

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

SCHEDULE 14A

**(Rule 14a-101)
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- x Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material under §240.14a-12

ReShape Lifesciences Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
 - o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

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

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:

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

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

 - (3) Filing Party:

 - (4) Date Filed:

-

August [], 2018

Dear Stockholders:

You are cordially invited to join us for our special meeting of stockholders, which will be held on [], [], 2018 at [: a.m./p.m.] Eastern Time. The meeting will be conducted completely as a virtual meeting via the internet at []. Holders of record of our common stock as of [], 2018, are entitled to notice of and to vote at the special meeting.

The Notice of Special Meeting of Stockholders and the proxy statement that follow describe the business to be conducted at the meeting.

We hope you will be able to attend the meeting. However, even if you plan to attend the meeting, please vote your shares promptly to ensure that they are represented at the meeting. You may submit your proxy vote by telephone or internet as described in the following materials or by completing and signing the enclosed proxy card and returning it in the envelope provided. If you previously submitted a proxy vote but decide to attend the meeting and change your proxy vote, you may do so automatically by voting at the meeting. Your vote will automatically be changed to reflect your vote at the meeting.

We look forward to your attendance at our virtual special meeting.

Sincerely,



Dan W. Gladney
President and Chief Executive Officer

[Table of Contents](#)

PRELIMINARY PROXY STATEMENT — SUBJECT TO COMPLETION



NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Date and Time: [], [], 2018 at [: a.m./p.m.] Eastern Time

Place: The special meeting will be conducted completely as a virtual meeting via the internet. Stockholders may attend the meeting and vote their shares electronically during the meeting via the live webcast by visiting []. Have the information that is printed in the box marked by the arrow on your proxy card available and follow the instructions. Stockholders may submit questions in advance of the meeting by visiting www.proxyvote.com. We believe that holding our meeting completely online will enable greater participation and improved communication.

Items of Business:

1. Authorization of the Board of Directors to amend our Sixth Amended and Restated Certificate of Incorporation, as amended, to effect a reverse split of our issued and outstanding shares of common stock (the "Reverse Stock Split") at a ratio of between 1-for-20 and 1-for-125, inclusive, which ratio will be selected at the sole discretion of our Board of Directors at any whole number in the above range, with any fractional shares that would otherwise be issued as a result of the Reverse Stock Split being rounded up to the nearest whole share; provided, that our Board of Directors may abandon the Reverse Stock Split in its sole discretion.
2. To authorize a potential offering of shares of our common stock, or securities convertible into or exercisable for shares of our common stock, representing more than 20% of our outstanding shares of common stock at the time of the offering, in accordance with Nasdaq Marketplace Rule 5635.
3. To authorize an amendment to our outstanding warrants to purchase shares of our common stock that were issued to investors in connection with our registered direct offerings completed in June, July and August 2018, in accordance with Nasdaq Marketplace Rule 5635.

Record Date: You may vote at the meeting if you were a holder of record of our common stock at the close of business on [], 2018.

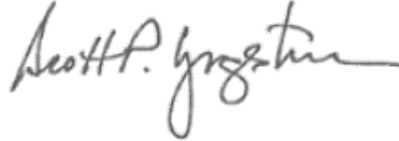
Voting by Proxy: If you cannot attend the special meeting, you may vote your shares by telephone or internet by no later than 11:59 p.m. Eastern Time on [], 2018 (as directed on the enclosed proxy card), or by completing, signing and promptly returning the enclosed proxy card by mail for receipt prior to the date of the special meeting. We encourage you to vote by telephone or internet in order to reduce our mailing and handling expenses. If you choose to submit your proxy by mail, we have enclosed an envelope addressed to Broadridge Financial Solutions, Inc. for which no postage is required if mailed in the United States.

[Table of Contents](#)

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON [], 2018

This proxy statement and the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available at www.proxyvote.com

By Order of the Board of Directors:



Scott P. Youngstrom
Secretary

[], 2018

[Table of Contents](#)

PROXY STATEMENT

TABLE OF CONTENTS

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON [], 2018	iii
QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND VOTING	1
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	6
PROPOSAL NO. 1—APPROVAL OF REVERSE STOCK SPLIT	8
PROPOSAL NO. 2—APPROVAL OF ISSUANCE OF MORE THAN 20% OF THE COMPANY’S ISSUED AND OUTSTANDING COMMON STOCK IN ACCORDANCE WITH NASDAQ LISTING RULE 5635	15
PROPOSAL NO. 3 — APPROVAL OF AMENDMENT TO OUTSTANDING WARRANTS TO PURCHASE COMMON STOCK IN ACCORDANCE WITH NASDAQ LISTING RULE 5635	17
“HOUSEHOLDING” OF PROXY MATERIALS	19
OTHER MATTERS	19
WHERE YOU CAN FIND MORE INFORMATION	19
INCORPORATION OF DOCUMENTS BY REFERENCE	19

[Table of Contents](#)

**PROXY STATEMENT
SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [], 2018**

The Board of Directors of ReShape Lifesciences Inc. (“ReShape Lifesciences” or the “Company”) is soliciting proxies for use at the special meeting of stockholders to be held on [], 2018, and at any adjournment of the meeting. This proxy statement and the enclosed proxy card are first being mailed or given to stockholders on or about [], 2018.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND VOTING

What is the purpose of the meeting?

At our special meeting, stockholders will act upon the matters outlined in the Notice of Special Meeting of Stockholders, including:

- authorization of the Board of Directors to amend our Sixth Amended and Restated Certificate of Incorporation, as amended (the “Certificate of Incorporation”), to effect a reverse split of our issued and outstanding shares of common stock (the “Reverse Stock Split”) at a ratio of between 1-

for-20 and 1-for-125, inclusive, which ratio will be selected at the sole discretion of our Board of Directors at any whole number in the above range, with any fractional shares that would otherwise be issued as a result of the Reverse Stock Split being rounded up to the nearest whole share; provided, that our Board of Directors may abandon the Reverse Stock Split in its sole discretion (Proposal No. 1);

- authorization of a potential offering of shares of our common stock, or securities convertible into or exercisable for shares of our common stock, representing more than 20% of our outstanding shares of common stock at the time of the offering (the “Potential Offering”), in accordance with Nasdaq Marketplace Rule 5635 (Proposal No. 2); and
- authorization of an amendment (the “Warrant Amendment”) to our outstanding warrants to purchase shares of our common stock that were issued to investors in connection with our registered direct offerings completed in June, July and August 2018, in accordance with Nasdaq Marketplace Rule 5635 (“Proposal No. 3”).

Who is entitled to vote at the meeting?

The Board has set [], 2018 as the record date for the special meeting. If you were a stockholder of record of our common stock at the close of business on [], 2018, you are entitled to vote at the meeting. As of the record date, [] shares of our common stock were issued and outstanding and, therefore, eligible to vote at the meeting.

How may I attend the meeting?

The special meeting will be conducted completely as a virtual meeting via the internet. Stockholders may attend the meeting and vote their shares electronically during the meeting via the live webcast by visiting []. Stockholders may submit questions in advance of the meeting by visiting www.proxyvote.com. We believe that holding our meeting completely online will enable greater participation and improved communication. Stockholders will need the information that is printed in the box marked by the arrow on their proxy card to enter the meeting and vote their shares at the meeting.

What are my voting rights?

