structure is consistent with and supports the administration of its risk oversight function.

Board Meetings and Committees

During our fiscal year ended December 31, 2017, our board of directors held seven (7) meetings (including regularly scheduled and special meetings), and each director attended at least 75% of the aggregate of (i) the total number of meetings of our board of directors held during the period for which he has been a director and (ii) the total number of meetings held by all committees of our board of directors on which he served during the periods that he served.

Although we do not have a formal policy regarding attendance by members of our board of directors at annual meetings of stockholders, we encourage, but do not require, our directors to attend.

Our board of directors has an audit committee and a compensation committee, each of which has the composition and the responsibilities described below. As a controlled company within the meaning of the NASDAQ corporate governance rules, we have elected not to have a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors is described below.

Audit Committee

The members of our audit committee are Michael D. Blaszyk, Frederick W. Driscoll, and John C. Thomas, Jr. Mr. Thomas serves as the chairperson of our audit committee. Our board of directors has determined that each of the members of our audit committee is an independent director under the NASDAQ listing rules, satisfies the additional independence criteria for audit committee members and satisfies the requirements for financial literacy under the NASDAQ listing rules and Rule 10A-3 of the Exchange Act, as applicable. Our board has also determined that Mr. Thomas qualifies as an audit committee financial expert within the meaning of the applicable rules and regulations of the SEC and satisfies the financial sophistication requirements of the NASDAQ listing rules.

Our audit committee oversees our corporate accounting and financial reporting process and assists our board of directors in monitoring our financial systems and our legal and regulatory compliance. Our audit committee also:

oversees the work of our independent auditors;

approves the hiring, discharging and compensation of our independent auditors;

approves engagements of the independent auditors to render any audit or permissible non-audit services;

reviews the qualifications, independence and performance of the independent auditors;

reviews our financial statements and our critical accounting policies and estimates;

-12-

Table of Contents

reviews the adequacy and effectiveness of our internal controls;

reviews our policies with respect to risk assessment and risk management;

reviews and monitors our policies and procedures relating to related person transactions; and

reviews and discusses with management and the independent auditors the results of our annual audit, our quarterly financial statements and our publicly filed reports.

Our audit committee operates under a written charter approved by our board of directors and that satisfies the applicable rules and regulations of the SEC and the listing requirements of NASDAQ. The charter is available on our website, www.nantkwest.com, under the Investors tab under Corporate Governance. Our audit committee held six (6) meetings during 2017.

Compensation Committee

The members of our compensation committee are Michael D. Blaszyk and Frederick W. Driscoll. John T. Potts, Jr. M.D also served on our compensation committee until his resignation in April 2018. Mr. Blaszyk serves as the chairperson of our compensation committee. Our board of directors has determined that each member of our compensation committee is an independent director under the current rules of NASDAQ, satisfies the additional independence criteria for compensation committee members under Rule 10C-1 and the NASDAQ listing rules, is a non-employee director within the meaning of Rule 16b-3 under the Exchange Act, and is an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Our compensation committee oversees our corporate compensation programs. The compensation committee also:

reviews and recommends for approval by the members of our board of directors policies, plans and arrangements relating to compensation and benefits of our officers and employees;

reviews and recommends for approval by the members of our board of directors corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers;

evaluates the performance of our executive officers in light of established goals and objectives;

recommends compensation of our executive officers based on its evaluations;

reviews and discusses with management the compensation discussion and analysis required by SEC rules;

engages a compensation consultant, legal counsel or other advisors (other than in-house counsel) to advise on executive compensation and assess the independence of each in accordance with NASDAQ; and

evaluates whether any compensation consultant, legal counsel or other advisor (other than in-house legal counsel) has a conflict of interest in accordance with the SEC rules.

Our compensation committee operates under a written charter approved by our board of directors and that satisfies the applicable rules and regulations of the SEC and the listing requirements of NASDAQ. The charter is available on our website, www.nantkwest.com, under the Investors tab under Corporate Governance. Our compensation committee held four (4) meetings during 2017.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the compensation committee, or other board committee performing equivalent functions (or in the absence of any such committee, the entire board of directors) or director of any entity that has one or more executive officers

Table of Contents

serving on our compensation committee or our board of directors. None of the members of our compensation committee during the last fiscal year, which included Michael D. Blaszyk, Frederick W. Driscoll, John T. Potts, Jr. M.D, and Richard Kusserow, is or has been an officer or employee of the Company.

Considerations in Evaluating Director Nominees

As a controlled company within the meaning of the NASDAQ corporate governance rules, we have elected not to have a nominating and corporate governance committee. Instead, the board of directors is responsible for identifying, evaluating and selecting director nominees for the Company. As described above, under the terms of the letter agreement with Cambridge Equities, LP, or Cambridge, dated June 18, 2015, or the Cambridge Nominating Agreement, Cambridge has the right to designate an individual to be nominated and recommended for election by our board of directors. Additionally, under the terms of Dr. Simon's employment agreement with the Company, the board of directors is also obligated to nominate and recommend Dr. Simon for election to our board of directors for so long as he is employed by the Company.

In its evaluation of director candidates, including the members of the board of directors eligible for reelection, our board of directors considers the following:

the current size and composition of our board of directors and the needs of the board and its respective committees;

factors such as character, integrity, judgment, diversity of experience, independence, area of expertise, corporate experience, length of service, potential conflicts of interest, other commitments, and other similar factors; and

other factors that our board of directors may consider appropriate.

The board of directors also focuses on issues of diversity, such as diversity in experience, international perspective, background, expertise, skills, age, gender, and ethnicity. The board of directors does not have a formal policy with respect to diversity; however, our board of directors believes that it is essential that members of our board of directors represent diverse viewpoints. Any nominee for a position on the board of directors must satisfy the following minimum qualifications:

the highest personal and professional ethics and integrity;

proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;

skills that are complementary to those of the existing board;

the ability to assist and support management and make significant contributions to the Company's success;
and

an understanding of the fiduciary responsibilities required of a member of the board and the commitment of time and energy necessary to diligently carry out those responsibilities.

If our board of directors determines that an additional or replacement director is required, the board of directors may take such measures as it considers appropriate in connection with its evaluation of a director candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination, engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the board, or management.

Our board of directors has discretion to decide which individuals to recommend for nomination as directors and the final authority in determining the selection of director candidates for nomination to our board. After completing its review and evaluation of director candidates, our board of directors unanimously recommends all six (6) of the director nominees for election named in this proxy statement.

Table of Contents

Stockholder Recommendations for Nominations to Our Board of Directors

It is the policy of our board of directors to consider recommendations for candidates to our board of directors from our stockholders. A stockholder that wishes to recommend a candidate for consideration by the committee as a potential candidate for director must direct the recommendation in writing to NantKwest, Inc., 9920 Jefferson Boulevard, Culver City, California 90232, Attention: Corporate Secretary, and must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, class and number of shares of our capital stock that are held by the nominee, a signed letter from the candidate confirming willingness to serve, information regarding any relationships between us and the candidate and evidence of the recommending stockholder's ownership of our stock. Such recommendation must also include a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for board membership, including issues of character, integrity, judgment, and diversity of experience, independence, area of expertise, corporate experience, potential conflicts of interest, other commitments and the like and personal references. Our board of directors will consider the recommendation but will not be obligated to take any further action with respect to the recommendation.

Communications with the Board of Directors

In cases where stockholders or other interested parties wish to communicate directly with our non-management directors, messages can be sent to NantKwest, Inc., 9920 Jefferson Boulevard, Culver City, California 90232, Attention: Corporate Secretary. Our corporate secretary monitors these communications and will forward to our designated legal counsel to provide a summary of all received messages to the board at each regularly scheduled meeting. Our board typically meets on a quarterly basis. Where the nature of a communication warrants, our designated legal counsel, may determine, in his or her judgment, to obtain the more immediate attention of the appropriate committee of the board or non-management director, of independent advisors or of our management, as our designated legal counsel considers appropriate.

Our designated legal counsel may decide in the exercise of his or her judgment whether a response to any stockholder or interested party communication is necessary.

This procedure for stockholder and other interested party communications with the non-management directors is administered by our board of directors. This procedure does not apply to (a) communications to non-management directors from our officers or directors who are stockholders, (b) stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act, or (c) communications to the audit committee pursuant to our procedures for complains regarding accounting and auditing matters.

Code of Business Conduct and Ethics

Our board of directors has adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and agents and representatives, including consultants. A copy of the code of business conduct is available on our website, www.nantkwest.com, under the Investors tab under Corporate Governance. If we make any substantive amendments to, or grant any waivers from, the code of business conduct and ethics for any officer or director, we will disclose the nature of such amendment or waiver on our website.

Director Compensation

Following our initial public offering and through June 7, 2017, we paid non-employee directors \$60,000 per year payable quarterly.

