

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

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

VirnetX Holding Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

(3) Filing Party:

(4) Date Filed:



To the Stockholders of VirnetX Holding Corporation:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders (the “Annual Meeting”) of VirnetX Holding Corporation to be held on May 22, 2014, at 9:30 a.m. Pacific Time, at Harvey’s Resort – South Lake Tahoe, The Emerald Bay Room, 18 Highway 50, Lake Tahoe, Nevada. At the Annual Meeting, we will ask you to consider the following proposals:

- to elect Kendall Larsen and Gary Feiner as a Class I directors;
- to ratify the appointment of Farber Hass Hurley LLP as our independent registered public accountants for the fiscal year ending December 31, 2014;
- an advisory vote to approve the compensation of the Company’s named executive officers; and
- to transact such other business that may properly come before the Annual Meeting or at any adjournment or postponement thereof.

Our board of directors has fixed the close of business on April 2, 2014 as the record date for the Annual Meeting. Only stockholders of record as of April 2, 2014 may vote at the Annual Meeting. Further information regarding voting rights and matters to be voted upon is presented in the accompanying proxy.

On or about April 11, 2014, we expect to mail to our stockholders of record on the record date a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our proxy statement and our annual report via the Internet. The Notice provides instructions on how to vote via the Internet or by telephone and includes instructions on how to receive a paper copy of proxy materials by mail. The accompanying proxy statement and our annual report can be accessed directly at the following email address: www.proxyvote.com. All you have to do is enter the control number located on your proxy card.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to submit your vote via Internet, telephone or mail.

Sincerely,

/s/ Kendall Larsen

Kendall Larsen
Chairman of the Board of Directors

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 22, 2014**

On May 22, 2014, VirnetX Holding Corporation will hold its 2014 Annual Meeting of Stockholders (the "Annual Meeting") at 9:30 a.m. Pacific Time. The meeting will be held at Harvey's Resort – South Lake Tahoe, The Emerald Bay Room, 18 Highway 50, Lake Tahoe, Nevada for the following purposes:

- to elect Kendall Larsen and Gary Feiner as a Class I directors;
- to ratify the appointment of Farber Hass Hurley LLP as our independent registered public accountants for the fiscal year ending December 31, 2014;
- an advisory vote to approve the compensation of the Company's named executive officers; and
- to transact such other business that may properly come before the Annual Meeting or at any adjournment or postponement thereof.

The foregoing items of business are further described in the proxy statement accompanying this notice (the "Proxy Statement"). Included with the Proxy Statement is a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as filed with the Securities and Exchange Commission (the "SEC") on March 3, 2014 (the "Annual Report"). We encourage you to read the Annual Report. It includes our audited financial statements and information about our operations, markets and products. The close of business on April 2, 2014 has been fixed by our board of directors as the record date for the determination of stockholders entitled to notice of, and to vote at, our Annual Meeting and any adjournments or postponements thereof (the "Record Date"). As of the Record Date, there were 51,492,237 shares of common stock issued and outstanding. Stockholders of record as of April 2, 2014 may vote at the Annual Meeting.

Your vote is important. Whether or not you plan to attend the meeting, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid envelope or vote via the Internet or by telephone. Returning the proxy card or voting via the Internet or by telephone will ensure your representation at the meeting, but does not deprive you of your right to attend the meeting and to vote your shares in person. The Proxy Statement explains more about the proxy voting process. Please read it carefully. We look forward to seeing you at the Annual Meeting.

/s/ Katharine A. Martin

Katharine A. Martin
Corporate Secretary

Palo Alto, California
April 11, 2014

Our Proxy Statement, Proxy Card and Annual Report to stockholders for the year ended December 31, 2013 are available at www.proxyvote.com.

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE PROXY CARD OR VOTING INSTRUCTION CARD AS INSTRUCTED OR VOTE BY TELEPHONE OR USING THE INTERNET AS INSTRUCTED ON THE PROXY CARD OR VOTING INSTRUCTION CARD.

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**ANNUAL MEETING OF STOCKHOLDERS
OF
VIRNETX HOLDING CORPORATION**

PROXY STATEMENT

The Board of Directors of VirnetX Holding Corporation (“we,” “us,” the “Company,” or “VirnetX”) is providing these proxy materials to you for use in connection with the 2014 Annual Meeting of Stockholders (the “Annual Meeting”) to be held on May 22, 2014 at 9:30 a.m. Pacific Time, and at any postponement or adjournment of the meeting. The Annual Meeting will be held at Harvey’s Resort – South Lake Tahoe, The Emerald Bay Room, 18 Highway 50, Lake Tahoe, Nevada 89449.

Stockholders of record as of April 2, 2014 (the “Record Date”) are invited to attend the Annual Meeting and are asked to vote on the proposals described in this proxy statement (the “Proxy Statement”).

The Notice of Internet Availability was first mailed to stockholders of record as of the Record Date on April 11, 2014. These proxy solicitation materials combined with the Annual Report on Form 10-K for the fiscal year ended December 31, 2013, including financial statements, were first made available on the Internet, on or about April 11, 2014. Our principal executive offices are located at 308 Dorla Ct., Zephyr Cove, NV 89448, and our telephone number is (775) 548-1785. We maintain a website at www.virnetx.com. The information on our website is not a part of this Proxy Statement.

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS
AND OUR ANNUAL MEETING**

Q: *Why am I receiving these materials?*

A: We have made these materials available to you on the Internet or, upon your request, have delivered printed versions of these materials to you by mail or email, in connection with our solicitation of proxies for use at our Annual Meeting, which will take place on May 22, 2014. As a VirnetX stockholder as of the Record Date, you are invited to attend the Annual Meeting and are entitled to and requested to vote on the items of business described in the Proxy Statement.

Q: *Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?*

A: Pursuant to rules adopted by the Securities and Exchange Commission (the “SEC”), we have elected to provide access to our proxy materials over the Internet. Accordingly, on or about April 11, 2014, we are sending a Notice of Internet Availability of Proxy Materials (the “Notice”) to our stockholders of record and beneficial owners as of the Record Date. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice (www.proxyvote.com) or request to receive a set of the proxy materials by mail or electronically by email. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Q: *What is included in the proxy materials?*

A: The proxy materials include:

- Our proxy statement for the Annual Meeting; and
- Our 2013 Annual Report on Form 10-K, which includes our audited consolidated financial statements.

If you requested printed versions of these materials by mail, these materials also include the proxy card or voting instruction card for the annual meeting.

Q: *How can I get electronic access to the proxy materials?*

A: The Notice will provide you with instructions regarding how to:

- View our proxy materials for the Annual Meeting on the Internet; and
- Instruct us to send future proxy materials to you electronically by email.

Choosing to access the proxy materials on the internet or receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Q: *How may I obtain the 2013 Annual Report on Form 10-K?*

A: Stockholders may request a free copy of the 2013 Annual Report on Form 10-K from our principal executive offices at 308 Dorla Ct., Zephyr Cove, NV 89448. You may also obtain a copy free of charge from our Internet website at <http://www.virnetx.com>.

Q: *Who pays for the expenses of soliciting the proxies and what are the means of solicitation?*

A: The expenses of soliciting proxies for the Annual Meeting are to be paid by the Company. Solicitation of proxies may be made by means of personal calls upon, or telephonic, facsimile or electronic communications with, stockholders or their personal representatives by our directors, officers and employees, who will not be specially compensated for such services. We may, on request, reimburse brokerage firms and other nominees for their expenses in forwarding proxy materials to beneficial owners.

Q: *How can I attend the Annual Meeting?*

A: You are invited to attend the Annual Meeting if you are a registered stockholder or a street name stockholder as of the Record Date. Registration will begin at 8:00 a.m. Pacific Daylight Time at the meeting location on the date of the Annual Meeting, and each stockholder may be asked to present valid picture identification such as a driver's license or passport. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record on the Record Date prior to your being admitted to the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership on the Record Date, such as your most recent account statement prior to the Record Date, a copy of any voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. If you do not provide valid government-issued photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the Annual Meeting. Please note that the use of cell phones, smartphones, pagers, recording and photographic equipment and/or computers is not permitted in the meeting room at the Annual Meeting.

Q: Who is entitled to vote at the meeting?

A: Stockholders who our records show owned shares of VirnetX as of the close of business on the Record Date, April 2, 2014, may vote at the Annual Meeting. On the Record Date, we had a total of 51,492,237 shares of Common Stock outstanding. The stock transfer books will not be closed between the Record Date and the date of the Annual Meeting.

Q: What is the difference between holding shares as a registered stockholder and as a street name stockholder?

A: *Registered Stockholders.* If your shares are registered directly in your name with VirnetX's transfer agent, you are considered the stockholder of record with respect to those shares, and the Proxy Statement was provided to you directly by VirnetX. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the Annual Meeting.

Street Name Stockholders. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and the Proxy Statement was forwarded to you by your broker or nominee, who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares. Beneficial owners are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you follow your broker's procedures for obtaining a legal proxy. If you request a printed copy of the proxy materials by mail, your broker or nominee will provide a voting instruction card for you to use.

Q: What am I voting on?

A: Our stockholders will vote on the following matters at the Annual Meeting:

- election of Kendall Larsen and Gary Feiner as Class I directors;
- ratification of the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2014; and
- an advisory vote to approve the compensation of the Company's named executive officers.

Q: How does the Board of Directors recommend I vote on these proposals?

A: The Board recommends a vote:

- FOR the election Kendall Larsen and Gary Feiner as a Class I directors;
- FOR the ratification of the appointment of Farber Hass Hurley LLP as our independent registered public accountants for the fiscal year ending December 31, 2014; and
- FOR an advisory vote to approve the compensation of the Company's named executive officers.

Q: How do I vote?

A: You may either vote "**FOR**" one or both nominees to the Board or you may "**WITHHOLD**" your vote for one or both nominees. For each of the other matters to be voted on, you may vote "**FOR**" or "**AGAINST**" or "**ABSTAIN**" from voting.

Registered Stockholders: Registered stockholders may vote by one of the following methods:

- *In Person at the Annual Meeting.* Stockholders who attend the Annual Meeting may vote in person at the Meeting. Please see "How can I attend the Annual Meeting?" above for further information.
- *By Mail.* If printed copies of the proxy materials were mailed to you, you can complete, sign and date the proxy card and return it in the prepaid envelope provided;
- *By Telephone.* Stockholders of record who live in the United States or Canada may submit proxies by following the "Vote by Phone" instructions on their proxy cards or the Notice or by following the voting instructions provided by email or over the Internet; or
- *By Internet.* Stockholders of record with Internet access may submit proxies via the Internet by following the "Vote by Internet" instructions described in the Notice.

Please note that the Internet and telephone voting facilities for registered stockholders will close at 11:59 p.m. Eastern time on May 21, 2014.

Street Name Stockholders: If your shares are held by a broker, bank or other nominee, you should have received instructions on how to vote or instruct the broker to vote your shares from your broker, bank or other nominee. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must request a legal proxy from the bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the Annual Meeting to vote your shares.

Street name stockholders may generally vote by one of the following methods:

- *By Mail.* If printed copies of the proxy materials were mailed to you, you may vote by signing, dating and returning your voting instruction card in the enclosed pre-addressed envelope;

- *By Methods Listed on Voting Instruction Card.* Please refer to your voting instruction card or other information provided by your bank, broker or other holder of record to determine whether you may vote by telephone or electronically on the Internet, and follow the instructions on the voting instruction card or other information provided by the record holder; or
- *In Person with a Proxy from the Record Holder.* A street name stockholder who wishes to vote at the Annual Meeting will need to obtain a legal proxy from his or her bank or brokerage firm. Please consult the voting instruction card provided to you by your bank or broker to determine how to obtain a legal proxy in order to vote in person at the Annual Meeting.

Q: How many votes do I have?

A: On each matter to be voted upon, you have one vote for each share of common stock you own as of April 2, 2014, the Record Date. Stockholders may not cumulate votes.

Q: Will there be any other items of business on the agenda?

A: We do not know of any business to be considered at the meeting other than the proposals described in this Proxy Statement. However, if any other business is properly presented at the Annual Meeting pursuant to guidelines described in our bylaws, the accompanying proxy gives discretionary authority to the persons named on the proxy with respect to any other matters that might be brought before the meeting. Such matters include, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place, including without limitation, for the purpose of soliciting additional proxies.

