VICAL INC
Form 10-K/A
March 03, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007.

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

Commission file number: 000-21088

VICAL INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**93-0948554**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
10390 Pacific Center Court, San Diego, California	**92121-4340**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.01 par value	The Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. ¨ Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ¨ Yes x No

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the last sale price of the registrant s common stock reported on the Nasdaq Stock Market on June 30, 2007, was approximately $177,273,000.

The number of shares of common stock outstanding as of February 26, 2008, was 39,220,158.

Documents Incorporated by Reference:

Document	Part of Form 10-K
Proxy Statement for the Annual Meeting of Stockholders held May 22, 2008	Items 10, 12, 13 and 14 of Part III

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EXPLANATORY NOTE

Vical Incorporated (Vical, the Company, we, or our) is filing this Amendment No. 1 on Form 10-K/A (this Amendment) to amend our Annu Report on Form 10-K for the fiscal year ended December 31, 2007, filed with the Securities and Exchange Commission on March 3, 2008 (the Original Filing). This Amendment is being filed solely for the purpose of replacing Item 7 of Part II and Item 11 of Part III, revising the reference on the cover of the Original Filing to exclude Item 11 of Part III from the incorporation by reference of our proxy statement for our 2008 annual meeting of stockholders into Part III of the Original Filing, and amending Item 15(a)(3) of Part IV of the Original Filing to reflect the filing of Exhibits 10.55, 10.56 and 10.57 herewith. This Amendment and Exhibits 10.55, 10.56 and 10.57 hereto are filed in response to a comment letter we received from the staff of the Securities and Exchange Commission in connection with the staff s review of the Original Filing. In addition, as required by Rule 12b-15 of the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are filed as exhibits to this Amendment.

Except as described above, no other changes have been made to the Original Filing, and this Amendment does not amend, update or change the financial statements or disclosures in the Original Filing. This Amendment does not involve a restatement of our financial statements included in the Original Filing. This Amendment does not reflect events occurring after the filing of the Original Filing and unless otherwise stated herein, the information contained in the Amendment is current only as of the time of the Original Filing. Accordingly, the Amendment should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the filing of the Original Filing, including any amendments to those filings.

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PART II

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We research and develop biopharmaceutical products based on our patented DNA delivery technologies for the prevention and treatment of serious or life-threatening diseases. We believe the following areas of research offer the greatest potential for our product development efforts:

- Vaccines for use in high-risk populations for infectious disease targets for which there are significant U.S. needs;
- Vaccines for general pediatric, adolescent and adult populations for infectious disease applications; and
- Cancer vaccines or immunotherapies which complement our existing programs and core expertise.

We currently have three active independent development programs in the areas of infectious disease and cancer including:

- A Phase 3 clinical trial using our Allovectin-7® immunotherapeutic in patients with metastatic melanoma which is being funded by AnGes, through cash payments and equity investments, under a research and development agreement;
- A Phase 2 clinical trial using CMV DNA vaccine in hematopoietic cell transplant patients; and
- A Phase 1 clinical trial using our pandemic influenza DNA vaccine formulated with our proprietary Vaxfectin® adjuvant.

We have leveraged our patented technologies through licensing and collaboration arrangements, such as our licensing arrangements with Merck, sanofi-aventis, Aqua Health, Merial, and AnGes, among other research-driven biopharmaceutical companies. These partnerships have resulted in the following two approvals in veterinary applications:

- In 2005, the first product for one of our licensees utilizing our patented DNA delivery technology received approval for use in animals. Our licensee, Aqua Health received approval from the Canadian Food Inspection Agency to sell a DNA vaccine to protect farm-raised salmon against an infectious disease.
- In 2007, our licensee, Merial received notification of conditional approval from the U.S. Department of Agriculture to market a therapeutic DNA vaccine designed to treat melanoma, a serious form of cancer, in dogs. Merial s vaccine is the first ever approved vaccine for therapeutic use.

We believe these approvals are important steps in the validation of our DNA delivery technology. Furthermore, our partner, AnGes, is in the process of preparing an application for Japanese approval of its DNA-based delivery product encoding the hepatocyte growth factor for indications related to peripheral arterial disease. If approved, this would represent the first time our DNA delivery technology is approved for use in humans.

In addition, we have licensed complementary technologies from leading research institutions and pharmaceutical companies, as well as the NIH and the CDC. We also have granted non-exclusive, academic licenses to our DNA delivery technology patent estate to ten leading research institutions including Stanford, Harvard, Yale and the Massachusetts Institute of Technology. The non-exclusive academic licenses allow

university researchers to use our technology free of charge for educational and internal, non-commercial research purposes. In exchange, we have the option to exclusively license from the universities potential commercial applications stemming from their use of the technology on terms to be negotiated.

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Research, Development and Manufacturing Programs

To date, we have not received revenues from the sale of our independently developed pharmaceutical products and have received minimal amounts of revenue from the sale of commercially marketed products by our licensees. We earn revenue by performing services under research and development contracts, grants, manufacturing contracts, and from licensing access to our proprietary technologies. Since our inception, we estimate that we have received approximately $138.8 million in revenue under these types of agreements. Revenues by source for each of the three years ended December 31, 2007, were as follows (in millions):

Source	2007	2006	2005
NIH contracts	$ 1.9	$ 10.2	$ 1.1
CMV grants	1.0	1.0	1.3
Influenza grants	0.9	2.1	0.3
Manufacturing process development grant	0.5		
Anthrax grants		0.5	1.3
U.S. Navy contract			0.9
Other contracts and grants	0.3	0.4	1.1
Total contract and grant revenues	4.6	14.2	6.0
Merck license			4.0
AnGes license			1.0
Invitrogen royalties	0.6	0.5	1.0
Other royalties and licenses	0.3		
Total royalty and license revenues	0.9	0.5	6.0
Total revenues	$ 5.5	$ 14.7	$ 12.0

Research, development, manufacturing and production costs by major program, as well as other expenses for each of the three years ended December 31, 2007, were as follows (in millions):

Program	2007	2006	2005
Allovectin-7®	$ 10.2	$ 5.7	$ 5.2
Pandemic influenza	8.1	4.5	1.7
CMV	6.1	7.4	8.1
Other research, development, manufacturing and production	12.3	14.5	15.0
Total research, development, manufacturing and production	$ 36.7	$ 32.1	$ 30.0

Since our inception, we estimate that we have spent approximately $313 million on research, development, manufacturing and production. Our current independent development focus is on novel DNA vaccines for our cancer immunotherapeutic Allovectin-7®, influenza and CMV, as well as other preclinical targets.

We have initiated a Phase 3 clinical trial using Allovectin-7® in patients with recurrent metastatic melanoma which is being funded, up to certain limits, by AnGes through cash payments and equity investments under a research and development agreement. We are also in the early stages of clinical development of vaccine candidates for CMV and influenza and these programs will require significant additional costs to advance through development to commercialization. From inception, we have spent approximately $77 million on our Allovectin-7® program, $39 million on our CMV program, and $17 million on our Influenza program.

We have other product candidates in the research stage. It can take many years from the initial decision to screen product candidates, perform preclinical and safety studies, and perform clinical trials leading up to possible approval of a product by the FDA or comparable foreign agencies. The outcome of the research is unknown until each stage of the testing is completed, up through and including the registration clinical trials. Accordingly, we are unable to predict which potential product candidates we may proceed with, the time and cost to complete development, and ultimately whether we will have a product approved by the FDA or comparable foreign agencies.

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As a result, we expect to incur substantial operating losses for at least the next several years, due primarily to the advancement of our research and development programs, the cost of preclinical studies and clinical trials, spending for outside services, costs related to maintaining our intellectual property portfolio, costs due to contract manufacturing activities, costs of our facilities, and possible advancement toward commercialization activities.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires that management make a number of assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements and accompanying notes. Management bases its estimates on historical information and assumptions believed to be reasonable. Although these estimates are based on management s best knowledge of current events and circumstances that may impact us in the future, actual results may differ from these estimates.

Our critical accounting policies are those that affect our financial statements materially and involve a significant level of judgment by management. Our critical accounting policies regarding revenue recognition are in the following areas: license and royalty agreements, manufacturing contracts, and grant revenues. Our critical accounting policies also include recognition of research and development expenses and the valuation of long-lived and intangible assets.

Revenue Recognition

We recognize revenue in accordance with SEC Staff Accounting Bulletin Topic 13, Revenue Recognition and Emerging Issues Task Force No. 00-21, or EITF 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. Revenue is recognized when the four basic criteria of revenue recognition are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured.