On May 4, 2017, the compensation committee of our board of directors approved, based on the recommendation of our compensation consultant Mercer, amendments to the compensation for our

Table of Contents

non-employee directors, all to be effective from and after our 2017 annual stockholders' meeting on June 9, 2017. Under the amendments, cash compensation is \$50,000 annually for each board member, plus annual committee membership fees of \$10,000 for the audit committee and \$7,500 for other committees. Also, the committee chairs receive an additional \$10,000 for the audit committee and \$7,500 for other committees on an annual basis.

From time to time, we have granted stock options and restricted stock unit awards to our non-employee directors for their service on our board of directors. We also reimburse our directors for expenses associated with attending meetings of our board of directors and committees of our board of directors. Directors who are also our employees receive no additional compensation for their service as a director.

Our 2015 Equity Incentive Plan, or the 2015 Plan, provides that in the event of a merger or change in control, as defined in our 2015 Plan, each outstanding equity award granted under our 2015 Plan that is held by a non-employee director will fully vest, all restrictions on the shares subject to such award will lapse, and with respect to awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels, and all of the shares subject to such award will become fully exercisable, if applicable.

Director Compensation Table

The following table sets forth information regarding compensation earned or paid to our directors during the year ended December 31, 2017.

Name	Fees or Compensations Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	All Other Compensation (\$)	Total (\$)
Michael D. Blaszyk(2)	68,365	100,000		168,365
Richard Kusserow(3)	45,106			45,106
John T. Potts, Jr. M.D.(4)	58,605	100,000		158,605
John C. Thomas, Jr.(5)	65,576	100,000		165,576
Steve Gorlin(6)			180,000	180,000
Frederick W. Driscoll(7)	18,328	324,995		343,323

- (1) Amounts represent the aggregate grant date fair value of the restricted stock unit awards calculated in accordance with Financial Accounting Standards Board ASC Topic 718, Stock Compensation, without regard to estimated forfeitures. See Note 12 of the notes to our audited consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2017 for a discussion of valuation assumptions made in determining the grant date fair value and compensation expense of our restricted stock unit awards.
- (2) Mr. Blaszyk had no options to purchase shares of our common stock outstanding and 48,753 restricted stock units outstanding as of December 31, 2017.
- (3) Mr. Kusserow resigned from our board of directors in September 2017. Mr. Kusserow had no options to purchase shares of our common stock outstanding and no restricted stock units outstanding as of December 31, 2017.
- (4) Dr. Potts resigned from our board of directors in April 2018. Dr. Potts had options to purchase 134,800 shares of our common stock outstanding and 23,753 restricted stock units outstanding as of December 31, 2017.
- (5) Mr. Thomas had no options to purchase shares of our common stock outstanding and 23,753 restricted stock units outstanding as of December 31, 2017.

- (6) Mr. Gorlin received compensation as an employee of the Company during the year ended December 31, 2017, and Mr. Gorlin did not receive any additional compensation for his service as a member of our board of directors. Mr. Gorlin had options to purchase 635,682 shares of our common stock outstanding and no restricted stock units outstanding as of December 31, 2017.
- (7) Mr. Driscoll joined our board of directors in September 2017. Mr. Driscoll had no options to purchase shares of our common stock outstanding and 54,621 restricted stock units outstanding as of December 31, 2017.

-16-

Table of Contents

PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

Our board of directors is currently composed of six (6) directors. At the annual meeting, six (6) directors will be elected to our board of directors by the holders of our common stock to serve for a one-year term expiring at the 2019 annual meeting of stockholders. Each director's term continues until the election and qualification of his or her successor, or such director's earlier death, resignation or removal.

As a controlled company within the meaning of the NASDAQ corporate governance rule, we have elected not to have a nominating and corporate governance committee. Instead, the board of directors is responsible for identifying, evaluating and selecting director nominees for the Company. As described above, under the terms of the letter agreement with Cambridge Equities, LP, dated June 18, 2015, or the Cambridge Nominating Agreement, Cambridge has the right to designate an individual to be nominated and recommended for election by our board of directors. Additionally, under the terms of Dr. Simon's employment agreement with the Company, the board is also obligated to nominate and recommend Dr. Simon for election to our board of directors for so long as he is employed by the Company.

Nominees for Director

Our board of directors has nominated, Patrick Soon-Shiong, M.D., Barry J. Simon, M.D., Steve Gorlin, Michael D. Blaszyk, Frederick W. Driscoll, and John C. Thomas, Jr., each a current director, as nominees for reelection to our board of directors at the annual meeting. If elected, each of the aforementioned nominees will serve as a director until the 2019 annual meeting and until his respective successor is duly elected and qualified. For more information concerning the nominees, please see the section entitled *Board of Directors and Corporate Governance*.

Drs. Soon-Shiong and Simon and Messrs. Gorlin, Blaszyk, Driscoll, and Thomas have each agreed to serve, if elected, and management has no reason to believe that they will be unavailable to serve. In the event a nominee is unable or declines to serve as a director at the time of the annual meeting, proxies will be voted for any nominee who may be designated by the present board of directors to fill the vacancy.

Required Vote

The directors elected to the board of directors will be elected by a plurality of the voting power of shares present in person or represented by proxy and entitled to vote on the election of directors. In other words, the six nominees receiving the highest number of FOR votes will be elected as directors. Shares represented by executed proxies will be voted, if authority to do so is not expressly withheld, for the election of Patrick Soon-Shiong, M.D., Barry J. Simon, M.D., Steve Gorlin, Michael D. Blaszyk, Frederick W. Driscoll, and John C. Thomas, Jr. Broker non-votes will have no effect on this proposal.

Board Recommendation

Our board of directors recommends a vote FOR the election of each of the six (6) nominees to the board of directors.

Table of Contents

PROPOSAL NUMBER 2

RATIFICATION OF APPOINTMENT OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

On August 24, 2016, the Audit Committee approved the dismissal of Mayer Hoffman McCann, P.C., or Mayer Hoffman, as the Company's independent registered public accounting firm. Also on August 24, 2016, the Company engaged Ernst & Young LLP, or Ernst & Young, as the Company's independent registered public accounting firm to (i) review the Company's financial statements for the quarter ending September 30, 2016 and (ii) audit the Company's financial statements for its fiscal year ending December 31, 2016. The audit committee participated in and approved the decision to engage Ernst & Young.

The audit reports of Mayer Hoffman on the Company's financial statements as of and for the years ended December 31, 2015 and 2014 did not contain an adverse opinion or a disclaimer of opinion, nor were they modified or qualified as to uncertainty, audit scope, or accounting principles.

During the Company's fiscal years ended December 31, 2015 and 2014 and any subsequent interim period preceding the dismissal of Mayer Hoffman, there were no disagreements with Mayer Hoffman on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Mayer Hoffman, would have caused Mayer Hoffman to make reference to the subject matter of the disagreements in connection with its report.

There were no reportable events (as that term is described in Item 304(a)(1)(v) of Regulation S-K) during the fiscal years ended December 31, 2015 and 2014, or during the subsequent interim period through August 24, 2016, except for the existence of a material weakness in internal control over financial reporting as of December 31, 2015, which was remediated on December 31, 2016.

During the fiscal years ended December 31, 2015 and 2014 and through August 24, 2016, neither the Company nor anyone acting on its behalf consulted with Ernst & Young regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report was provided to the Company nor oral advice was provided that Ernst & Young concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue or (ii) any matter that was either the subject of a disagreement (as that term is described in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as that term is described in Item 304(a)(1)(v) of Regulation S-K).

At the Annual Meeting, stockholders are being asked to ratify the appointment of Ernst & Young as our independent registered public accounting firm for our fiscal year ending December 31, 2018. Stockholder ratification of the appointment of Ernst & Young is not required by our bylaws or other applicable legal requirements. However, our audit committee is submitting the appointment of Ernst & Young to our stockholders because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate governance. If the appointment is not ratified by our stockholders, our audit committee may reconsider whether it should appoint another independent registered public accounting firm. A representative of Ernst & Young is expected to attend the annual meeting, where he or she will be available to respond to appropriate questions and, if he or she desires, to make a statement.

Table of Contents**Fees Paid to the Independent Registered Public Accounting Firm**

The following table represents aggregate fees for services provided to us in the fiscal year ended December 31, 2017 and 2016 by Ernst & Young, our independent registered public accounting firm for the years ended December 31, 2017 and 2016. All fees paid to the independent registered public accounting firm were pre-approved by the audit committee:

	Fiscal Year Ended	
	2017	2016
Audit Fees(1)	\$ 844,178	\$ 667,777
Tax Fees(2)	166,054	579,329
Other Fees(3)		67,132
Total Fees	\$ 1,010,232	\$ 1,314,238

- (1) \$844,178 of audit fees of the fiscal year 2017 consist of fees incurred for professional services by Ernst & Young for audit and quarterly reviews of our financial statements and related services that are normally provided in connection with statutory and regulatory filings or engagements.

\$667,777 of audit fees of the fiscal year 2016 consist of fees incurred for professional services by Ernst & Young for audit and quarterly reviews of our financial statements and related services that are normally provided in connection with statutory and regulatory filings or engagements.