Q: If I submit a proxy, how will it be voted?

A: When proxies are properly dated, executed and returned, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our board of directors as follows:

- FOR the election of Kendall Larsen and Gary Feiner as a Class I directors;
- FOR the ratification of the appointment of Farber Hass Hurley LLP as our independent registered public accountants for the fiscal year ending December 31, 2014;
- FOR an advisory vote to approve the compensation of the Company's named executive officers.

If any matters not described in the Proxy Statement are properly presented at the Annual Meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the Annual Meeting is adjourned, the proxy holders can vote your shares on the new meeting date as well, unless you have revoked your proxy instructions, as described below under "Can I change my vote after submitting my proxy?"

Q: Can I change my vote after submitting my proxy?

A: Yes. You can revoke your proxy at any time before the final vote at our Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any of the following ways:

- you may submit another properly completed proxy card with a later date;
- you may send a written notice that you are revoking your proxy to VirnetX Holding Corporation PO Box 439, Zephyr Cove, NV 89448;
- vote again on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted);
or
- you may attend the Annual Meeting and vote in person (attendance at the meeting will not by itself revoke a previously granted proxy).

If you are a beneficial owner of shares held in street name, you may change your vote:

- by submitting new voting instructions to your broker, bank or nominee, or
- if you have obtained a legal proxy from the broker, bank or nominee that holds your shares giving you the right to vote the shares, by attending the Annual Meeting and voting in person (attendance at the meeting will not by itself revoke a previously granted proxy).

Q: How are votes counted?

A: For Proposal I – Election of Directors, you may vote “**FOR**” one or both of the nominees or your vote may be “**WITHHELD**” with respect to one or both of the nominees. Votes that are withheld will be excluded entirely and will have no effect in the election of directors. If you hold your shares in street name, please note that your broker may not vote your shares in the election of directors without instructions from you. Thus, if you hold your shares in street name and you do not instruct your broker how to vote in the election of directors, no votes will be cast on your behalf although your proxy will be counted for the purpose of establishing a quorum.

If a quorum is present, the two director nominees receiving the highest number of votes, in person or by proxy, will be elected to the Board of Directors.

For Proposal II – Ratification of Farber Hass Hurley LLP as our Independent Registered Public Accounting Firm, you may vote “**FOR**,” “**AGAINST**” or “**ABSTAIN**.” If you vote to abstain on Proposal II, your shares will be counted as present and entitled to vote for the purpose of establishing a quorum but your abstention will have the same effect as a vote against the proposal. If you hold your shares in street name, your broker will have discretionary authority to vote on Proposal II.

Ratification of Farber Hass Hurley LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014 will require the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Annual Meeting.

For Proposal III – Advisory Vote to Approve the Compensation of the Company’s Named Executive Officers, you may vote “**FOR**,” “**AGAINST**” or “**ABSTAIN**.” If you vote to abstain on Proposal III, your shares will be counted as present and entitled to vote for the purpose of establishing a quorum but your abstention will have the same effect as a vote against the proposal. If you hold your shares in street name, please note that your broker may not vote your shares on Proposal III without instructions from you. Thus, if you hold your shares in street name and you do not instruct your broker how to vote in regards to Proposal III, no votes will be cast on your behalf although your proxy will be counted for the purpose of establishing a quorum.

The approval of an advisory vote to approve the compensation of the Company’s named executive officers will require the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting.

Finally, if you sign and return your proxy card with no further instructions, your shares will be counted as a vote “**FOR**” the director nominees; “**FOR**” the ratification of the appointment of Farber Hass Hurley LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; and “**FOR**” an advisory vote to approve the compensation of the Company’s named executive officers. In addition, the proxy also delegates discretionary authority to vote with respect to any other business which may properly come before the meeting or any adjournment or postponement thereof.

Q: What is the quorum requirement?

A: A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares of Common Stock are represented by stockholders present at the meeting or by proxy. On the Record Date, there were a total of 51,492,237 shares of Common Stock outstanding and entitled to vote. Thus, 25,746,119 shares must be represented by stockholders present at the meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy or if you vote in person at the meeting. Abstentions will be counted towards the quorum requirement. If there is no quorum, a majority of the votes present at the meeting may adjourn the meeting to another date.

Q: What effect do abstentions and broker non-votes have on quorum requirements?

A: Abstentions and broker non-votes are counted as present for establishing a quorum for the transaction of business at the Annual Meeting. A “broker non-vote” occurs when a broker votes on some matters on the proxy card but not on others because the broker does not have authority to do so.

Under the rules that govern brokers who have record ownership of shares that are held in “street name” for their clients, the beneficial owners of the shares, brokers have discretion to vote these shares on routine matters but not on non-routine matters. If you hold common stock through a broker and you have not given voting instructions to the broker, the broker will be prevented from voting shares on non-routine matters, resulting in a “broker non-vote.” Thus, if you do not otherwise instruct your broker, the broker may turn in a proxy card voting your shares on routine matters but expressly instructing that the broker is NOT voting on non-routine matters. Proposal II contained in this Proxy Statement is considered a routine matter. However, Proposals I and III are considered non-routine matters.

Brokers do not have discretionary authority to vote on the election of directors (Proposal I) or executive compensation (Proposal III), so it is very important that you instruct your broker how to vote.

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

A: In an effort to reduce printing costs and postage fees, we have adopted a practice approved by the SEC called “householding.” Under this practice, stockholders who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of the Notice or our proxy materials if a full set is requested, unless one or more of these stockholders notifies us that he or she wishes to continue receiving individual copies. Stockholders who participate in householding will continue to receive separate proxy cards.

If you share an address with another stockholder and received only one Notice or set of proxy materials and would like to request a separate copy of these materials, please: (1) mail your written request to VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448, Attn: Investor Relations, or (2) call our Investor Relations department at (775) 548-1785. Additional copies of the proxy materials will be sent promptly after receipt of your request. Similarly, you may also contact us if you received multiple copies of the proxy materials and would prefer to receive a single copy in the future.

Q: *What does it mean if I receive more than one Notice?*

A: It means that you hold shares in more than one account. To ensure that all your shares are voted, sign and return each card.

Q: *Who tabulates the votes and how will I know the results of the voting at the Annual Meeting?*

A: The votes will be tabulated by an independent inspector of election, who will be a representative of Broadridge Financial Solutions, Inc.

We will announce preliminary voting results at the Annual Meeting. We will publish the preliminary, or if available, final, voting results in a Current Report on Form 8-K to be filed with the SEC on or before the fourth business day following the date of our Annual Meeting. If not published in an earlier Current Report on Form 8-K, we will publish the final voting results in a Current Report on Form 8-K to be filed with the SEC within four business days after the final voting results are known. You may obtain a copy free of charge from our Internet website at <http://www.virnetx.com>, by contacting our Investor Relations Department at (775) 548-1785, or the SEC at (800) 732-0330 for the location of the nearest public reference room, or through the online EDGAR system at www.sec.gov.

Q: *How do I contact the Board?*

A: You can send written communications to our Board or any individual director in accordance with our bylaws, addressed to:

Board of Directors
(or Nominating and Corporate Governance Committee, or name of individual director)

c/o Secretary
VirnetX Holding Corporation
PO Box 439
Zephyr Cove, NV 89448

Our Secretary will then direct such communications to the relevant director(s), except for solicitations or other matters unrelated to us.

Q: *Where are your principal executive offices?*

A: Our principal executive offices are located at 308 Dorla Ct., Zephyr Cove, NV 89448. Our telephone number is (775) 548-1785.

Q: *How do I submit a stockholder proposal for the 2015 Annual Meeting of Stockholders?*

A: Stockholders may present proper proposals for inclusion in the Company's proxy statement and for consideration at the next annual meeting of its stockholders by submitting their proposals in writing to the Company in a timely manner. In order to be included in the proxy statement for the 2015 annual meeting of stockholders, stockholder proposals must be received by the Company no later than December 12, 2014 and must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

In addition, the Company's bylaws establish an advance notice procedure for stockholders who wish to present certain matters, including the nomination of directors, before an annual meeting of stockholders without including those matters in the Company's proxy statement. In general, such proposals, including the information required by the Company's bylaws, must be received by the Company not later than February 21, 2015 and no earlier than January 22, 2015.

If the date of the stockholder meeting is moved more than 30 days before or 60 days after the anniversary of the 2014 annual meeting and less than 60 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, the Company's advance notice procedure requires that such proposal including certain information, as described in the Company's bylaws, must be received by the Company not later than the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Our Bylaws have been publicly filed with the SEC.

If a stockholder fails to give notice of a stockholder proposal as required by our bylaws or other applicable requirements, then the proposal will not be included in the proxy statement for our 2015 Annual Meeting of Stockholders and the stockholder will not be permitted to present the proposal to the stockholders for a vote at our 2015 Annual Meeting of Stockholders.

Q: *What if I have questions about lost stock certificates or need to change my mailing address?*

A: You may contact our transfer agent, Corporate Stock Transfer, Inc. by telephone at (303) 282-4800, or by facsimile at (303) 282-5800 if you have lost your stock certificate or need to change your mailing address.

IMPORTANT ADDITIONAL VOTING INFORMATION FOR THE ANNUAL MEETING

Broker Voting

Stockholders who hold shares of the Company through a broker, bank or other financial institution receive proxy materials before each stockholder meeting. Your broker is not permitted to vote on your behalf on Proposal I or Proposal III unless you provide specific instructions by completing and returning the proxy card or voting your shares via telephone or the Internet. For your vote to be counted, you now will need to communicate your voting decisions to your broker, bank or other financial institution before the date of the stockholder meeting.

Your Participation in Voting the Shares You Own Is Important

Voting your shares is important to ensure that you have a say in the governance of your company and to fulfill the objectives of the majority voting standard that we apply in the election of directors. Please review the proxy materials and follow the instructions on the proxy card to vote your shares. We hope you will exercise your rights and fully participate as a stockholder in our future.

More Information Is Available

If you have any questions about the proxy voting process, please contact the broker, bank or other financial institution where you hold your shares. The SEC also has a website (www.sec.gov/spotlight/proxymatters.shtml) with more information about your rights as a stockholder. Additionally, you may call our Investor Relations department at (775) 548-1785.

BOARD OF DIRECTORS

The Board of Directors is presently composed of five members: Michael F. Angelo, Kendall Larsen, Thomas M. O'Brien, Robert D. Short III, Ph.D. and Scott C. Taylor. Mr. Larsen serves as Chairman of the Board of Directors.

Our Amended and Restated Certificate of Incorporation provides that the directors of our Board shall be divided into three classes, with the classes serving for staggered, three-year terms. Currently, we have two Class I directors, two Class II directors and one Class III director. One class is elected each year at the annual meeting of stockholders. The term of each class of directors expires as follows: Class II at the 2015 annual meeting, Class III at the 2016 annual meeting of stockholders, and Class I at the Annual Meeting. Each director shall hold office until his successor is elected and qualified or until his death, resignation or removal.

Nominees and Continuing Directors

Set forth below are the names and certain information about the nominees for Class I directors. The names of, and certain information about, the current Class II and Class III directors with unexpired terms are also set forth below. Mr. Taylor, a Class I Director, is not standing for reelection at the Annual Meeting. All information is as of March 20, 2014.

Name	Age	Position	Director Since
Nominee/Class I Directors whose terms will expire at the Annual Meeting			
Kendall Larsen	57	President, Chief Executive Officer and Chairman of the Board of Directors	2007
Gary Feiner	51	Nominee	N/A
Class II Directors whose terms will expire at the 2015 Annual Meeting			
Thomas M. O'Brien	47	Director	2007
Robert D. Short III, Ph.D.	62	Chief Technology Officer, Director	2010
Class III Directors whose term will expire at the 2016 Annual Meeting			
Michael F. Angelo	54	Director	2007

Nominees for Class I Director (Current Class I Directors' Term Will Expire at the Annual Meeting)

Kendall Larsen has been Chairman of the Board of Directors, President and Chief Executive Officer since July 5, 2007 and held the same positions with VirnetX Inc. since its inception in August 2005. Mr. Larsen does not hold director positions with any other reporting or registered investment companies. From April 2003 to July 2005, Mr. Larsen focused on pre-incorporation activities related to VirnetX Inc. From April 2002 to April 2003, Mr. Larsen was a Limited Partner at Osprey Ventures, L.P., a venture fund that makes investments primarily in business and consumer technology companies. From October 2000 to April 2002, he was Senior Vice President and General Manager of the Security Products Division of Phoenix Technologies Ltd., a software and firmware developer, and he has also held senior executive positions over a period of over twenty years at various leading technology companies, including RSA Security, Inc., Xerox Corporation, Rolm/International Business Machines Corporation, Novell, Inc., General Magic, Inc., and Ramp Networks. Mr. Larsen holds a B.S. in Economics from the University of Utah.

