

CYTOKINETICS INC  
Form DEF 14A  
March 29, 2018

SCHEDULE 14A INFORMATION

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  
Cytokinetics, Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:
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  - 3) Filing Party:
  - 4) Date Filed:
-

Cytokinetics, Incorporated

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 16, 2018

To the Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Cytokinetics, Incorporated (the "Company"), a Delaware corporation, will be held on Wednesday, May 16, 2018, at 10:30 a.m. local time, at the Embassy Suites Hotel, 250 Gateway Boulevard, South San Francisco, CA 94080, for the following purposes:

1. To elect Robert I. Blum, Robert M. Califf, M.D. and Sandford D. Smith as Class II Directors, each to serve for a three-year term and until their successors are duly elected and qualified (Proposal One);
2. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018 (Proposal Two);
3. To approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in our Proxy Statement for the 2018 Annual Meeting of Stockholders (Proposal Three); and
4. To transact such other business as may properly be brought before the meeting and any adjournment(s) thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on April 3, 2018 are entitled to notice of and to vote at the meeting.

South San Francisco, California

April 6, 2018

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**YOUR VOTE IS IMPORTANT**

**THIS PROXY STATEMENT IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE COMPANY, ON BEHALF OF THE BOARD OF DIRECTORS, FOR THE 2017 ANNUAL MEETING OF STOCKHOLDERS. THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS IS BEING DISTRIBUTED ON OR ABOUT APRIL 6, 2018. IF YOU ARE A STOCKHOLDER OF RECORD YOU CAN VOTE YOUR SHARES USING ONE OF THE FOLLOWING METHODS:**

**COMPLETE AND RETURN A WRITTEN PROXY CARD**

**BY INTERNET OR TELEPHONE**

**ATTEND OUR 2018 ANNUAL MEETING OF STOCKHOLDERS AND VOTE**

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE URGED TO MARK, SIGN, DATE AND RETURN THE PROXY CARD THAT MAY BE MAILED TO YOU AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PREPAID ENVELOPE PROVIDED FOR THAT PURPOSE OR VOTE YOUR SHARES BY INTERNET OR TELEPHONE. ANY STOCKHOLDER ATTENDING THE MEETING MAY VOTE IN PERSON EVEN IF HE OR SHE HAS RETURNED A PROXY CARD OR VOTED BY INTERNET OR TELEPHONE. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THAT RECORD HOLDER.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of**

**Stockholders to be Held on May 16, 2018**

**This Proxy Statement, Notice of Annual Meeting, Form of Proxy Card and Annual Report to Stockholders are available at [cytokinetics.com/proxy](http://cytokinetics.com/proxy). You may obtain directions to the Annual Meeting of Stockholders by directing a request to:**

**Investor Relations**

**Cytokinetics, Incorporated**

**280 East Grand Avenue**

**South San Francisco, California 94080**

**Email: [investor@cytokinetics.com](mailto:investor@cytokinetics.com)**

**Telephone: 650-624-3283**

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CYTOKINETICS, INCORPORATED

280 East Grand Avenue

South San Francisco, California 94080

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

May 16, 2018

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The Board of Directors of Cytokinetics, Incorporated (the “Company”, “we”, “us”, “our”) is soliciting proxies for use at the Annual Meeting of Stockholders (the “Annual Meeting”) to be held at the Embassy Suites Hotel, 250 Gateway Boulevard, South San Francisco, CA 94080, on Wednesday, May 16, 2018, at 10:30 a.m. local time, and at any adjournment(s) thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. Our principal executive offices are located at the address listed at the top of the page and the telephone number is (650) 624-3000.

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, we have sent you a Notice of Internet Availability of Proxy Materials (the “Notice”) because our Board of Directors is soliciting your proxy to vote at the Annual Meeting, including at any adjournments or postponements of the meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about April 6, 2018 to all stockholders of record entitled to vote at the Annual Meeting. We may send you a proxy card, along with a second Notice, on or after April 16, 2018.