- (2) Tax fees consist of various permissible tax compliance and tax advisory service fees by Ernst & Young for fiscal years 2017 and 2016.
- (3) There were no other fees for fiscal year 2017. Other fees of \$67,132 by Ernst & Young for fiscal year 2016 were incurred prior to August 24, 2016. Fees related to assistance with general financial advisory services with respect to comparisons to other public companies, insights on general practices and on accounting policy consistency within the organization. The Company did not consult with Ernst & Young regarding (a) the application of accounting principles to a specified transaction, either completed or proposed; (b) the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report was provided to the Company or oral advice was provided that Ernst & Young concluded was an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issue; or (c) any matter that was the subject of a disagreement or reportable event as defined in Items 304(a)(1)(iv) and (v), respectively, of Regulation S-K.

Auditor Independence

In 2017 and 2016, there were no other professional services provided by Ernst & Young that would have required our audit committee to consider their compatibility with maintaining the independence of Ernst & Young.

Pre-Approval Policy

Our audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent accountants. These services may include audit services, audit-related services, tax services and other services. Our audit committee generally pre-approves particular services or categories of services on a case-by-case basis. The independent registered public accounting firm and management are required to periodically report to our audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with these pre-approvals, and the fees for the services performed to date. All of the services of Ernst & Young for 2017 and 2016 described above were pre-approved by our audit committee.

Table of Contents

Required Vote

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2018 requires the affirmative **FOR** vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the proposal. You may vote **FOR**, **AGAINST**, or **ABSTAIN** on this proposal. Abstentions have the same effect as a vote against the proposal. Broker non-votes will not affect the outcome of voting on this proposal.

Board Recommendation

Our board of directors recommends a vote **FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2018.**

Report of the Audit Committee

The audit committee is a committee of the board of directors comprised solely of independent directors as required by the NASDAQ listing standards and rules and regulations of the SEC. The audit committee operates under a written charter approved by our board of directors, which is available on our corporate web site at www.nantkwest.com. The composition of the audit committee, the attributes of its members and the responsibilities of the audit committee, as reflected in its charter, are intended to be in accordance with applicable requirements for corporate audit committees. The audit committee reviews and assesses the adequacy of its charter and the audit committee's performance on an annual basis.

With respect to NantKwest's financial reporting process, NantKwest's management is responsible for (1) establishing and maintaining internal controls and (2) preparing NantKwest's consolidated financial statements. NantKwest's independent registered public accounting firm, Ernst & Young LLP, or Ernst & Young, is responsible for performing an independent audit of NantKwest's consolidated financial statements in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), or PCAOB, and to issue a report thereon. It is the responsibility of the audit committee to oversee these activities. It is not the responsibility of the audit committee to prepare NantKwest's financial statements. These are the fundamental responsibilities of management. In the performance of its oversight function, the audit committee has:

reviewed and discussed the audited financial statements for fiscal year 2017 with management of NantKwest;

discussed with Ernst & Young, NantKwest's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees*, as adopted by the PCAOB;

received the written disclosures and the letters from Ernst & Young, as required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the audit committee concerning independence, and has discussed with Ernst & Young that firm's independence.

Based on the audit committee's review of the audited financial statements and the various discussions with management and Ernst & Young, the audit committee recommended to the board of directors that the audited

financial statements be included in our annual report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC. The audit committee has also appointed Ernst & Young as the company's independent registered public accounting firm for the year ending December 31, 2018.

The Audit Committee

John C. Thomas, Jr. (Chair)

Michael D. Blaszyk

Frederick W. Driscoll

-20-

Table of Contents

This report of the audit committee shall not be deemed to be soliciting material or to be filed with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Exchange Act, and shall not be deemed incorporated by reference into any prior or subsequent filing by NantKwest under the Securities Act of 1933, as amended, or the Securities Act, or the Exchange Act, except to the extent NantKwest specifically requests that the information be treated as soliciting material or specifically incorporates it by reference.

Table of Contents**EXECUTIVE OFFICERS**

The names of our executive officers and key employees, their ages, their positions with the Company and other biographical information as of April 17, 2018 are set forth below. There are no family relationships among any of our directors or executive officers.

Name	Age	Position
Patrick Soon-Shiong, M.D., FRCS (C), FACS	65	Chairman of the Board and Chief Executive Officer
Barry J. Simon, M.D.	53	President, Chief Administrative Officer and Director
Richard J. Tajak	65	Chief Financial Officer
Sonja Nelson	45	Chief Accounting Officer
<i>Patrick Soon-Shiong, M.D., FRSC (C), FACS.</i> Please see the biographical information above in the section entitled Board of Directors and Corporate Governance Nominees for Director.		

Barry J. Simon, M.D. Please see the biographical information above in the section entitled Board of Directors and Corporate Governance Nominees for Director.

Richard J. Tajak. Richard J. Tajak has served as our Chief Financial Officer since January 2016. Mr. Tajak has served as Chief Financial Officer of NantPharma, LLC, a specialty pharmaceutical company and wholly-owned subsidiary of NantWorks, LLC, since January 2014 and as Chief Operating Officer since June 2014. Prior to that, from July 2011 to December 2013, Mr. Tajak served as Chief Financial Officer of NantWorks, LLC. Prior to NantWorks, LLC, Mr. Tajak served as Executive Vice President and Chief Financial Officer of APP Pharmaceuticals, Inc., a \$1 billion generic pharmaceutical company, from April 2008 to June 2011 after having joined the company as Senior Vice President, Finance in March 2008. Prior to that, he was Senior Vice President, Finance for the \$1.5 billion North American division of Astellas Pharmaceuticals, Inc. His earlier career was at Fujisawa Healthcare/USA and Lyphomed, Inc., where he had increasing levels of responsibility in the areas of accounting, finance, SEC reporting, audit, tax, and corporate operations. Mr. Tajak holds a Bachelor's degree in Finance and a Masters of Business Administration from the University of Notre Dame, and is a Certified Public Accountant.

Sonja Nelson. Ms. Nelson was appointed as our Chief Accounting Officer in May 2016 and has served as our VP/Corporate Controller since November 2015. Prior to joining the Company, Ms. Nelson was Vice President and Corporate Controller at AltheaDx, Inc., a molecular diagnostics company and was hired to prepare the company for an IPO, from July 2014 through October 2015. Previously, Ms. Nelson was Senior Director and Controller at Cadence Pharmaceuticals, Inc. from May 2012 through June 2014. Prior to that, Ms. Nelson was Director, General Accounting at Cricket Communications, Inc., a \$3 billion wireless services provider, from September 2008 through May 2012. Ms. Nelson started out her career with KPMG LLP, holds a Bachelor's degree in accounting and taxation from the University of Applied Sciences in Pforzheim, Germany, and is a Certified Public Accountant.

Table of Contents**EXECUTIVE COMPENSATION****Processes and Procedures for Executive Compensation**

Our compensation committee assists the board in discharging the board's responsibilities relating to oversight of the compensation of our chief executive officer and our other executive officers, including reviewing and making recommendations to the board with respect to the compensation, plans, policies and programs for our chief executive officer and our other executive officers and administering our equity compensation plans for our executive officers and employees.

Our compensation committee annually reviews the compensation, plans, policies and programs for our chief executive officer and our other executive officers. In connection therewith, our compensation committee considers, among other things, each executive officer's performance in light of established individual and corporate goals and objectives and the recommendations of our chief executive officer. In particular, our compensation committee considers the recommendations of our chief executive officer when reviewing base salary and incentive performance compensation levels of our executive officers and when setting specific individual and corporate performance targets under our annual incentive bonus plan for our executive officers. Our chief executive officer has no input and is not present during voting or deliberations about his compensation. Our compensation committee may delegate its authority to a subcommittee, but it may not delegate any power or authority required by agreement, law, regulation or listing standard to be exercised by the compensation committee as a whole.

Summary Compensation Table

The following table provides information regarding the compensation of our chief executive officer, and each of the next two most highly compensated executive officers during 2017, together referred to as our named executive officers, for 2017 and 2016, as applicable.

Name and Principal Position	Year	All Other			Total
		Salary	Bonus	Compensation	
		(\$)	\$(2)	(\$)	(\$)
Patrick Soon-Shiong, M.D., FRCS (C), FACS	2017	636,000			636,000
Chairman and Chief Executive Officer	2016	602,308			602,308
Barry J. Simon, M.D.	2017	443,822			443,822
President and Chief Administrative Officer	2016	420,311			420,311
Richard Tajak(1)	2017	288,636			288,636
Chief Financial Officer					

- (1) Represents amounts paid to NantWorks, LLC, for services provided by Richard Tajak pursuant to the Shared Services Agreement with NantWorks. See *Executive Employment Agreements and Arrangements* Richard Tajak. Mr. Tajak was not a named executive officer prior to 2017.
- (2) The amount of bonus earned in 2017 is not calculable through April 24, 2018, and the amount of bonus, if any, is expected to be determined by May 31, 2018. Once such bonuses, if any, are determined, such amounts will be disclosed in a filing under Item 5.02(f) of Form 8-K. Drs. Soon-Shiong and Simon both declined to accept a bonus for 2016.