Holders of our common stock are entitled to one vote per share. There is no cumulative voting.

[Table of Contents](#)

How many shares must be present to hold the meeting?

In accordance with our bylaws, shares equal to a majority of all of the shares of the outstanding common stock as of the record date must be present at the meeting in order to hold the meeting and conduct business. This is called a quorum. Your shares are counted as present at the meeting if:

- you are present and vote at the meeting; or
- you have properly submitted a proxy card by mail, telephone or internet.

Therefore, in order for a quorum to be present, there must be a total of [] shares of common stock present or represented by proxy and entitled to vote at the special meeting on at least one of the proposals.

How do I give a proxy to vote my shares?

If you are a stockholder of record of our common stock as of the record date, you can give a proxy to be voted at the meeting in any of the following ways:

- over the telephone by calling a toll-free number;
- electronically, via the internet; or
- by completing, signing and mailing the enclosed proxy card.

The telephone and internet procedures have been set up for your convenience. We encourage you to save corporate expense by submitting your vote by telephone or internet. The procedures have been designed to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been recorded properly. If you are a stockholder of record and you would like to submit your proxy by telephone or internet, please refer to the specific instructions provided on the enclosed proxy card. If you wish to submit your proxy by mail, please return your signed proxy card to our transfer agent before the special meeting.

If you hold your shares in “street name,” you must vote your shares in the manner prescribed by your broker or other nominee. Your broker or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing the broker or nominee how to vote your shares, and telephone and internet voting is also encouraged for stockholders who hold their shares in street name.

What is the difference between a stockholder of record and a “street name” holder?

If your shares are registered directly in your name, you are considered the stockholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered to be the stockholder of record with respect to those shares. However, you still are considered the beneficial owner of those shares, and your shares are said to be held in “street name.” Street name holders generally cannot vote their shares directly and must instead instruct the broker, bank, trust or other nominee how to vote their shares using the method described above.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, it means that you hold shares registered in more than one account. To ensure that all of your shares are voted, sign and return each proxy card or, if you submit your proxy vote by telephone or internet, vote once for each proxy card you receive.

Can I vote my shares at the meeting?

If you are a stockholder of record of our common stock, you may vote your shares at the meeting by going to []. Have the information printed in the box marked by the arrow on your proxy card available and follow the instructions. Even if

2

[Table of Contents](#)

you currently plan to attend the meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting. If you are a street name holder, you must vote your shares in the manner prescribed by your broker, bank, trust or other nominee.

How can I submit questions for the special meeting?

You may submit questions prior to the meeting at www.proxyvote.com. Questions pertinent to matters to be acted upon at the special meeting as well as appropriate questions regarding the business and operations of the company will be answered during the special meeting, subject to time constraints. In the interests of time and efficiency, we reserve the right to group questions of a similar nature together to facilitate the question and answer portion of the meeting. We may not be able to answer all questions submitted in the allotted time.

What vote is required for a proposal to be approved?

Approval of the Reverse Stock Split requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding and entitled to vote at the special meeting. Approval of the Potential Offering and the Warrant Amendment requires the affirmative vote of the holders of a majority of the shares of our common stock present or represented by proxy at the meeting and entitled to vote on that matter.

How are votes counted?

You may vote "FOR," "AGAINST" or "ABSTAIN" on each of the proposals. If you submit your proxy but abstain from voting on one or more matters, your shares will be counted as present at the meeting for the purpose of determining a quorum. Your shares also will be counted as present at the meeting for the purpose of calculating the vote on the particular matter with respect to which you abstained from voting. If you submit your proxy but abstain from voting on a proposal, your abstention has the same effect as a vote against that proposal.

If you hold your shares in street name with a brokerage firm that exercises discretionary proxy authority and do not provide voting instructions to your broker or other nominee, your shares will be considered to be "broker non-votes" and will not be voted on any proposal on which your broker or other nominee does not have discretionary authority to vote (a "Non-Discretionary Proposal"). Shares that constitute broker non-votes will be counted as present at the meeting for the purpose of determining a quorum, but will not be considered entitled to vote on any Non-Discretionary Proposal. Approval of the Reverse Stock Split is considered a routine matter on which a broker or other nominee has discretionary authority to vote. Your broker or other nominee does not have discretionary authority to vote your shares with regard to the Potential Offering or the Warrant Amendment.

Is the company party to any voting agreements with respect to the proposals to be voted on at the meeting?

No. We were previously party to voting agreements with Dr. Raj Nihalani, which was entered into in connection with our acquisition of BarioSurg, Inc., and certain former holders of ReShape Medical, Inc. securities, which were entered into in connection with our acquisition of ReShape Medical. However, those voting agreements have all terminated pursuant to their terms because the stockholders party thereto no longer beneficially own at least 5% of our outstanding capital stock.

How will the proxies vote on any other business brought up at the meeting?

By submitting your proxy card, you authorize the proxies to use their judgment to determine how to vote on any other matter brought before the meeting. We do not know of any other business to be considered at the meeting.

The proxies' authority to vote according to their judgment applies only to shares you own as the stockholder of record.

Who will count the vote?

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes.

3

[Table of Contents](#)

How does the Board of Directors recommend that I vote?

You will vote on the following management proposals:

- Authorization of the Board of Directors to amend the Certificate of Incorporation to effect the Reverse Stock Split at a ratio of between 1-for-20 and 1-for-125, inclusive, which ratio will be selected at the sole discretion of our Board of Directors at any whole number in the above range, with any fractional shares that would otherwise be issued as a result of the Reverse Stock Split being rounded up to the nearest whole share; provided, that our Board of Directors may abandon the Reverse Stock Split in its sole discretion.

- Authorization of a potential offering of shares of our common stock, or securities convertible into or exercisable for shares of our common stock, representing more than 20% of our outstanding shares of common stock at the time of the offering, in accordance with Nasdaq Marketplace Rule 5635.
- Authorization of an amendment to our outstanding warrants to purchase shares of our common stock that were issued to investors in connection with our registered direct offerings completed in June, July and August 2018, in accordance with Nasdaq Marketplace Rule 5635.

The Board of Directors recommends that you vote **FOR** each of the proposals.

What if I do not specify how I want my shares voted?

If you submit a signed proxy card or submit your proxy by telephone and do not specify how you want to vote your shares, we will vote your shares **FOR** each of the proposals.

Can I change my vote after submitting my proxy?

Yes. You may revoke your proxy and change your vote at any time before your proxy is voted at the special meeting. If you are a stockholder of record, you may revoke your proxy and change your vote by submitting a later-dated proxy by telephone, internet or mail, or by voting at the meeting.

To request an additional proxy card, or if you have any questions about the special meeting or how to vote or revoke your proxy, you should contact:

Broadridge Financial Solutions, Inc.
51 Mercedes Way, Edgewood, New York 11717
Call toll free: (855) 325-6676

Where and when will I be able to find the results of the voting?

Preliminary results will be announced at the meeting. We will publish the final results in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission no later than four business days after the date of our special meeting.

Who pays for the cost of proxy preparation and solicitation?

We pay for the cost of proxy preparation and solicitation, including the reasonable charges and expenses of brokerage firms, banks or other nominees for forwarding proxy materials to street name holders. We are soliciting proxies primarily by mail. In addition, our directors, officers and regular employees may solicit proxies by telephone, facsimile or personally. These individuals will receive no additional compensation for their services other than their regular salaries and/or director fees.