Contract Manufacturing Revenue. Our contract manufacturing arrangements typically require the delivery of multiple lots of clinical vaccines. In accordance with EITF 00-21, we analyze our multiple element arrangements to determine whether the elements can be separated and accounted for individually as separate units of accounting. The evaluation is performed at the inception of the arrangement. The delivered item(s) is considered a separate unit of accounting if all of the following criteria are met: (1) the delivered item(s) has value to the customer on a standalone basis; (2) there is objective and reliable evidence of the fair value of the undelivered item(s); and (3) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in our control. If the delivered item does not have standalone value or if we do not have objective or reliable evidence of the fair value of the undelivered component, the amount of revenue allocable to the delivered item is deferred.

License and Royalty Revenue. Our license and royalty revenues are generated through agreements with strategic partners. Nonrefundable, up-front license fees and milestone payments with standalone value that are not dependent on any future performance by us under the arrangements are recognized as revenue upon the earlier of when payments are received or collection is assured, but are deferred if we have continuing performance obligations. If we have continuing involvement through contractual obligations under such agreement, such up-front fees are deferred and recognized over the period for which we continue to have a performance obligation, unless all of the following criteria exist: (1) the delivered item(s) have standalone value to the customer, (2) there is objective and reliable evidence of the fair value of the undelivered item(s), and (3) delivery or performance is probable and within our control for any items that have a right of return.

We recognize royalty revenues from licensed products when earned in accordance with the terms of the license agreements. Net sales figures used for calculating royalties include deductions for costs of returns, cash

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discounts, and freight and warehousing, which may vary over the course of the license agreement. Payments received related to milestones are recognized as revenue upon the achievement of the milestones as specified in the underlying agreements, which represent the culmination of the earnings process.

Government Research Grant Revenue. We recognize revenues from federal government research grants during the period in which the related expenditures are incurred.

Research and Development Expenses

Research and development expenses consist of expenses incurred in performing research and development activities including salaries and benefits, facilities and other overhead expenses, clinical trials, contract services and other outside expenses. Research and development expenses are charged to operations as they are incurred.

We assess our obligations to make milestone payments that may become due under licensed or acquired technology to determine whether the payments should be expensed or capitalized. We charge milestone payments to research and development expense when:

The technology is in the early stage of development and has no alternative uses;

There is substantial uncertainty of the technology or product being successful;

There will be difficulty in completing the remaining development; and

There is substantial cost to complete the work.

Capitalization and Valuation of Long-Lived and Intangible Assets

Intangible assets with finite useful lives consist of capitalized legal costs incurred in connection with patents, patent applications pending and technology license agreements. Payments to acquire a license to use a proprietary technology are capitalized if the technology is expected to have alternative future use in multiple research and development projects. We amortize costs of approved patents, patent applications pending and license agreements over their estimated useful lives, or terms of the agreements, whichever are shorter.

For patents pending, we amortize the costs over the shorter of a period of twenty years from the date of filing the application or, if licensed, the term of the license agreement. We re-assess the useful lives of patents when they are issued, or whenever events or changes in circumstances indicate the useful lives may have changed. For patents and patent applications pending that we abandon, we charge the remaining unamortized accumulated costs to expense.

Intangible assets and long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If the review indicates that intangible assets or long-lived assets are not recoverable, their carrying amount would be reduced to fair value. Factors we consider important that could trigger an impairment review include the following:

A significant change in the manner of our use of the acquired asset or the strategy for our overall business; and/or

A significant negative industry or economic trend.

In the event we determine that the carrying value of intangible assets or long-lived assets is not recoverable based upon the existence of one or more of the above indicators of impairment, we may be required to record impairment charges for these assets. As of December 31, 2007, our largest group of intangible assets with finite lives includes patents and patents pending for our DNA delivery technology, consisting of intangible assets with a net carrying value of approximately $3.2 million.

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Recent Accounting Pronouncements

For information on the recent accounting pronouncements which may impact our business, see Note 1 of the Notes to Financial Statements included in this Report.

Results of Operations

Year Ended December 31, 2007, Compared to Year Ended December 31, 2006

Total Revenues. Total revenues decreased $9.2 million, or 62.6%, to $5.5 million in 2007 from $14.7 million in 2006. Revenues from our contracts and grants were $4.6 million in 2007 as compared to $14.2 million in 2006. This decrease was primarily the result of a decrease in contract manufacturing revenue which totaled $2.0 million and $10.2 million for the years ended December 31, 2007 and 2006, respectively, and was related to our 2003 subcontract agreement with the VRC which expired in July 2007.

Research and Development Expenses. Research and development expenses increased $4.4 million, or 23.9%, to $22.9 million for 2007 from $18.5 million for 2006. This increase was primarily attributable to increased costs associated with our Allovectin-7® Phase 3 clinical trial, our CMV Phase 2 clinical trial and our pandemic influenza Phase 1 clinical trial.

Manufacturing and Production Expenses. Manufacturing and production expenses increased $0.2 million, or 1.3%, to $13.8 million for 2007 from $13.6 million for 2006. This increase was primarily attributable to the recognition of the remaining estimated costs to be incurred in connection with the remanufacture of the final vaccine component under our 2003 manufacturing subcontract agreement with the VRC, which was partially offset by lower costs for scientific supplies purchased to support manufacturing in the prior year.

General and Administrative Expenses. General and administrative expenses remained unchanged at $9.1 million. The expenses were substantially consistent with the prior period.

Investment Income. Investment income was $4.5 million in 2007 as compared to $3.5 million in 2006. The increase was primarily due to higher average cash and investment balances and higher rates of return in 2007.

Interest Expense. Interest expense was $0.1 million in 2007 as compared to $0.3 million in 2006. The decrease was the result of lower principal amounts outstanding on our equipment financing obligations.

Year Ended December 31, 2006, Compared to Year Ended December 31, 2005

Total Revenues. Total revenues increased $2.7 million, or 22.8%, to $14.7 million in 2006 from $12.0 million in 2005. Revenues from our contracts and grants were $14.2 million in 2006 as compared to $6.0 million in 2005. The increase in contract and grant revenue was due primarily to a $9.1 million increase in manufacturing contract shipments to the VRC under our NIH agreement, which was partially offset by decreases in grant revenue and contract shipments to the U.S. Navy. License and royalty revenues were $0.5 million in 2006 as compared to $6.0 million in 2005. In 2005, we recognized $4.0 million in license and milestone revenues related to Merck s use of our technology for the development of specific cancer targets.

Research and Development Expenses. Research and development expenses increased $0.7 million, or 4.2%, to $18.5 million for 2006 from $17.8 million for 2005. The increase was primarily a result of increased clinical trial expenses as a result of preparations for our Allovectin-7® Phase 3 trial, initiation of our Phase 2 CMV trial and increased stock compensation expense related to the implementation of Statement of Financial Accounting Standards, or SFAS, No. 123R, Share-Based Payment.

Manufacturing and Production Expenses. Manufacturing and production expenses increased $1.4 million, or 11.3%, to $13.6 million for 2006 from $12.2 million for 2005. This increase was primarily the result of the recognition of contract manufacturing costs associated with the shipment of clinical lots of DNA vaccines to the

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VRC during the current period. This increase was offset by a decrease in facility related costs in the current period as a result of the shutdown of one of our facilities in the prior period and a decrease in the use of scientific supplies used in the manufacturing process. The primary focus of manufacturing and production during the year ended December 31, 2006, was the production of plasmids for programs under clinical development and the fulfillment of commitments under manufacturing contracts.

General and Administrative Expenses. General and administrative expenses increased $1.4 million, or 17.9%, to $9.1 million for 2006 from $7.7 million for 2005. The increase was primarily the result of increased stock compensation expense related to the implementation of SFAS No. 123R and increased consulting and legal fees related to general business matters.

Investment Income. Investment income was $3.5 million in 2006 as compared to $1.8 million in 2005. The increase was primarily due to higher average cash and investment balances and higher rates of return in 2006.

Interest Expense. Interest expense was $0.3 million in 2006 as compared to $0.5 million in 2005. The decrease was the result of lower principal amounts outstanding on our equipment financing obligations.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through private placements of preferred and common stock, public offerings of common stock, and revenues from collaborative agreements. From our inception through December 31, 2007, we have received approximately $138.8 million in revenues from performing services under research and development contracts, grants, and manufacturing contracts, and from licensing access to our proprietary technologies, and we have raised net proceeds of approximately $296.1 million from the sale of equity securities. As of December 31, 2007, we had working capital of approximately $64.6 million, compared with $97.3 million at December 31, 2006. Cash, cash equivalents and marketable securities, including restricted securities, totaled approximately $71.5 million at December 31, 2007, compared with $100.4 million at December 31, 2006. The decrease in our cash, cash equivalents and marketable securities for the year ended December 31, 2007, was due primarily to the use of cash to fund our operations.

