AVEO PHARMACEUTICALS INC
Form S-3
July 16, 2018
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As filed with the Securities and Exchange Commission on July 16, 2018

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

AVEO PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-3581650**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

One Broadway, 14th Floor

Cambridge, Massachusetts 02142

(617) 588-1960

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Matthew Dallas

Chief Financial Officer

AVEO Pharmaceuticals, Inc.

One Broadway, 14th Floor

Cambridge, Massachusetts 02142

(617) 588-1960

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:

Steven D. Singer, Esq.

Cynthia T. Mazareas, Esq.

Wilmer Cutler Pickering Hale and Dorr LLP

60 State Street

Boston, Massachusetts 02109

(617) 526-6000

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be**	**Proposed Maximum**	**Proposed Maximum**	**Amount of Registration Fee**

	Registered(1)	Offering Price Per Share(2)	Aggregate Offering Price(2)	
Common Stock, $0.001 par value per share	2,000,000	$3.00	$6,000,000	$747.00

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the Securities Act), this registration statement also covers any additional securities issuable upon stock splits, stock dividends, dividends or other distribution, recapitalization or similar events with respect to the shares of common stock being registered pursuant to this registration statement.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(g) under the Securities Act, based on a warrant exercise price of $3.00 per share with respect to shares of common stock issuable upon exercise of warrants to acquire 2,000,000 shares of common stock of AVEO Pharmaceuticals, Inc.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated July 16, 2018

PROSPECTUS

2,000,000 SHARES OF COMMON STOCK

This prospectus relates to proposed issuance of up to 2,000,000 shares (the Shares) of our common stock, $0.001 par value per share, issuable upon the exercise of 2,000,000 warrants (each, a Warrant, and collectively the Warrants) issued pursuant to a Warrant Agreement, dated as of July 16, 2018, among AVEO Pharmaceuticals, Inc. (we, us, our, or AVEO) and Computershare Inc. and Computershare Trust Company, N.A., jointly as Warrant Agent (the Warrant Agreement). The Warrant Agreement was entered into in connection with the settlement of a securities class action lawsuit, captioned *In re AVEO Pharmaceuticals, Inc. Securities Litigation et al.*, No. 1:13-cv-11157-DJC (the Class Action) in accordance with a definitive stipulation of settlement (the Stipulation of Settlement), dated as of January 29, 2018, by and among us, certain of our former officers (the Individual Defendants), and class representatives Robert Levine and William Windham (the Plaintiffs).

On July 16, 2018 (the Issue Date), we issued the Warrants to the class of stockholders who purchased our common stock between May 16, 2012 and May 1, 2013 (the Class) in satisfaction of certain of our obligations under the Stipulation of Settlement. We issued the Warrants pursuant to the exemption from registration provided by Section 3(a)(10) of the Securities Act of 1933, as amended (the Securities Act). In addition to the Warrants, our and the Individual Defendants insurance carriers provided to the Class a cash payment of $15,000,000 (the Settlement Cash and, collectively with the Warrants, the Settlement Payment), which included the cash amount of attorneys fees and litigation expenses awarded to Plaintiffs counsel and costs Plaintiffs incurred in administering and providing notice of the proposed settlement. In consideration of the Settlement Payment, the Plaintiffs have agreed to dismiss the Class Action with prejudice and to release all claims by the Class against us and the Individual Defendants.

Subject to the terms and conditions of the Warrant Agreement, the Warrants are exercisable from time to time on any business day from the date the registration statement of which this prospectus forms a part becomes effective until 5:00 p.m., New York City time, on July 15, 2019 (such date, the Warrant Expiration Date), provided that the registration statement of which this prospectus forms a part continues to be effective and that the shares of common stock issuable upon exercise of the Warrants are qualified for sale or exempt from qualification under the applicable securities laws of the states or other jurisdictions in which the holders of the Warrants reside. Each Warrant entitles the holder thereof, subject to adjustment pursuant to the terms of the Warrant Agreement, to purchase one share of our common stock at an exercise price of $3.00 per share.