With his years of managerial experience, Mr. Larsen brings to the Board demonstrated management ability at senior levels. Mr. Larsen's day-to-day leadership and intimate knowledge of our business and operations provide the Board with Company-specific experience and expertise. Mr. Larsen's drive for innovation and excellence position him well to serve as our Chairman, President and Chief Executive Officer.

Gary Feiner is a nominee for the Board of Directors of the Company. Mr. Feiner has served as President of Feiner Financial, a tax, accounting and planning services company, since 1993 and has been employed by Feiner Financial since 1986. Mr. Feiner was nominated to serve on our board of directors because of his breadth of tax, accounting and financial knowledge.

Class II Directors (Current Term Will Expire at the 2015 Annual Meeting of Shareholders)

Thomas M. O'Brien has been a director since July 5, 2007. He is currently Chief Executive Officer and President of TravelCenters of America LLC (NYSE: TA), since February 2007 and a Managing Director of TA since October 2006. He has been an employee of Reit Management & Research LLC, an institutional manager of real estate, public real estate investment trusts ("[Reit Management](#)") and other public companies, since May 1996 and has served as an Executive Vice President of that company since September 2008, prior to which he served in various roles since May 1996, including holding various positions with public entities related to Reit Management or its affiliates. From 1988 to 1996, Mr. O'Brien was a senior manager with Arthur Andersen LLP where he served a number of public company clients. Mr. O'Brien graduated *cum laude* from the University of Pennsylvania, Wharton School of Business, with a B.S. in Economics.

As a former certified public accountant and Chief Financial Officer of a public company listed on the NYSE and a current Chief Executive Officer and Director of a public company listed on the NYSE, Mr. O'Brien brings to the audit committee, of which he is Chairman, and the Board, a deep understanding of complex accounting and finance issues faced by the Company and can provide critical insight into the financial and other reporting requirements of a U.S. public company. In addition, his extensive capital markets experience is an invaluable resource as the Company regularly assesses its capital and liquidity needs.

Robert D. Short III, Ph.D. has been a director since July 9, 2010. He has been the Chief Scientist for the Company since May 2006. From February 2000 to April 2007, Dr. Short was Assistant Vice President and Division Manager at Science Applications International Corporation, or SAIC, from which we acquired certain patents in 2006. From 1994 to February 2000, he also held various other positions at SAIC. Prior to SAIC, he worked at ARCO Power Technologies, Inc. (Atlantic Richfield Petroleum), Sperry Corporate Technology Center and Sperry Research Center. He has a Ph.D. in Electrical Engineering from Purdue University along with a M.S. in Mathematics and a B.S. in Electrical Engineering from Virginia Tech.

As co-inventor on the majority of the patents in the Company's patent portfolio, Dr. Short brings to the Board extraordinary technical knowledge and a deep understanding of the Company's business, history and organization and the field of information security.

Class III Directors (Current Term Will Expire at the 2016 Annual Meeting of Shareholders)

Michael F. Angelo has been a director since July 5, 2007. He has been the Chief Security Architect at NetIQ Corporation, a global, enterprise software company since August 2005. From October 2003 to August 2005, Mr. Angelo was a Security Architect and Manager, Government Engagements SBU with Microsoft Corporation. From July 1989 to October 2003, Mr. Angelo was a Staff Fellow at both Hewlett Packard Company and Compaq Computer Corp. Mr. Angelo also served as Senior Systems Programmer at the John von Neumann National Supercomputer Center from September 1985 to July 1989. He was a Sub-Chairman of the National Institute of Standards and Technology Board of Assessment for Programs/National Research Council responsible for the CISD review for fiscal years 2001 and 2002, and he has been a technology contributor and participant on the U.S. Commerce Department's Information Systems Technical Advisory Council (ISTAC) from 1999 to the present. Mr. Angelo was named a distinguished lecturer for 2004 and 2005 by Sigma XI, the Scientific Research Society. He currently holds 52 patents, most in the area of security and authentication, and was named the 2003 Inventor of the Year for the City of Houston by the Houston Intellectual Property Lawyers Association.

As a holder of many patents in the fields of security and authentication, and as a result of his long and distinguished industry and scholarly background in the area of computer security and networking, Mr. Angelo brings to the Board critical technical and industry knowledge and expertise. With his extensive industry knowledge and having successfully served in multiple leadership capacities in various types of organizations, Mr. Angelo is uniquely qualified to serve as chair of the Company's nominating and governance committee.

Non-Continuing Class I Director (Current Term Will Expire at the Annual Meeting)

Scott C. Taylor has been a director since July 5, 2007. Mr. Taylor serves as Executive Vice President and General Counsel for Symantec Corporation, an information security solutions company, where he has been employed since February 2007. From January 2002 to February 2007, Mr. Taylor worked for Phoenix Technologies Ltd. Prior to 2002, Mr. Taylor has worked at Narus Inc., Symantec Corporation, Pillsbury Madison & Sutro LLP (now Pillsbury Winthrop Shaw Pittman LLP), ICF Incorporated (now ICF Consulting) and the U.S. Securities and Exchange Commission in various roles. Mr. Taylor was admitted to practice law in the State of California in 1993. Mr. Taylor has a B.A. in International Relations from Stanford University and a J.D. from George Washington University. Mr. Taylor currently serves as a director of Piper Jaffray (NYSE:PJC), where he sits on the Audit Committee and the Nominating and Governance Committee.

Having served as general counsel for two public companies, including his current service as Executive Vice President and General Counsel for Symantec Corporation, a Delaware corporation listed on the Nasdaq Global Select Market, Mr. Taylor brings to the Board significant knowledge and experience with corporate governance and public company reporting requirements. In addition, as an executive in a leading information security solutions company, Mr. Taylor has strong expertise in issues affecting our industry generally.

Corporate Governance

Role of the Board

Our Directors are appointed to oversee the actions and results of our management. They were selected for their educational background, professional experience, knowledge of our business, integrity, professional reputation, independence, wisdom and ability to represent the best interests of our stockholders. Their responsibilities include:

- providing general oversight of the business;
- approving corporate strategy;
- approving major management initiatives;
- providing oversight of legal and ethical conduct;
- overseeing our management of significant business risks;
- selecting, compensating, and evaluating directors;
- evaluating Board processes and performance; and
- reviewing and implementing recommendations and reports of the committees of the Board.

Board Leadership Structure

The Board believes that the Company's Chief Executive Officer is best situated to serve as Chairman of the Board because he is the director most familiar with the Company's business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Independent directors and management have different perspectives and roles in strategy development. The Company's independent directors bring experience, oversight and expertise from outside the Company and industry, while the Chief Executive Officer brings Company-specific experience and expertise. The Board believes that the combined role of Chairman of the Board and Chief Executive Officer promotes strategy development and execution and facilitates information flow between management and the Board, which are essential to effective governance.

The Company does not currently have a lead independent director. To ensure effective independent oversight, the Board has designed its leadership structure so that independent directors exercise oversight of the Company's management and key issues related to strategy and risk. Only independent directors serve on and chair the audit committee, the compensation committee and the nominating and governance committee of the Board.

Risk Oversight

Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. The Board believes that establishing the right "tone at the top" and full and open communication between management and the Board are essential for effective risk management and oversight. Senior management attends the quarterly Board meetings and is available to address any questions or concerns raised by the Board on risk management and any other matters. Each quarter, the Board receives presentations from senior management on strategic matters involving our operations. The Board holds strategic planning sessions with senior management to discuss strategies, key challenges, and risks and opportunities for the Company.

While the Board is ultimately responsible for risk oversight for the Company, our three Board committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The audit committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements. Our compensation committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The nominating and governance committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance.

Risk Assessment of Compensation Policies

The Company notes that:

- the Company's annual incentive compensation is based on performance that promotes disciplined progress towards longer-term Company goals;
- the Company does not offer significant short-term incentives that might drive high-risk investments at the expense of long-term Company value;
- the Company's compensation programs are weighted towards offering long-term incentives that reward sustainable performance; and
- the Company's compensation awards are established at reasonable and sustainable levels, as determined by a review of the Company's economic position and prospects, as well as the compensation offered by comparable companies.

The Company's compensation policies and practices are intended to not foster risk taking above the level of risk associated with the Company's business model. Accordingly, the Company believes it has a balanced pay and performance program that does not promote excessive risk taking.

Code of Ethics

We have adopted a Code of Ethics for all employees and directors in accordance with the requirements of Item 406 of Regulation S-K and the NYSE MKT Company Guide. A copy of our Code of Ethics is available on our website at <http://www.virnetx.com> in the "Highlights" link in the "Corporate Governance" subcategory under the "Investors" tab, or by writing to us at VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448, Attention: Investor Relations.

We intend to post on our website any amendment to, or waiver from, a provision of our Code of Ethics within four business days following the date of such amendment or waiver. We do not anticipate any such amendments or waivers.

Composition of the Board of Directors

Mix of Independent Directors and Officer-Directors

Our Board has a majority of independent directors and have determined that it is beneficial for us and our stockholders to for our chief executive officer to also be a Board member. Other officers may, from time to time, serve as Board members, but no officer other than the chief executive officer should be expected to be elected to our Board by virtue of his or her office.

Independence Determinations

Our Board annually determines the independence of directors based on a review by the directors and the nominating and governance committee. No director is considered independent unless our Board has determined that he or she has no material relationship with the Company, either directly or as a partner, stockholder, or officer of an organization that has a material relationship with the Company.

We have adopted rules for director independence standards of the NYSE MKT corporate governance listing standards and the rules and regulations of the SEC. Our Board has determined that Michael F. Angelo, Thomas M. O'Brien, and Gary Feiner meet the aforementioned independence standards.

Board and Committee Meetings and Annual Meeting Attendance

Our Board held a total of four meetings during the fiscal year ended December 31, 2013. Since November 6, 2007, our Board has had a standing audit committee, compensation committee and nominating and governance committee. Our audit committee charter, compensation committee charter, and nominating and governance committee charter, each as adopted by the Board, are posted on our website at <http://www.virnetx.com> in the "Highlights" link in the "Corporate Governance" subcategory under the "Investors" tab.

We encourage, but do not require, our Board members to attend our annual meetings of stockholders. All five of our Board members were in attendance for our 2013 Annual Meeting of Stockholders.

Committees of the Board of Directors

The Board of Directors has established the following standing committees: an audit committee, a compensation committee and a nominating and governance committee.

The following chart details the membership of each standing committee, which is current as of April 12, 2014, and the number of meetings each committee held in fiscal year 2013.

Name of Director	Audit	Compensation	Nominating & Governance
Michael F. Angelo	M	M	C
Kendall Larsen	—	—	—
Thomas M. O'Brien	C	M	M
Robert D. Short III, Ph.D.	—	—	—
Scott C. Taylor(1)	M	C	M
Number of Meetings in Fiscal 2013	5	4	1

M = Member

C = Chair

(1) Mr. Taylor will not continue as a director following the expiration of his term at the 2014 annual meeting.

Nominating and Corporate Governance Committee Matters

Membership and Independence

Our nominating and governance committee met one time during the fiscal year ended December 31, 2013.

Messrs. Angelo, O'Brien and Taylor comprise our nominating and governance committee, with Mr. Angelo serving as the chairman. Our Board has determined that each of Messrs. Angelo, O'Brien and Taylor meets the NYSE MKT requirements for independence. The nominating and governance committee is responsible for, among other things:

- assisting our Board in identifying prospective director nominees and recommending to the Board director nominees for each annual meeting of stockholders, vacancy, or newly created director position;
- providing oversight with respect to corporate governance and ethical conduct;
- developing and recommending to our Board the Code of Ethics and assessing such Code of Ethics and recommending changes; and
- delegating such of its authority and responsibilities as it deems proper to members of the committee or a subcommittee.