Equity Awards to Named Executive Officers

In connection with the commencement of Dr. Soon-Shiong's employment with us and his appointment as our Chairman and Chief Executive Officer in March 2015, and consistent with the terms of his executive employment agreement, our board of directors granted Dr. Soon-Shiong an option to purchase 1,851,500 shares of our common stock at an exercise price of \$2.20 per share pursuant to the terms of our 2014 Equity Incentive Plan, or the 2014 Plan. The shares subject to the option vest in equal monthly installments over a period of four (4) years from the date of the grant, and subject to the terms of Dr. Soon-Shiong's executive employment

-23-

Table of Contents

agreement. See *Executive Employment Agreements Patrick Soon-Shiong* for further description of the terms of Dr. Soon-Shiong's executive employment agreement.

IPO Equity Awards

In connection with the completion of our initial public offering, on July 27, 2015, our board of directors granted options to purchase shares of our common stock and restricted stock units representing the right to acquire shares of our common stock to each restricted stock unit that becomes vested to Drs. Soon-Shiong and Simon, pursuant to the terms of their respective executive employment agreements. Dr. Soon-Shiong was granted an option to purchase 900,000 shares of our common stock at an exercise price of \$25.00 per share and 600,000 restricted stock units. Dr. Simon was granted an option to purchase 555,450 shares of our common stock at an exercise price of \$25.00 per share and 370,300 restricted stock units. 50% of the shares underlying each of the aforementioned equity awards were vested as of the grant date and the remaining 50% vested on July 27, 2016 and are subject to the terms of our 2015 Equity Incentive Plan, or the 2015 Plan. In connection with their respective equity grants, each of Drs. Soon-Shiong and Simon entered into a standard form of option agreement and restricted stock unit agreement under our 2015 Plan.

Executive Employment Agreements and Arrangements

Patrick Soon-Shiong

In July 2015, we entered into an amended and restated executive employment agreement with Dr. Soon-Shiong pursuant to which he agreed to continue to serve as our Chief Executive Officer and Chairman of the board of directors in consideration for an annual base salary of initially \$1.00 and eligibility to participate in any benefit programs and receive any perquisites and other benefits that we make available to our senior executives. Dr. Soon-Shiong's current annual base salary is \$636,000. Dr. Soon-Shiong's employment agreement is for no particular term and provides for at will employment, provided that, if we terminate Dr. Soon-Shiong without cause (as such term is defined in Dr. Soon-Shiong's employment agreement), we must provide him with sixty (60) days' notice.

Pursuant to Dr. Soon-Shiong's employment agreement and in consideration of Dr. Soon-Shiong's appointment as Chief Executive Officer, on March 24, 2015, we granted to Dr. Soon-Shiong the following equity awards:

An option to purchase 1,851,500 shares of our common stock at an exercise price of \$2.20 per share pursuant to the terms of the Company's 2014 Equity Incentive Plan and an option agreement between us and Dr. Soon-Shiong. Dr. Soon-Shiong's option vests in equal monthly installments over a period of four (4) years from the date of grant. If we experience a change in control, as defined in Dr. Soon-Shiong's employment agreement, and Dr. Soon-Shiong remains our employee through such date, the option will fully vest and become exercisable.

A warrant to purchase up to 17,589,250 shares of the Company's common stock at an exercise price of \$2.00 was issued to Dr. Soon-Shiong on March 24, 2015. The warrant will vest as follows: (i) 7,406,000 shares will vest monthly over a period of 40 months beginning April 1, 2015; and (ii) up to 10,183,250 shares will vest based upon achievement of certain strategic, manufacturing, clinical development and regulatory milestones.

In addition, under the terms of Dr. Soon-Shiong's employment agreement, in connection with the completion of our initial public offering, on July 27, 2015, we granted to Dr. Soon-Shiong the following equity awards, pursuant to the

terms and conditions of our 2015 Equity Incentive Plan:

An option to purchase 900,000 shares of our common stock with an exercise price of \$25.00 per share; and

A grant of 600,000 restricted stock units representing the right to receive one share of our common stock for each restricted stock unit that becomes vested.

-24-

Table of Contents

50% of the shares underlying each of the aforementioned equity awards were vested as of the grant date and the remaining 50% vested July 27, 2016.

Pursuant to Dr. Soon-Shiong's employment agreement, if we terminate the employment of Dr. Soon-Shiong without cause or Dr. Soon-Shiong resigns for good reason (as such terms are defined in Dr. Soon-Shiong's employment agreement), all of Dr. Soon-Shiong's then-outstanding stock options and other equity awards, including the warrant discussed above, will fully vest and become exercisable, notwithstanding any time-based or milestone-based conditions or restrictions.

In the event any payment to Dr. Soon-Shiong would be subject to the excise tax imposed by Section 4999 of the Code (as a result of a payment being classified as a parachute payment under Section 280G of the Code), Dr. Soon-Shiong will receive a cash gross up payment from us.

Barry J. Simon

On January 1, 2015, we entered into an executive employment agreement with Dr. Simon pursuant to which he agreed to continue to serve as our President and Chief Executive Officer and as a member of our board of directors in consideration for an annual base salary of \$395,000, subject to increases of at least 6% annually, eligibility to receive an annual performance bonus with the target amount determined as 45% of Dr. Simon's annual base salary, and eligibility to participate in any benefit programs and receive any perquisites and other benefits that we make available to our senior executives. Dr. Simon's current annual base salary is \$443,822. Dr. Simon's employment agreement is for no particular term and provides for at will employment, subject to certain severance provisions as described below.

Dr. Simon's employment agreement provides that we shall reimburse him for all reasonable travel, entertainment and other expenses incurred or paid by him in connection to his duties to us in accordance with our standard policies and procedures, provided that he will be entitled to reimbursement for business class airfare on domestic flights exceeding three (3) hours and first class airfare on all foreign flights. Dr. Simon is also entitled to piggyback registration rights in connection with any subsequent public offering or secondary offering of our common stock.

Under the terms of Dr. Simon's employment agreement, in connection with the completion of our initial public offering, on July 27, 2015, we granted to Dr. Simon the following equity awards, pursuant to the terms and conditions of our 2015 Equity Incentive Plan:

An option to purchase 555,450 shares of our common stock at an exercise price of \$25.00 per share; and

A grant of 370,300 restricted stock units representing the right to receive one share of our common stock for each restricted stock unit that becomes vested.

50% of the shares underlying each of the aforementioned equity awards were vested as of the grant date and the remaining 50% vested on July 27, 2016.

Dr. Simon's employment agreement provides that, beginning in 2016, Dr. Simon is eligible to receive additional annual equity grants as determined by our board of directors or its compensation committee. The annual equity grants to Dr. Simon will have a target value as of the grant date such that the sum of the aggregate target value of such annual equity grants, plus the value of Dr. Simon's base salary and annual bonus at target, result in a total direct annual compensation opportunity for Dr. Simon of no less than \$1,200,000 per year.

Table of Contents

Dr. Simon's employment agreement provides that, so long as Dr. Simon remains our employee, he will serve as a member of our board of directors for so long as our common stock is not publicly traded, and, following the date our common stock became publicly traded, subject to any requirements of applicable law, Dr. Simon will be nominated to be a member of our board of directors at each annual stockholder meeting by our board of directors. If Dr. Simon's employment with us is terminated for any reason, his membership on our board of directors will also terminate, unless otherwise agreed in writing by us and Dr. Simon.

Pursuant to Dr. Simon's employment agreement, if we terminate the employment of Dr. Simon other than for death, disability, or cause or Dr. Simon resigns for good reason (as such terms are defined in Dr. Simon's employment agreement), and, within 60 days following his termination, Dr. Simon executes a release of claims in our favor and a mutual non-disparagement agreement with a three (3) year term, Dr. Simon is entitled to receive (i) any unpaid annual bonus with respect to the calendar year ending on or preceding the date of termination, which will be payable at the time such bonuses would have been paid if Dr. Simon were still employed with us, (ii) a lump sum payment equal to two (2) times the sum of (A) Dr. Simon's base salary as in effect on the date of termination, plus (B) the highest of (x) Dr. Simon's annual bonus paid for the year preceding the year of termination, (y) Dr. Simon's annual bonus paid at target for the year in which the termination occurs, and (z) Dr. Simon's base salary in effect at the time of termination, (iii) reimbursement of premiums to maintain group health insurance continuation benefits pursuant to COBRA for Dr. Simon and his respective dependents for up to eighteen (18) months, (iv) with respect to Dr. Simon's stock option to purchase 370,300 shares of our common stock granted on December 18, 2014, or the Existing Equity Award, all shares subject to the Existing Equity Award will fully vest and become exercisable, and the Existing Equity Award will remain outstanding and exercisable (to the extent not already exercised) for a period of three (3) years measured from the date of Dr. Simon's termination of employment, and (v) with respect to all equity awards granted to Dr. Simon following January 1, 2015, including the equity awards granted in connection with our initial public offering, Dr. Simon (A) will receive twenty-four (24) months of vesting acceleration on the time-based vesting component of such equity awards, (B) will be eligible to vest with respect to any performance-based component of such awards if the performance criteria are satisfied within twenty-four (24) months following Dr. Simon's termination of employment, and (C) such equity awards will remain outstanding and exercisable (to the extent not already exercised) for a period of three (3) years measured from the date of Dr. Simon's termination of employment.