Net cash used in operating activities was $24.2 million and $15.7 million for the years ended December 31, 2007 and 2006, respectively. The increase in net cash used in operating activities for the year ended December 31, 2007, compared with the same period in the prior year, was primarily the result of an increase in our net loss due to advancement of our clinical trials. The increase in net loss was partially offset by increased cash flows from the timing of cash receipts related to receivables and deferred revenue.

Net cash provided by (used in) investing activities was $42.9 million and ($21.5 million) for the years ended December 31, 2007 and 2006, respectively. The increase in cash provided by investing activities for the year ended December 31, 2007, compared with the prior year, was primarily the result of an increase in net maturities of investments.

Net cash (used in) provided by financing activities was ($2.8 million) and $50.8 million for the years ended December 31, 2007 and 2006, respectively. The increase in cash used by financing activities for the year ended December 31, 2007, compared with the prior year, was primarily the result of a decrease in net proceeds from the sale of our common stock.

We expect to incur substantial additional research and development expenses, manufacturing and production expenses, and general and administrative expenses, including continued increases in personnel costs, costs related to preclinical and clinical testing, outside services, facilities, intellectual property and possible commercialization costs. Our future capital requirements will depend on many factors, including continued scientific progress in our research and development programs, the scope and results of preclinical testing and clinical trials, the time and costs involved in obtaining regulatory approvals, the costs involved in filing,

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prosecuting, enforcing and defending patent claims, the impact of competing technological and market developments, the cost of manufacturing scale-up, and possible commercialization activities and arrangements. We may seek additional funding through research and development relationships with suitable potential corporate collaborators. We may also seek additional funding through public or private financings. We have on file two effective shelf registration statements that in the aggregate allow us to raise up to an additional $111.6 million from the sale of common or preferred stock. However, additional financing may not be available on favorable terms or at all. If additional funding is not available, we anticipate that our available cash and existing sources of funding will be adequate to satisfy our cash needs through at least December 31, 2009.

Contractual Obligations and Off-Balance Sheet Arrangements

The following table sets forth our contractual obligations, including all off-balance sheet arrangements, as of December 31, 2007 (in thousands):

		Payment Due by Period			
Contractual Obligations[1]	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Operating lease obligations	$ 33,586	$ 3,533	$ 6,823	$ 6,674	$ 16,556
Equipment financing obligations	711	555	156		
Unconditional purchase obligations[2]	379	379			
Total contractual obligations	$ 34,676	$ 4,467	$ 6,979	$ 6,674	$ 16,556

1 Certain long-term liabilities reflected on our balance sheet are not presented in this table because they are already reflected in operating lease commitments, or do not require cash settlement in the future.

2 Unconditional purchase obligations represent contractual commitments entered into for goods and services in the normal course of our business. The purchase obligations do not include potential severance payment obligations to our executive officers. For information regarding these severance arrangements, refer to the final paragraph in this Item 7.

In December 2004, we modified an equipment financing agreement which provided for $5.3 million of financing, with interest rates ranging from 3.0% to 3.2%. A portion of the financing was used to repay outstanding debt of approximately $2.2 million under another credit facility. Additional amounts were used to finance equipment purchases. The draw down period for this equipment financing arrangement ended in October 2005. The agreement requires a non-interest-bearing cash security deposit in the amount of 60.0% of the amount of each drawdown which amounts are included in current and long-term other assets. This financing involves restrictive financial covenants, including a requirement that we maintain unrestricted cash and marketable securities of at least $25.0 million or obtain a letter of credit from another lender in the amount of outstanding borrowings.

Under the Merck, sanofi-aventis, AnGes, Merial and Aqua Health agreements, we are required to pay up to 10% of certain initial upfront monetary payments, and a small percentage of some royalty payments, to the WARF. The CytRx, Bioject, University of Michigan, University of Massachusetts, Wistar Institute, and other license agreements require us to make payments if we or our sublicensees advance products through clinical development. For programs developed with the support of U.S. government funding, the U.S. government may have rights to resulting products without payment of royalties.

We may be required to make future payments to our licensors based on the achievement of milestones set forth in various in-licensing agreements. In most cases, these milestone payments are based on the achievement of development or regulatory milestones, including the exercise of options to obtain licenses related to specific disease targets, commencement of various phases of clinical trials, filing of product license applications, approval of product licenses from the FDA or a foreign regulatory agency, and the first commercial sale of a related product. Payment for the achievement of milestones under our in-license agreements is highly speculative and subject to a number of contingencies.

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The aggregate amount of additional milestone payments that we could be required to pay under all of our in-license agreements in place at December 31, 2007, is approximately $18.9 million, of which approximately $10.9 million is related to our independent programs and corporate and government collaborations which are currently in clinical trials. These amounts assume that all remaining milestones associated with the milestone payments are met. In the event that product license approval for any of the related products is obtained, we may be required to make royalty payments in addition to these milestone payments. Although we believe that some of the milestones contained in our in-license agreements may be achieved, it is highly unlikely that a significant number of them will be achieved. Because the milestones are highly contingent and we have limited control over whether the development and regulatory milestones will be achieved, we are not in a position to reasonably estimate how much, if any, of the potential milestone payments will ultimately be paid, or when. Additionally, under the in-license agreements, many of the milestone events are related to progress in clinical trials which will take several years to achieve.

In addition, we have undertaken certain commitments under license agreements with collaborators, and under indemnification agreements with our officers and directors. Under the license agreements with our collaborators, we have agreed to continue to maintain and defend the patent rights licensed to the collaborators. Under the indemnification agreements with our officers and directors, we have agreed to indemnify those individuals for any expenses and liabilities in the event of a threatened, pending or actual investigation, lawsuit, or criminal or investigative proceeding.

As of December 31, 2007, we have employment agreements that contain severance arrangements with each of our three executive officers and our five other executives. Under these agreements, we are obligated to pay severance if we terminate such an executive officer s or other executive s employment without cause, or if such an executive officer or other executive resigns for good reason, as defined in the agreements, within the periods set forth therein. The severance would consist of continued payments at the current base compensation rate, or current base compensation rate plus the prior year s cash bonus in the case of the CEO, for the period specified in each agreement, which ranges from six to twelve months. These agreements also specify that any earnings from employment or consulting during this period will offset any salary continuation payments due from us. The maximum payments due under these employment agreements would have been $1.6 million if each such executive officer and other executive was terminated at December 31, 2007.

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PART III

ITEM 11. EXECUTIVE COMPENSATION

Compensation Committee

The Compensation Committee operates under a written charter adopted by our Board of Directors, which is available on our website at *www.vical.com*. The Compensation Committee oversees our overall compensation strategy and related policies, plans and programs. Among other functions, the Compensation Committee determines and approves the compensation and other terms of employment of our Chief Executive Officer; determines and approves the compensation and other terms of employment of our other executive officers, as appropriate; reviews and recommends to the Board the type and amount of compensation to be paid to Board members; recommends to the Board the adoption, amendment and termination of our Amended and Restated Stock Incentive Plan (the Stock Incentive Plan) and 1992 Directors Stock Option Plan (the Directors Stock Plan); administers the Stock Incentive Plan and the Directors Stock Plan; and reviews and establishes appropriate insurance coverage for our directors and executive officers. The Compensation Committee has the authority to retain special legal, accounting or other advisors or consultants as it deems necessary or appropriate to carry out its duties. The Committee has broad power to form and delegate its authority to subcommittees pursuant to its charter. The Committee has delegated authority to The President s Stock Option Committee, which was established by our Board of Directors, to make initial equity grants within certain parameters, beyond which Compensation Committee approval is required.

The report of the Compensation Committee is included herein on page 20.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of our Board of Directors consisted of Mr. Campbell, Dr. Douglas and Mr. Lyons during the fiscal year ended December 31, 2007. No member of the Compensation Committee was at any time during or prior to the fiscal year ended December 31, 2007, an officer or employee of Vical. No interlocking relationship existed between Mr. Campbell, Dr. Douglas or Mr. Lyons and any member of any other company s board of directors, board of trustees or compensation committee during that period.

Compensation Discussion and Analysis

The primary objectives of the Compensation Committee of our Board of Directors with respect to executive compensation are to attract, retain, and motivate the best possible executive talent. In doing so, the Committee seeks to tie short and long-term cash and equity incentives to achievement of measurable corporate and individual performance objectives, and to align executives incentives with stockholder value creation. To achieve these objectives, the Compensation Committee has maintained, and expects to further implement, compensation plans that tie a substantial portion of executives overall compensation to our research, clinical, regulatory, commercial, and operational performance.