A more detailed description of our nominating and governance committee's functions can be found in our nominating and governance committee charter at <http://www.virnetx.com> in the "Highlights" link in the "Corporate Governance" subcategory under the "Investors" tab, or by writing to us at VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448, Attention: Investor Relations.

Stockholder Recommendations and Nominees

The policy of our nominating and governance committee is to consider properly submitted recommendations for candidates to our Board from stockholders. In evaluating such recommendations, our nominating and governance committee seeks to achieve a balance of experience, knowledge, integrity, and capability on our Board and to address the membership criteria set forth under "Director Qualifications" below. Any stockholder recommendations for consideration by our nominating and governance committee should include (1) the name, age, business address and residence address of such person, (2) the principal occupation or employment of such person, (3) the class and number of shares of the Corporation which are beneficially owned by such person, and (4) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including, without limitation, such person's written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected).

Stockholder recommendations to our Board should be sent to our Corporate Secretary at VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448.

In addition, our Bylaws permit stockholders to nominate directors for consideration at an annual meeting. For a description of the process for nominating directors in accordance with our Bylaws, see “*How do I submit a stockholder proposal for the 2015 Annual Meeting of Stockholders?*” of this Proxy Statement and our bylaws which have been filed with the SEC.

Director Qualifications

Our nominating and governance committee evaluates and recommends candidates for membership on our Board consistent with criteria established by the Board. Our Board has not formally established any specific, minimum qualifications that must be met by each candidate for our Board or specific qualities or skills that are necessary for one or more of the members of our Board. However, our nominating and governance committee, when considering a potential candidate, will factor into its determination the following qualities of a candidate, among others: educational background, professional experience, including whether the person is a current or former chief executive officer or chief financial officer of a public company or the head of a division of a large international organization, knowledge of our business, integrity, professional reputation, independence, wisdom, and ability to represent the best interests of our stockholders.

Identification and Evaluation of Nominees for Directors

Our nominating and governance committee uses a variety of methods for identifying and evaluating nominees for any position on our Board. Our nominating and governance committee regularly assesses the appropriate size and composition of our Board, the needs of our Board, the respective committees of our Board, and the qualifications of candidates in light of these needs. Candidates may come to the attention of the nominating and governance committee through stockholders, management, current members of our Board, or third-party search firms engaged by the committee.

Once the nominating and governance committee has identified a prospective nominee, the nominating and governance committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on the information provided to the nominating and governance committee concerning the prospective candidate, as well as the nominating and governance committee’s own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. If the nominating and governance committee determines, in consultation with other Board members as appropriate, that additional consideration is warranted, it may gather or request the third party search firm to gather additional information about the prospective nominee’s background and experience. The nominating and governance committee then evaluates the prospective nominee, taking into account whether the prospective nominee is independent within the meaning of the listing standards of the NYSE MKT and such other factors as it deems relevant, including the current composition of the Board, the balance of management and independent directors, the need for audit committee or compensation committee expertise, the prospective nominee’s qualifications as discussed above, the diversity of the member’s skills and experience in areas that are relevant to the Company’s businesses and activities, and its evaluations of other prospective nominees. In connection with this evaluation, the nominating and governance committee determines whether to interview the prospective nominee and, if warranted, one or more members of the nominating and governance committee and others, as appropriate, conduct interviews in person or by telephone. After completing this process, the nominating and governance committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the nominating and governance committee. The nominating and governance committee follows the same process and uses the same criteria for evaluating candidates proposed by stockholders, members of the Board, and members of management.

The nominating and governance committee considers diversity as one of a number of factors in identifying nominees for director. It does not, however, have a formal policy in this regard. The committee views diversity broadly to include diversity of experience, skills, and viewpoint as well as traditional diversity concepts such as race or gender.

Audit Committee Matters

Membership and Independence

Messrs. Angelo, O'Brien and Taylor, comprise our audit committee, with Mr. O'Brien serving as the chairman. Our Board has determined that Messrs. Angelo, O'Brien and Taylor each satisfy the requirements for independence under the rules and regulations of the NYSE MKT and the SEC, including the enhanced standards for audit committee members. Our Board has also determined that Mr. O'Brien qualifies as an "audit committee financial expert" as defined in the SEC rules and satisfies the financial sophistication requirements of the NYSE MKT.

Our audit committee met five times during the fiscal year ended December 31, 2013.

Responsibilities

Our audit committee's responsibilities include the following:

- appointment of and approval of compensation for our independent public accounting firm and overseeing its performance and independence;
- overseeing our accounting and financial reporting processes;
- overseeing the audits of our financial statements;
- overseeing the effectiveness of our internal control over financial reporting; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

A more detailed description of our audit committee's functions can be found in our audit committee charter at <http://www.virnetx.com> in the "Highlights" link in the "Corporate Governance" subcategory under the "Investors" tab, or by writing to us at VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448, Attention: Investor Relations.

Principal Accountant Fees & Services

The following table sets forth the costs we incurred for services provided by Farber Hass Hurley LLP, our independent registered public accountant, which audited our financials for the years ended December 31, 2013 and December 31, 2012.

	Year Ended December 31 (1)	
	2013	2012
Audit Fees	\$ 140,405	\$ 157,513
Audit-Related Fees	\$ 28,604	\$ 41,982
Tax Fees	\$ —	\$ —
All Other Fees	\$ —	\$ —
Total Fees	\$ 169,009	\$ 199,495

(1) Reflects the fees approved by VirnetX and billed or to be billed by Farber Hass Hurley LLP with respect to services performed for the audit and other services for the applicable fiscal year.

Audit Fees. Consists of fees billed for professional services rendered in connection with the audit of our consolidated financial statements, review of the interim consolidated financial statements included in our quarterly reports, and accounting services in connection with securities offerings.

Audit-Related Fees. Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under “Audit Fees.” These services include consultations in connection with financial accounting and reporting standards.

Tax Fees. Consists of fees billed for professional services for tax compliance, tax advice and tax planning. We have nothing to report in this line item as we did not engage Farber Hass Hurley LLP to perform tax-related services for the Company.

All Other Fees. We have nothing to report in this line item as we did not engage Farber Hass Hurley LLP to perform services not covered by the preceding three categories.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our audit committee’s policy is to pre-approve all services provided by our independent registered public accounting firm. For the fiscal year ended December 31, 2013, our audit committee pre-approved 100% of all services provided by our independent registered public accounting firm. These services include audit services and audit-related services. Our independent registered public accounting firm is required to periodically report to our audit committee regarding the extent of services provided by our independent registered public accounting firm in accordance with this pre-approval policy. Our audit committee may also delegate pre-approval authority to one or more of its members. Such member(s) must report any such pre-approval to our audit committee at the next scheduled meeting.

Compensation Committee Matters

Membership and Independence

Messrs. Angelo, O’Brien and Taylor comprise our compensation committee, with Mr. Taylor serving as the chairman. Our Board has determined that each member of our compensation committee meets the requirements for independence under the rules of the NYSE MKT, including the enhanced standards for compensation committee members, is a “non-employee director” within the meaning of Section 16 of the Exchange Act, and is an “outside director,” within the meaning of the Internal Revenue Code of 1986, as amended.

Scope of Authority

Our compensation committee's responsibilities include the following:

- exclusive authority to determine the amount and form of compensation paid to the Company's Chief Executive Officer;
- determining the amount and form of compensation paid to the Company's executive officers, officers, employees, consultants and advisors;
- administering our equity incentive plans;
- engaging, compensating and terminating compensation consultants, legal counsel and such other advisors to assist the compensation committee;
- reviewing and discussing with management to Company's proposed disclosure under "Compensation Discussion and Analysis" as set forth in Regulation S-K and recommending to the Board of Directors whether such disclosure should be included in the Company's public filings;
- preparing the compensation committee report that the SEC requires in our annual proxy statement; and
- making regular reports to the Board with respect to significant actions and determinations made by the compensation committee.

Except with respect to determining the chief executive officer's compensation, the Committee may delegate its authority to a subcommittee of the committee and, to the extent permitted by applicable law, the committee may delegate to officers or appropriate supervisory personnel the authority to grant stock awards to non-executive, non-director employees.

A more detailed description of our compensation committee's functions can be found in our compensation committee charter at <http://www.virnetx.com> in the "Highlights" link in the "Corporate Governance" subcategory under the "Investors" tab, or by writing to us at VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448, Attention: Investor Relations.

Our Compensation Committee's Processes and Procedures

Our compensation committee's primary processes for establishing and overseeing executive compensation include:

- *Meetings.* Our compensation committee met two times during the fiscal year ended December 31, 2013.
- *Role of Executive Officers.* Our president and chief executive officer generally attends compensation committee meetings and makes recommendations to our compensation committee regarding the amount and form of the compensation of the other executive officers and key employees. He is not present for any of the executive sessions or for any discussion of his own compensation.

Non-employee directors' compensation is established by our Board upon the recommendation of our compensation committee.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2013, Messrs. Angelo, O'Brien and Taylor served as members of our compensation committee. No member of our compensation committee was an officer or employee of VirnetX during fiscal 2013. In addition, no member of our compensation committee or executive officer of VirnetX served as a member of the Board of Directors or compensation committee of any entity that has an executive officer serving as a member of our Board of Directors or compensation committee.

Communications with the Board of Directors

Any of our stockholders who wish to communicate with our Board, a committee of our Board, our non-management directors as a group, or any individual member of our Board, may send correspondence to our Corporate Secretary at VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448.

Our Corporate Secretary will compile and submit on a periodic basis all stockholder correspondence to our entire Board, or, if and as designated in the communication, to a committee of our Board, our non-management directors as a group, or an individual Board member. The independent directors of our Board review and approve the stockholders' communications process periodically to ensure effective communication with stockholders.

Director Compensation

Directors who are also our employees are not paid an annual retainer, nor are they compensated for serving on the Board. Information regarding compensation otherwise received by our directors, who are also named executive officers, is provided under the heading "Executive Compensation."

Our compensation committee annually reviews director compensation. Any recommendations for changes are made to our full Board by our compensation committee. In order to align directors' incentives with the creation of stockholder value, we believe that directors should hold meaningful equity ownership positions in the Company; accordingly, a significant portion of overall director compensation is in the form of equity in the Company.

Cash Compensation of Non-employee Directors

We provide the following cash compensation for non-employee directors:

- each non-employee director receives an annual cash retainer of \$40,000;
- each non-employee director who serves as a member of our audit committee receives an annual cash retainer of \$6,000; each non-employee director who serves as a member of our compensation committee receives an annual cash retainer of \$5,000; and members of our nominating and corporate governance committee receive an annual cash retainer of \$2,000; and

- each non-employee director who serves as a chair of our audit committee receives an annual cash retainer of \$16,500; each non-employee director who serves as a chair of our compensation committee receives an annual cash retainer of \$9,000; and each non-employee director who serves as a chair of our nominating and corporate governance committees receives an annual cash retainer of \$5,000.

Stock Compensation of Non-Employee Directors

We provide the following stock compensation for non-employee directors:

- Upon the initial election or appointment to our Board of a new non-employee director, such individual will be granted, under our 2013 Equity Incentive Plan, an option to purchase 30,000 shares of our Common Stock with a per-share exercise price equal to the fair market value of that stock on the date of grant and which will vest monthly with respect to 1/36th of the total number of shares subject to the option, conditioned upon continued service as a director; provided that these options automatically become fully vested immediately prior to a “change in control” of the Company; and
- each existing non-employee director will be granted, under our 2013 Equity Incentive Plan, an option to purchase 12,500 shares of our Common Stock at the Annual Meeting with a per-share exercise price equal to the fair market value of that stock on the date of grant and which will fully vest on the one-year anniversary of such a grant.
- each existing non-employee director will be granted, under our 2013 Equity Incentive Plan, an award for 8,333 restricted stock units at the Annual Meeting, which will fully vest on the one-year anniversary of such grant.