Pursuant to Dr. Simon's employment agreement, if, within the one (1) month period prior to or at any time following a change of control (as such term is defined in Dr. Simon's employment agreement) we terminate the employment of Dr. Simon other than for death, disability, or cause or Dr. Simon resigns for good reason (as such terms are defined in Dr. Simon's employment agreement), and, within 60 days following his termination, Dr. Simon executes a release of claims in our favor and a mutual non-disparagement agreement with a three (3) year term, Dr. Simon is entitled to receive (i) any unpaid annual bonus with respect to the calendar year ending on or preceding the date of termination, which shall be payable at the time such bonuses would have been paid if Dr. Simon were still employed with us, (ii) a lump sum payment equal to three (3) times the sum of (A) Dr. Simon's base salary as in effect on the date of termination, plus (B) the highest of (x) Dr. Simon's annual bonus paid for the year preceding the year of termination, (y) Dr. Simon's annual bonus paid at target for the year in which the termination occurs, and (z) Dr. Simon's base salary in effect at the time of termination, (iii) reimbursement of premiums to maintain group health insurance continuation benefits pursuant to COBRA for Dr. Simon and his respective dependents for up to eighteen (18) months and (iv) all shares subject to the Existing Equity Award and equivalent to all equity awards granted to Dr. Simon following January 1, 2015, including the equity awards granted in connection with our initial public offering, (A) such equity awards will become fully vested and exercisable, and (B) such equity awards will remain outstanding and exercisable (to the extent not already exercised) for a period of three (3) years measured from the date of the later of Dr. Simon's termination of employment or the change of control.

In the event any payment to Dr. Simon would be subject to the excise tax imposed by Section 4999 of the Code (as a result of a payment being classified as a parachute payment under Section 280G of the Code), Dr. Simon will receive such payment as would entitle him to receive the greatest after-tax benefit, even if it

Table of Contents

means that we pay him a lower aggregate payment so as to minimize or eliminate the potential excise tax imposed by Section 4999 of the Code.

Richard Tajak

On January 20, 2016, we appointed Richard Tajak as our Chief Financial Officer. Mr. Tajak provides services pursuant to our Shared Services Agreement with NantWorks, LLC, through which NantWorks and any of its affiliates can provide support services to NantKwest. Under the Shared Services Agreement, we pay NantWorks for a portion of Mr. Tajak's salary at cost (without any markup), depending on the percentage of time he devotes to the Company, plus a reasonable allocation for indirect costs that relate to him in providing the services. As our Chief Financial Officer, Mr. Tajak renders services to us as directed by Patrick Soon-Shiong, our Chief Executive Officer and Chairman, and our board of directors. See *Certain Relationships and Related Party Transactions-Agreements with Affiliates of NantWorks-Shared Services Agreement with NantWorks, LLC* for further information on our Shared Services Agreement with NantWorks.

For the year ended December 31, 2017, we paid \$288,636 to NantWorks in connection with Mr. Tajak's provision of services to NantKwest.

Merger or Change of Control

2015 Equity Incentive Plan

Our 2015 Equity Incentive Plan, or the 2015 Plan, provides that in the event of a merger or change in control, as defined under the 2015 Plan, each outstanding award will be treated as the administrator determines, except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on the shares subject to such award will lapse, all performance goals or other vesting criteria applicable to the shares subject to such award will be deemed achieved at 100% of target levels and all of the shares subject to such award will become fully exercisable, if applicable, for a specified period prior to the transaction. The award will then terminate upon the expiration of the specified period of time.

2014 Equity Incentive Plan

Our 2014 Executive Incentive Plan, or the 2014 Plan, provides that in the event of a merger or change in control, as defined in the 2014 Plan, each then-outstanding option and stock appreciation right will automatically become fully vested, all restricted shares then outstanding will automatically fully vest free of restrictions, and each other award granted under the 2014 Plan that is then outstanding will automatically become vested and payable to the holder of such award unless the administrator has made appropriate provision for the substitution, assumption, exchange or other continuation of the award pursuant to the change in control. Notwithstanding the foregoing, the administrator, in its sole and absolute discretion, may choose (in an award agreement or otherwise) to provide for full or partial accelerated vesting of any award upon a change in control (or upon any other event or other circumstance related to the change in control, such as an involuntary termination of employment occurring after such change in control, as the administrator may determine), irrespective of whether such any such award has been substituted, assumed, exchanged or otherwise continued pursuant to the change in control.

Any award that has been accelerated in connection with a change in control pursuant to the preceding paragraph will terminate upon such event, subject to any provision made by the administrator for the survival, substitution, assumption, exchange, or other continuation of such award. Holders of options and stock appreciation rights will be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise their

outstanding awards. The administrator may make provision for payment in cash or property or both in respect of awards terminated in connection with a change in control.

-27-

Table of Contents**Outstanding Equity Awards at 2017 Fiscal Year-End**

The following table sets forth certain information concerning outstanding equity awards for our named executive officers at December 31, 2017:

Name and Position	Number of Securities Underlying Unexercised Options Exercisable	Option Awards Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Patrick Soon-Shiong, M.D., FRCS (C), FACS <i>Chairman and Chief Executive Officer</i>	1,272,906 (1)	578,594	\$ 2.20	3/24/2019
	10,183,250 (2)		\$ 2.00	3/24/2019
	6,109,950 (3)	1,296,050	\$ 2.00	3/24/2019
	900,000 (4)		\$ 25.00	7/27/2025
Barry J. Simon, M.D.	313,331(5)		\$ 1.7554	12/18/2024
<i>President and Chief Administrative Officer</i>	481,390 (6)		\$ 1.9984	2/16/2025
	555,450 (7)		\$ 25.00	7/27/2025
Richard Tajak				
<i>Chief Financial Officer</i>				

- (1) One forty-eighth (1/48th) of the shares subject to the option vest monthly beginning on March 24, 2015, subject to Dr. Soon-Shiong's continued service through each vesting date.
- (2) Warrant to purchase up to 17,589,250 shares of our common stock issued March 24, 2015. Of the shares subject to the warrant, 10,183,250 shares vest based upon the achievement of certain strategic, manufacturing, clinical development and regulatory milestones. As of December 31, 2017, 10,183,250 shares subject to the warrant had vested as a result of the achievement of certain milestones.
- (3) With respect to the remaining 7,406,000 shares subject to the warrant described in note (2) above, one fortieth (1/40th) of these shares vest monthly beginning on April 1, 2015.
- (4) Subject to Dr. Soon-Shiong's continued service through each vesting date, 50% of the shares subject to the option vested on July 27, 2015, and the remaining 50% vested on July 27, 2016.
- (5) One twenty-fourth (1/24th) of the shares subject to the option vested monthly beginning on December 18, 2014, subject to Dr. Simon's continued service through each vesting date. Excludes 56,969 shares subject to the option which Dr. Simon exercised in 2015.
- (6) One twenty-fourth (1/24th) of the shares subject to the option vested monthly beginning on January 16, 2015, subject to Dr. Simon's continued service through each vesting date.
- (7) Subject to Dr. Simon's continued service through each vesting date, 50% of the shares subject to the option vested on July 27, 2015, and the remaining 50% vested on July 27, 2016.

Perquisites, Health, Welfare and Retirement Benefits

Our named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, group life, disability and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We provide a 401(k) savings plan to our employees, including our current named executive officers, as discussed in the section below entitled *401(k) Savings Plan*.

We generally do not provide perquisites or personal benefits to our named executive officers, except in limited circumstances and as noted in the Summary Compensation Table above. Our board of directors may elect to adopt qualified or non-qualified benefit plans in the future if it determines that doing so is in our best interests.

401(k) Savings Plan

We maintain a tax-qualified retirement plan that provides eligible employees, including named executive officers, with an opportunity to save for retirement on a tax advantaged basis. All participants' interests in their

Table of Contents

deferrals are 100% vested when contributed. Pre-tax and after-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participant's directions. The Company, in its sole discretion, may make certain contributions to the plan. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan, and all contributions, if any, are deductible by us when made.

Equity Compensation Plan Information

The following table summarizes information about our equity compensation plans as of December 31, 2017. All outstanding option awards relate to our common stock.