WE WILL PROVIDE WITHOUT CHARGE TO ANY STOCKHOLDER SOLICITED BY THESE PROXY SOLICITATION MATERIALS A COPY OF OUR ANNUAL REPORT ON FORM 10-K, TOGETHER WITH THE FINANCIAL STATEMENTS REQUIRED TO BE FILED WITH THE ANNUAL REPORT ON FORM 10-K, UPON REQUEST OF THE STOCKHOLDER MADE IN WRITING TO CYTOKINETICS, INCORPORATED, 280 EAST GRAND AVENUE, SOUTH SAN FRANCISCO, CALIFORNIA, 94080, ATTN: INVESTOR RELATIONS, ANNUAL STOCKHOLDER MEETING.

Record Date and Share Ownership

Common stockholders of record at the close of business on April 3, 2018 (the “Record Date”) are entitled to notice of and to vote at the Annual Meeting and at any adjournment(s) thereof. We have one class of common shares issued and outstanding, designated as Common Stock, \$0.001 par value per share (the “Common Stock”). As of the Record Date, 163,000,000 shares of Common Stock were authorized and 54,008,113 shares were outstanding, and 10,000,000

shares of Preferred Stock were authorized and none were outstanding.

#### Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by: (i) issuing a later proxy, (ii) delivering to us at our principal offices a written notice of revocation to the attention of the Corporate Secretary or (iii) attending the Annual Meeting and voting in person.

#### Voting

On all matters, each common share has one vote.

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### Cost of Proxy Solicitation

We will pay for the entire cost of soliciting any proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the routine cost of forwarding proxy materials to beneficial owners.

### Voting in Person or by Proxy Card

If you are a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy using the proxy card. Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person if you have already voted by proxy. To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive. To vote using the proxy card, simply complete, sign and date the proxy card (that you may request or that we may elect to deliver later), and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

### Voting via the Internet or by Telephone

Stockholders may also vote their shares by proxy by means of the telephone or on the Internet. The laws of the State of Delaware, under which we are incorporated, specifically permit electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the Inspector of Elections can determine that such proxy was authorized by the stockholder.

The telephone and Internet voting procedures below are designed to authenticate stockholders' identities, to allow stockholders to grant a proxy to vote their shares and to confirm that stockholders' instructions have been recorded properly. Stockholders granting a proxy to vote via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholder.

### For Shares Registered in Your Name

Stockholders of record as of the close of business on the Record Date may go to [investorvote.com/cytk](http://investorvote.com/cytk) to vote by proxy their shares by means of the Internet. They will be required to provide our number and control number contained on your Notice. The voter will then be asked to complete an electronic proxy card. The votes represented by such proxy will be generated on the computer screen and the voter will be prompted to submit or revise them as desired. Any stockholder using a touch-tone telephone may also grant a proxy to vote shares by calling 1-800-652-8683 and following the recorded instructions.

### For Shares Registered in the Name of a Broker or Bank

Most beneficial owners whose stock is held in street name receive instructions for granting proxies from their banks, brokers or other agents, rather than our proxy card.

A number of brokers and banks are participating in a program provided through Broadridge Financial Solutions that offers the means to grant proxies to vote shares via telephone and the Internet. If your shares are held in an account with a broker or bank participating in the Broadridge Financial Solutions program, you may grant a proxy to vote those shares telephonically by calling the telephone number shown on the instruction form received from your broker or bank, or via the Internet at Broadridge Financial Solutions' web site at [proxyvote.com](http://proxyvote.com).

### General Information for All Shares Voted via the Internet or by Telephone

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Votes submitted via the Internet or by telephone must be received by 11:59 p.m., Eastern Time on May 15, 2018. Submitting your proxy via the Internet or by telephone will not affect your right to vote in person should you decide to attend the Annual Meeting.

Quorum; Abstentions; Broker Non-Votes

Votes cast by proxy or in person at the Annual Meeting (“Votes Cast”) will be tabulated by the Inspector of Elections (the “Inspector”) who is expected to be a representative from Computershare Shareowner Services, our

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transfer agent and registrar. The Inspector will also determine whether or not a quorum is present. Except in certain specific circumstances, the affirmative vote of a majority of shares present in person or represented by proxy at a duly held meeting at which a quorum is present is required under Delaware law for approval of proposals presented to stockholders. In general, Delaware law provides that a quorum will be present if stockholders holding at least a majority of shares entitled to vote are present in person or represented by proxy at the meeting.