The following table shows the compensation earned by or paid to each of our independent directors for the fiscal year ended December 31, 2013:

Name (1)	Fees Earned or Paid in Cash (\$)	Stock Awards \$(2)	Option Awards \$(2)	Total (\$)
Michael F. Angelo	\$ 56,000	\$ 197,659	\$ 216,750	\$ 470,409
Thomas M. O’Brien	\$ 63,500	\$ 197,659	\$ 216,750	\$ 477,909
Scott C. Taylor	\$ 57,000	\$ 197,659	\$ 216,750	\$ 471,409

- (1) This table includes the compensation of only non-employee directors and director nominees. For compensation of Dr. Short, our Chief Scientist and Chief Technology Officer, please see Certain Relationships and Related Transactions of this Proxy Statement. For compensation of Mr. Larsen, please see Executive Compensation and Other Matters of this Proxy Statement.
- (2) The amounts in this column reflect the aggregate grant date fair value of the stock awards and option awards computed in accordance with Financial Accounting Standards Board’s Accounting Standards Codification Topic 718, or FASB ASC Topic 718. There can be no assurance that these amounts will ever be realized. For information on the valuation assumptions used in valuing these stock option awards, refer to Note 6 titled “Stock-Based Compensation” in the Notes to the Financial Statements contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013. The aggregate number of shares subject to outstanding options held by each independent director at December 31, 2013 was as follows: Mr. Angelo (100,000), Mr. O’Brien (100,000) and Mr. Taylor (40,000). The aggregate number of shares subject to outstanding stock awards held by each independent director at December 31, 2013 was as follows: Mr. Angelo (8,333), Mr. O’Brien (8,333) and Mr. Taylor (8,333). The number of outstanding shares held by each independent director at December 31, 2013 was as follows: Mr. Angelo (26,850), Mr. O’Brien (84,997) and Mr. Taylor (8,333).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our Common Stock as of March 20, 2014 by:

- all persons known to us, based on statements filed by such persons pursuant to Section 13(d) or 13(g) of the Exchange Act or in statements made to us, to be the beneficial owners of more than 5% of our Common Stock;
- each director and nominee for director;
- each of our named executive officers as listed in the “Summary Compensation Table” of this Proxy Statement; and
- all current directors and executive officers as a group.

This table lists applicable percentage ownership based on 51,492,237 shares of Common Stock outstanding as of April 2, 2014. Securities that a person has a right to acquire pursuant to SEC rules within 60 days of March 20, 2014 are deemed to be beneficially owned by the persons holding these options for the purpose of computing the number of shares owned by, and percentage ownership of, that person, but are not treated as outstanding for the purpose of computing any other person’s number of shares owned or ownership percentage.

Except as indicated by footnote, and subject to applicable community property laws, each person identified in the table possesses, to the best of our knowledge, sole voting and investment power with respect to all capital stock shown to be held by that person. The address of each executive officer and director, unless indicated otherwise, is c/o VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV, 89448.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent Of Class
5% or Greater Stockholders:		
Kendall Larsen	9,877,460(2)	18.6%
Directors and Named Executive Officers:		
Kendall Larsen	9,877,460(2)	18.7%
Robert D. Short III, Ph.D.	1,231,035(3)	2.3%
Thomas M. O’Brien	172,497(4)	*
Michael F. Angelo	113,089(5)	*
Scott C. Taylor	35,833(6)	*
Richard H. Nance	26,959(7)	*
All directors and current executive officers as a group (6 persons):	11,456,873(8)	21.0%
Nominee:		
Gary Feiner	25,001(9)	*

(*) Less than 1%.

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options and warrants which are exercisable or convertible at or within 60 days of March 20, 2014 are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person. The indication herein that shares are beneficially owned is not an admission on the part of the listed stockholder that he, she or it is or will be a direct or indirect beneficial owner of those shares.

- (2) Includes (i) 1,705,568 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014, of which, 762,808 are held by Mr. Larsen's wife and (ii) 10,000 shares of common stock issuable upon the vesting of restricted share units within 60 days of March 20, 2014, of which, 3,333 are held by Mr. Larsen's wife. Also includes 300,000 shares held of record by K2 Investment Fund LLC of which the Mr. Larsen and Mrs. Larsen are the sole member-managers, 1,400,000 shares pledged to secure a personal line of credit, 2,500 shares of common stock held by Mrs. Larsen and 1,200 shares of common stock held by Mrs. Larsen and her father. Excludes 613,530 shares held by Mrs. Larsen's revocable trust, 3,491 shares of common stock held by an adult child of Mrs. Larsen, 33,750 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014 held by the adult children of Mrs. Larsen, 833 shares of common stock issuable upon the vesting of restricted share units within 60 days of March 20, 2014 held by an adult child of Mrs. Larsen, and 50,000 shares of common stock held in an irrevocable trust for an adult child of Mrs. Larsen. Mr. Larsen disclaims beneficial ownership of the excluded shares.
- (3) Includes (i) 1,190,489 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014, (ii) 3,333 shares of common stock issuable upon the vesting of restricted share units within 60 days of March 20, 2014, and (iii) 37,213 shares of common stock owned by the Short Revocable Living Trust.
- (4) Includes 87,500 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014.
- (5) Includes 87,500 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014.
- (6) Includes 27,500 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014.
- (7) Includes 26,959 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014.
- (8) Includes the following securities beneficially held by our current directors and executive officers as a group: (i) 3,125,516 shares of common stock issuable upon exercise of options presently exercisable or exercisable within 60 days of March 20, 2014 and (ii) 13,333 shares of common stock issuable upon the vesting of restricted share units within 60 days of March 20, 2014.
- (9) Includes 25,001 shares of common stock owned by the Gary Feiner Trust dated September 10, 1997.

PROPOSAL I:

ELECTION OF CLASS I DIRECTORS

Our Board of Directors consists of five members. In accordance with our certificate of incorporation, our Board of Directors is divided into three classes with staggered three-year terms. At the Annual Meeting, two directors will be elected for a three-year term to serve until the 2017 annual meeting and until their respective successors are qualified and elected, or until their earlier death, resignation or removal.

Nominee

The nominating and governance committee of the Board of Directors recommended, and the Board of Directors approved, Kendall Larsen and Gary Feiner as nominees for election to the Board of Directors at the Annual Meeting. If elected, Kendall Larsen and Gary Feiner will serve as directors until our annual meeting in 2017, and until their respective successors are qualified and elected or until their earlier death, resignation or removal. Kendall Larsen is currently a director of the Company. Please see “Nominee for Class I Director” of this Proxy Statement for information concerning Kendall Larsen and Gary Feiner.

Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR Kendall Larsen and Gary Feiner. If the nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for another nominee designated by the Board of Directors. We are not aware of any reason that the nominee would be unable or unwilling to serve as a director.

Vote Required

A director is elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors at the Annual Meeting. Abstentions and broker non-votes will have no effect on the outcome of the vote.

The Board of Directors unanimously recommends that stockholders vote “FOR” the election of Kendall Larsen and Gary Feiner as Class I Directors.

PROPOSAL II:

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The audit committee has selected Farber Hass Hurley LLP as our independent registered public accountants for the fiscal year ending December 31, 2014 and recommends that stockholders vote for ratification of such selection. Although ratification by stockholders is not required by law, the Company has determined that it is desirable to request ratification by the stockholders of this selection. If the stockholders do not ratify the selection of Farber Hass Hurley LLP, the audit committee may reconsider its selection. Notwithstanding its selection or voting results, the audit committee, in its discretion, may appoint new independent registered public accountants at any time during the year if the audit committee believes that such a change would be in the best interests of VirnetX and its stockholders.

Farber Hass Hurley LLP has audited our consolidated financial statements annually since it was first appointed in fiscal year 2007. We expect that representatives of Farber Hass Hurley LLP will be present at our Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to questions from stockholders.

Vote Required

The affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote on the matter is necessary to ratify the selection of Farber Hass Hurley LLP as our independent registered public accountants for fiscal year 2014. Abstentions are treated as shares of Common Stock present in person or represented by proxy and entitled to vote and therefore, will have the effect of a vote “against” the ratification of Farber Hass Hurley LLP as our independent registered public accountants. Broker non-votes will have no effect on the outcome of the vote.

The Board of Directors, on behalf of the audit committee, recommends that stockholders vote “FOR” the ratification of the selection of Farber Hass Hurley LLP as VirnetX’s independent registered public accountants for the fiscal year ending December 31, 2014.

PROPOSAL III:

ADVISORY VOTE TO APPROVE THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

Section 14A of the Exchange Act enables our stockholders to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in accordance with the SEC's rules in the "Executive Compensation" section of this proxy statement beginning on page 31 below. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation as a whole. This vote is not intended to address any specific item of compensation or any specific named executive officer, but rather the overall compensation of all of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

As described in detail in the section entitled "Compensation Discussion and Analysis" in this proxy statement, our executive compensation program is designed, through the efforts of our compensation committee, to align our executive officers' incentives with stockholder value creation. Our executive compensation program is designed to attract and retain the most talented and dedicated executive officers possible, including the named executive officers, who are key to our continued successful growth. Under our compensation program, we seek to correlate annual and long-term cash and stock incentives to achievement of measurable performance objectives.

The Compensation Discussion and Analysis, beginning on page 31 of this proxy statement, describes the Company's executive compensation program and the decisions made by the compensation committee in fiscal 2013 in more detail. Highlights of the program include the following:

- We implement and maintain compensation plans that tie a significant portion of each executive's total compensation to the Company's overall performance, including the achievement of certain licensing and litigation milestones, technical milestones, and development of the Company's patent portfolio .
- The Company granted long-term equity awards that link the interests of our executive officers, including the named executive officers, with those of our stockholders. The named executive officers received annual long-term equity awards of stock options which vest over a multi-year period and remain exercisable for 10 years from the date of grant.
- The Company's compensation program was reviewed by the compensation committee and determined not to create inappropriate or excessive risk that is likely to have a material adverse effect on the Company.

We believe that our executive compensation program was designed appropriately and is working to ensure management's interests are aligned with our stockholders' interests to support long-term value creation. Accordingly, we ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's proxy statement for the Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the other related disclosure."

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ADVISORY VOTE TO APPROVE THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS. THE AFFIRMATIVE VOTE OF THE HOLDERS OF A MAJORITY OF THE SHARES PRESENT AND ENTITLED TO VOTE IS NECESSARY FOR APPROVAL.

EXECUTIVE OFFICERS

The following table sets forth the respective names, ages and positions of our executive officers as of March 20, 2014.

Name	Age	Position
Kendall Larsen	57	Chairman of the Board of Directors, President and Chief Executive Officer
Richard H. Nance	65	Chief Financial Officer

Kendall Larsen's biography is set forth under the heading "Board of Directors" in this Proxy Statement.

Richard H. Nance has been our Chief Financial Officer on a part-time basis since April 5, 2012. From 2002 to 2011, Mr. Nance worked for Strasbaugh, a designer of precision surfacing systems and solutions for the global semiconductor and semiconductor equipment, silicon wafer and silicon wafer equipment, data storage, micro-electromechanical system ("MEMS"), light emitting diode ("LED") and precision optics markets, serving most recently as its Executive Vice President and Chief Financial Officer. Mr. Nance has served clients in his private practice since 2011 and is a licensed CPA and CGMA.

Each officer serves at the discretion of our Board of Directors and holds office until his successor is duly elected and qualified or until his earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

EXECUTIVE COMPENSATION AND OTHER MATTERS

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis describes our compensation program as it relates to our chief executive officer and our chief financial officer, our two executive officers who we refer to as our named executive officers. This Compensation Discussion and Analysis should be read together with the compensation tables beginning on page 23 of this Proxy Statement. In this Compensation Discussion and Analysis, we first discuss certain of our business highlights that informed compensation decisions in 2013, the objectives and philosophy of our executive compensation program. Next, we review the process our compensation committee follows in deciding how to compensate our named executive officers. We then provide a brief overview of the specific elements of our compensation program. Lastly, we present a detailed discussion and analysis of the compensation committee's specific decisions about the compensation of our named executive officers for fiscal year 2013.

Business Highlights

In 2013, the Company achieved significant milestones in the development of its business. With only 15 employees, the Company depends heavily on its executive officers to drive achievement of its strategic, operational and financial goals. Some of the Company's notable achievements in 2013 include :

- Development of our licensing business and our contributions to standard setting, including negotiating and signing new royalty bearing licenses with Siemens and Avaya in-line with our published licensing royalty rates and guidelines;
- Management of litigation, including confirmation of all claims of VirnetX's U.S. Patent No. 7,188,180 on reexamination against Apple;
- Achievement of technical milestones and release of our GABRIEL Connection Technology™ OEM Software Development Kit; and
- Significant growth in our patent portfolio, including 25 new patent applications for LTE, 10 new U.S. patents and 13 new foreign patents.