What are the deadlines for submitting stockholder proposals for the 2019 annual meeting?

In order for a stockholder proposal to be considered for inclusion in our proxy statement for the 2019 annual meeting, the written proposal must be received at our principal executive offices at 1001 Calle Amanecer, San Clemente, California

[Table of Contents](#)

92673, Attention: Secretary, on or before December 31, 2018. The proposal must comply with Securities and Exchange Commission regulations regarding the inclusion of stockholder proposals in Company-sponsored proxy materials.

Our bylaws provide that a stockholder may present from the floor a proposal that is not included in the proxy statement if proper written notice is received by the Secretary of ReShape Lifesciences at our principal executive offices in San Clemente, California, no less than 90 days and no more than 120 days prior to the anniversary date of the last annual meeting. For the 2019 annual meeting, director nominations and stockholder proposals must be received on or after January 23, 2019 and on or before February 22, 2019. The proposal must contain the specific information required by our bylaws. In the event that the 2019 annual meeting is called for a date that is not within 30 days of the anniversary date of the 2018 annual meeting, stockholder proposals must be received in accordance with the timeline set forth in our bylaws. You may request a copy of our bylaws by writing to Secretary, ReShape Lifesciences Inc., 1001 Calle Amanecer, San Clemente, California 92673, or calling (949) 429-6680. Stockholder proposals that are received by us after February 22, 2019, may not be presented in any manner at the 2019 annual meeting.

How can I communicate with ReShape Lifesciences' Board of Directors?

Stockholders may communicate with our Board of Directors by sending a letter addressed to the Board of Directors, all independent directors or specified individual directors to: ReShape Lifesciences Inc., c/o Secretary, 1001 Calle Amanecer, San Clemente, California 92673. All communications will be compiled by the Secretary and submitted to the Board of Directors or the specified directors on a periodic basis.

[Table of Contents](#)

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the beneficial ownership of our common stock by each person or group who beneficially owned 5% or more of our common stock, each of our directors, each of the executive officers named in the Summary Compensation Table in our proxy statement for our 2018 annual meeting of stockholders, and our directors and executive officers as a group, as of August 9, 2018. Percentage ownership calculations for beneficial ownership are based

on 7,034,353 shares outstanding as of August 9, 2018. The information regarding the beneficial owners of more than 5% of our common stock is based upon information supplied to us by our directors, officers and principal stockholders or on Schedules 13D or 13G filed with the Securities and Exchange Commission (“SEC”). Unless otherwise noted, the stockholders listed in the table have sole voting and investment power with respect to the shares of common stock owned by them and their address is c/o ReShape Lifesciences Inc., 1001 Calle Amanecer, San Clemente, California 92673.

Name and Address of Beneficial Owner	Number of Shares of Common Stock(1)(2)	Percent of Outstanding Common Stock
Certain Beneficial Owners		
Intracoastal Capital LLC(3) 245 Palm Trail Delray Beach, Florida 33483	538,846	7.7%
Anson Funds Management LP(4) 5950 Berkshire Lane, Suite 210 Dallas, Texas 75225	413,794	5.9%
Directors and Executive Officers		
Dan W. Gladney(5)	17,940	*
Scott P. Youngstrom(5)	5,333	*
Naqeeb A. Ansari(5)(6)	3,566	*
Gary D. Blackford(5)	1,126	*
Lori C. McDougal(5)	1,133	*
Jon T. Tremmel(5)	1,338	*
All directors and executive officers as a group (5 persons)(7)	30,436	*

* The percentage of shares of common stock beneficially owned does not exceed one percent of the outstanding shares of common stock.

- (1) For purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares of common stock which that person has the right to acquire within 60 days following August 9, 2018. For purposes of computing the percentage of outstanding shares of common stock held by each person or group of persons named above, any shares which that person or persons has or have the right to acquire within 60 days following August 9, 2018, is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.
- (2) Sabby Healthcare Master Fund, Ltd. and Sabby Volatility Warrant Master Fund, Ltd. are not included in this table because securities they hold include a beneficial ownership limitation that currently prevents such parties from collectively owning more than 4.99% of our outstanding common stock.
- (3) Based solely on information contained in the most recently filed Schedule 13G of Intracoastal Capital LLC filed with the SEC on July 20, 2018, with shared voting power with respect to all of the shares beneficially owned and shared investment discretion with respect to 532,271 shares.
- (4) Based solely on information contained in the most recently filed Schedule 13G of Anson Funds Management LP filed with the SEC on July 12, 2018, with shared voting power and investment discretion with respect to all of the shares beneficially owned
- (5) Includes the following shares subject to options exercisable currently or within 60 days of August 9, 2018: Mr. Gladney, 26717,812 shares; Mr. Youngstrom, 5,333 shares; Mr. Ansari, 3,566 shares; Mr. Blackford, 1,126 shares; Ms. McDougal, 1,130 shares; and Mr. Tremmel, 1,338 shares.

[Table of Contents](#)

- (6) Mr. Ansari remains employed by the Company, but the Board in 2017 determined that he is no longer an executive officer.
- (7) Includes 30,305 shares issuable upon the exercise of options currently exercisable or exercisable within 60 days of August 9, 2018, inclusive of options exercisable as described in footnote (5).

[Table of Contents](#)

PROPOSAL NO. 1—APPROVAL OF REVERSE STOCK SPLIT

General

Our Board is soliciting stockholder authorization to amend our Sixth Amended and Certificate of Incorporation, as amended, in the form set forth in [Appendix A](#) to this proxy statement (the “Reverse Stock Split Amendment”) to effect a reverse split of our issued and outstanding shares of common stock (the “Reverse Stock Split”) upon a determination by the Board of Directors that such amendment is necessary and appropriate to maintain the continued listing of our common stock on The Nasdaq Capital Market, with such Reverse Stock Split being at a ratio of between 1-for-20 and 1-for-125, inclusive, which ratio will be selected at the sole discretion of our Board at any whole number in the above range, with any fractional shares that would otherwise be issuable as a result of the Reverse Stock Split being rounded up to the nearest whole share.

A vote “FOR” the Reverse Stock Split will constitute approval of the Reverse Stock Split Amendment providing for the combination of between 20 and 125 shares of common stock, inclusive, as determined in the sole discretion of our Board, into one share of common stock. If our stockholders approve this proposal, our Board will have the authority, but not the obligation, in its sole discretion and without further action on the part of our stockholders, to select the Reverse Stock Split ratio in the above range and implement the Reverse Stock Split by filing the Reverse Stock Split Amendment with the Secretary of State of the State of Delaware at any time after the approval of the Reverse Stock Split Amendment but prior to the date of our 2019 annual meeting of stockholders (the “2019 Annual Meeting”). The Board reserves the right to abandon the Reverse Stock Split at any time prior to filing the Reverse Stock Split

Amendment if it determines, in its sole discretion, that this proposal is no longer in the best interests of the Company and its stockholders. Except for any changes as a result of the treatment of fractional shares, each stockholder will hold the same percentage of common stock outstanding immediately following the Reverse Stock Split as such stockholder held immediately prior to the Reverse Stock Split.