We will receive proceeds from the exercise of the Warrants if the holders decide to exercise the Warrants, but not from any resale of the underlying common stock. Assuming the exercise of all Warrants, we will receive gross proceeds of $6,000,000.

Our common stock is traded on the Nasdaq Capital Market under the symbol AVEO. On July 13, 2018, the closing sale price of our common stock on the Nasdaq Capital Market was $2.90 per share. You are urged to obtain current market quotations for the common stock.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2018.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission (the SEC). We may, from time to time, sell the shares of common stock described in this prospectus in one or more transactions upon exercise of the Warrants. This prospectus provides a general description of the shares of common stock that may be sold by us. You should read both this prospectus together with additional information and documents described under the headings Where You Can Find More Information and Incorporation of Certain Documents by Reference.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the offered securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of its date. Our business, financial position, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

This summary highlights important features of this offering and the information included or incorporated by reference in this prospectus. This summary does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus, including the documents incorporated by reference herein, carefully, especially the risks of investing in our common stock discussed under Risk Factors.

Company Overview

We are a biopharmaceutical company dedicated to advancing a broad portfolio of targeted medicines for oncology and other areas of unmet medical need. Our strategy is to retain North American rights to our oncology portfolio while securing partners in development and commercialization outside of North America. We are working to develop and commercialize our lead candidate tivozanib in North America as a treatment for renal cell carcinoma (RCC). We have outlicensed tivozanib (FOTIVDA®) for oncology in Europe and other territories outside of North America, and it is approved in the European Union, as well as Norway and Iceland, for the first-line treatment of adult patients with advanced RCC (aRCC) and for adult patients who are vascular endothelial growth factor receptor and mTOR pathway inhibitor-naïve following disease progression after one prior treatment with cytokine therapy for aRCC. We have entered into partnerships to fund the development and commercialization of AV-203 and ficlatuzumab, both clinical-stage assets in oncology. We are currently seeking a partner to develop our preclinical AV-353 platform in pulmonary arterial hypertension. We previously partnered with Novartis International Pharmaceutical Ltd. (Novartis) to develop our AV-380 program in cachexia and other indications, but Novatis has notified us that it is terminating our collaboration without cause. Accordingly, effective August 28, 2018, we expect to regain the rights to AV-380 and are considering a variety of options to continue the program s development.

Corporate Information

We were incorporated in Delaware on October 19, 2001 as GenPath Pharmaceuticals, Inc. and changed our name to AVEO Pharmaceuticals, Inc. on March 1, 2005. Our principal executive offices are located at One Broadway, 14th Floor, Cambridge, Massachusetts 02142, and our telephone number is (617) 588-1960. Our website is located at www.aveooncology.com. Information found on, or accessible through, our website is not a part of, and is not incorporated into, this prospectus, and you should not consider it part of this prospectus. Our website address is included in this document as an inactive textual reference only.

The trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners.

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THE OFFERING

Common stock offered by us	Up to 2,000,000 shares of our common stock underlying Warrants with an exercise price of $3.00 per share.
Warrant Expiration Date	Subject to the terms and conditions of the Warrant Agreement, each Warrant is exercisable from the date the registration statement of which this prospectus forms a part becomes effective until 5:00 p.m., New York City time, on July 15, 2019.
Exercise price	Each Warrant entitles its holder to purchase one share of our common stock at an exercise price of $3.00, subject to adjustment as described in this prospectus and in the Warrant Agreement. See Description of Securities Description of Warrants Exercise of Warrants.
Common stock outstanding after this offering	Up to 120,989,147 shares, assuming the exercise of the Warrants in full, based on the number of shares of common stock outstanding as of May 31, 2018.
Use of proceeds	Assuming the exercise of the Warrants in full at $3.00 per share, we will receive gross proceeds of $6,000,000, subject to any adjustment pursuant to the Warrant Agreement. We intend to use the proceeds from the exercise of Warrants, if any, for working capital and general corporate purposes, including development expenses and general and administrative expenses. See Use of Proceeds.
Risk factors	See Risk Factors beginning on page 3 and the other information included in, or incorporated by reference into, this prospectus for a discussion of certain factors you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq Capital Market symbol	AVEO