Objectives and Philosophy of Executive Compensation

The primary objectives and philosophy of our executive compensation program are:

- attracting and retaining the most talented and dedicated executives possible;
- correlating annual and long-term cash and stock incentives to achievement of measurable performance objectives; and
- aligning executives' incentives with stockholder value creation.

To achieve these objectives, we implement and maintain compensation plans that tie a substantial portion of each executive officer's overall compensation to key strategic financial and operational goals such as revenue generating activities, product and technical development, corporate public relations and stockholder value creation. The compensation committee's approach emphasizes the setting of compensation at levels the compensation committee believes are competitive with executives in other companies of similar size and stage of development who are operating in the information technology industry while taking into account our relative performance and our own strategic goals.

Executive Compensation Process

Role of the Compensation Committee

We maintain an executive compensation program comprised of multiple elements. The compensation committee typically reviews the elements of compensation for our named executive officers annually. The compensation committee makes all compensation decisions with regard to our chief executive officer and the Company's other named executive officers. In addition, the compensation committee is responsible for determining for all executive officers: annual base salary, annual incentive bonus, including the specific goals and amount, equity compensation, employment agreements, severance arrangements and change in control agreements/provisions, if any, and any other benefits or compensation arrangement; evaluating and recommending to our Board compensation plans, policies, and programs for our chief executive officer and other executive officers; administering our equity incentive plans; and preparing the compensation committee report that the SEC requires in our annual proxy statement. In 2013, the members of the compensation committee were Michael Angelo, Scott Taylor and Thomas O'Brien.

Role of the Chief Executive Officer and Management in Compensation Decisions

Our president and chief executive officer generally attends the compensation committee's meetings and makes recommendations to the compensation committee regarding the amount and form of the compensation of the other named executive officer and key employees. He is not present for any of the executive sessions or for any discussion of his own compensation.

Compensation Consultant

The compensation committee retains sole authority to hire a compensation consultant, approve its compensation, determine the nature and scope of its services, evaluate its performance, and terminate its engagement.

In 2013, the compensation committee engaged Compensia ("Compensia"), an independent third-party compensation consulting firm, to:

- review the Company's current compensation practices;
- review and compare proposed cash and equity compensation adjustments for named executive officers in 2013 relative to competitive market data developed by Compensia for the compensation committee in 2012; and
- provide the compensation committee with input on the proposed cash and equity compensation adjustments for named executive officers in 2013 based, in part, on the prior market data provided by Compensia in 2012.

Compensation Consultant Independence

The compensation committee has reviewed our relationship with Compensia pursuant to NYSE MKT and SEC rules and has found no conflict of interest in Compensia continuing to provide advice to the compensation committee. The compensation committee is also regularly advised by our primary outside legal counsel, Wilson Sonsini Goodrich & Rosati. The compensation committee has reviewed our relationship with Wilson Sonsini Goodrich & Rosati pursuant to NYSE MKT and SEC rules, and has found no conflict of interest in Wilson Sonsini Goodrich & Rosati continuing to provide advice to the compensation committee.

Competitive Data

Our primary business is the development of software and technology solutions for securing real-time communications over the Internet. In addition, we hold a valuable intellectual property portfolio from which we have generated revenue, both from licenses and one time payments in settlement of infringement claims by us.

In 2013, the compensation committee reviewed the Company's compensation practices in comparison to the compensation practices of certain peer-group companies identified by Compensia in a report provided to the compensation committee in 2012 (the "2012 Compensation Assessment"). As part of the 2012 Compensation Assessment, in 2012 the compensation committee and Compensia worked together to determine a group of 21 companies that generally had similar financial, operational and strategic characteristics as the Company. For 2012, our peer group ("Peer Group") consisted of:

Acacia Research	MIPS Technologies	SPS Commerce
Aware	Mosys	SRS Labs
Ceva	PDF Solutions	Support.com
Digimarc	Procera Networks	Universal Display
DTS	Rambus	Wave Systems
Evolving Systems	Research Frontiers	Wi-LAN
Interdigital	RPX	Zix

At the time of our 2012 Compensation Assessment, these peer companies were generally comparable to the Company with respect to revenue (all less than \$315 million at such time), market capitalization (all between \$60 million and \$2 billion at such time) and industry (IP-licensing and software) to the extent practical taking into consideration our unique business model and financial profile. To assess the competitiveness of our executive compensation program for 2013, the compensation committee reviewed the 2012 Compensation Assessment. As part of this process, Compensia analyzed target and actual compensation for each of our named executive officers, both in terms of each element of compensation and in terms of total direct compensation and compared it against the 2012 Compensation Analysis. Compensia then presented this information to the compensation committee for its review and use.

Our success largely depends on the skills, experience and efforts of our key personnel, including Messrs Larsen and Nance. Generally, the compensation committee wants to ensure that compensation for its executive officers is competitive in the market place and incentivizes our executive officers to remain with the Company and to work to move the Company to the next stage in its development. The compensation committee also considers various factors such as Company performance and individual performance, the importance of the officer's role and the scope of the officer's responsibilities (for example, job responsibilities that are broader than the specific position may suggest). Further, in 2013, the compensation committee compared the compensation of our chief executive officer and chief financial officer to the 2012 Compensation Assessment for similar positions. For purposes of fiscal year 2013, the compensation committee approved cash compensation levels (both base salary and target annual incentives) and equity compensation that resulted in total compensation for our chief executive officer and chief financial officer that fell above the 75th percentile of our Peer Group from the 2012 Compensation Analysis. The compensation committee believes these targets were appropriate for 2013 given the significant progress the Company made toward its financial and operational milestones in 2013 and the importance of Messrs Larsen and Nance to the Company. When determining compensation for the named executive officers, the compensation committee took into account that Mr. Nance works on a part-time basis.

Prior Say-on-Pay Advisory Approval

In 2011, the Company held its initial say-on-pay advisory vote. Over 97% of the votes present and entitled to vote on the proposal (votes “For” and “Against”, as well as abstentions) and 99% of the votes cast on the proposal (votes “For” and “Against”) voted “FOR an advisory vote to approve of the compensation of the Company’s named executive officers. The compensation committee believes these results affirm stockholder support for our executive compensation decisions and policies, and as such, the compensation committee has not materially changed its approach to 2013 compensation in response to the say-on-pay proposal. The compensation committee will continue to consider the results of on-pay proposal this year and in the future when making executive compensation decisions and policies.

In 2011, the Company also held its initial vote on the frequency of future say-on-pay advisory votes. The frequency of once every three years received the highest number of votes cast, as well as a majority of the votes cast. Based on these results, our board of directors determined that we are holding a say-on-pay vote at the Annual Meeting. We will hold the next vote on the frequency of say-on-pay advisory votes at the 2017 Annual Meeting.

Elements of Executive Compensation

Our executive compensation program consists of the following elements:

- **Base Salary.** Base salaries for our named executive officers are established based on the scope of their responsibilities, taking into account competitive market compensation paid by other companies for similar positions. Generally, the program is designed to deliver executive base salaries within the range of salaries for executives with the requisite skills in similar positions with similar responsibilities at comparable companies, in line with our compensation philosophy. Executives with more experience, critical skills, and/or considered key performers may be compensated above the range as part of our strategy for attracting, motivating and retaining highly experienced and high performing employees. Base salaries are reviewed annually and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance, and experience.

- **Annual Incentive Bonus.** Each year, the compensation committee establishes a target annual incentive bonus amount for each named executive officer based on a percentage of the executive's base salary. The target bonus, combined with base salary, is intended to provide our executive officers with a competitive cash compensation package that will aid in the retention of the employee, as well as provide an incentive and a reward for strong Company and individual performance. The chief executive officer and the compensation committee agree on performance objectives for our named executive officers for the year, but the compensation committee has the sole discretion to determine following the end of the fiscal year whether, and the extent to which, the performance objectives were met and the amount of the annual incentive bonuses to be paid. Given the Company's rapidly evolving business and business model, this structure provides the compensation committee with flexibility to reward strategic and operational goals that may not be quantifiable and allows the compensation committee to take into account the Company's overall performance based on a multitude of factors. The compensation committee generally utilizes the annual incentive bonuses to compensate officers for achieving financial and operational goals and for individual performance. Performance factors considered when determining bonuses typically include strategic factors such as establishment and maintenance of key strategic relationships, development and implementation of our licensing strategy, development of our product, identification and advancement of additional products, successful litigation strategies and financial factors such as improving our results of operations, and increasing the price per share of our Common Stock.
- **Long-Term Incentive Program.** We believe that long-term performance is achieved through an ownership culture that encourages high performance by our named executive officers through the use of stock-based awards. Our 2013 Equity Incentive Plan was established to provide our employees, including our named executive officers, with incentives to help align those employees' interests with the interests of stockholders. Our compensation committee believes that the use of stock-based awards offers the best approach to achieving our compensation goals. Our 2013 Equity Incentive Plan allows for stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, performance shares and performance bonus awards. In 2013, we granted both stock options and restricted stock units under our 2013 Equity Incentive Plan to our executive officers.

Stock-based awards are made at the commencement of employment, may be made annually based upon performance and, occasionally, following a significant change in job responsibilities or to meet other special retention objectives. The compensation committee reviews and approves stock-based awards to named executive officers based upon a review of competitive compensation data, its assessment of individual performance, a review of each executive's existing long-term incentives, and retention considerations. In determining the number of stock options and RSUs to be granted to our named executive officers, we take into account the individual's position, scope of responsibility, ability to affect profits and stockholder value, the individual's historic and recent performance, the value of stock options and RSUs in relation to other elements of the individual executive's total compensation, and the individual's potential ownership as a percentage of our total outstanding shares relative to comparable companies. We expect to continue to use stock options and RSUs as a long-term incentive vehicle, potentially in combination with equity award types, because we believe that stock options and RSUs:

- align the interests of executives with those of the stockholders, support a pay-for-performance culture, foster employee stock ownership, and focus the management team on increasing value for the stockholders;
- are performance-based in that any value received by the recipient from a stock option is based on the growth of the stock price from the grant date;

- help to provide a balance to the overall executive compensation program as base salary and our annual bonus program focus on short-term compensation, while the vesting of stock options and RSUs provide incentives to increase stockholder value over the longer term; and
- include vesting restrictions that encourage executive retention and the preservation of stockholder value.

Named Executive Officers' Compensation Decisions for Fiscal 2013

In 2013, the Committee undertook a full review of the compensation of our named executive officers, and following this review, in June 2013, the compensation committee approved increases to the salary and for the 2013 fiscal year for our named executive officers; however, the targets for cash incentive opportunities and the target numbers for stock option and RSU grants for were not increased from 2012. The compensation for our named executive officers for fiscal 2013 are presented in the table below.

Name	Base Salary 2012	Base Salary 2013(1)	Targeted Cash Incentive Opportunity for Fiscal 2012(2)	Targeted Cash Incentive Opportunity for Fiscal 2013(2)	Targeted Number of Shares Underlying Stock Option Grants for Fiscal 2012(3)	Targeted Number of Shares Underlying Stock Option Grants for Fiscal 2013(4)	Targeted Number of Shares Underlying Stock Awards for Fiscal 2012(3)	Targeted Number of Shares Underlying Stock Awards for Fiscal 2013(4)
Kendall Larsen Chief Executive Officer, President & Chairman	\$ 462,000	\$ 489,700	50%	50%	40,000	40,000	26,667	26,667
Richard Nance Chief Financial Officer(5)	\$ 60,000	\$ 63,000	50%	50%	50,000	4,000	—	2,667

- (1) The increase in 2013 base salaries was approved with retroactive effect to January 1, 2013.
- (2) The target bonus level for cash incentive opportunities is calculated as a percentage of base salary.
- (3) Stock option grants and stock awards were made under the Company's 2007 Stock Plan.
- (4) Stock option grants and stock awards were made under the Company's 2013 Equity Incentive Plan.
- (5) Mr. Nance joined the Company as our chief financial officer on a part-time basis on April 5, 2012.