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)(4)	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:			
2014 Equity Incentive Plan(1)	4,237,800	\$ 1.77	
2015 Equity Incentive Plan(2)	2,343,639	\$ 25.00	2,659,117
Pre-IPO Warrant Grant(3)	17,589,250	\$ 2.00	
Equity compensation plans not approved by security holders:		\$	
Total	24,170,689	\$ 3.40	2,659,117

- (1) Other than shares underlying equity awards previously granted under our 2014 Equity Incentive Plan, or 2014 Plan, no additional shares are available for issuance under the 2014 Plan.
- (2) The number of shares reserved for issuance under our 2015 Equity Incentive Plan, or 2015 Plan, also includes shares reserved but not issued under the 2014 Plan, and shares subject to stock options or similar awards granted under the 2014 Plan that expire or terminate without having been exercised in full and shares issued pursuant to awards granted under the 2014 Plan that are forfeited to or repurchased by us (provided that the maximum number of shares that may be added to the 2015 Plan pursuant to this sentence is 6,635,489 shares as of December 31, 2017). In addition, if an award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an exchange program, or, with respect to restricted stock, restricted stock units, performance units or performance shares, is forfeited or repurchased due to failure to vest, the unpurchased shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) will become available for future grant or sale under our 2015 Plan. With respect to stock appreciation rights, the net shares issued will cease to be available under the 2015 Plan and all remaining shares will remain available for future grant or sale under the 2015 Plan. Shares used to pay the exercise price of an award or satisfy the tax withholding obligations related to an award will become available for future grant or sale under our 2015 Plan.

To the extent an award is paid out in cash rather than shares, such cash payment will not result in reducing the number of shares available for issuance under our 2015 Plan.

- (3) Pursuant to Dr. Soon-Shiong's employment agreement and in consideration of Dr. Soon-Shiong's appointment as Chief Executive Officer, on March 24, 2015, we granted to Dr. Soon-Shiong the Warrants to purchase up to 17,589,250 shares of our common stock, of which 7,406,000 shares subject to the warrant vest monthly over a period of 40 months, and the remaining 10,183,250 shares subject to the warrant vest upon the satisfaction of certain performance conditions.
- (4) Weighted average exercise price of outstanding awards excludes restricted stock units granted under the 2014 and 2015 Plans.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Person Transactions

The following is a summary of transactions since January 1, 2017 to which we have been a party in which the amount involved exceeded \$120,000 and in which any of our executive officers, directors, promoters or beneficial holders of more than 5% of our capital stock had or will have a direct or indirect material interest, other than compensation arrangements which are described under the section of this proxy statement titled *Executive Compensation*.

Cambridge Investment

On December 23, 2014, we entered into a subscription and investment agreement, or the Cambridge Subscription Agreement, a registration rights agreement, or the Cambridge Registration Rights Agreement, and a reclassification agreement, or the Reclassification Agreement, with Cambridge, relating to the private placement of our Class A common stock. In the private placement, we issued to Cambridge an aggregate of 25,191,473 shares of Class A common stock at a price of \$1.89. We received aggregate gross proceeds of \$47.5 million from Cambridge's investment.

Cambridge agreed in the Cambridge Subscription Agreement that, until the earlier of the consummation of our IPO and December 23, 2015, neither it nor any of its affiliates shall acquire, including by way of the acquisition of control of another entity, beneficial ownership of any shares of our common stock which, when aggregated with all of the other shares of our common stock beneficially owned by Cambridge and its affiliates, would cause the total number of shares of our common stock beneficially owned by Cambridge and its affiliates to exceed 49.9% of our outstanding shares of common stock. The Cambridge Subscription Agreement was amended pursuant to a letter agreement dated January 20, 2015, to remove the limitation on Class A common stock beneficially owned by Cambridge in exchange for Cambridge agreeing to vote its shares in favor of certain matters approved by a majority of our board of directors.

On June 18, 2015, we entered into a letter agreement with Cambridge, which we refer to as the Cambridge Nominating Agreement. Pursuant to the Cambridge Nominating Agreement, Cambridge shall have the right to designate one director to our board of directors for so long as Cambridge and/or its affiliates directly own more than 20% of the issued and outstanding shares of our common stock, subject to adjustment for stock splits, stock dividends, recapitalizations and similar transactions. Dr. Soon-Shiong, who controls the entity that is the general partner of Cambridge and has the sole power to vote or direct to vote and the sole power to dispose or direct the disposition, was selected by Cambridge to hold this board seat. The Cambridge director nominee shall be nominated and recommended for election by our board of directors or other duly authorized committee, subject to any applicable limitations imposed by the DGCL, the Board of Directors' fiduciary duties to our stockholders and any other applicable law. Cambridge's right to have a designee nominated or appointed to serve on our board of directors shall automatically terminate whenever Cambridge owns less than 20% of our issued and outstanding shares of common stock.

Pursuant to the Reclassification Agreement, we agreed together with Cambridge, Bio IP Ventures, LLC, or Bio IP, and Bonderman Family Limited Partnership subject to the effectiveness of certain transactions, to take all necessary actions and to vote such shares necessary to convert all of our issued and outstanding shares of Series B preferred stock be converted into Class A common stock, all of our issued and outstanding Series C preferred stock be converted into Class B common stock, and to reclassify all of our Series B preferred stock, Series C preferred stock and Class B common stock into our Class A common stock by filing an amendment to our certificate of incorporation.

Cambridge Registration Rights

Under the terms of the Cambridge Registration Rights Agreement, we have provided Cambridge with a right to demand registration of the shares of common stock issued under the Cambridge Subscription Agreement.

Table of Contents

We have also granted to Cambridge piggyback registration rights exercisable at any time that allow them to include the shares of our common stock that they own in any public offering of equity securities initiated by us for our own account or the account of others (other than those public offerings pursuant to registration statements on forms that do not permit registration for resale by them). These piggyback registration rights are not available with respect to any shares of our common stock held by Cambridge which are eligible for resale pursuant certain exemptions from registration under the Securities Act or that are the subject of a then-effective registration statement. Cambridge agreed to waive its registration rights with respect to our IPO in July 2015.

Lease Agreement with 605 Doug St, LLC

In September 2016, we entered into a lease agreement with 605 Doug St, LLC, an entity owned by Dr. Soon-Shiong, our Chairman and Chief Executive Officer, for approximately 24,250 square feet in El Segundo, California, which is to be converted to a research and development laboratory and a current Good Manufacturing Practices (cGMP) laboratory. The lease runs from July 2016 through July 2023. We have the option to extend the lease for an additional three year term through July 2026. The monthly rent is \$0.1 million with annual increases of 3% beginning in July 2017. Since January 1, 2017, we incurred \$1.1 million under the lease agreement.

Agreements with Affiliates of NantWorks

Our chairman and chief executive officer, Dr. Soon-Shiong, founded and has a controlling interest in NantWorks, LLC, or NantWorks, which is a collection of multiple companies in the healthcare and technology space. We have entered into arrangements with certain affiliates of NantWorks described below that, taken together, we expect will facilitate the development of new genetically modified NK cells for our product pipeline.

Exclusive Co-Development Agreement with Altor Bio Science Corporation

In August 2016, the Company entered into an exclusive Co-Development Agreement with Altor Bio Science Corporation, or Altor. Altor is a related party of NantKwest as it is a wholly owned subsidiary of NantCell, Inc., which is a majority owned subsidiary of NantWorks. Under the Co-Development Agreement, the Company and Altor agreed to exclusively collaborate on the development of therapeutic applications combining the Company's proprietary natural killer cells with Altor's ALT-801 and/or ALT-803 products with respect to certain technologies and intellectual property rights as may be agreed between the parties for the purpose of jointly developing therapeutic applications of certain effector cell lines.

The Company will be the lead developer for each product developed by the parties pursuant to the Co-Development Agreement unless otherwise agreed to under a given project plan. Under the terms of the Co-Development Agreement, both parties grant a co-exclusive, royalty free, fully paid-up, worldwide license, with the right to sublicense (only to a third-party contractor assisting with research and development activities under this Co-Development Agreement and subject to prior consent, not to be unreasonably withheld), under the intellectual property (IP), including the parties interest in the joint IP, solely to conduct any development activities agreed to by the steering committee as set forth in any development plan. Unless otherwise mutually agreed by the parties in the development plan for a project, the Company shall be responsible for all costs and expenses incurred by either party related to conducting clinical trials and other activities under each development program, including costs associated with patient enrollment, materials and supplies, third-party staffing and regulatory filings.

Altor and the Company each will own an undivided interest in and to all rights, title and interest in and to the joint product rights. The Co-Development Agreement expires upon the fifth anniversary of the effective date. No charges for supplies or milestones by Altor have been incurred in association with this agreement since January 1, 2017.

Table of Contents

Services Agreement with Liquid Genomics, Inc.