The number of shares of our common stock to be outstanding after this offering is based on 118,989,147 shares of our common stock outstanding as of May 31, 2018. The number of shares of our common stock to be outstanding as used throughout this prospectus, unless otherwise indicated, excludes:

- 9,852,456 shares of common stock issuable upon exercise of stock options outstanding as of May 31, 2018 at a weighted-average exercise price of $2.24 per share;

16,865,281 shares of common stock issuable upon exercise of warrants outstanding as of May 31, 2018 at a weighted-average exercise price of $1.00 per share;

1,089,542 shares of common stock reserved as of May 31, 2018 for future issuance under our equity incentive plans; and

307,282 shares of common stock reserved as of May 31, 2018 for future issuance under our 2010 employee stock purchase plan.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. Before deciding whether to invest in our common stock, you should consider carefully the risks and uncertainties described below and those described under the caption entitled Risk Factors contained in our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and our most recent Quarterly Report on Form 10-Q, each as filed with the SEC, and other filings we make with the SEC from time to time, which are incorporated by reference herein in their entirety, together with other information in this prospectus and in the documents incorporated by reference in this prospectus. We caution you that the risks and uncertainties we have described, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosure we make in our reports filed with the SEC.

Risks Related to our Common Stock and the Warrants

We may be deprived of favorable opportunities to secure additional equity capital due to the Warrant holders ability to exercise their Warrants.

For the life of the Warrants, the Warrant holders are given the opportunity to profit from the rise in the market value of shares of our common stock, if any, at the expense of the common stockholders, and we might be deprived of favorable opportunities to secure additional equity capital, if it should then be needed, for the purpose of our business. A Warrant holder may be expected to exercise the Warrants at a time when we, in all likelihood, would be able to obtain equity capital, if we needed capital then, by a public sale of a new offering on terms more favorable than those provided in the Warrants.

If we fail to meet the requirements for continued listing on the Nasdaq Capital Market, our common stock could be delisted from trading, which would decrease the liquidity of our common stock and our ability to raise additional capital.

Our common stock is currently listed for quotation on the Nasdaq Capital Market. We are required to meet specified requirements to maintain our listing on the Nasdaq Capital Market, including, among other things, a minimum bid price of $1.00 per share. If we fail to satisfy the Nasdaq Capital Market s continued listing requirements, we may transfer to the OTC Bulletin Board. Having our common stock trade on the OTC Bulletin Board could adversely affect the liquidity of our common stock. Any such transfer could make it more difficult to dispose of, or obtain accurate quotations for the price of, our common stock, and there also would likely be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. We may also face other material adverse consequences in such event, such as negative publicity, a decreased ability to obtain additional financing, diminished investor and/or employee confidence, and the loss of business development opportunities, some or all of which may contribute to a further decline in our stock price.

The market price of our common stock has been, and is likely to be, highly volatile, and could fall below the price you paid. A significant decline in the value of our stock price could also result in securities class-action litigation against us.

The market price of our common stock has been, and is likely to continue to be, highly volatile and subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including:

new products, product candidates or new uses for existing products introduced or announced by our strategic partners, or our competitors, and the timing of these introductions or announcements;

actual or anticipated results from and any delays in our clinical trials;

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- results of regulatory reviews relating to our product candidates;
- the results of our efforts to develop, acquire or in-license additional product candidates or products;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- announcements by us of material developments in our business, financial condition and/or operations;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures and capital commitments;
- additions or departures of key scientific or management personnel;
- conditions or trends in the biotechnology and biopharmaceutical industries;
- actual or anticipated changes in earnings estimates, development timelines or recommendations by securities analysts;
- general economic and market conditions and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies; and
- sales of common stock by us or our stockholders in the future, as well as the overall trading volume of our common stock.

In addition, the stock market in general and the market for biotechnology and biopharmaceutical companies in particular have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

Periods of volatility in the market for a company s stock are often followed by litigation against the company. For example, since our May 2, 2013 announcement regarding the vote of the Oncologic Drugs Advisory Committee of the FDA, we and certain of our former officers and directors have been involved in a number of legal proceedings, including those described under the heading Legal Proceedings in our quarterly and annual reports. These proceedings and other similar litigation, if instituted against us, could result in substantial costs and diversion of management s attention and resources, which could materially and adversely affect our business and financial condition.