In determining which Reverse Stock Split ratio to implement, if any, following receipt of stockholder approval, our Board may consider, among other things, various factors such as:

- the historical trading price and trading volume of our common stock;
- the then prevailing trading price and trading volume of our common stock and the expected impact of the Reverse Stock Split on the trading market for our common stock;
- our ability to continue our listing on The Nasdaq Capital Market;
- which Reverse Stock Split ratio would result in the least administrative cost to us; and
- prevailing general market and economic conditions.

Our Board believes that a Reverse Stock Split at a ratio of between 1-for-20 and 1-for-125, inclusive, as currently proposed, will be effective to maintain the per share trading price of our common stock above the minimum bid price of \$1.00 per share required by Nasdaq to be listed on The Nasdaq Capital Market, as further discussed below.

If our stockholders approve the Reverse Stock Split, the Board may implement the Reverse Stock Split promptly if necessary to satisfy the minimum bid price rule and so maintain our listing on The Nasdaq Capital Market. However, the Board reserves the right to abandon the Reverse Stock Split at any time prior to filing the Reverse Stock Split Amendment if it determines, in its sole discretion, that this proposal is no longer in the best interests of the Company and its stockholders. The Board also reserves the right to delay the Reverse Stock Split until the 2019 Annual Meeting.

While we are seeking stockholder approval of a Reverse Stock Split ratio of between 1-for-20 and 1-for-125, the continued listing standards of The Nasdaq Capital Market require companies to, among other things, have at least 500,000 publicly held shares. Because our shares of common stock are our only publicly listed shares, the Reverse Stock Split ratio determined by the Board of Directors may be limited by the number of shares of outstanding common stock we have outstanding at the time the Reverse Stock Split is implemented, if approved by our stockholders. We are seeking approval for a range of Reverse Split Ratios up to 1-for-125 because it is possible that securities convertible into or

[Table of Contents](#)

exercisable for shares of our common stock will be converted or exercised prior to implementing the Reverse Stock Split, which would increase the maximum Reverse Split Ratio the Board of Directors could choose to implement.

Purpose of the Reverse Stock Split

Our common stock currently trades on The Nasdaq Capital Market under the symbol "RSL.S." The Nasdaq Marketplace Rules contain various continued listing criteria that companies must satisfy in order to remain listed on the exchange. One of these criteria is that a company's common stock has a bid price that is greater than or equal to \$1.00 per share.

We believe that the only credible plan to maintain compliance with the minimum bid price rule is to implement a reverse stock split to maintain the per share trading price of our common stock above Nasdaq's minimum bid price requirement of \$1.00 per share as set forth in this proposal.

Our Board has considered the potential harm to us and our stockholders should Nasdaq delist our common stock from The Nasdaq Capital Market. Delisting from Nasdaq would adversely affect our ability to raise additional financing through the public or private sale of equity securities and would significantly affect the ability of investors to trade our securities. Delisting would also negatively affect the value and liquidity of our common stock because alternatives, such as the OTC Bulletin Board and the pink sheets, are generally considered to be less efficient markets.

The primary purpose of the Reverse Stock Split is to increase the per share trading price of our common stock in order to maintain the eligibility of our common stock for listing on The Nasdaq Capital Market. We believe that the Reverse Stock Split would allow us to maintain compliance with the minimum bid price rule. Additionally, a secondary purpose of the Reverse Stock Split is to enhance the marketability of our common stock by increasing the price per share. We believe the current price per share of our common stock diminishes the effective marketability of our common stock because of the reluctance of many leading brokerage firms to recommend lower-priced stock to their clients. Additionally, the policies and practices of a number of brokerage firms with respect to the payment of commissions based on stock price tend to discourage individual brokers within those firms from dealing in lower-priced stocks.

If our stockholders approve the Reverse Stock Split, we intend to implement the Reverse Stock Split promptly. However, the Board reserves the right to abandon the Reverse Stock Split if it determines, in its sole discretion, that this proposal is no longer in the best interests of the Company and its stockholders.

IF OUR STOCKHOLDERS DO NOT APPROVE THIS PROPOSAL, WE WILL BE DELISTED FROM THE NASDAQ CAPITAL MARKET IF WE ARE UNABLE TO MAINTAIN A MINIMUM BID PRICE FOR OUR COMMON STOCK OF \$1.00 PER SHARE AS REQUIRED BY THE NASDAQ MARKETPLACE RULES.

Impact of the Reverse Stock Split, if Implemented

If approved and implemented, the Reverse Stock Split will be realized simultaneously and in the same ratio for all of our issued and outstanding shares of common stock and common stock equivalents. Any fractional shares that would otherwise be issuable as a result of the Reverse Stock Split will be rounded up to the nearest whole share. The Reverse Stock Split will affect all holders of our common stock uniformly and will not affect any stockholder's percentage ownership interest in the Company (subject to the treatment of fractional shares). In addition, the Reverse Stock Split will not affect any stockholder's proportionate voting power (subject to the treatment of fractional shares).

Our authorized capital stock currently consists of 275 million shares of common stock, par value \$0.01, and 5 million shares of preferred stock, par value \$0.01. The Reverse Stock Split will not change the number of authorized shares of our common stock or preferred stock.

The table below sets forth, as of August 9, 2018, and for illustrative purposes only, certain effects of potential Reverse Stock Split ratios of 1-for-20 and 1-for-125, inclusive, including on our total outstanding common stock equivalents (without giving effect to the treatment of fractional shares), based on the number of outstanding shares as of the record date.

[Table of Contents](#)

	Common Stock and Equivalents Outstanding Prior to Reverse Stock Split	Common Stock and Equivalents Outstanding Assuming Certain Reverse Stock Split Ratios		Percent of Total, Prior to and After Reverse Stock Split
		1-for-20	1-for-125	
Common stock outstanding		%		%
Common stock underlying options		%		%
Common stock underlying warrants		%		%
Common stock underlying convertible preferred stock		%		%
Total common stock and equivalents		%		%
Common stock available for future issuance				

The principal effects of the Reverse Stock Split will be as follows:

- each 20 to 125 shares of common stock, inclusive, as determined in the sole discretion of our Board, owned by a stockholder, will be combined into one new share of common stock, with any fractional shares that would otherwise be issuable as a result of the split being rounded up to the nearest whole share;
- the number of shares of common stock issued and outstanding will be reduced accordingly, as illustrated in the table above;
- proportionate adjustments will be made to the per share exercise prices and/or the number of shares issuable upon exercise or conversion of outstanding options, warrants, and any other convertible or exchangeable securities entitling the holders to purchase, exchange for, or convert into, shares of common stock, which will result in approximately the same aggregate price being required to be paid for such securities upon exercise or conversion as had been payable immediately preceding the Reverse Stock Split;
- because the number of our authorized shares of common stock will not change, there will be a significant increase in the number of authorized and unissued shares of common stock available to (i) settle the exercise or conversion of our issued and outstanding convertible or exchangeable securities, and (ii) issue in future equity financings; and
- the number of shares reserved for issuance under the securities described immediately above will be reduced proportionately.