The Inspector will treat shares that are voted WITHHELD or ABSTAIN as being present and entitled to vote for purposes of determining the presence of a quorum. However, such shares will not be treated as votes in favor of approving any matter submitted to the stockholders for a vote. When proxies are properly dated, executed and returned, or if instructions are properly carried out for Internet or telephone voting, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the stockholder's instructions. If no specific instructions are given, the shares will be voted (i) for the election of the nominees for directors set forth herein; (ii) for the ratification of Ernst & Young LLP as independent auditors for the year ended December 31, 2018; (iii) for approval, on an advisory basis, of the compensation of the Named Executive Officers; and, upon such other business as may properly come before the Annual Meeting or any adjournment thereof, at the discretion of the proxy holder.

If a broker indicates on the proxy or its substitute that such broker does not have discretionary authority as to certain shares to vote on a particular matter ("broker non-votes"), then those shares will be considered as present with respect to establishing a quorum for the transaction of business. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange ("NYSE") on which your broker may vote shares held in street name in the absence of your voting instructions. Non-discretionary items are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, elections of directors (even if not contested) and executive compensation, including the advisory stockholder votes on executive compensation and on the frequency of stockholder votes on executive compensation. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. Accordingly, your broker or nominee may not vote your shares on Proposal One without your instructions, but may vote your shares on Proposals Two and Three. We believe that the tabulation procedures to be followed by the Inspector are consistent with the general statutory requirements in Delaware concerning voting of shares and determination of a quorum.

Broker non-votes with respect to proposals set forth in this proxy statement will not be considered "Votes Cast" and, accordingly, will not affect the determination as to whether the requisite number of Votes Cast has been obtained with respect to a particular matter. Abstentions and broker non-votes 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.

#### Deadline for Receipt of Stockholder Proposals

Stockholders are entitled to present proposals for action at a forthcoming meeting if they comply with the requirements of our bylaws and the rules established by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under these requirements, proposals of our stockholders that are intended to be presented by such stockholders at our 2018 Annual Meeting of Stockholders must be received by us no later than December 7, 2018. Proposals submitted by this date will also be considered for inclusion in next year's proxy materials. If you wish to bring a matter before the stockholders at next year's annual meeting and you do not notify us before February 20, 2019, for all proxies we receive, the proxyholders will have discretionary authority to vote on the matter, including discretionary authority to vote in opposition to the matter. A copy of the relevant bylaws provisions relating to stockholder proposals is available upon written request to Cytokinetics, Incorporated, 280 East Grand Avenue, South San Francisco, California 94080, Attention: Corporate Secretary.

#### Results of the Voting at the Annual Meeting

Preliminary voting results will be announced at the Annual Meeting. results will be published in a current report on Form 8-K that we expect to file within four business days after the date of the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we will file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

## PROPOSAL ONE

### ELECTION OF THREE CLASS II DIRECTORS

#### Nominees

Our Board of Directors currently has nine members. We have a classified Board of Directors, which is divided into three classes of directors whose terms expire at different times. The three classes are currently comprised of the following directors:

• Class I consists of L. Patrick Gage, PhD., Edward M. Kaye, M.D. and Wendell Wierenga, Ph.D., who will serve until the 2020 Annual Meeting of Stockholders;

• Class II consists of Robert I. Blum, Robert M. Califf, M.D. and Sandford D. Smith, who will serve until the 2018 Annual Meeting of Stockholders and until their successors have been duly elected and qualified. Mr. Blum, Dr. Califf and Mr. Smith will stand for election as Class II directors at this Annual Meeting; and

• Class III consists of Santo J. Costa, John T. Henderson, M.D., Ch.B. and B. Lynne Parshall, Esq., who will serve until the 2019 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