In March 2018, we entered into an agreement with Liquid Genomics, Inc., or Liquid Genomics, to obtain blood-based tumor profiling services exclusively from Liquid Genomics. Liquid Genomics is a related party of NantKwest as it is a wholly owned subsidiary of NantHealth, Inc., which is a majority owned subsidiary of NantWorks. We are obligated to pay Liquid Genomics fixed, per patient fees. The agreement has an initial term of five years and renews automatically for successive one-year periods, unless terminated earlier. Since January 1, 2017, we incurred \$37,000 under this agreement.

Clinical Trial Agreements with John Lee, M.D. and Leonard Sender, M.D., Inc., a Professional Medical Corporation, dba Chan Soon-Shiong Institutes for Medicine (CSSIM)

In 2017, we entered into multiple agreements with John Lee, M.D. and Leonard Sender, M.D., Inc., a professional medical corporation, dba Chan Soon-Shiong Institutes for Medicine (CSSIM), in El Segundo, California, to conduct various clinical trials. CSSIM is a related party as it is owned by two officers of the Company and NantWorks provides administrative services to CSSIM. One of our officers is the principal investigator for the trials on behalf of CSSIM. Since January 1, 2017, we incurred \$1.5 million under this agreement.

Sublease Agreement with Tensorcom, Inc.

In April 2017, we entered into a sublease agreement with Tensorcom, Inc. (Tensorcom) related to our San Diego, California, research and development laboratory and office space, with an initial lease from May 1, 2017 through April 30, 2018. Our Chairman and CEO indirectly owns all of the outstanding equity of Tensorcom. The sublease agreement converts to a month-to-month lease after the initial lease term, not to exceed the expiration of the lease agreement between us and the third party landlord. After the initial term, the sublease agreement can be terminated by either party by providing a thirty day written notice. The sublease includes a portion of the premises consisting of approximately 6,557 rentable square feet of space. The monthly base rent is \$25,000 per month, with an annual 3% increase. Since January 1, 2017, we received \$0.3 million under this agreement.

Genomic and Proteomic Services Agreement with NantOmics, LLC

In June 2015, we entered into an agreement with NantOmics, LLC, or NantOmics, to obtain genomic sequencing and proteomic analysis services, as well as related data management and bioinformatics services, exclusively from NantOmics. We will have rights to use the data and results generated from NantOmics' services in connection with the performance of the particular oncology trial with respect to which the services were performed, but NantOmics will own the data and results, as well as any other intellectual property it creates in performing these services for us. We are obligated to pay NantOmics a fixed, per sample fee, determined based on the type of services being provided. The agreement has an initial term of five years and renews automatically for successive one year periods, unless terminated by us or NantOmics. We and NantOmics have the right to terminate the agreement for convenience on 90 days prior written notice, or in the event there is a material, uncured breach of the agreement by the other party. Since January 1, 2017, we incurred \$0.2 million under this agreement.

Agreement with NanoCav, LLC

In June 2015, we entered into an agreement with NanoCav, LLC, or NanoCav, pursuant to which we obtained access to NanoCav's virus-free cell transfection technologies on a non-exclusive basis. Under the agreement, NanoCav will conduct certain, mutually-agreed feasibility studies, on a fee for service basis, to evaluate the use of its cell transfection technologies with our aNK cells. We may elect to obtain NanoCav's cell transfection equipment, and

rights to its associated protocols and other intellectual property, for use only for pre-clinical research, or also for use in clinical and commercial applications. If we choose to qualify the

-32-

Table of Contents

equipment and technologies for cGMP use with our products, we are obligated to pay NanoCav an annual license fee, which is determined based upon whether we elect to use NanoCav's technologies for pre-clinical purposes only, or also for clinical and commercial purposes. In addition, if we use the equipment for clinical and commercial purposes, we are obligated to pay an equipment fee on a cost-plus basis. We are also obligated to purchase any consumables we require to use with the NanoCav technologies from NanoCav, and to pay for those consumables on a cost-plus basis. The agreement has an initial term of five years and renews automatically for successive one year periods, unless terminated. We have the right to terminate the agreement for convenience on 90 days prior written notice, and both NanoCav and we may terminate if there is a material, uncured breach of the agreement by the other party. Since January 1, 2017, we have not incurred any charges under this agreement.

Supply Agreement with NantCell, Inc.

In June 2015, we also entered into a supply agreement with NantCell, Inc., or NantCell, pursuant to which we have the right to purchase NantCell's proprietary bioreactors, made according to specifications we mutually agree with NantCell, in such quantities as we may require from time to time during the term of the agreement. We also have the right to purchase reagents and consumables associated with such equipment from NantCell. We made a non-refundable upfront payment to NantCell which is creditable against our future equipment purchases under the agreement. We are also obligated to pay for any equipment and consumables we purchase from NantCell on a cost-plus basis. The agreement has an initial term of five years and renews automatically for successive one year periods unless terminated by us or NantCell. We and NantCell have the right to terminate the agreement for convenience on 90 days prior written notice, or in the event there is a material, uncured breach of the agreement by the other party. Since January 1, 2017, we incurred \$0.6 million under this agreement.

Research Grant Agreement with VivaBioCell, S.p.A.

In February 2017, we entered into a research grant agreement with VivaBioCell, S.p.A. (VBC), an affiliated company of NantWorks, under which VBC will conduct research and development activities related to our NK cell lines using VBC's proprietary technology. Within 60 days after the one year anniversary of the agreement, VBC will provide us a final report summarizing the progress and results of the research and development activities including a description of any inventions and intellectual property rights derived from the work performed. We have the first right of refusal in the event any third party offers to purchase such derived inventions and intellectual properties from VBC. Since January 1, 2017, we incurred \$0.7 million under this agreement.

Shared Services Agreement with NantWorks, LLC

On November 10, 2015, we entered into a Shared Services Agreement with NantWorks, pursuant to which NantWorks will provide the following corporate, general and administrative and other support services to us and our subsidiaries: human resources and administration management; legal and compliance; finance and risk management; information technology and cloud services; facilities, procurement and travel; investor relations; manufacturing support and strategy; regulatory and clinical trial support and strategy; and corporate development and strategy. We will be charged for the services at cost plus reasonable allocation for indirect costs that relate to the employees providing the services. Charges will be invoiced on a quarterly basis and settled 30 days after invoicing. The Shared Services Agreement is effective as of August 1, 2015. We have recorded operating expense of approximately \$8.5 million for services and related costs under the Shared Services Agreement since January 1, 2017.

On June 28, 2016, we entered into an Amended and Restated Shared Services Agreement with NantWorks, LLC, or the Amended Agreement. The Amended Agreement expands the existing Shared Services Agreement with NantWorks, dated November 10, 2015, to include services provided to us and our subsidiaries by any NantWorks

affiliated company. In addition, the Amended Agreement also provides for the provision of certain services by us to NantWorks and/or any of its affiliates. Under the Amended Agreement, we agreed to provide

Table of Contents

the following corporate, general and administrative and other support services to NantWorks and/or any of its affiliates: manufacturing support and strategy; research and development; regulatory and clinical trial support and strategy; and other reasonably requested support services we may agree to perform from time to time. The Amended Agreement maintains the cost position for services at cost plus a reasonable allocation for indirect costs that relate to the employees providing the services. NantWorks will function as the central clearing facility for such invoicing and settlements. We billed approximately \$2.1 million for services and related costs under the Shared Services Agreement Amendment since January 1, 2017.

A cooperative research and development agreement with NantBio

In March 2016, NantBio, Inc. or NantBio, a NantWorks company, and the National Cancer Institute entered into a cooperative research and development agreement. The agreement covers NantBio and its affiliates, including us. Under the agreement, the parties will collaborate on the preclinical and clinical development of proprietary recombinant NK cells and monoclonal antibodies in monotherapy and in combination immunotherapies. We expect to benefit from the preclinical and clinical research conducted during the first and second year under this agreement and have provided the first and second year funding under the five-year agreement. Since January 1, 2017, we recorded \$0.7 million under this agreement.

Facility License Agreement with NantWorks

Also on November 10, 2015, we entered into a Facility License Agreement with NantWorks for office space in Culver City, California, a portion of which was converted to a research and development laboratory and a current Good Manufacturing Practices, or cGMP, laboratory. The space consists of approximately ten offices and lab space on the ground floor for research and development and manufacturing containing approximately 9,500 square feet of floor area. We were responsible for costs to build out the laboratories. The term of the license extends through December 31, 2020. We have the option to extend the license through December 31, 2023. The monthly license fee is \$47,000 with annual increases of 3% beginning in January 2017. The Facility License Agreement is effective as of May 22, 2015. Since January 1, 2017, we incurred \$0.7 million under the agreement.

Indemnification of Officers and Directors

In connection with our IPO, we entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements and our amended and restated certificate of incorporation and amended and restated bylaws require us to indemnify our directors, executive officers and certain controlling persons to the fullest extent permitted by Delaware law.

Related Person Transactions Policy

In connection with our IPO, we adopted a written Related Person Transactions Policy that sets forth our policies and procedures regarding the identification, review, consideration, approval and oversight of related person transactions.