The Compensation Committee in conjunction with management and compensation consultants develop our compensation plans by utilizing publicly available compensation data from a peer group and by utilizing subscription compensation survey data for national and regional companies in the biopharmaceutical industry. The peer group, which is periodically reviewed and updated by the Compensation Committee, consists of representative companies against which the Compensation Committee believes Vical competes for executive talent. The individual companies included in our peer group include Arena Pharmaceuticals, Inc., AVANT Immunotherapeutics, Inc., Cell Genesys, Inc., Dendreon Corporation, Dynavax Technologies, GenVec, Inc, Geron Corporation, Introgen Therapeutics, Inc., IOMAI Corporation, Kosan Biosciences Incorporated, Maxygen, Inc., Novavax Inc. and Sangamo BioSciences, Inc.

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We believe that the practices of the peer group of companies provide us with appropriate compensation benchmarks for base salary, cash bonuses and equity based awards, because these companies have similar organizational structures and tend to compete with us for executives. For benchmarking executive compensation, we typically review the compensation data we have collected from the peer group of companies, as well as compensation survey data obtained from subscription services. This data is presented to the Compensation Committee as part of the annual review process.

Based on management s analyses and recommendations, the Compensation Committee has approved a pay-for-performance compensation philosophy, which is intended to bring base salaries and total executive compensation in line with approximately the 50th percentile of the range of salaries for executives in similar positions and with similar responsibilities in the companies represented in the compensation data we review.

We work within the frame work of this pay-for-performance philosophy to determine each component of an executive s initial compensation package based on numerous factors, including:

- the individual s particular employment background and circumstances, including training and prior relevant work experience;
- the individual s role with us and the compensation paid to similar persons in the companies represented in the compensation data that we review;
- the demand for individuals with the individual s specific expertise and experience at the time of hire;
- performance goals and other expectations for the position;
- comparison to other executives within our Company having similar levels of expertise and experience; and
- uniqueness of industry skills.

The Company s Compensation Committee has implemented an annual performance management program, under which annual performance goals are determined and set forth in writing at the beginning of each calendar year for the Company as a whole and for each executive. The Company s corporate goals are organized within the following three departments:

- finance and human resources;
- business development; and
- product development.

Performance against the Company s corporate and the executives individual goals is used by the Compensation Committee and the Board of Directors in evaluating and determining all facets of the compensation of the Company s executives.

2007 Corporate Goals

Annual corporate goals are proposed by management, reviewed, modified where appropriate and finally approved by the Board of Directors by no later than the first quarter of the applicable calendar year. These corporate goals target the achievement of specific research, clinical, regulatory, operational and administrative milestones within the three corporate departments described above.

For 2007, the Compensation Committee established the following finance and human resources corporate goals:

the retention of at least 85% of key employees or maintaining an employee turnover rate of 18% or less;

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maintaining an annual cash burn of $30 million or less;

achieving a 5% or greater increase in the Company s stock price compared to the Company s peer group; and

receiving a net upgrade in two or more analyst ratings.

The Company s 2007 business development corporate goals included:

completing at least one new licensing or collaboration transaction involving the Company s technology or programs;

completing at least one new transaction involving an acquisition or in-license of technology complementary to the Company s technology;

achieving at least $4 million in licensing and grant revenues; and

achieving at least $2 million in contract manufacturing revenues.

The Compensation Committee also established product development corporate goals for 2007 which included:

enrolling a specified number of patients in the Company s Allovectin-7® Phase 3 clinical trial;

establishing a specified number of clinical sites in the Company s Allovectin-7® Phase 3 clinical trial;

completing a specified percentage of patient enrollment in the Company s Phase 2 clinical trial for its cytomegalovirus (CMV) vaccine;

submitting an investigational new drug (IND) application and beginning enrollment in a Phase 1 clinical trial regarding the Company s influenza vaccine candidate;

expanding the Company s vaccine manufacturing capacity to a specified level by a specified time of the year; and

filing at least two new patent applications related to the Company s technology or products.

When choosing target levels for the Company s corporate goals, the Compensation Committee generally aims to create stretch goals, but achievable goals, set in a manner that will motivate the Company s executives. By way of example regarding the difficulty of achieving the corporate goals set by the Compensation Committee, in 2006 the Company s achievement of corporate goals resulting in 71 out of 100 possible points on the sliding scale system described below under *Achievement of 2007 Corporate and Individual Goals* . Corporate goals for finance and human resources as well as business development are set with specific quantitative targets, while corporate goals for product development have both quantitative and qualitative targets. Specifically, with regard to the 2007 corporate goals relating to patient enrollment and the establishment of clinical sites, the Compensation Committee chose targets that it believed were achievable based upon the Company s past experience in completing clinical trials, but would also accelerate the completion of the related clinical trials without undue expense. With regard to the corporate goal related to the Company s vaccine manufacturing capacity, the Compensation Committee chose a target that it

believed could be met with a focused effort by management, and would represent a valuable enhancement of the Company s manufacturing capabilities.

2007 Individual Goals

Annual individual goals focus on contributions which facilitate the achievement of the corporate goals and are set during the first quarter of each calendar year. Individual goals are proposed by each executive and approved by the Company s Chief Executive Officer (the ***CEO***). The CEO s goals are identical to the corporate goals approved by the Board of Directors.

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The 2007 individual goals for the Company s Vice President, Chief Financial Officer and Secretary included:

- enhancing oversight of the Company s finance and human resources departments;
- facilitating the transition to the Company s hiring of a vice president of corporate development;
- developing a strategic business development model and strategy;
- identifying and initiating negotiations for at least one transaction involving a license of or collaboration involving the Company s technology or programs or an acquisition or in-license of technology complementary to the Company s technology;
- maintaining an annual cash burn of $30 million or less;
- achieving annual licensing and grant revenues of $3 to 4 million;
- achieving annual contract manufacturing revenues of $1 to 2 million;
- enhancing the Company s profile in the investment community, including giving at least four presentations to third parties; and
- remaining knowledgeable about the Company s product candidates.

The 2007 individual goals for the Company s Senior Vice President, Product Development included:

- providing product development guidance for the Company s Allovectin-7® program (including developing a protocol for and initiating specified studies, ensuring availability of Allovectin-7® product for clinical trials, participating in joint steering committee meetings with the Company s collaboration partner on Allovectin-7®, AnGes MG, reviewing related documents and regulatory filings as needed, supporting the initiation of clinical trials outside of the U.S. and presenting Allovectin-7® data at relevant conferences);
- providing product development guidance for the Company s CMV program (including supporting an evaluation of the Towne strain and related licensing activities, participating in the creation of a formulation manuscript, reviewing the IND annual report to the FDA, evaluating interim data, and presenting CMV vaccine data at relevant conferences);
- participating in meetings with governmental agencies related to specified product candidates;
- overseeing the Company s technology development initiatives (including helping to define such objectives, participating in the design and review of preclinical studies, evaluating a needle-free injection system for potential use with the Company s product candidates, evaluating specified aspects of, completing in vivo testing in, and completing development for patent applications related to certain of the Company s programs and technologies);

creating project plans and budgets for the Company s various research and development programs, recommending allocations of Company resources between the Company s various research and development programs, and reviewing progress reports related to the Company s various research and development programs;

serving as the chairman of various internal research and development committees; and

continuing to monitor the Company s partnered angiogenesis program.

The CEO performs an interim assessment of the individual goals for the Company s other executive officers in the third quarter of each calendar year to determine individual progress against the previously established goals. The individual goals for the Company s executive officers other than the CEO may be modified or expanded at that time to account for significant changes in the Company s operating strategy.

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Achievement of 2007 Corporate and Individual Goals

The achievement of corporate goals is measured on a sliding scale based on the Company s actual performance relative to the specified target levels. The Company typically expects the level of achievement of each goal to fall in the mid to upper end of the scale. Each corporate goal has a maximum number of points possible on the scale, which is weighted based on the goal s importance to the Company s overall performance. In 2007, the Company s finance and human resources, business development and product development corporate goals accounted for 20, 20 and 60 points, respectively, of the 100 overall points possible for the achievement of corporate goals. Following each year, the Compensation Committee, based upon the recommendations of the Company s management, determines the extent to which each corporate goal was achieved for the previous year, which results in an overall performance score for the previous year s corporate goals. The Compensation Committee generally considers a score of between 55 and 75 points as meeting expectations for corporate goals as a whole.