Base Salary

Mr. Larsen is our president and chief executive officer, as well Chairman of the Board. Mr. Larsen, a founder of VirnetX Inc., has driven the organization's performance, leading it from inception, through the early start-up phase and through several rounds of financing. He has also helped drive significant growth in our revenues and market capitalization, as well as achievement of our operational and strategic milestones. The compensation committee believes that Mr. Larsen is critical to our ability to pursue our licensing strategy going forward. Accordingly, in June 2013, the compensation committee increased Mr. Larsen's salary from \$462,000 to \$489,700, an increase of \$27,700, or 6%, over 2012. With this increase, Mr. Larsen's base salary exceeded the 75th percentile of our Peer Group from the 2012 Compensation Analysis, which the compensation committee felt was warranted due to the value Mr. Larsen brings to the Company through his key role in the management of the company, as well as our successes under his leadership in product development, licensing, and litigation matters.

Mr. Nance has significant public company experience, and the compensation committee considered his technical and strategic skills, his level of responsibility and expected contributions to our further success. Accordingly, in accordance with his appointment as CFO on a part-time basis, the compensation committee approved a salary of \$63,000 for Mr. Nance based on an annual salary of \$315,000 adjusted to reflect Mr. Nance's actual part-time status, which approximates the 75th percentile of our Peer Group from the 2012 Compensation Analysis on an annualized basis.

Annual Incentive Bonus

The compensation committee maintained the 2012 target incentive opportunity for Mr. Larsen and Mr. Nance, which was also 50% of base salary. For all other employees, the target bonus ranged between 35% and 50% of base salary.

In December 2013, the compensation committee reviewed the Company's performance in 2013 and the contributions that Messrs. Larsen and Nance made to such performance. The compensation committee determined to pay Messrs. Larsen and Nance 100% and 90% of their 2013 target bonuses, respectively, in light of the Company's overall performance for the year and their contributions in achieving this performance. The compensation committee took into account the achievement of certain licensing and litigation milestones, technical milestones, and development of the Company's patent portfolio, none of which were given any particular weight or assigned a dollar value. The resulting aggregate 2013 annual incentive bonus payments paid to Mr. Larsen and Mr. Nance were \$244,860 and \$28,350, respectively.

Equity Incentive Compensation

As part of the compensation review, Compensia and the compensation committee also reviewed our executive officers' equity incentive compensation in terms of both grant date fair value granted and percent of company granted. Based on this review, the Company determined that the Company's equity compensation grant date fair value in fiscal 2013 exceeded the 75th percentile of our Peer Group from the 2012 Compensation Analysis for Mr. Larsen and Mr. Nance, but was below the 25th percentile on a percent of company granted basis.

In determining fiscal 2013 stock option awards and stock awards for Mr. Larsen and Mr. Nance, the compensation committee reviewed various factors, including the Company's performance, each officer's performance and perceived criticality to future success, peer practices with respect to long-term incentives, total annual equity allocations at the Company for fiscal 2013 and the size and value of each individual's existing equity award holdings. The option grants and stock awards fell below the 50th percentile of our Peer Group from the 2012 Compensation Analysis in terms of value and percent of company granted (when blended). On June 6, 2013, the compensation committee approved grants of stock options and restricted stock units to Mr. Larsen and Mr. Nance under our 2013 Equity Incentive Plan, also as described in the table below. All stock options indicated in the table have an exercise price equal to the closing sales price of our common stock traded on the NYSE MKT as of the applicable grant date.

<u>Name</u>	<u>Position</u>	<u>Number of Shares Underlying Option Grant(1)</u>	<u>Option Grant Date Fair Value</u>	<u>Number of Shares Underlying Stock Award(2)</u>	<u>Stock Award Grant Date Fair Value</u>
Kendall Larsen	CEO/President/Chairman/Founder	40,000	\$ 721,200	26,667	\$ 632,541
Richard Nance	CFO	4,000	\$ 72,120	2,667	\$ 63,261

- (1) Subject to the continued service of the named executive officer, the shares underlying the option shall vest and become exercisable in accordance with the following schedule: 1/48 of the total number of shares subject to the option shall vest and become exercisable at the grant date and 1/48 of the total number of shares subject to the option shall vest and become exercisable on each monthly anniversary thereafter.
- (2) Subject to the continued service of the named executive officer, the shares underlying the option shall vest in four equal annual installments beginning on the grant date.

Perquisites

Our named executive officers participate in the same group insurance and employee benefit plans as our other salaried employees. At this time, we do not provide special benefits or other perquisites to our named executive officers.

Severance and Change in Control Arrangements

We do not provide change in control agreements or employment agreements providing formal cash or equity severance rights to any of our named executive officers. Our 2013 Equity Incentive Plan allows our Board to determine the terms and condition of awards issued thereunder. Our Board has made the determination that all options issued under our 2013 Equity Incentive Plan will include the provision that in the event of a "Change in Control" (as defined in our 2013 Equity Incentive Plan), all unvested shares underlying the option will vest and become exercisable immediately prior to the consummation of such Change in Control transaction.

Stock Ownership Guidelines

We have not adopted stock ownership guidelines, and we currently do not require our directors or executive officers to own a particular amount of our Common Stock. The compensation committee is satisfied that stock and option holdings among our directors and executive officers are sufficient at this time to provide motivation and to align this group's interests with those of our stockholders.

Tax and Accounting Considerations

The compensation committee considers the possible tax consequences to the Company and to its executives of our compensation programs, the accounting consequences to the Company of different compensation decisions and the impact of such decisions on stockholder dilution. With respect to the tax consequences to the Company, the compensation committee considers the potential future effects of Section 162(m) of the Internal Revenue Code of 1986, as amended, on the compensation paid to our named executive officers. Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1.0 million in any taxable year for any of the named executive officers in the proxy statement, unless compensation is qualified performance based compensation within the meaning of Section 162(m). In approving the amount and form of compensation for our named executive officers, our compensation committee will continue to consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m). However, to maintain maximum flexibility in designing compensation programs, the compensation committee will not limit compensation to those levels or types of compensation that are intended to be deductible or that lead to a particular accounting result or level of stockholder dilution.

Risk Assessment

The compensation committee structures our executive compensation program in a manner that it believes does not promote inappropriate risk taking by our executive officers, but rather encourages management to take a balanced approach, focused on achieving our corporate goals. The Company's compensation program was reviewed by the compensation committee and determined not to create inappropriate or excessive risk that is likely to have a material adverse effect on the Company.

Compensation Committee Report

The Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the compensation committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K and this Proxy Statement.

Respectfully submitted by the members of the compensation committee of the Board of Directors:

Scott C. Taylor (Chair)
Michael F. Angelo
Thomas M. O'Brien

Summary Compensation Table

The following table sets forth summary information concerning compensation earned by (i) the Company's Chief Executive Officer and the Company's Chief Financial Officer.

Name and Principal Position	Year	Salary \$(1)	Bonus (\$)	Stock Awards \$(2)	Option Awards \$(2)	All Other Compensation (\$)	Total (\$)
Kendall Larsen Chief Executive Officer	2013	489,720	244,860	632,541	721,200	—	2,088,321
	2012	462,000	346,500	660,008	865,600	—	2,334,108
Richard H. Nance(3) Chief Financial Officer	2011	420,000	287,671	—	1,071,500	—	1,779,171
	2013	63,000	28,350	63,261	72,120	—	226,731
	2012	60,000	30,000	—	1,047,000	—	1,137,000
	2011	—	—	—	—	—	—

(1) Actual salary earned during the 2011, 2012, and 2013 fiscal years.

(2) These amounts reflect the grant date fair value for these awards and do not reflect the actual amounts earned. See the "2013 Grants of Plan-Based Awards" table for information on stock option awards and stock awards granted in fiscal year 2013.

(3) Mr. Nance has been our Chief Financial Officer on a part-time basis since April 5, 2012.

2013 Grants of Plan-Based Awards

The following table shows all plan-based awards granted to the named executive officers during fiscal year 2013. The equity awards identified in the table below are also reported in the "Outstanding Equity Awards at 2013 Fiscal Year-End" table below.

Name	Grant Date	Name of Plan	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/sh)	Grant Date Fair Value(1)
Kendall Larsen	6/6/2013	2013 Equity Incentive Plan	26,667		\$ 23.72	632,541
Kendall Larsen	6/6/2013	2013 Equity Incentive Plan		40,000	\$ 23.72	721,200
Richard H. Nance	6/6/2013	2013 Equity Incentive Plan	2,667		\$ 23.72	63,261
Richard H. Nance	6/6/2013	2013 Equity Incentive Plan		4,000	\$ 23.72	72,120

(1) These amounts reflect the grant date fair value of such award computed in accordance with FASB ASC Topic 718 and do not reflect the actual amounts earned. For information on the valuation assumptions used in valuing these stock option awards, refer to Note 6 titled "Stock-Based Compensation" in the Note to the Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Outstanding Equity Awards at 2013 Fiscal Year End

The following table shows all outstanding equity awards held by the named executive officers as of December 31, 2013.

Name	Option Awards				Stock Awards	
	# of Securities Underlying Unexercised Options Exercisable	# of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date	# of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
Kendall Larsen(1)	41,516(2)	—	0.2408712	3/22/2016	—	\$ —
	213,319(3)	—	5.88	12/30/2017	—	—
	585,425(4)	—	1.15	4/3/2019	—	—
	9,784(5)	425	6.028	2/23/2015	—	—
	23,758(5)	1,033	5.48	2/23/2020	—	—
	32,292(5)	17,708	23.62	5/12/2021	—	—
	16,667(5)	23,333	24.75	4/13/2022	—	—
	5,000(5)	35,000	23.72	6/5/2023	—	—
	—	—	—	—	20,001(6)	495,025
	—	—	—	—	26,667(6)	632,541
Richard H. Nance	20,833	29,167	23.84	4/5/2022	—	—
	500(5)	3,500	23.72	6/5/2023	—	—
	—	—	—	—	2,667(6)	63,261

- (1) This table does not include options or restricted stock units granted to Mrs. Larsen, as discussed in the notes to the Beneficial Ownership Table, included in this Proxy Statement at page 25.
- (2) The shares subject to this option are fully vested and exercisable as of the vesting commencement date.
- (3) One fourth (1/4) of the shares subject to this option vested and become exercisable on the first anniversary of the date of grant, and the remaining shares vested monthly in 36 equal monthly installments, subject to the optionees continued status as a service provider of the Company on each such date. Such shares were fully vested and exercisable as of the end of fiscal year 2013.
- (4) One fourth (1/4) of the shares subject to this option vest and become exercisable on the first anniversary of the date of grant, and the remaining shares vest monthly in 36 equal monthly installments, subject to the optionees continued status as a service provider of the Company on each such date.
- (5) The shares subject to the option vest and become exercisable in 48 equal monthly installments beginning on the date of grant, subject to the optionee's continued status as a service provider of the Company on each such date.
- (6) The restricted stock units shall vest in four equal annual installments beginning on the grant date.

Option Exercises and Stock Vested in Fiscal Year 2013

The following table presents information regarding the vesting of stock awards during fiscal 2013. None of our Named Officers exercised stock options during fiscal 2013.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Kendall Larsen(2)	5,000	92,951
Richard Nance	—	—

- (1) Reflects the market value of our Common Stock on the vesting date.
- (2) This table does not include option exercises or stock vested to Mrs. Larsen, as discussed in the notes to the Beneficial Ownership Table, included in this Proxy Statement at page 25.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and ten percent stockholders to file reports of ownership and changes in ownership with the SEC. The same persons are required to furnish us with copies of all Section 16(a) forms they file. We believe that all Section 16(a) filing requirements were met in fiscal year 2013, with the exception of a late Form 4 filed by Mr. Larsen on April 11, 2014 to report the Company's withholding of an aggregate 2,720 shares otherwise deliverable to Mr. Larsen and certain of his affiliates for the purpose of satisfying the tax withholding obligations resulting from the partial vesting of certain restricted stock units.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than compensation arrangements of non-employee directors and named executive officers, we describe below transactions and series of similar transactions, during our last three fiscal years, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our common stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

The audit committee is responsible for reviewing and approving in advance any proposed related person transactions. The audit committee reviews any such proposed related person transactions on a quarterly basis, or more frequently as appropriate. In cases in which a transaction has been identified as a potential related person transaction, management must present information regarding the proposed transaction to the audit committee for consideration and approval or ratification. The audit committee is also responsible for reviewing the Company's policies with respect to related person transactions and overseeing compliance with such practices.