At each Annual Meeting of Stockholders, the successors to directors whose terms will then expire will be elected to serve from the time of election and qualification until the third Annual Meeting of Stockholders following such election and until their successors have been duly elected and qualified. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of an equal number of directors.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for our three nominees named below, who are currently directors of the Company who were previously elected by the stockholders, except for Dr. Califf, who was appointed as a member of the Board of Directors in February 2018 and was recommended for nomination to the Board of Directors by our Nominating and Governance Committee. The nominees have consented to be named as nominees in the proxy statement and to continue to serve as directors if elected. If any nominee becomes unable or declines to serve as a director or if additional persons are nominated at the meeting, the proxy holders intend to vote all proxies received by them in such a manner as will assure the election of the nominees listed below if possible (or, if new nominees have been designated by the Board of Directors, in such a manner as to elect such nominees), and the specific nominees to be voted for will be determined by the proxy holders.

The nominees for the Class II directors are:

• Robert I. Blum,  
• Robert M. Califf, M.D., and  
• Sandford D. Smith.

Biographical information for each Class II director can be found below in the Board of Directors section. We are not aware of any reason that any nominee will be unable or will decline to serve as a director. The term of office of each person elected as a Class II director will continue until our 2021 Annual Meeting of Stockholders and until a successor has been elected and qualified. There are no arrangements or understandings between any director or executive officer and any other person pursuant to which he or she is or was to be selected as a director or officer of the Company.

#### Vote Required

Directors will be elected by a plurality vote of the shares of Common Stock present or represented and entitled to vote on this matter at the Annual Meeting. Accordingly, the candidates receiving more than of the highest number of affirmative votes of shares represented and voting on this proposal at the Annual Meeting will be elected directors of the Company. Votes withheld from a nominee and broker non-votes will be counted for purposes of determining the presence or absence of a quorum. This is an uncontested election of directors because the number of nominees for

director does not exceed the number of directors to be elected. Pursuant to our director resignation, if any

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nominee for director in this election receives a greater number of votes “withheld” from such nominee than votes “for”, the nominee for director must tender his or her resignation for consideration by our Nominating and Governance Committee. The Nominating and Governance Committee shall consider all of the relevant facts and circumstances and recommend to our Board of Directors the action to be taken with respect to such offer of resignation. The Board of Directors will then act on the Nominating and Governance Committee’s recommendation. Promptly following the Board of Director’s decision, we will disclose that decision and an explanation of such decision in a filing with the Securities and Exchange Commission and a press release. See “Quorum; Abstentions; Broker Non-Votes.”

THE CLASS I AND III DIRECTORS RECOMMEND THAT

STOCKHOLDERS VOTE FOR THE CLASS II NOMINEES LISTED ABOVE.

## PROPOSAL TWO

## RATIFICATION OF SELECTION OF ERNST &amp; YOUNG LLP

## AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR

## THE FISCAL YEAR ENDING DECEMBER 31, 2018

The Audit Committee of the Board of Directors has selected Ernst & Young LLP, an independent registered public accounting firm, to audit our financial statements for the fiscal year ending December 31, 2018, and recommends that the stockholders vote for ratification of such selection. Although action by stockholders is not required by law, the Board of Directors has determined that it is desirable to request ratification of this selection by the stockholders. Notwithstanding the selection or ratification, the Audit Committee, in its discretion, may direct the selection of a new independent registered public accounting firm at any time during the year, if the Audit Committee determines that such a change would be in our best interest.

Representatives of Ernst & Young LLP are expected to be present at the meeting and will be afforded the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. Ernst & Young LLP has served as our independent registered public accounting firm since March 21, 2018. Prior to such time, PricewaterhouseCoopers LLP ("PwC") served as our independent registered public accounting firm. See "—Change in Independent Registered Public Accounting Firm" below. The Company does not expect that a representative of PwC will be present at the meeting.

## Independent Registered Public Accounting Firm Services and Fees

PricewaterhouseCoopers LLP served as our independent registered public accounting firm for the years ended December 31, 2017 and 2016. The Audit Committee pre-approved all services provided by our PricewaterhouseCoopers LLP and determined that the provision of services was compatible with maintaining auditor independence. Fees for services provided by PricewaterhouseCoopers LLP were:

	Years Ended	
	December 31,	
	2017	2016
Audit Fees	\$1,169,251	\$1,069,375
Audit-Related Fees	166,707	189,000
Tax Fees	—	—
Other Fees	1,800	1,800
	\$1,337,758	\$1,260,175

Audit Fees were for the audit of our financial statements, Sarbanes-Oxley Act compliance and the interim review of our financial statements as well as services provided in connection with the issuance of comfort letters and consents for SEC filings. Audit-Related Fees related to consultation on strategic alliance activities. Other Fees consist of the cost of our subscription to an accounting research tool provided.