For 2007, the Compensation Committee determined that the Company had met or exceeded the target levels for the corporate goals related to the following:

- key employee retention and turnover;
- cash burn;
- a new acquisition or in-licensing transaction involving technology complementary to the Company s technology;
- licensing and grant revenues;
- contract manufacturing revenues;
- establishing clinical sites in the Company s Allovectin-7® clinical trial;
- filing an IND application related to the Company s influenza vaccine program; and
- patent application filings.

The Compensation Committee determined that the Company did not meet the target levels for the corporate goals related to the following:

- the Company s stock price performance relative to its peer group;
- improvement in analyst ratings;
- a new licensing or collaboration transaction involving the Company s programs or technology;
- patient enrollment in the Company s Allovectin-7® and CMV vaccine clinical trials; and

expanding the Company s vaccine manufacturing capacity.

The Compensation Committee s assessment of each corporate goal on the sliding scale resulted in a total of 64 points out of the 100 points possible for corporate goal achievement in 2007.

Consistent with the Company s compensation philosophy, the evaluation of the achievement of individual goals by each executive (other than the CEO) begins with a written self-assessment, which is submitted to the CEO. The CEO prepares a written evaluation based on the executive s self-assessment, the CEO s own evaluation of the executive s performance, and input from others within the Company. Whether and to what extent an executive s individual goals were met is determined on an aggregate, rather than goal-by-goal, basis. For 2007, it was determined that the Company s Vice President, Chief Financial Officer and Secretary and the Company s Senior Vice President, Product Development both achieved their individual goals on an aggregate basis.

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Determination of Executive Compensation

After performing the individual evaluations, the CEO submits recommendations for approval to the Compensation Committee for salary increases, cash bonuses, and stock based awards for the other executives. In the case of the CEO, his individual performance evaluation is conducted by the Compensation Committee, which determines his compensation changes, cash bonus, and stock based awards. Annual base salary increases, annual stock based awards, and annual cash bonuses, to the extent granted, are implemented during the first calendar quarter of the year.

The Company does not directly associate the achievement of any corporate goal, the overall performance score for corporate goals, or an executive s overall performance with respect to his or her individual goals, with any particular compensation outcome. Rather, the overall performance score for corporate goals and each executive s overall performance with respect to his or her individual goals is used as a tool for the Compensation Committee to evaluate appropriate salary increases, cash bonuses and stock based awards. The Compensation Committee retains ultimate discretion as to whether any salary increases, cash bonuses or stock based awards will be awarded for any year, including whether to accept or vary from the CEO s recommendations regarding such salary increases, cash bonuses or stock based awards for other executives.

Based upon the individual assessment of the achievement of goals established for 2006, the Compensation Committee approved certain discretionary cash bonuses and stock based awards for our named executive officers in 2007. Specifically, the Compensation Committee granted each of our named executive officers cash bonuses ranging between 13%-35% of base salary, restricted stock units covering between 6,000 and 30,000 shares, and a stock option covering between 30,000 and 50,000 shares.

Compensation Components

The components of our compensation package are as follows:

Base Salary

Base salaries for our executives are established based on the scope of their responsibilities and their prior relevant background, training, and experience, taking into account competitive market compensation paid by the companies represented in the compensation data we review for similar positions and the overall market demand for such executives at the time of hire. As with total executive compensation, we believe that executive base salaries should generally target the 50th percentile of the range of salaries for executives in similar positions and with similar responsibilities in the companies of similar size to us represented in the compensation data we review. An executive s base salary is also evaluated together with other components of the executive s other compensation to ensure that the executive s total compensation is in line with our overall compensation philosophy.

Base salaries are reviewed annually as part of our performance management program and increased for merit reasons, based on the executive s success in meeting or exceeding individual performance objectives and an assessment of whether significant corporate goals were achieved. If necessary, we also realign base salaries with market levels for the same positions in the companies of similar size to us represented in the compensation data we review, if we identify significant market changes in our data analysis. Additionally, the Compensation Committee adjusts base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an executive s role or responsibilities.

Annual Bonus

Our compensation program includes eligibility for an annual performance-based cash bonus in the case of all executives and certain non-executive employees. The amount of the cash bonus depends on the level of

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achievement of the stated corporate, department, and individual performance goals, with a target bonus generally set as a percentage of base salary. Currently, all executives and certain non-executive employees are eligible for annual performance-based cash bonuses. The bonus amounts for our executives typically range between 10%-50% of their base salary. The payment of any bonus is at the discretion of the Compensation Committee.

Long-Term Incentives

We believe that long-term performance is achieved through an ownership culture that encourages long-term participation by our executives in equity-based awards. Our Stock Incentive Plan allows the grant to executives of stock options, restricted stock, and other equity-based awards. We typically make an initial equity award of stock options to new employees and annual stock based grants as part of our overall compensation program. The cumulative amount of stock options granted as part of our annual performance review is approved by the Compensation Committee. All equity based awards granted to executives are approved by our Compensation Committee or our Board of Directors. Our current practice, as required by our Stock Incentive Plan, is to price equity based awards at the closing price of our common stock on the date the awards are granted.

Initial stock option awards. Executives who join us are awarded initial stock option grants. These grants have an exercise price equal to the fair market value of our common stock on the grant date and a vesting schedule of 25% on the first anniversary of the date of hire and quarterly thereafter for the next three years. The amount of the initial stock option award is determined based on the executive s position with us and analysis of the competitive practices of the companies similar in size to us represented in the compensation data that we review. The amount of the initial stock option award is also reviewed in light of the executive s base salary and other compensation to ensure that the executive s total compensation is in line with our overall compensation philosophy.

Annual stock option awards. Our practice is to make annual stock option awards as part of our overall performance program or upon promotion. The Compensation Committee believes that stock options provide management with a strong link to long-term corporate performance and the creation of stockholder value. We intend that the annual aggregate value of these awards will be set near competitive median levels for companies represented in the compensation data we review. As is the case when the amounts of base salary and initial equity awards are determined, a review of all components of the executive s compensation is conducted, including awards granted in prior periods, when determining annual equity awards to ensure that an executive s total compensation conforms to our overall philosophy and objectives.

Restricted stock unit awards. We have made grants of Restricted Stock Units, or RSUs, to executives and certain non-executive employees to provide additional long-term incentive to build stockholder value. RSU awards are made in anticipation of contributions that will create value in the Company. Because the shares underlying the RSUs have a defined value at the time the RSU grant is made, RSU grants are often perceived as having more immediate value than stock options, which have a less calculable value when granted. However, the RSUs we grant generally cover fewer shares than the stock options we would grant for a similar purpose. RSUs typically vest 25% on the first anniversary of the date of grant and quarterly thereafter for the next three years. Executive and non-executive employees have the option at the time of grant to defer the issuance of the shares underlying the RSUs beyond the date at which the RSU vests. This feature allows the individual to defer the payment of income taxes related to these shares until the shares underlying the RSU are issued. Upon vesting and issuance of the common stock underlying the RSU the Company typically withholds from each holder the number of shares of common stock necessary in order to satisfy our statutory minimum tax withholding obligation. This feature provides the holders with a method to satisfy our statutory minimum tax withholding obligations without immediately selling a portion of the shares issued.

Other Compensation

We maintain broad-based benefits and perquisites that are offered to all employees, including health insurance, life and disability insurance, dental insurance, and a 401(k) plan. In particular circumstances, we also

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utilize cash signing bonuses when certain executives join us. Generally, such cash signing bonuses are contractually required to be repaid on a pro-rata basis to the Company if the employee recipient voluntarily terminates employment with us prior to the first anniversary of the date of hire. Whether a signing bonus is paid and the amount thereof is determined on a case-by-case basis under the specific hiring circumstances. For example, we will consider paying signing bonuses to compensate for amounts forfeited by an executive upon terminating prior employment, to assist with relocation expenses, and/or to create additional incentive for an executive to join our Company in a position where there is high market demand. We also reimburse our Chief Executive Officer for certain relocation costs, which in 2007 was capped at $50,000 per year. A majority of the reimbursement is used for temporary housing while he is in San Diego.

Termination Based Compensation

Severance. Upon termination of employment, our executives are entitled to receive severance payments. In determining whether to approve and setting the terms of such severance arrangements, the Compensation Committee recognizes that executives, especially highly ranked executives, often face challenges securing new employment following termination. Severance for termination, without cause, or for resignation for good reason, for executives, other than our Chief Executive Officer, includes the payment of six months of the executive s current base salary. Our Chief Executive Officer s employment agreement provides severance of 12 months of base salary plus an amount equal to any cash bonus paid in the prior year, if his employment is terminated without cause or if he resigns for good reason (as defined in the agreement). Additional details about these severance provisions, including definitions of cause and good reason can be found under Potential Payments Upon Termination or Change in Control, below. We believe that our executives severance packages are generally in line with severance packages offered to executives of the companies of similar size to us represented in the compensation data we reviewed.