We and our current and potential future collaborators may not achieve development and commercialization goals in the time frames that we publicly estimate, which could have an adverse impact on our business and could cause

our stock price to decline.

We set goals and make public statements regarding our expected timing for certain accomplishments, such as statements we have made about the initiation and completion of clinical trials, filing and approval of regulatory applications and other developments and milestones under our research and development programs and those of our partners and current and potential future collaborators for tivozanib, ficlatuzumab, AV-203, AV-380 and the AV-353 platform. The actual timing of these events can vary significantly due to a number of factors, including, without limitation, delays or failures in our preclinical studies or clinical trials, the amount of time, effort and resources committed to our programs and the uncertainties inherent in the regulatory approval process. As a result, there can be no assurance that our preclinical studies and clinical trials will advance or be completed in the time frames we expect or announce, that we will make regulatory submissions or receive regulatory approvals as planned or that we will be able to adhere to our current schedule for the achievement of key milestones under any of our programs. If we fail to achieve one or more of the milestones described above as planned, our business could be materially adversely affected, and the price of our common stock could decline.

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Our management has broad discretion over our use of available cash and cash equivalents and might not spend our available cash and cash equivalents in ways that increase the value of your investment.

Our management has broad discretion on where and how to use our cash and cash equivalents and you will be relying on the judgment of our management regarding the application of our available cash and cash equivalents to fund our operations. Our management might not apply our cash and cash equivalents in ways that increase the value of your investment. We expect to use a substantial portion of our cash to fund existing and future research and development of our preclinical and clinical product candidates, with the balance, if any, to be used for working capital and other general corporate purposes, which may in the future include investments in, or acquisitions of, complementary businesses, joint ventures, partnerships, services or technologies. Our management might not be able to yield a significant return, if any, on any investment of this cash. You will not have the opportunity to influence our decisions on how to use our cash reserves.

Fluctuations in our quarterly operating results could adversely affect the price of our common stock.

Our operating results may fluctuate significantly period-to-period. Some of the factors that may cause our operating results to fluctuate on a period-to-period basis include:

- the status of our clinical development programs;
- the level of expenses incurred in connection with our clinical development programs, including development and manufacturing costs relating to our clinical development candidates;
- the implementation of restructuring and cost-savings strategies;
- the implementation or termination of collaboration, licensing, manufacturing or other material agreements with third parties, and non-recurring revenue or expenses under any such agreement;
- costs associated with lawsuits against us or other litigation in which we may become involved, including those described under the heading Legal Proceedings in our quarterly and annual reports;
- changes in our loan agreement with Hercules Capital Inc. and its affiliates, including the existence of any event of default that may accelerate payments due thereunder;
- non-cash changes in fair value related to re-valuations of our liability associated with warrants issued in connection with our 2016 PIPE and the Warrants, as a result of fluctuations in our stock price; and
- compliance with regulatory requirements.

Period-to-period comparisons of our historical and future financial results may not be meaningful, and investors should not rely on them as an indication of future performance. Our fluctuating results may fail to meet the expectations of securities analysts or investors. Our failure to meet these expectations may cause the price of our common stock to decline.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price.

As widely reported, global credit and financial markets have been experiencing extreme volatility, and in some cases, disruptions, over the past several years. Although certain of these trends have recently showed signs of reversing, there can be no assurance that rapid or extended periods of deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by external economic conditions and a volatile business environment or unpredictable and unstable market conditions. If the equity and credit markets are not favorable at any time we seek to raise capital, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical

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development plans. In addition, there is a risk that one or more of our current service providers, manufacturers or other partners may not survive economically turbulent times, which could directly affect our ability to attain our operating goals on schedule and on budget.