[Table of Contents](#)

Certain Risks Associated with the Reverse Stock Split

Certain risks associated with the Reverse Stock Split are as follows:

- If the Reverse Stock Split is approved and implemented and the market price of our common stock declines, the percentage decline may be greater than would occur in the absence of the Reverse Stock Split. The market price of our common stock will, however, also be based on performance and other factors, which are unrelated to the number of shares outstanding.
- There can be no assurance that the Reverse Stock Split will result in any particular price for our common stock. In addition, we will have fewer shares that are publicly traded. As a result, the trading volume and the liquidity of our common stock may decline.
- There can be no assurance that the market price per share of our common stock after the Reverse Stock Split will increase and remain in proportion to the reduction in the number of shares of our common stock outstanding before the Reverse Stock Split. For example, based on the closing price of our common stock on [], 2018 of \$[] per share, if the Reverse Stock Split at a ratio of 1-for-50 is approved and implemented, there can be no assurance that the post-split market price of our common stock would be \$[] or greater. Accordingly, the total market capitalization of our common stock after the Reverse Stock Split may be lower than the total market capitalization before the Reverse Stock Split. Moreover, in the future, the market price of our common stock following the Reverse Stock Split may not exceed or remain higher than the market price prior to the Reverse Stock Split.
- The Reverse Stock Split will dramatically reduce the number of issued and outstanding shares of common stock relative to the number of authorized shares of common stock, of which there are currently (and will remain after the Reverse Stock Split, if implemented) 275 million authorized shares. A large amount of available shares of common stock could have adverse consequences, including but not limited to (i) if the price of our common stock continues to decrease, the number of shares of common stock we will be required upon conversion of our outstanding shares of series B and series D convertible preferred stock will continue to increase, and we may be required to issue a large number of shares of common stock to settle such conversions, which could massively dilute current stockholders and (ii) our current stockholders could be potentially diluted by future issuances of shares of common stock for capital raising purposes, to acquire additional assets, for equity compensation of officers and directors and for other corporate purposes.

The Reverse Stock Split may result in some stockholders owning “odd lots” of less than 100 shares of common stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in “round lots” of even multiples of 100 shares.

Our Board intends to implement the Reverse Stock Split, if approved by our stockholders, because the Board believes that a decrease in the number of shares is likely to improve the trading price of our common stock and allow us to maintain compliance with the \$1.00 minimum bid price required by the Nasdaq Marketplace Rules. The Board therefore believes that the Reverse Stock Split is in the best interests of the Company and its stockholders. However, the Board reserves its right to abandon the Reverse Stock Split if it determines, in its sole discretion, that it would no longer be in the best interests of the Company and its stockholders to implement the Reverse Stock Split.

Effective Time

The proposed Reverse Stock Split would become effective as of 12:01 a.m., Eastern time (the “Effective Time”) on the date specified in the Reverse Stock Split Amendment filed with the office of the Secretary of State of the State of Delaware. Except as explained below with respect to fractional shares, at the Effective Time, shares of our common stock issued and outstanding immediately prior thereto will be combined, automatically and without any action on the part of our stockholders, into one share of our common stock in accordance with the Reverse Stock Split ratio of between 1-for-20 and 1-for-125, inclusive and the number of shares of common stock authorized will remain the same. The Reverse Stock Split will not change the number of authorized shares of our common stock, regardless of whether the Authorized Share Increase is approved.

[Table of Contents](#)

After the Effective Time, our common stock will have a new committee on uniform securities identification procedures (“CUSIP”) number, which is a number used to identify our equity securities, and stock certificates with the older CUSIP numbers will need to be exchanged for stock certificates with the new CUSIP numbers by following the procedures described below.

After the Effective Time, we will continue to be subject to periodic reporting and other requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Unless our common stock is delisted by Nasdaq because of our failure to comply with the minimum bid price rule, our common stock will continue to be listed on The Nasdaq Capital Market under the symbol “RSLs,” although Nasdaq will add the letter “D” to the end of the trading symbol for a period of 20 trading days after the Effective Time to indicate that the Reverse Stock Split has occurred.

Board Discretion to Implement the Reverse Stock Split

If stockholder approval is obtained for the Reverse Stock Split, the Board expects to select an appropriate ratio and implement the Reverse Stock Split promptly. However, the Board reserves the authority to decide, in its sole discretion, to delay or abandon the Reverse Stock Split after such vote and before the effectiveness of the Reverse Stock Split if it determines that the Reverse Stock Split is no longer in the best interests of the Company and its stockholders. The Board will, however, implement the Reverse Stock Split, if at all, prior to the date of our 2019 Annual Meeting.

Fractional Shares

Our stockholders will not receive fractional post-Reverse Stock Split shares in connection with the Reverse Stock Split. Instead, any fractional shares that would otherwise be issuable as a result of the Reverse Stock Split will be rounded up to the nearest whole share.

No Going-Private Transaction

Notwithstanding the decrease in the number of outstanding shares following the proposed Reverse Stock Split, our Board does not intend for the Reverse Stock Split to be the first step in a “going-private transaction” within the meaning of Rule 13e-3 of the Exchange Act. In fact, since all fractional shares of common stock resulting from the Reverse Stock Split will be rounded up to the nearest whole share, there will be no reduction in the number of stockholders of record that could provide the basis for a going-private transaction.

Effect on Beneficial Holders of Common Stock (i.e., Stockholders Who Hold In “Street Name”)

Upon the Reverse Stock Split, we intend to treat shares held by stockholders in “street name,” through a bank, broker or other nominee, in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers or other nominees will be instructed to effect the Reverse Stock Split for their beneficial holders holding our common stock in “street name.” However, these banks, brokers or other nominees may have different procedures than registered stockholders for processing the Reverse Stock Split. If a stockholder holds shares of our common stock with a bank, broker or other nominee and has any questions in this regard, stockholders are encouraged to contact their bank, broker or other nominee.

Effect on Registered “Book-Entry” Holders of Common Stock (i.e., Stockholders Who Are Registered on the Transfer Agent’s Books and Records but Do Not Hold Stock Certificates)

Certain of our registered holders of common stock may hold some or all of their shares electronically in book-entry form with the transfer agent. These stockholders do not have stock certificates evidencing their ownership of the common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If a stockholder holds registered shares in book-entry form with the transfer agent, no action needs to be taken to receive post-Reverse Stock Split shares. If a stockholder is entitled to post-Reverse Stock Split shares, a transaction statement will automatically be sent to the stockholder’s address of record indicating the number of shares of common stock held following the Reverse Stock Split.

[Table of Contents](#)

Effect on Options, Warrants, and Preferred Stock

If the Reverse Stock Split is approved and implemented, all outstanding equity awards under our Second Amended and Restated 2003 Stock Incentive Plan, as amended, or 2003 Plan, all other outstanding equity awards and any common stock warrants outstanding will be adjusted by the ratio selected by the Board and will be rounded down to the nearest whole share and a corresponding adjustment will be made to their exercise price, with the exercise price rounded up to the nearest whole cent. Additionally, the number of shares of our common stock authorized for issuance under all stock based awards granted pursuant to the 2003 Plan will also be adjusted by the Reverse Stock Split ratio selected by the Board.

As of the record date, we had [] shares of common stock issuable upon the exercise of options outstanding under the 2003 Plan at a weighted average exercise price of \$[] per share; [] shares of our common stock reserved for future issuance under the 2003 Plan; [] shares of our common stock issuable upon the exercise of options granted as inducement awards at a weighted average exercise price of \$[] per share; [] shares of common stock issuable upon the exercise of warrants outstanding at an exercise price of \$[] per share and [] shares of common stock issuable upon the exercise of warrants outstanding at an exercise price of \$[] per share. No cash payment will be made in respect of any fractional share. The Reverse Stock Split will not affect the expiration date of outstanding stock options or warrants.