Acceleration of vesting of equity-based awards. Provisions of our Stock Incentive Plan allow our Board of Directors to grant stock based awards to employees and executives that provide for the acceleration of the vesting in the event of a change of control (as defined by the Plan). Currently, all of the Company s outstanding equity based awards include provisions that accelerate vesting of such awards in the event of a change of control. The Compensation Committee believes that these provisions are properly designed to promote stability during a change of control and enable our executives to focus on corporate objectives during a change of control, even if their employment may be subsequently terminated.

Tax and Accounting Implications

Deductibility of executive compensation. As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than $1,000,000 that is paid to certain individuals. The Company believes that compensation paid under the management incentive plans are generally fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its executives.

Accounting for stock-based compensation. Beginning on January 1, 2006, the Company began accounting for stock-based payments including its Stock Option Program, Long-Term Stock Grant Program, Restricted Stock Program and Stock Award Program in accordance with the requirements of FASB Statement 123(R). The Compensation Committee considers the accounting impact of equity based compensation when developing the Company s compensation strategy.

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Compensation Committee Report

The material in this report is not soliciting material, is not deemed filed with the SEC and shall not be incorporated by reference by any general statement incorporating by reference this filing into any other filing of Vical under the Securities Act or the Exchange Act, except to the extent Vical specifically incorporates this report by reference.

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Amendment No. 1 to the Company s Annual Report on Form 10-K/A.

Compensation Committee

Robert H. Campbell

R. Gordon Douglas, M.D.

Gary A. Lyons

Summary Compensation Table

The Company has entered into compensation agreements with its executives. The terms of those agreements provide for benefits such as relocation reimbursement, severance payments and vesting acceleration of equity based awards in the event of a change of control. The terms of these benefits are further discussed under the heading Compensation Components included herein. The following table provides information regarding the compensation of each of our named executive officers for the fiscal year ended December 31, 2007.

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[2]	Option Awards ($)[3]	All Other Compensation ($)	Total ($)
Vijay B. Samant	2007	452,075	160,000	237,916	304,740	57,385[4]	1,212,116
President and Chief Executive Officer	2006	435,000	220,000	141,026	265,579	56,105[5]	1,169,433
Jill M. Church	2007	273,075	60,000	60,494	142,703	7,147	543,419
Vice President, Chief Financial Officer and Secretary	2006	260,000	70,000	22,525	100,408	6,382	472,665
Alain P. Rolland, Pharm.D., Ph.D.	2007	294,575	40,000	43,040	79,880	5,551	463,046
Senior Vice President, Product Development	2006	283,000	50,000	22,189	60,126	6,382	466,172

(1) Annual bonuses are granted at the Compensation Committee s discretion, taking into account each named executive officer s performance against his or her independent, department and corporate goals, as more fully described above.

(2) Amounts shown reflect the amount expensed during 2007 by the Company under the provisions of the Statement of Financial Accounting Standards No. 123R, or FAS 123R, for all RSUs previously granted and held by the named individual, but, in accordance with SEC regulations, without giving effect to estimated forfeitures. Assumptions used in the calculation of these amounts are included in Note 1 of the Notes to Financial Statements included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed with the Securities and Exchange Commission on March 3, 2008.

(3) Amounts shown reflect the amount expensed during the respective year by the Company under the provisions of FAS 123R for all options previously granted and held by the named individual, but, in accordance with SEC regulations, without giving effect to estimated forfeitures. Assumptions used in the calculation of these amounts are included in Note 1 of the Notes to Financial Statements included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed with the Securities and Exchange Commission on March 3, 2008.

(4) Of the amount shown, $50,000 represents relocation costs, including of $30,261 in rent and utility payments for an apartment for Mr. Samant and $17,875 for tax reimbursements.

(5) Of the amount shown, $49,071 represents relocation costs, including of $30,462 in rent and utility payments for an apartment for Mr. Samant and $17,543 for tax reimbursements.

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Grants of Plan Based Awards

The following table provides details regarding stock-based awards granted to each of our named executive officers for the fiscal year ended December 31, 2007.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)[1][2]	All Other Option Awards: Number of Securities Underlying Options (#)[2]	Exercise or Base Price of Option Awards ($/sh)	Grant Date Fair Value of Stock and Option Awards ($)
Vijay B. Samant	1/5/2007			6.71	343,067
			100,000		
	1/5/2007	30,000			201,000
Jill M. Church	1/5/2007		50,000	6.71	171,534
	1/5/2007	10,000			67,000
Alain P. Rolland, Pharm.D., Ph.D.	1/5/2007		30,000	6.71	102,330
	1/5/2007	6,000			40,200

(1) The amounts shown reflect the number of shares underlying the RSUs granted to each named executive officer. The par value of $0.01 per share of the underlying shares of an RSU grant is paid by the named executive officer on the date of grant.

(2) The right to exercise the above stock options and RSUs generally vests 25% on the first anniversary date of the grant, with the remaining rights vesting quarterly over the remaining three years.

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Outstanding Equity Awards at Fiscal Year-End

The following table provides details regarding outstanding stock-based awards for each of our named executive officers for the fiscal year ended December 31, 2007.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options - Exercisable(#)	Number of Securities Underlying Unexercised Options - Unexercisable[1]	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]
Vijay B. Samant	300,000		16.63	11/27/2010	66,250	281,563
	125,000		9.40	2/4/2012		
	150,000		3.11	1/27/2013		
	93,750	6,250	6.35	2/9/2014		
	51,563	23,437	5.08	2/21/2015		
	26,250	33,750	4.54	1/5/2016		
		100,000	6.71	1/4/2017		
Jill M. Church	45,000	15,000	4.80	10/10/2014		
	13,750	6,250	5.08	2/21/2015	17,687	75,170
	8,750	11,250	4.54	1/5/2016		
		50,000	6.71	1/4/2017		
Alain P. Rolland, Pharm.D., Ph.D.	60,000		6.48	7/31/2012		
	20,000		3.11	1/27/2013	12,112	51,476
	14,063	937	6.35	2/8/2014		
	10,313	4,687	5.08	2/21/2015		
	6,563	8,437	4.54	1/5/2016		
		30,000	6.71	1/4/2017		

(1) The right to exercise the above stock options vests 25% on the first anniversary of the date of the grant, with the remaining rights vesting quarterly over the remaining three years.

(2)

The market value of the RSUs is determined by multiplying the number of shares underlying the RSUs by the closing price for the Company s Common Stock of $4.25 on December 31, 2007.

Option Exercises and Stock Vested

The following table provides details regarding stock options exercised and RSUs vested for each of our named executive officers for the fiscal year ended December 31, 2007.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)[1]**
Vijay B. Samant			28,750[2]	150,525
Jill M. Church			6,063[3]	32,261
Alain P. Rolland, Pharm.D., Ph.D.			4,838[4]	25,243

(1) Represents the number of shares vested multiplied by the market value of the underlying shares on the vesting date less the purchase price of $0.01 per share.

(2) Mr. Samant elected to defer receipt of 20,000 of these shares until the earlier of a change in control as defined in the Stock Option Plan or 90 days following the termination of his employment.

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(3) Ms. Church elected to defer receipt of 3,000 of these shares until February 23, 2014 and elected to defer receipt of 1,313 of these shares until February 1, 2015. The deferral agreements allow the employee to receive the vested shares prior to the deferral date only in the event of a change in control or upon termination of employment.

(4) Dr. Rolland elected to defer receipt of 788 of these shares until January 8, 2008 and elected to defer receipt of 2,250 of these shares until February 22, 2008. The deferral agreements allow the employee to receive the vested shares prior to the deferral date only in the event of a change in control or upon termination of employment.

Nonqualified Deferred Compensation Table

We grant RSUs to our executives and other employees. The RSUs granted typically vest 25% on the first anniversary date of the grant, with the remaining rights vesting quarterly over the remaining three years and, once vested, allow the participants to acquire shares of common stock at par value. At the time the RSU is granted the employee has the option to defer the release of the common stock underlying the RSU to a future date which is after its vesting date. The election to defer the release of the common stock underlying the RSU also defers the required state and federal income tax withholding requirements until those shares are released. The election to defer the release of the common shares underlying the RSU is irrevocable. The deferral agreements allow the employee to receive the vested shares prior to the deferral date only in the event of a change in control or upon termination of employment. The following table provides details regarding the value of stock awards as of December 31, 2007, for which issuance of the shares underlying those awards has been deferred, the increase in value of deferred shares during the current year and the value of deferred shares which were released during the current year.