For purposes of our policy only, a related person transaction is a past, present or future transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any related person are participants, the amount involved exceeds \$120,000 and a related person has a direct or indirect material interest. Various transactions are not covered by this policy, including transactions involving compensation for services provided to us as an employee, director, consultant or similar capacity by a related person, equity and debt financing transactions with a related person that are approved by our audit committee, and other transactions not otherwise required to be disclosed under Item 404 of Regulation S-K. A related person, as determined since the beginning of our

last fiscal year, is any executive officer, director or nominee to become director, a holder of more than 5% of our common stock, including any immediate family members of such persons. Any related person transaction may only be consummated if approved by our audit committee in accordance with the policy guidelines set forth below.

Table of Contents

Under the policy, where a transaction has been identified as a related person transaction, management must present information regarding the proposed related person transaction to our audit committee for review and approval during its first regularly scheduled committee meeting. In considering related person transactions, our audit committee takes into account the relevant available facts and circumstances including, but not limited to whether the terms of such transaction are no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction. In the event a director has an interest in the proposed transaction, the director must recuse himself or herself from the deliberations and approval process.

-35-

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of our common stock as of April 17, 2018 by:

each person, or group of affiliated persons, who we know to beneficially own more than 5% of our common stock;

each of our named executive officers;

each of our directors; and

all of our executive officers and directors as a group.

The percentage ownership information shown in the table is based on an aggregate of 79,088,200 shares of our common stock outstanding as of April 17, 2018.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options and warrants that are either immediately exercisable or exercisable on or before June 16, 2018, which is 60 days after April 17, 2018. These shares are deemed to be outstanding and beneficially owned by the person holding those options and warrants for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Unless otherwise noted below, the address of each of the individuals and entities named in the table below is c/o NantKwest, Inc., 9920 Jefferson Boulevard, Culver City, California 90232. Beneficial ownership representing less than 1% is denoted with an asterisk (*).

	Number of Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
<i>5% Stockholders:</i>		
Patrick Soon-Shiong, M.D., FRCS (C), FACS(1)	66,378,861	67.27%
Cambridge Equities, LP(2)	40,575,814	51.30%
Barry J. Simon, M.D.(3)	4,685,077	5.82%
<i>Other Directors and Named Executive Officer:</i>		

Steve Gorlin(4)	1,403,682	1.76%
John C. Thomas, Jr.(5)	288,041	*
Michael Blaszyk(6)	48,753	*
Richard Tajak(7)	12,876	*
Frederick W. Driscoll(8)	0	*
All directors and executive officers as a group (7 persons)(9)	72,817,290	72.30%

- (1) Consists of (i) 40,566,557 shares held by Cambridge Equities, LP, or Cambridge Equities disclosed in note (2) below, (ii) 9,257 shares that may be acquired pursuant to exercise of warrants held of record within 60 days of April 17, 2018, by Cambridge Equities disclosed in note (2) below, (iii) 2,365,771 shares issuable upon the exercise of options that are exercisable within 60 days of April 17, 2018, by Dr. Soon-Shiong, (iv) 17,218,950 shares that may be acquired pursuant to the exercise of warrants held of record within 60 days of April 17, 2018, (v) 5,618,326 shares held by Chan Soon-Shiong Family Foundation, and (vi) 600,000 shares held by Dr. Soon-Shiong.

Table of Contents

- (2) Consists of (i) 40,566,557 shares held by Cambridge Equities, and (ii) 9,257 shares that may be acquired pursuant to exercise of warrants held of record within 60 days of April 17, 2018, by Cambridge Equities. MP 13 Ventures, LLC, or MP 13 Ventures, is the general partner of Cambridge Equities and may be deemed to have beneficial ownership of the shares held by Cambridge Equities. Dr. Soon-Shiong, our Chairman and Chief Executive Officer and a member of our board of directors, is the sole member of MP 13 Ventures, and has voting and dispositive power over the shares held by Cambridge Equities.
- (3) Consists of 3,334,906 shares held by Dr. Simon, and (ii) 1,350,171 shares issuable upon the exercise of options that are exercisable within 60 days of April 17, 2018, by Dr. Simon.
- (4) Consists of (i) 246,280 shares held by Mr. Gorlin, (ii) 521,720 shares held by Mr. Gorlin's spouse, and (iii) 635,682 shares issuable upon the exercise of options that are exercisable within 60 days of April 17, 2018.
- (5) Consists of (i) 250,402 shares held by Mr. Thomas, and (ii) 13,886 shares held in the name of the estate of Mr. Thomas's spouse, and (iii) 23,753 shares issuable upon the vesting of restricted stock units within 60 days of April 17, 2018.
- (6) Consists of (i) 25,000 shares held by Mr. Blaszyk; and (ii) 23,753 shares issuable upon the vesting of restricted stock units within 60 days of April 17, 2018.
- (7) Consists of 12,876 shares held by Mr. Tajak.
- (8) No shares are held by Mr. Driscoll.
- (9) Includes (i) 4,351,623 shares issuable upon the exercise of options that are exercisable within 60 days of April 17, 2018, (ii) 17,228,207 shares issuable upon the exercise of warrants that are exercisable within 60 days of April 17, 2018 and (iii) 47,506 shares issuable upon vesting of restricted stock units within 60 days of April 17, 2018.

Table of Contents

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes of ownership on Forms 3, 4 and 5 with the SEC. Such directors, executive officers and 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such forms we have received and written representations from certain reporting persons that they filed all required reports, we believe that all of our officers, directors and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them with respect to transactions during 2017.

Fiscal Year 2017 Annual Report

Our financial statements for our fiscal year ended December 31, 2017 are included in our 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on March 12, 2018, or our Annual Report, which we will make available to stockholders at the same time as this proxy statement. This proxy statement and our Annual Report are posted on our website, www.nantkwest.com, under the investors tab and at the website of the SEC, at www.sec.gov. You may also obtain a copy of our Annual Report without charge by sending a written request to NantKwest, Inc., 9920 Jefferson Boulevard, Culver City, California 90232, Attention: Corporate Secretary.

Company Website

We maintain a website at www.nantkwest.com. Information contained on, or that can be accessed through, our website is not intended to be incorporated by reference into this proxy statement, and references to our website address in this proxy statement are inactive textual references only.

Availability of Bylaws

A copy of our bylaws may be obtained by accessing NantKwest's filings on the SEC's website at www.sec.gov. You may also contact our corporate secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

Table of Contents

PROPOSALS OF STOCKHOLDERS FOR 2019 ANNUAL MEETING

Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to our corporate secretary so that they are received at our principal executive offices not later than the close of business (5:30 p.m. Pacific Time) on January 4, 2019. In addition, stockholder proposals must comply with the requirements of Rule 14a-8 under the Exchange Act regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Pursuant to the rules promulgated by the SEC, simply submitting a proposal does not guarantee that it will be included.

In order to be properly brought before our 2019 annual meeting of stockholders, the stockholder must have given timely notice of such proposal or nomination, in proper written form. To be timely for our 2019 annual meeting of stockholders, a stockholder's notice of a matter that the stockholder wishes to present, or the person or persons the stockholder wishes to nominate as a director, must be delivered to our corporate secretary at our principal executive offices not less than 45 days and not more than 75 days before the one-year anniversary of the date on which we first mailed our proxy materials or a notice of availability of proxy materials (whichever is earlier) for the preceding year's annual meeting. As a result, any written notice given by a stockholder pursuant to these provisions of our bylaws must be received by our corporate secretary at our principal executive offices:

not earlier than February 18, 2019, and

not later than March 20, 2019.

In the event that we hold our 2019 annual meeting of stockholders more than 30 days before or more than 60 days after the one-year anniversary date of the 2018 annual meeting, then such written notice must be received not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the following two dates:

the 90th day prior to such annual meeting, or

the 10th day following the day on which public announcement of the date of such meeting is first made. To be in proper written form, a stockholder's notice and/or proposals must include the specified information concerning the proposal or nominee as described in our bylaws. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements. Notices and/or proposals should be addressed to:

NantKwest, Inc.

Attention: Corporate Secretary

9920 Jefferson Boulevard

Culver City, California 92032

Tel: (310) 883-1300

For information on how to access our bylaws, please see the section entitled *Availability of Bylaws*, and for additional information regarding stockholder recommendations for director candidates, please see the section entitled *Board of Directors and Corporate Governance - Stockholder Recommendations for Nominations to our Board of Directors*.

We know of no other matters to be submitted at the 2018 annual meeting. If any other matters properly come before the 2018 annual meeting, it is the intention of the persons named in the proxy to vote the shares they represent as the board of directors may recommend. Discretionary authority with respect to such other matters is granted by a properly submitted proxy.

-39-

Table of Contents

It is important that your shares be represented at the 2018 annual meeting, regardless of the number of shares that you hold. You are, therefore, urged to vote as promptly as possible to ensure your vote is recorded.

THE BOARD OF DIRECTORS

Culver City, California

April 24, 2018

-40-

Table of Contents

Table of Contents