At March 31, 2018, we had approximately $27.0 million of cash, cash equivalents and marketable securities consisting of cash on deposit with banks, a U.S. government money market fund, corporate debt securities, including commercial paper, and U.S. government agency securities. As of May 31, 2018, we are not aware of any downgrades, material losses, or other significant deterioration in the fair value of our cash equivalents. However, no assurance can be given that deterioration in conditions of the global credit and financial markets would not negatively impact our current portfolio of cash equivalents or our ability to meet our financing objectives. Dislocations in the credit market may adversely impact the value and/or liquidity of cash equivalents owned by us.

There is a possibility that our stock price may decline because of volatility of the stock market and general economic conditions.

If you exercise your Warrants to purchase common stock, you may suffer immediate dilution of your investment.

If you exercise your Warrants to purchase common stock, you will incur immediate dilution if our net tangible book value per share after giving effect to such exercise is less than the $3.00 exercise price per share of your Warrants. As of March 31, 2018, our net tangible book value per share was $(0.42). Moreover, as of May 31, 2018, there were 9,852,456 shares of common stock subject to outstanding options at a weighted-average exercise price of $2.24 per share and 16,865,281 shares of common stock underlying outstanding warrants at a weighted-average exercise price of $1.00 per share. To the extent that these outstanding options and warrants are ultimately exercised, you may incur further dilution. For a further description of the dilution you may experience immediately after your exercise, see Dilution.

Future sales of shares of our common stock, including shares issued upon the exercise of currently outstanding options and warrants, could negatively affect our stock price.

A substantial portion of our outstanding common stock can be traded without restriction at any time. Some of these shares are currently restricted as a result of securities laws, but will be able to be sold, subject to any applicable volume limitations under federal securities laws with respect to affiliate sales, in the near future. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell such shares, could adversely affect the market price of our common stock. In addition, we have a significant number of shares that are subject to outstanding options and warrants. The exercise of these options or warrants and the subsequent sale of the underlying common stock could cause a further decline in our stock price. These sales, or the perception in the market that such sales could occur, also might encourage short selling or otherwise make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our common stock may depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. There can be no assurance that analysts will cover us or provide favorable coverage. A lack of research coverage may negatively impact the market price of our common stock. To the event we do have analyst coverage, if one or more analysts downgrade our stock or change their opinion of our stock, our share price would likely decline. In addition, if one or more analysts

cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

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A decline in our stock price may affect future fundraising efforts.

We currently have no product revenues and depend entirely on funds raised through other sources. One source of such funding is future debt and/or equity offerings. Our ability to raise funds in this manner depends upon, among other things, our stock price, which may be affected by capital market forces, evaluation of our stock by securities analysts, product development success (or failure), and internal management operations and controls.

Provisions in our certificate of incorporation, our by-laws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our common stock.

Provisions of our restated certificate of incorporation, as amended (the Certificate of Incorporation), our second amended and restated by-laws (the By-laws) or Delaware law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interest. These provisions include:

- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to act by written consent or to call special meetings;
- the ability of our board of directors to make, alter or repeal our By-laws; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used to institute a rights plan, or a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors.

In addition, Section 203 of the General Corporation Law of the State of Delaware (the DGCL) prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that a stockholder could receive a premium for shares of our common stock held by a stockholder in an acquisition.

Our business could be negatively affected as a result of the actions of activist stockholders.

Proxy contests have been waged against companies in the biopharmaceutical industry over the last few years. If faced with a proxy contest, we may not be able to successfully respond to the contest, which would be disruptive to our

business. Even if we are successful, our business could be adversely affected by a proxy contest because:

- responding to proxy contests and other actions by activist stockholders may be costly and time-consuming, and may disrupt our operations and divert the attention of management and our employees;

- perceived uncertainties as to the potential outcome of any proxy contest may result in our inability to consummate potential acquisitions, collaborations or in-licensing opportunities and may make it more difficult to attract and retain qualified personnel and business partners; and

- if individuals that have a specific agenda different from that of our management or other members of our board of directors are elected to our board as a result of any proxy contest, such an election may adversely affect our ability to effectively and timely implement our strategic plan and create additional value for our stockholders.

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Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our ability to produce accurate financial statements and on our stock price.