Name	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Contributions ($)	Aggregate Balance at Last FY ($)[1]
Vijay B. Samant		160,750[2]	286,875
Jill M. Church			27,893
Alain P. Rolland, Pharm.D., Ph.D		11,948[2]	12,912

(1) Amount represents the market value of vested but unreleased shares multiplied by the closing price for the Company s Common Stock of $4.25 on December 31, 2007.

(2) Represents the full fair market value on the release date for shares which vested prior to 2007 and were released in 2007.

Potential Payments Upon Termination or Change of Control

We have entered into employment agreements with our executives which include provisions that entitle those executives to receive severance payments in specified cases upon termination without cause, or resignation for good reason. Severance for executives, other than our Chief Executive Officer, includes the payment of six months of the executive s current base salary. Termination for cause is defined as any one of the following: (i) failure to perform the executive s duties, (ii) gross misconduct, (iii) fraud or (iv) a conviction of, or a plea of guilty or no contest to a felony. Resignation for good reason is defined as any one of the following: (i) a material reduction in authority or responsibility or (ii) a reduction in base salary of more than 25%. In the event that our executives qualify for severance payments, the payments will be made on a bi-monthly basis and will be reduced dollar for dollar by any other compensation earned by the executives during the severance period as an employee or independent contractor.

We have entered into an employment agreement with our Chief Executive Officer which provides for severance of 12 months of base salary plus an amount equal to any cash bonus paid in the prior year, if his

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employment is terminated without cause or if he resigns for good reason. Termination for cause is defined as any one of the following: (i) failure to perform the executive s duties, (ii) gross misconduct, (iii) fraud or (iv) a conviction of, or a plea of guilty or no contest to a felony. Resignation for good reason is defined as any one of the following: (i) a material reduction in authority or responsibility, (ii) removal of the direct reporting relationship with the Board of Directors, (iii) any reduction in base compensation, or (iv) a material breach of his employment agreement. In the event that our Chief Executive Officer qualifies for severance payments, the payments will be made on a bi-monthly basis and will be reduced dollar for dollar by any other compensation earned by the executive, during the severance period, as an employee or consultant with a company which is primarily involved in research, development or commercialization of a method of delivery of naked DNA into humans or animals.

All of the Company s outstanding equity based awards include provisions that accelerate vesting of such awards in the event of a change of control. A change of control is defined as the occurrence of either of the following events: (i) a change in the composition of the Board of Directors, as a result of which fewer than 50% of the incumbent directors are directors who either: (a) had been directors of the Company 24 months prior to such change; or (b) were elected, or nominated for election, to the Board of Directors with the Company 24 months prior to such change and who were still in office at the time of the election or nomination; or (ii) any person by the acquisition or aggregation of securities of the Company representing 50% or more of the combined voting power of the Company s securities eligible to vote for the election of directors.

The following table provides details of potential payments which could occur upon termination of the named executive officers or in the event of a change of control of the Company assuming a triggering event occurred on December 31, 2007.

Name	Cash Severance Payment ($)	Bonus Payment ($)	Acceleration of Equity Awards (unamortized expense) ($)[1]
Vijay B. Samant			
Involuntary termination without cause	452,075	220,000	
Voluntary resignation for good reason	452,075	220,000	
Change in control			466,238
Jill M. Church			
Involuntary termination without cause	136,538		
Voluntary resignation for good reason	136,538		
Change in control			172,547
Alain P. Rolland, Pharm.D., Ph.D.			
Involuntary termination without cause	147,288		
Voluntary resignation for good reason	147,288		
Change in control			103,698

(1) The amounts shown reflect the unamortized compensation expense related to options and awards outstanding at December 31, 2007, to be recognized for financial statement reporting purposes for periods beginning after December 31, 2007, in accordance with SFAS No. 123(R), without giving effect to estimated forfeitures.

Director Compensation

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board. Management develops the Board compensation package by utilizing publicly available data from our peer group. The peer group, which is periodically reviewed and updated by the Compensation Committee, consists of representative companies against which the Compensation Committee

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believes Vical competes for directors. The individual companies included in our peer group include Arena Pharmaceuticals, Inc., AVANT Immunotherapeutics, Inc., Cell Genesys, Inc., Dendreon Corporation, Dynavax Technologies, GenVec, Inc, Geron Corporation, Introgen Therapeutics, Inc., IOMAI Corporation, Kosan Biosciences Incorporated, Maxygen, Inc., Novavax Inc. and Sangamo BioSciences, Inc. We believe that the practices of the peer group of companies provide us with appropriate compensation benchmarks, because these companies have similar organizational structures and tend to compete with us for directors.

Director Fees

Each of our non-employee directors receives an annual fee of $20,000 for service on the Board of Directors. Each of our non-employee directors also receives $1,500 for attending each meeting of the Board of Directors. Non-employee directors are also reimbursed for their expenses for each meeting attended. All fees are paid on or about February 15th following the year during which services were rendered, excluding expenses which are reimbursed as incurred.

Director Options

Under the Stock Incentive Plan, each of our new non-employee directors, on the date of his or her election to the Board of Directors, receives an option to purchase 20,000 shares of our common stock at its fair market value on the date of grant. The shares subject to these options generally vest 25% on the first anniversary of the date of grant, with the remaining shares vesting quarterly over the next three years. Each non-employee director who has served on our Board of Directors for at least six months on the date of each regular Annual Meeting of Stockholders also receives an annual grant of an option to purchase 12,500 shares of our common stock which becomes exercisable in full on the date of the regular Annual Meeting of Stockholders following the date of grant. No more than an aggregate of 30% of the shares available under our Stock Incentive Plan are available for grant to non-employee directors. Our Board of Directors may provide discretionary grants under the Stock Incentive Plan to our non-employee directors. Under the Stock Incentive Plan, options to purchase a total of 505,000 shares of our common stock have been granted to our current non-employee directors, with 57,500 shares of this total amount granted during the fiscal year ended December 31, 2007. Under the Directors Stock Plan, options to purchase a total of 202,500 shares of our common stock have been granted to our current and former non-employee directors to date, none of which remained outstanding as of December 31, 2007. We do not intend to grant any further options under the Directors Stock Plan.

Fees and Options of the Chairman of the Board of Directors

Dr. Douglas receives an annual fee of $25,000 (in lieu of the $20,000 annual fee which he would otherwise receive as a non-employee director) for serving as Chairman of our Board of Directors. Additionally, he received an option to purchase 10,000 shares of our common stock under the Stock Incentive Plan upon becoming Chairman. The shares subject to this option vested 25% on the first anniversary of the date of grant, with the remaining shares vesting quarterly over the next three years. Our Chairman of the Board of Directors also receives an annual grant of an option to purchase 20,000 shares of our common stock under the Stock Incentive Plan (in lieu of the annual grant of an option to purchase 12,500 shares which he would otherwise receive as a non-employee director) which also becomes exercisable in full on the date of the regular Annual Meeting of Stockholders following the date of grant.

Committee Fees

The Chairman of the Audit Committee of the Board of Directors receives an annual Audit Committee Chairman fee of $10,000. Other Audit Committee members receive an annual Audit Committee Member fee of $5,000. The Chairman of the Compensation Committee and the Chairman of the Nominating/Governance Committee each receive an annual Committee Chairman fee of $5,000. Other members of the Compensation and Nominating/ Governance Committees receive an annual Committee Member fee of $2,500.

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Director Compensation Table

The table below summarizes the compensation paid by the Company to non-employee directors for the fiscal year ended December 31, 2007.

Name[1]	Fees Earned or Paid in Cash ($)	Option Awards ($)[2]	Total ($)
R. Gordon Douglas, M.D.	41,000	48,240	89,240
Robert H. Campbell	33,500	34,460	67,960
Gary A. Lyons	37,000	30,150	67,150
Robert C. Merton, Ph.D.	35,000	30,150	65,150

(1) Vijay B. Samant, the Company s President and Chief Executive Officer, is not included in this table as he is an employee of the Company and thus receives no compensation for his service as a director.

(2) The amounts shown reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007, in accordance with SFAS 123(R), of stock options granted pursuant to the Amended and Restated Stock Incentive Plan of Vical Incorporated and thus may include amounts from stock options granted in and prior to 2007. Assumptions used in the calculation of these amounts are included in Note 1 of the Notes to Financial Statements included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 filed with the Securities and Exchange Commission on March 3, 2008. As of December 31, 2007, each director has the following number of options outstanding: R. Gordon Douglas, M.D. 210,000; Robert H. Campbell 70,000; Gary A. Lyons 127,500; and Robert C. Merton, Ph.D. 82,500.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(3) Exhibits

See the list in paragraph (b) below. Each management contract or compensatory plan or arrangement required to be identified by this item is so designated in such list.