Robert D. Short III, Ph.D., Chief Scientist, Chief Technology Officer and Director of the Company, received no compensation for his service as a director in fiscal year 2013 and received \$483,042 in the form of salary and bonus, \$360,600 (grant date fair value) in the form of option grants and \$316,259 (grant date fair value) in the form of stock awards for his service as Chief Scientist and Chief Technology Officer in fiscal year 2013. Mr. Larsen is married to the Company's Chief Administrative Officer, Kathleen Larsen. Ms. Larsen is not an executive officer of the Company. In addition, Ms. Larsen's sons, Dustan Sheehan and Joshua Sheehan, are employed as the Company's webmaster and research analyst, respectively. Neither Dustan Sheehan nor Joshua Sheehan are executive officers of the Company. Ms. Larsen and each of Dustin and Joshua Sheehan are currently compensated at levels that the Company believes is comparable to other employees in similar positions of responsibility at comparable companies. During fiscal year 2013, Ms. Larsen received an aggregate of \$467,460 in the form of salary and bonus, \$360,600 in the form of option grants and \$316,259 in the form of stock awards. During fiscal year 2013, Dustan Sheehan received an aggregate of \$74,250 in the form of salary and bonus, \$90,150 in the form of option grants and \$79,059 in the form of stock awards. During fiscal year 2013, Joshua Sheehan received an aggregate of \$55,000 in the form of salary and \$1,078,800 in the form of option grants. The Compensation for Dr. Short, Ms. Larsen and Messrs. Dustan and Joshua Sheehan were approved by the compensation committee.

Compensation amounts above reflect the aggregate grant date fair value of the stock options computed in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 718, or FASB ASC Topic 718. There can be no assurance that these amounts will ever be realized. For information on the valuation assumptions used in valuing these stock option awards, refer to Note 6 titled "Stock-Based Compensation" in the Note to the Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

AUDIT COMMITTEE REPORT

The following is the report of the audit committee of the Board of Directors. In connection with the financial statements for the fiscal year ended December 31, 2013, our audit committee has:

- reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2013 with our management and our independent registered public accountants;
- discussed with our independent registered accountants, the matters required to be discussed by standards promulgated by the AICPA and Public Company Accounting Oversight Board (PCAOB), including Statement on Auditing Standards No. 61 as amended (AICPA, Professional Standards, Vol. 1. AU Section 380), as adopted by the PCAOB in Rule 3200T; and
- received the written disclosures and the letter from our independent registered public accountants discussing the matters required by the applicable requirements of the PCAOB regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with our independent registered public accountants its independence.

Based on the audit committee's review of the matters noted above and its discussions with our independent accountants and our management, the audit committee recommended to the Board of Directors that the financial statements be included in our annual report on Form 10-K for the fiscal year ended December 31, 2013.

Respectfully submitted by:

Thomas M. O'Brien (Chair)
Michael F. Angelo
Scott C. Taylor

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate future filings, including this Proxy Statement, in whole or in part, the Audit Committee Report shall not be deemed to be incorporated by reference into any such filings, unless we specifically incorporate these reports by reference in some other filed document.

OTHER BUSINESS

The Board is not aware of any other matters to be presented at the Annual Meeting. If, however, any other matter should properly come before the Annual Meeting, the enclosed proxy card confers discretionary authority with respect to such matter.

AVAILABILITY OF FORM 10-K

We will provide upon request without charge to each person solicited by this Proxy Statement a copy of our Annual Report on Form 10-K for the Fiscal Year ended December 31, 2013, including our financial statements but excluding the exhibits to Form 10-K. The Form 10-K includes a list of the exhibits that were filed with it, and we will furnish a copy of any such exhibit to any person who requests it upon the payment of our reasonable expenses in providing the requested exhibit. For further information, please send a request to: Secretary, VirnetX Holding Corporation, PO Box 439, Zephyr Cove, NV 89448, telephone (775) 548-1785. Our Annual Report on Form 10-K and our other filings with the SEC, including exhibits, are also available for free online at <http://www.virnetx.com> under the "SEC Filings" link in the "Investors" tab and at the SEC's Internet site, <http://www.sec.gov>.

By Order of the Board of Directors,

/s/ Katharine A. Martin

Katharine A. Martin
Secretary

ANNUAL MEETING INSTRUCTIONS

Attendance at the Annual Meeting is limited to stockholders of record as of April 2, 2014. Registration will begin at 8:00 a.m. Pacific Daylight Time on May 22, 2014, and each stockholder will need proof of identification with valid picture identification such as a driver's license or passport and verification of stock ownership as of April 2, 2014.

The use of cell phones, smartphones, pagers, recording and photographic equipment and/or computers is not permitted in the meeting room at the Annual Meeting.

See below for driving directions.

DRIVING DIRECTIONS TO ANNUAL MEETING

Harvey's Resort – South Lake Tahoe
The Emerald Bay Room
18 Highway 50
Lake Tahoe, Nevada 89449
(775) 588-2411

Driving Directions

From Sacramento (Route #1 Hwy-50):

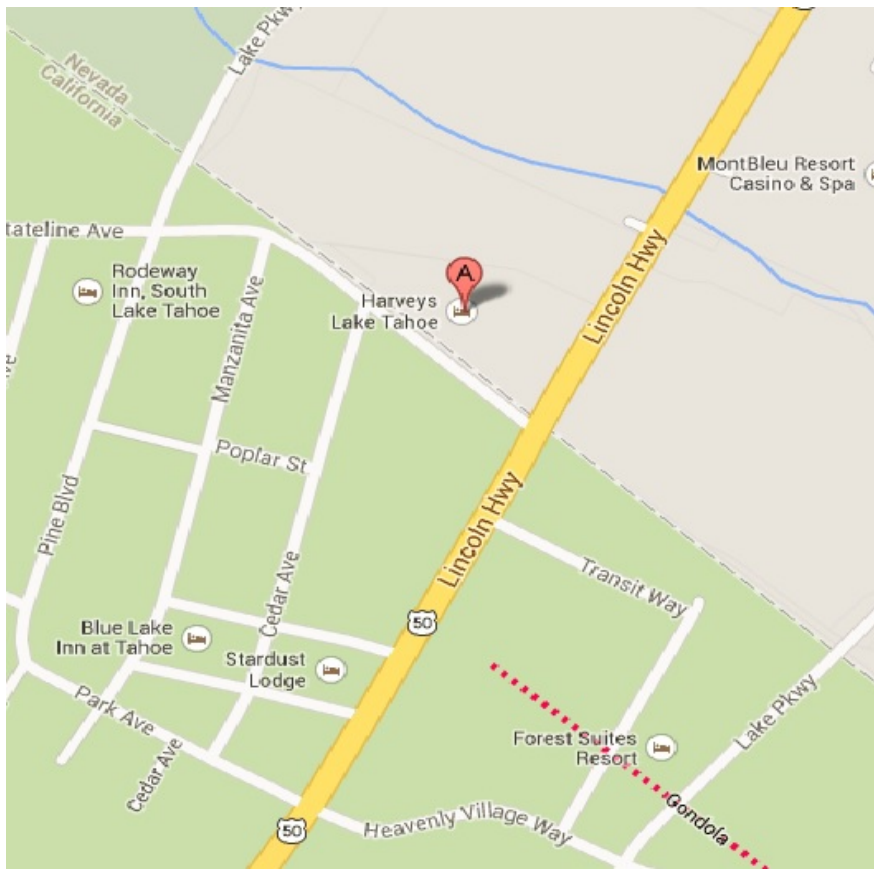
- Take Highway 50 east through Placerville and over Echo Summit to South Lake Tahoe.

From Sacramento or San Francisco (Route #2 - I-80)

- I-80 to Truckee
- Take CA-267 South to Kings Beach on Tahoe's North Shore
- Turn East on CA-28, which becomes NV-28 at the state line
- Continue around the lake through Crystal Bay and Incline Village, past Nevada's Lake Tahoe State Park, to the intersection with US-50
- Turn right and continue past Glenbrook and Zephyr Cove to Harvey's, located on your right

From Reno

- Drive South on US-395, 33 miles to Carson City
- On the far South side of Carson City, take the US-50 turnoff West to Lake Tahoe
- Take US-50 another 22 miles to the California state line



**VIRNETX HOLDING CORPORATION
CORPORATE STOCK TRANSFER, INC.
3200 CHERRY CREEK DR. SOUTH, STE. 430
DENVER, CO 80209
ATTN: RHONDA SINGLETON, PROXY DEPT. MGR.**

VOTE BY INTERNET - 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.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving any future mailings of proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote by Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

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 enclosed postage-paid envelope or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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

M73374-P51164

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

<p>VIRNETX HOLDING CORPORATION</p> <p>The Board of Directors recommends you vote FOR the following:</p> <p>1. Election of two Class I Directors. A proposal to elect the persons listed below to serve three-year terms until the Annual Meeting of Stockholders in 2017, or until their resignation or their successors are duly elected and qualified.</p> <p>Nominees:</p> <p>01) Kendall Larsen 02) Gary Feiner</p> <p>The Board of Directors recommends you vote FOR Proposal 2:</p> <p>2. Ratification of appointment of Farber Hass Hurley LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2014.</p> <p>The Board of Directors recommends you vote FOR Proposal 3:</p> <p>3. Advisory vote to approve the compensation of the Company's named executive officers.</p> <p>NOTE: This proxy also delegates discretionary authority to vote with respect to any other business which may properly come before the meeting or any adjournment or postponement thereof.</p> <p>The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders for the May 22, 2014 Annual Meeting, and the accompanying documents forwarded therewith, and ratifies all lawful action taken by Kendall Larsen or Jon Weakland, as attorney and proxy.</p> <p>PLEASE MARK, DATE, SIGN AND RETURN THE PROXY FORM AS SOON AS POSSIBLE USING THE ENCLOSED POSTAGE-PAID ENVELOPE.</p> <p>For address changes and/or comments, please check this box and write them on the back where indicated. <input type="checkbox"/></p> <p>Please indicate whether you plan to attend this meeting. <input type="checkbox"/> <input type="checkbox"/></p> <p style="text-align: center;">Yes No</p> <p><small>NOTE: Signature(s) should agree with name(s) on VirnetX Holding Corporation stock certificate(s). Executors, administrators, trustees and other fiduciaries, and persons signing on behalf of corporations or partnerships must so indicate when signing. All joint owners must sign.</small></p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 25%;">For All</td> <td style="text-align: center; width: 25%;">Withhold All</td> <td style="text-align: center; width: 25%;">For All Except</td> <td style="width: 25%;"></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="border-bottom: 1px solid black;"></td> </tr> </table> <p style="font-size: small;">To withhold authority to vote for any individual nominee, mark "For All Except" and write the number of the nominee on the line below.</p>	For All	Withhold All	For All Except		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
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Signature [PLEASE SIGN WITHIN BOX] Date	Signature (Joint Owners) Date									

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting of VirnetX Holding Corporation to be Held on May 22, 2014.
You can view the proxy statement, this proxy card and the annual report to stockholders for the year ended December 31, 2013 at www.proxyvote.com.

M73375-P51164

**VIRNETX HOLDING CORPORATION
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 22, 2014**

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of VIRNETX HOLDING CORPORATION hereby nominates, constitutes and appoints Kendall Larsen and Jon Weaklend, and each of them, attorneys-in-fact and proxies, with full power of substitution, for me and in my name, place and stead, to act and vote all of the common stock of VirnetX Holding Corporation standing in my name and on its books at the Annual Meeting of Stockholders to be held at 9:30 a.m., Pacific Time, on Thursday, May 22, 2014, at Harvey's Resort-South Lake Tahoe, The Emerald Bay Room, 18 Highway 50, Lake Tahoe, Nevada 89449, and at any adjournment thereof, with all the powers the undersigned would possess if personally present, on the matters set forth on the reverse side:

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 22, 2014: You can view the proxy statement, this proxy card and the annual report to stockholders for the year ended December 31, 2013 at www.proxyvote.com.

THIS PROXY WILL BE VOTED AS DIRECTED OR IF NO CONTRARY DIRECTION IS INDICATED WILL BE VOTED FOR THE PERSONS LISTED IN PROPOSAL 1, FOR PROPOSALS 2 AND 3, AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS SAID PROXIES DEEM ADVISABLE.

Address Changes/Comments: _____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

PLEASE SIGN AND DATE ON REVERSE