Section 404 of the Sarbanes-Oxley Act of 2002 requires us, on an annual basis, to review and evaluate our internal controls, and requires our independent registered public accounting firm to attest to the effectiveness of our internal controls. Despite our efforts, we can provide no assurance as to our, or our independent registered public accounting firm s, conclusions with respect to the effectiveness of our internal control over financial reporting under Section 404. There is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

If we are unable to successfully remediate any material weaknesses in our internal control, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and our stock price may decline as a result. We also could become subject to investigations by Nasdaq, the SEC, or other regulatory authorities.

We do not expect to pay any cash dividends for the foreseeable future.

You should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, our ability to pay cash dividends is currently prohibited by the terms of our debt financing arrangements and any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our common stock.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

We caution you that this prospectus and the documents we incorporate by reference herein include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Any statement contained in this prospectus or in the documents we incorporate by reference herein other than a statement of historical fact, may be a forward-looking statement, including statements regarding our and our collaborators future discovery, development and commercialization efforts, our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management. In some cases, you can identify forward-looking statements by such terms as anticipate, believe, could, estimate, expect, forecast, intend, may, plan, project, should, target, will, would or other words that convey events or outcomes to identify these forward-looking statements. Forward-looking statements may include, but are not limited to, statements about:

- the initiation, timing, progress and results of future clinical trials, and our development programs;
- our plans to develop and commercialize our product candidates;
- our ability to secure new collaborations, maintain existing collaborations or obtain additional funding;
- the timing or likelihood of regulatory filings and approvals;
- the implementation of our business model, strategic plans for our business, product candidates and technology;
- our commercialization, marketing and manufacturing capabilities and strategy;
- the rate and degree of market acceptance and clinical utility of our products;
- our competitive position;
- our intellectual property position;
- developments and projections relating to our competitors and our industry;
- our estimates of the period in which we anticipate that existing cash, cash equivalents and investments will enable us to fund our current and planned operations;

our estimates regarding expenses, future revenue, capital requirements and needs for additional financing; and

our ability to continue as a going concern.

Our actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including risks relating to:

our ability to maintain our third-party collaboration agreements and our ability, and the ability of our licensees, to achieve development and commercialization objectives under these arrangements;

our ability, and the ability of our licensees, to demonstrate to the satisfaction of applicable regulatory agencies the safety, efficacy and clinically meaningful benefit of our product candidates;

our ability to successfully enroll and complete clinical trials of our product candidates, including our phase 3 clinical trial of tivozanib in the third-line treatment of patients with aRCC, which we refer to as the TIVO-3 trial;

our ability to achieve and maintain compliance with all regulatory requirements applicable to our product candidates;

our ability to obtain and maintain adequate protection for intellectual property rights relating to our product candidates and technologies;

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our ability to successfully implement our strategic plans;

our ability to raise the substantial additional funds required to achieve our goals;

unplanned capital requirements;

adverse general economic and industry conditions;

competitive factors;

our ability to continue as a going concern; and

those risks discussed (i) under the heading Risk Factors appearing above in this prospectus, (ii) in the section titled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, each as filed with the SEC, and (iii) in other filings we make with the SEC from time to time.

If one or more of these factors materialize, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from any future results, performance or achievements expressed or implied by the forward-looking statements we make.

You should consider these factors and the other cautionary statements made in this prospectus and the documents we incorporate by reference herein as being applicable to all related forward-looking statements wherever they appear in this prospectus or the documents incorporated by reference. While we may elect to update forward-looking statements wherever they appear in this prospectus or the documents incorporated by reference herein, we do not assume, and specifically disclaim, any obligation to do so, whether as a result of new information, future events or otherwise, unless required by law.

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USE OF PROCEEDS

Assuming the exercise of the Warrants in full, we will receive gross proceeds of $6,000,000, subject to any adjustment pursuant to the Warrant Agreement. We intend to use the proceeds from the exercise of the Warrants, if any, for working capital and general corporate purposes, including development expenses and general and administrative expenses. There can be no assurance that any or all of the holders of the Warrants will elect to exercise their Warrants in whole or in part prior to the date the Warrants expire.