If the Reverse Stock Split is approved and implemented at any time while shares of series B convertible preferred stock or shares of series D convertible preferred stock are outstanding, the conversion price of the series B convertible preferred stock and series D convertible preferred stock will be multiplied by a fraction of which the numerator will be the number of shares of common stock (excluding any treasury shares of the Company) outstanding immediately before the Reverse Stock Split and of which the denominator will be the number of shares of common stock outstanding immediately after the Reverse Stock Split. If the Reverse Stock Split is approved and implemented at any time while shares of series C convertible preferred stock are outstanding, the number of shares of common stock issuable upon conversion of the series C convertible preferred stock will be appropriately adjusted in order to avoid enlargement or dilution of the rights of the shares of series C convertible preferred stock. However, the number of outstanding shares of our convertible preferred stock will not change as a result of the Reverse Stock Split.

Accounting Matters

The Reverse Stock Split will not affect the par value of a share of our common stock. As a result, as of the Effective Time of the Reverse Stock Split, the stated capital attributable to common stock on our balance sheet will be reduced proportionately based on the Reverse Stock Split ratio (including a retroactive adjustment for prior periods), and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. Reported per share net income or loss will be higher because there will be fewer shares of common stock outstanding.

No Appraisal Rights

Under the Delaware General Corporation Law, stockholders are not entitled to dissenters' or appraisal rights with respect to the Reverse Stock Split, and we will not independently provide stockholders with any such rights.

Material United States Federal Income Tax Considerations

Any discussion of tax matters set forth in this proxy statement was not intended or written to be used, and cannot be used by you, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Stockholders should seek advice based on their particular circumstances from an independent tax advisor.

The following is a summary of material United States federal income tax consequences of the Reverse Stock Split to holders of our common stock. Except where noted, this summary deals only with our common stock that is held as a capital asset for federal income tax purposes.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below.

[Table of Contents](#)

This summary does not address all aspects of United States federal income taxes that may be applicable to holders of common stock and does not deal with non-United States, state, local or other tax considerations that may be relevant to stockholders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a dealer in securities or currencies; a financial institution; a regulated investment company; a real estate investment trust; an insurance company; a tax-exempt organization; a person holding shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle; a trader in securities that has elected the mark-to-market method of accounting for your securities; a person liable for alternative minimum tax; a person who owns or is deemed to own 10% or more of our voting stock; a person who acquired our common stock pursuant to the exercise of compensatory stock options or the vesting of restricted shares of common stock; a partnership or other pass-through entity for United States federal income tax purposes; a person whose "functional currency" is not the United States dollar; a United States expatriate; a "controlled foreign corporation"; or a "passive foreign investment company").

We cannot assure you that a change in law will not significantly alter the tax considerations that we describe in this summary. No ruling from the Internal Revenue Service or opinion of counsel will be obtained regarding the federal income tax consequences to stockholders as a result of the Reverse Stock Split.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisors.

We believe that the Reverse Stock Split, if implemented, would be a tax-free recapitalization under the Code. If the Reverse Stock Split qualifies as a recapitalization under the Code, then, generally, for United States federal income tax purposes, no gain or loss will be recognized by the Company in connection with the Reverse Stock Split, and no gain or loss will be recognized by stockholders that exchange their shares of pre-split common stock for shares of post-split common stock. The post-split common stock in the hands of a stockholder following the Reverse Stock Split will have an aggregate basis

equal to the aggregate basis of the pre-split common stock held by that stockholder immediately prior to the Reverse Stock Split. Similarly, a stockholder's holding period for the post-split common stock will be the same as the holding period for the pre-split common stock exchanged therefor.

Alternative characterizations of the Reverse Stock Split are possible. For example, while the Reverse Stock Split, if implemented, would generally be treated as a tax-free recapitalization under the Code, stockholders whose fractional shares resulting from the Reverse Stock Split are rounded up to the nearest whole share may recognize gain for United States federal income tax purposes equal to the value of the additional fractional share. However, we believe that, in such case, the resulting tax liability may not be material in view of the low value of such fractional interest. Stockholders should consult their own tax advisors regarding alternative characterizations of the Reverse Stock Split for United States federal income tax purposes.

Vote Required

The affirmative vote of the holders of a majority of the shares of our common stock outstanding and entitled to vote at the special meeting will be required to approve the Reverse Stock Split.

If this proposal receives the requisite votes, then our Board will have the authority to select the Reverse Stock Split ratio within the stated range and authorize the filing of the Reverse Stock Split Amendment in substantially the form attached to this proxy statement as Appendix A at any time after the approval of the Reverse Stock Split but prior to the date of our 2019 Annual Meeting. Our Board reserves the right to abandon the proposed Reverse Stock Split at any time prior to the effectiveness of the filing of the Reverse Stock Split Amendment with the Delaware Secretary of State, notwithstanding approval of the proposed Reverse Stock Split by our stockholders.

Board Recommendation

The Board of Directors unanimously recommends a vote FOR the approval of Proposal No. 1.

[Table of Contents](#)

PROPOSAL NO. 2—APPROVAL OF AMENDMENT TO OUTSTANDING WARRANTS TO PURCHASE COMMON STOCK IN ACCORDANCE WITH NASDAQ LISTING RULE 5635

Overview

Our common stock is currently listed on The Nasdaq Capital Market and we are subject to the marketplace rules of The Nasdaq Stock Market LLC. Nasdaq Listing Rule 5635(d) (“Rule 5635(d)”) requires us to obtain stockholder approval prior to the issuance of our common stock in connection with an offering involving the sale, issuance or potential issuance by the Company of common stock (and/or securities convertible into or exercisable for common stock) equal to 20% or more of the common stock outstanding before the issuance. Shares of our common stock issuable upon the exercise or conversion of preferred stock, warrants, options, debt instruments or other equity securities issued or granted in such an offering will be considered shares issued in such a transaction in determining whether the 20% limit has been reached.

We intend seek to raise additional capital to implement our business strategy and enhance our overall capitalization. Nonetheless, we have yet to determine the particular terms for such an offering. However, because we may seek additional capital that triggers the requirements of Rule 5635(d), we are seeking stockholder approval now of a financing transaction, as described more fully in the following paragraph, so that we will be able to move quickly to take full advantage of opportunities that may develop in the equity markets.

We are asking our stockholders to authorize us to complete one or more private or registered offerings of up to 25 million shares of our common stock, or securities convertible into or exercisable for up to 25 million shares of our common stock, in the aggregate, for gross proceeds of up to \$25 million with a maximum 35% effective discount to the market price of our underlying common stock at the time of issuance (the “Potential Offering”). The number of shares for the Potential Offering disclosed in this paragraph assumes that we implement the Reverse Stock Split at a 1-for-50 ratio. If the Reverse Stock Split is implemented at a different ratio, or is not implemented at all, then the number of shares authorized for the Potential Offering will be proportionately adjusted. This authorization will only be valid through [], 2018, which is the 90th day following the scheduled date of the special meeting. The Potential Offering may have such other terms as the Board of Directors deems to be in the best interests of our company and our stockholders, not inconsistent with the foregoing. We have not yet identified the investors or arrived at any specific terms or conditions for the Potential Offering and are not able to identify any potential new controlling stockholder that may result from the Potential Offering.