(b) Exhibits

Exhibit

Number	**Description of Document**
3.1(i)(8)	Restated Certificate of Incorporation.
3.1(ii)(8)	Amended and Restated Bylaws of the Company.
3.2(i)(21)	Certificate of Amendment to Restated Certificate of Incorporation.
4.1(8)	Specimen Common Stock Certificate.
10.1(3)[a]	Amended and Restated Stock Incentive Plan of Vical Incorporated.
10.2(4)[a]	1992 Directors Stock Option Plan of Vical Incorporated.
10.3(13)[a]	Form of Indemnity Agreement between the Company and its directors and officers.
10.8(2)	Lease dated December 4, 1987, between the Company and Nexus/GADCo.-UTC, a California Joint Venture, as amended.
10.9(5)[b]	Research Collaboration and License Agreement dated May 31, 1991, between the Company and Merck & Co., Inc.
10.12(1)[b]	License Agreement dated January 1, 1991, between the Company and Wisconsin Alumni Research Foundation.
10.14(1)[b]	License Agreement dated October 23, 1992, between the Company and the Regents of University of Michigan.
10.16(6)	Research, Option and License Agreement dated September 29, 1994, between the Company and Pasteur Mérieux Sérums & Vaccins (subsequently Sanofi Pasteur).
10.17(7)	Amendment dated April 27, 1994, to Research Collaboration and License Agreement dated May 31, 1991, between the Company and Merck & Co., Inc.
10.19(16)[b]	Amendment dated November 3, 1997, to Research Collaboration and License Agreement dated May 31, 1991, between the Company and Merck & Co., Inc.
10.20(9)	Amendment No. 4 to the Lease dated December 4, 1987, between the Company and Nippon Landic (U.S.A.), Inc., a Delaware Corporation (as successor in interest to Nexus/GADCo.-UTC).
10.23(11)[a]	Employment Agreement dated November 28, 2000, between the Company and Vijay B. Samant.
10.26 (12)[b]	Amendment No. 4 dated December 7, 2001, to Research, Option and License Agreement between the Company and Sanofi Pasteur (formerly Pasteur Mérieux Sérums & Vaccins).
10.27(12)	Lease dated January 30, 2002, between the Company and Kilroy Realty, L.P. a Delaware Limited Partnership.
10.28(12)[a]	Amendment dated February 5, 2002, to Employment Agreement dated November 28, 2000, between the Company and Vijay B. Samant.
10.29(22)[a]	Employment Agreement dated June 17, 2002, between the Company and Alain Rolland.

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Exhibit

Number	Description of Document
10.30(13)[b]	Amendment No. 5 dated September 23, 2002, to Research, Option and License Agreement between the Company and Sanofi Pasteur (formerly Pasteur Mérieux Sérums & Vaccins).
10.31(13)[a]	Amendment dated March 10, 2003, to Employment Agreement dated November 28, 2000, between the Company and Vijay B. Samant.
10.32(14)[b]	Fourth Amendment dated August 20, 2003, to Research Collaboration and License Agreement dated May 31, 1991, between the Company and Merck & Co., Inc.
10.34(15)[a]	Amendment dated March 17, 2004, to Employment Agreement dated November 28, 2000, between the Company and Vijay B. Samant.
10.36(16)[b]	Amendment dated May 20, 2004, to License Agreement dated January 1, 1991, between the Company and the Wisconsin Alumni Research Foundation.
10.37(17)	Letter Agreement dated October 6, 2004 and related documents between the Company and General Electric Capital Corporation.
10.38(17)[a]	Form of Delayed Issuance Stock Purchase Grant Notice, Delayed Issuance Stock Purchase Agreement and Delayed Issuance Stock Purchase Election Agreement under the Amended and Restated Stock Incentive Plan.
10.41(18)[b]	License Agreement dated May 24, 2005, between the Company and AnGes MG, Inc.
10.42(19)[a]	Vical Incorporated Non-Employee Director Compensation Policy.
10.45(20)[a]	Employment offer letter effective October 11, 2004, by and between Vical Incorporated and Jill M. Church.
10.46(20)[b]	Fifth Amendment dated September 8, 2005, to Research Collaboration and License Agreement dated May 31, 1991, by and between Vical Incorporated and Merck & Co., Inc.
10.47(23)[b]	Amendment dated February 20, 2006, to License Agreement dated May 24, 2005, between the Company and AnGes MG, Inc.
10.48(24)[a]	Amendment dated May 19, 2006, to employment offer letter effective October 11, 2004, between the Company and Jill M. Church.
10.50(24)[b]	Research and Development Agreement dated May 25, 2006, between the Company and AnGes MG, Inc.
10.51(24)[b]	Stock Purchase Agreement dated May 25, 2006, between the Company and AnGes MG, Inc.
10.53(25)[a]	Amendment dated May 19, 2006, to Employment Agreement dated June 17, 2002, between the Company and Alain Rolland.
10.54 (10)[b]	First Amendment to Research and Development Agreement and Stock Purchase Agreement dated September 26, 2007, between the Company and AnGes MG, Inc.
10.55[b]	License Agreement dated April 29, 1991, between the Company and Life Technologies Corporation (formerly Invitrogen Corporation (formerly Life Technologies, Inc.)).
10.56(26)[b]	License Agreement dated December 7, 2001, between the Company and CytRx Corporation.
10.57[b]	License Agreement dated February 14, 2006, between the Company and the Regents of the University of Michigan.
23.1[c]	Consent of Independent Registered Public Accounting Firm Ernst & Young LLP.
23.2[c]	Consent of Independent Registered Public Accounting Firm Deloitte & Touche LLP.

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Exhibit

Number	Description of Document
31.1[c]	Certification of Vijay B. Samant, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2[c]	Certification of Jill M. Church, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Vijay B. Samant, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4	Certification of Jill M. Broadfoot, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1[c]	Certification of Vijay B. Samant, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2[c]	Certification of Jill M. Church, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the Company s Registration Statement on Form S-1 (No. 33-56830) filed on January 7, 1993.
(2) Incorporated by reference to the exhibit of the same number filed with the Company s Registration Statement on Form S-1 (No. 33-56830) filed on January 7, 1993.
(3) Incorporated by reference to Exhibit 99.1 filed with the Company s Registration Statement on Form S-8 (No. 333-143885) filed on June 19, 2007.
(4) Incorporated by reference to Exhibit 10.1 filed with the Company s Registration Statement on Form S-8 (No. 333-30181) filed on June 27, 1997.
(5) Incorporated by reference to Exhibit 10.9 of the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 (No. 0-21088).
(6) Incorporated by reference to Exhibit A of the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 1994.
(7) Incorporated by reference to Exhibit A of the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 (No. 0-21088).
(8) Incorporated by reference to the exhibit of the same number filed with the Company s Registration Statement on Form S-3 (No. 33-95812) filed on August 15, 1995.
(9) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.
(10) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.
(11) Incorporated by reference to the exhibit of the same number to the Company s Annual Report on Form 10-K for the year ended December 31, 2000.
(12) Incorporated by reference to the exhibit of the same number to the Company s Annual Report on Form 10-K for the year ended December 31, 2001.
(13) Incorporated by reference to the exhibit of the same number to the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2002.
(14) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.
(15) Incorporated by reference to the exhibit of the same number to the Company s Current Report on Form 8-K filed on March 24, 2004.
(16) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
(17) Incorporated by reference to the exhibit of the same number to the Company s Annual Report on Form 10-K for the year ended December 31, 2004.

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(18) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
(19) Incorporated by reference to Exhibit 99.1 to the Company s Current Report on Form 8-K filed on September 23, 2005.
(20) Incorporated by reference to Exhibits 10.3 10.4 to the Company s Current Report on Form 8-K filed on October 12, 2005.
(21) Incorporated by reference to Exhibit 4.2 filed with the Company s Registration Statement on Form S-8 (No. 333-135398) filed on June 28, 2006.
(22) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.
(23) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.
(24) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
(25) Incorporated by reference to the exhibit of the same number to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.
(26) Incorporated by reference to Exhibit 99 to CytRx Corporation s Current Report on Form 8-K filed on December 21, 2001.
[a] Indicates management contract or compensatory plan or arrangement.
[b] Confidential treatment of certain portions of this agreement has been requested and/or received and such portions have been omitted and filed separately with the SEC pursuant to Rule 24b-2 under the Securities Exchange Act of 1934.
[c] Previously filed with the Company s Annual Report on form 10-K for the year ended December 31, 2007.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 3, 2009

VICAL INCORPORATED

By: /s/ VIJAY B. SAMANT

Vijay B. Samant

President and Chief Executive Officer