We will bear all of the costs, fees and expenses incurred by us in effecting the registration of the issuance of the shares covered by this prospectus, including without limitation all registration and filing fees, Nasdaq Capital Market listing fees and fees and expenses of our counsel and accountants. We will not receive proceeds from any resale of the shares of our common stock acquired upon exercise of the Warrants, and the Warrant holders will pay any selling commissions and expenses incurred by them for brokerage, accounting, tax or legal services or any other expenses incurred in connection with any such resale.

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PRICE RANGE OF COMMON STOCK

Our common stock was listed on the Nasdaq Global Select Market under the symbol AVEO until April 12, 2017. Effective as of April 13, 2017, our common stock has been listed on the Nasdaq Capital Market under the same symbol. The following table sets forth the high and low sales prices per share of our common stock as reported on the Nasdaq Global Select Market and the Nasdaq Capital Market, as applicable, for the periods indicated:

	High	Low
Year Ended December 31, 2016		
First Quarter	$ 1.27	$ 0.82
Second Quarter	$ 1.15	$ 0.84
Third Quarter	$ 1.09	$ 0.81
Fourth Quarter	$ 0.89	$ 0.54
Year Ended December 31, 2017		
First Quarter	$ 0.98	$ 0.50
Second Quarter	$ 2.42	$ 0.55
Third Quarter	$ 4.24	$ 2.12
Fourth Quarter	$ 4.15	$ 2.56
Year Ending December 31, 2018		
First Quarter	$ 3.29	$ 2.53
Second Quarter	$ 2.93	$ 1.91
Third Quarter (through July 13, 2018)	$ 2.97	$ 2.16

On July 13, 2018, the last sale price of our common stock, as reported on the Nasdaq Capital Market, was $2.90 per share. As of July 13, 2018, we had approximately 48 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

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DIVIDEND POLICY

To date, we have paid no cash dividends to our stockholders, and we do not intend to pay cash dividends in the foreseeable future. In addition, the terms of our current debt agreement with Hercules Funding III, LLC and Hercules Capital, Inc., preclude us from paying cash dividends without our lender s prior written consent.

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DETERMINATION OF OFFERING PRICE

The offering price of the shares of common stock offered hereby is determined by reference to the exercise price of the Warrants. The exercise price of the Warrants is $3.00 per share, subject to any adjustment pursuant to the Warrant Agreement. See Description of Securities Description of Warrants Adjustments. Such exercise price was established in the Stipulation of Settlement by reference to the closing price of the common stock on December 22, 2017, a reference date agreed upon by us and the Plaintiffs.

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DILUTION

If you exercise your Warrants to purchase our common stock in this offering, your ownership interest will be diluted immediately to the extent of the difference between the $3.00 exercise price per share of your Warrants and the tangible book value per share of our common stock immediately after giving effect to such exercise. We calculate net tangible book value per share of our common stock by dividing the net tangible book value, which is tangible assets less total liabilities, by the number of outstanding shares of our common stock. Our historical net tangible book value as of March 31, 2018 was $(50.2) million, or $(0.42) per share of our common stock.

Assuming the exercise in full of the Warrants and the sale by us of all 2,000,000 shares offered pursuant to this prospectus, at the exercise price of $3.00 per share, and after deducting estimated aggregate offering expenses payable by us, our as adjusted net tangible book value as of March 31, 2018 would have been $(42.1) million, or $(0.35) per share of our common stock. This would represent an immediate increase in the as adjusted net tangible book value of $0.07 per share to our existing stockholders and an immediate dilution in as adjusted net tangible book value of $3.35 per share to Warrant holders purchasing shares in this offering. Such dilution per share to Warrant holders purchasing shares, assuming exercise in full of the Warrants, is determined by subtracting as adjusted net tangible book value per share after this offering from the exercise price of $3.00 per share of the Warrants. The following table illustrates this dilution on a per-share basis:

Exercise price per share of the Warrants		$ 3.00
Historical net tangible book value per share as of March 31, 2018	$ (0.42)	
Increase per share attributable to exercises in full of the Warrants	$ 0.07	
As adjusted net tangible book value per share as of March 31, 2018, immediately after giving effect to exercises in full of the Warrants		