Although there will be no initial effect on the holdings of current stockholders from prior approval of the Potential Offering, the issuance of shares of our common stock, or other securities convertible into or exercisable for shares of our common stock, in accordance with any offering, including the Potential Offering, would dilute, and thereby reduce, each existing stockholder's proportionate ownership in our common stock. Under our current certificate of incorporation and bylaws, stockholders do not have preemptive rights to subscribe to additional shares that may be issued by us in order to maintain their proportionate ownership of the common stock.

The issuance of additional shares of common stock in any offering, including the Potential Offering, could also have an effect on stockholders' voting power. Nasdaq Listing Rule 5635(b) (“Rule 5635(b)”) requires us to obtain stockholder approval prior to an issuance with respect to shares of common stock, or securities convertible into common stock, which could result in a subsequent change of control of the issuer. Generally, Nasdaq interpretations provide that the acquisition of 20% of the shares of an issuer by one person may be considered a change of control of such issuer. Accordingly, in the event that the issuance of additional shares of common stock in the Potential Offering triggers the requirements of Rule 5635(b), we are seeking stockholder approval now, to ensure efficiency in the future.

The Board of Directors has not yet determined the terms and conditions of any offering including the Potential Offering. As a result, the level of potential dilution cannot be determined at this time. It is possible that if we conduct a stock offering, some of the shares we sell could be purchased by one or more investors who could acquire a large block of our common stock. This could concentrate voting power in the hands of a few stockholders who could exercise greater influence on our operations or the outcome of matters put to a vote of stockholders in the future.

We cannot determine what the actual net proceeds of any offering including the Potential Offering will be until they are completed. If all or part of any offering, including the Potential Offering, is completed, we anticipate that the net proceeds will be used to continue our commercialization efforts, for clinical

[Table of Contents](#)

other working capital and general corporate purposes. We currently have no arrangements or understandings regarding any specific transaction with investors, so we cannot predict whether we will be successful should we seek to raise capital through any offering, including the Potential Offering. In the event that we do seek to raise additional capital through the Potential Offering, we are seeking stockholder approval now so we can effectively comply with rules Rule 5635(d) and 5635(b) in the future. If approval of this Proposal No. 2 is obtained, we do not plan to seek any additional approval of our stockholders with respect to the Potential Offering.

Vote Required

The affirmative vote of the holders of a majority of the shares present or represented by proxy and entitled to vote on Proposal No. 2 at the special meeting will be required to approve Proposal No. 2.

Board Recommendation

The Board of Directors unanimously recommends a vote FOR the approval of Proposal No. 2.

[Table of Contents](#)**PROPOSAL NO. 3—APPROVAL OF AMENDMENT TO OUTSTANDING WARRANTS TO PURCHASE COMMON STOCK IN ACCORDANCE WITH NASDAQ LISTING RULE 5635****Overview**

As discussed in Proposal No. 2, our common stock is currently listed on The Nasdaq Capital Market and we are subject to the marketplace rules of The Nasdaq Stock Market LLC. Rule 5635(d) requires us to obtain stockholder approval prior to the issuance of our common stock in connection with an offering involving the sale, issuance or potential issuance by the Company of common stock (and/or securities convertible into or exercisable for common stock) equal to 20% or more of the common stock outstanding before the issuance. Shares of our common stock issuable upon the exercise or conversion of preferred stock, warrants, options, debt instruments or other equity securities issued or granted in such an offering will be considered shares issued in such a transaction in determining whether the 20% limit has been reached.

From June 8, 2018 through August 3, 2018, we completed four registered direct offerings of an aggregate of 3,085,324 shares of our common stock and issued to the investors an aggregate of 2,991,801 unregistered warrants to purchase shares of our common stock. In the offering completed on June 8, 2018, we sold 374,452 shares of common stock at a purchase price per share of \$3.92 and issued warrants to purchase up to 280,929 shares of common stock with an exercise price of \$3.93 per share, resulting in gross proceeds of \$1.5 million. In the offering completed on June 21, 2018, we sold 469,490 shares of common stock at a purchase price per share of \$3.07 and issued warrants to purchase up to 469,490 shares of common stock with an exercise price of \$3.08 per share, resulting in gross proceeds of \$1.5 million, \$500,000 of which we used to redeem a portion of our outstanding shares of series D convertible preferred stock. In the offering completed on July 12, 2018, we sold 1,241,382 shares of common stock at a purchase price per share of \$2.05 and issued warrants to purchase up to 1,241,382 shares of common stock with an exercise price of \$2.06 per share, resulting in gross proceeds of \$2.7 million. In the offering completed on August 3, 2018, we sold 1,000,000 shares of common stock at a purchase price per share of \$0.60 per share and issued warrants to purchase up to 1,000,000 shares of common stock with an exercise price of \$1.10 per share, resulting in gross proceeds of \$600,000. The warrants currently do not have any anti-dilution protection and the exercise price of the warrants is not subject to adjustment (except in the case of stock splits, reverse stock splits or similar matters).

The warrants issued in the June and July 2018 offerings were exercisable immediately upon issuance and will expire five and one-half years from the issuance date. The warrants issued in the August 3, 2018 offering will be exercisable six months from the issuance date and will expire five and one-half years from the issuance date. We have not applied, and do not intend to apply, for listing of the warrants on any securities exchange or other trading system.

We also issued unregistered warrants to our placement agent in each of the offerings, but we are not seeking to amend those placement agent warrants and the stockholder approval sought by this Proposal No. 3 will not authorize any amendment to those placement agent warrants.

Because the offerings completed in June and July 2018 were priced at-the-market, meaning the securities were not issued at a price less than the greater of book or market value of our common stock at the time of the offering, stockholder approval of those offerings was not originally required under Rule 5635(d). The offering completed on August 3, 2018 was completed a discount to market price, but did not result in the sale, issuance or potential issuance by the Company of common stock (and/or securities convertible into or exercisable for common stock), equal to 20% or more of the common stock outstanding before the issuance. Therefore, stockholder approval of that offering was not originally required under Rule 5635(d).

We are now proposing to amend the warrants issued in the offerings in order to (i) provide that such warrants would have their exercise price reduced to the public offering price per share of \$0.085 of the common stock we offered in a previously announced underwritten public offering that was announced on August 10, 2018 and (ii) include full-ratchet anti-dilution provisions that would cause the exercise price of such warrants to be reduced in the event we in the future issue common stock, or securities convertible into or exercisable to purchase common stock, at a lower price per share than the exercise price of the warrants, subject to an exception for certain issuances to employees, officer or directors pursuant to a stock incentive plan, certain issuances upon the conversion of outstanding convertible securities and issuances for certain acquisitions. Even though stockholder approval of the initial issuance of the warrants was not required, the proposed amendment to the warrants does require stockholder approval under Rule 5635(d). Therefore, we are asking our stockholders to authorize the proposed amendment to the warrants, as more fully described below, in order to satisfy the stockholder approval requirements of Rule 5635(d).

[Table of Contents](#)

Because the current market price of our common stock is significantly lower than the exercise price of the warrants, we do not believe it is likely that the investors will exercise the warrants. Therefore, our Board of Directors believes it is in the best interests of the Company and our stockholders to amend the warrants in order to increase the likelihood that they will be exercised, which would result in proceeds to the Company equal to the then current exercise price per share multiplied by the number of shares exercised. If, for example, the warrants to purchase all 2,991,801 shares of common stock were exercised at an exercise price of \$0.085 per share, we would receive \$254,303 in gross proceeds. If our stockholders do not approve the amendment, and the market price of our common stock does not exceed the exercise price of the warrants during their term, then the warrants will not be exercised and we will not receive any proceeds from their exercise.

The proposed amendment to the warrants would not increase the number of shares of common stock for which the warrants are exercisable. Therefore, there will be no initial effect on the holdings of current stockholders from prior approval of the amendments. However, the exercise of the warrants, which would become more likely if their exercise price was reduced, would dilute, and thereby reduce, each existing stockholder's proportionate ownership in our common stock and proportionate voting power. Under our current certificate of incorporation and bylaws, stockholders do not have preemptive rights to subscribe to additional shares that may be issued by us in order to maintain their proportionate ownership of the common stock.

Vote Required

The affirmative vote of the holders of a majority of the shares present or represented by proxy and entitled to vote on Proposal No. 3 at the special meeting will be required to approve Proposal No. 3.

Board Recommendation

The Board of Directors unanimously recommends a vote FOR the approval of Proposal No. 3.

[Table of Contents](#)

“HOUSEHOLDING” OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement or annual report, as applicable, addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially provides extra convenience for stockholders and cost savings for companies. Although we do not household for our registered stockholders, some brokers household ReShape Lifesciences proxy materials and annual reports, delivering a single proxy statement and annual report to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or annual report, or if you are receiving multiple copies of either document and wish to receive only one, please notify your broker. We will deliver promptly upon written or oral request a separate copy of our annual report and/or proxy statement to a stockholder at a shared address to which a single copy of either document was delivered. For copies of either or both documents, stockholders should write to Secretary, ReShape Lifesciences Inc., 1001 Calle Amanecer, San Clemente, California 92673, or call (949) 429-6680.

OTHER MATTERS

As required by Article I, Section 1.2 of our Amended and Restated Bylaws, business transacted at special meetings must be confined to the purpose or purposes stated in the notice of special meeting.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public through the Internet at the SEC's web site at www.sec.gov. You may also read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about its public reference facilities and their copy charges.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them. This allows us to disclose important information to you by referencing those filed documents. We have previously filed the following documents with the SEC and are incorporating them by reference into this proxy statement:

- Annual Report on Form 10-K for the year ended December 31, 2017; and
- Quarterly Report on Form 10-Q for the three months ended March 31, 2018.

You can obtain a copy of any documents which are incorporated by reference in this proxy statement, except for exhibits which are specifically incorporated by reference into those documents, at no cost, by writing or telephoning us at:

ReShape Lifesciences Inc.
1001 Calle Amanecer
San Clemente, California 92673
Attention: Secretary
(949) 429-6680



Scott P. Youngstrom
Secretary

Dated: [], 2018

[Table of Contents](#)

APPENDIX A

CERTIFICATE OF AMENDMENT TO THE SIXTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF RESHAPE LIFESCIENCES INC.

ReShape Lifesciences Inc. (the “Corporation”), a corporation duly organized and existing under the Delaware General Corporation Law (the “DGCL”), does hereby certify that:

First. The amendment to the Corporation’s Sixth Amended and Restated Certificate of Incorporation, as amended, set forth below was duly adopted and approved by the Board of Directors effective as of [], 2018 and was approved by the stockholders at a special meeting of the Corporation’s stockholders, duly called and held upon notice in accordance with Section 222 of the DGCL, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

Second. The Sixth Amended and Restated Certificate of Incorporation, as amended, is hereby amended by amending and restating Section 4 of Article IV:

“4. **Reverse Stock Split.** Upon the filing and effectiveness (the “Effective Time”) pursuant to the Delaware General Corporation Law of this Certificate of Amendment to the Sixth Amended and Restated Certificate of Incorporation, as amended, of the Corporation, each [] shares of Common Stock, par value \$0.01 (the “Old Common Stock”) either issued and outstanding or held by the Corporation in treasury stock immediately prior to the Effective Time shall, automatically and without any action on the part of the respective holders thereof, be combined and converted into one (1) share of Common Stock, par value \$0.01 per share (the “New Common Stock”). The Corporation shall, through its transfer agent, provide a book-entry statement reflecting the number of shares of New Common Stock to which the holder is entitled following a reverse stock split to holders of Old Common Stock. From and after the Effective Time, certificates representing shares of Old Common Stock are hereby canceled and shall represent only the right of holders thereof to receive New Common Stock. The Corporation shall not issue fractional shares of New Common Stock. The reverse stock split shall not increase or decrease the amount of stated capital or paid-in surplus of the Corporation, provided that any fractional share that would otherwise be issuable as a result of the reverse stock split shall be rounded up to the nearest whole share of New Common Stock. From and after the Effective Time, the term “New Common Stock” as used in this Article IV shall mean common stock as provided in the Sixth Amended and Restated Certificate of Incorporation, as amended.”

Third. Except as herein amended, the Corporation’s Sixth Amended and Restated Certificate of Incorporation, as amended, shall remain in full force and effect.

Fourth. The Effective Time of this Amendment will be [], 20[] at 12:01 a.m. Eastern Time.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by a duly authorized officer on this day of

RESHAPE LIFESCIENCES INC.

By: _____
Its: _____

[Table of Contents](#)

PRELIMINARY COPY



ReShape Lifesciences Inc.
1001 Calle Amanecer
San Clemente, CA 92673

VOTE BY INTERNET
Before The Meeting — Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date.

Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During the Meeting — Go to []

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE — 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL — Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717/.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors Recommends a Vote FOR Items 1, 2 and 3.

- 1. Authorization of reverse stock split at a ratio of between 1-for-20 and 1-for-125. o For o Against o Abstain
- 2. Authorization of a potential offering of shares of our common stock, or securities convertible into or exercisable for shares of our common stock, representing more than 20% of our outstanding shares of common stock at the time of the offering, in accordance with Nasdaq Marketplace Rule 5635. o For o Against o Abstain
- 3. Authorization of an amendment to our outstanding warrants to purchase shares of our common stock that were issued to investors in connection with our registered direct offerings completed in June, July and August 2018, in accordance with Nasdaq Marketplace Rule 5635. o For o Against o Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Address Change? Mark box, sign, and indicate changes below:

Date _____

Signature(s) in Box _____

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

[Table of Contents](#)

PRELIMINARY COPY

RESHAPE LIFESCIENCES INC.

SPECIAL MEETING OF STOCKHOLDERS

[], 2018
[: a.m./p.m.], Pacific Time



ReShape Lifesciences Inc.
1001 Calle Amanecer
San Clemente, California 92673

proxy

This proxy is solicited by the Board of Directors for use at the Special Meeting on [], 2018.

The shares of stock you hold in your account will be voted as you specify on the reverse side.

If no choice is specified, the proxy will be voted “FOR” Items 1, 2 and 3.

By signing the proxy, you revoke all prior proxies and appoint Dan W. Gladney and Scott P. Youngstrom, and each of them with full power of substitution, to vote your shares on the matters shown on the reverse side and any other matters which may come before the Special Meeting and all adjournments.

See reverse for voting instructions.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD
ON [], 2018**

**This proxy statement and the Annual Report on Form 10-K
for the fiscal year ended December 31, 2017 are available at www.proxyvote.com**