## Change in Independent Registered Public Accounting Firm

The Audit Committee completed a process to review the appointment of the Company's independent registered public accounting firm for the year ending December 31, 2018. As a result of this process, on March 21, 2018, the Audit Committee engaged Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018, and dismissed PwC from that role.



The reports of PwC on the Company's financial statements for the fiscal years ended December 31, 2017 and 2016 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principle.

During the fiscal years ended December 31, 2017 and 2016 and the subsequent interim period through March 21, 2018, there have been (i) no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PricewaterhouseCoopers LLP, would have caused PwC to make reference thereto in their reports on the Company's financial statements, and (ii) no "reportable events" (as described in Item 304(a)(1)(v) of Regulation S-K).

During the fiscal years ended December 31, 2017 and 2016 and the subsequent interim period preceding the dismissal of PwC, we have not consulted with Ernst & Young LLP regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements, and neither a written report or oral advice was provided to us that Ernst & Young LLP concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a “disagreement” (as described in paragraph (a)(1)(iv) of Item 304 of Regulation S-K) or a “reportable event” (as described in paragraph (a)(1)(v) of Item 304 of Regulation S-K), except as set forth in the following sentence. As previously disclosed in the Company’s Annual Report on Form 10-Q for the quarter ended September 30, 2016, the Company had a material weakness in internal control over financial reporting because it did not maintain effective controls over the accounting for the completeness, accuracy and presentation and disclosure of clinical research and development expenses and related clinical accrual accounts due to a design deficiency in the review of clinical trial expenses incurred under our clinical research organization trial agreements, including in part, our review of information received from third party service providers that is used in the operation of this control. As previously disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, this material weakness has been remediated. The Audit Committee discussed the material weaknesses with PwC and the Company has authorized PwC to respond fully to inquiries of the successor independent registered public accounting firm concerning this matter.

#### Vote Required

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of Ernst & Young LLP. Abstentions will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

THE BOARD OF DIRECTORS RECOMMENDS THAT

STOCKHOLDERS VOTE FOR RATIFICATION OF THE SELECTION BY THE AUDIT

COMMITTEE OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

## PROPOSAL THREE

### ADVISORY VOTE ON EXECUTIVE COMPENSATION

At the 2017 Annual Meeting of Stockholders, our stockholders indicated their preference that the Company solicit an advisory (nonbinding) vote on the compensation of our named executive officers commonly referred to as a “say on pay” vote, every year. Our Board of Directors has adopted a policy that is consistent with that preference. In accordance with that policy, we are seeking the stockholders’ approval, on an advisory basis, of the compensation of our named executive officers as disclosed pursuant to the SEC’s compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the related compensation tables and the narrative disclosure to those tables, set forth in this proxy statement).

Our Compensation and Talent Committee designs and administers our executive compensation program to provide competitive and internally -equitable compensation and benefits that reflect Company performance, job complexity, and strategic value of the position while seeking to ensure individual long-term retention and motivation and alignment with the long-term interests of our stockholders. We believe the compensation program for our executives has helped us retain a team capable of managing and enabling us to advance our research and development programs.

We encourage you to carefully review the section entitled “Compensation Discussion and Analysis” of this proxy statement for additional details on our executive compensation program, including our compensation philosophy and objectives, as well as the reasons and processes for how our Compensation and Talent Committee determined the structure and amounts compensation of our Named Executive Officers for 2017.

We are asking our stockholders to indicate their support for our Named Executive Officer compensation as described in this proxy statement, commonly referred to as a “say on pay” vote. This vote is not intended to address any specific item of compensation, but rather the overall 2017 compensation of our Named Executive Officers (including the philosophy, policies and practices for setting such compensation) described in this proxy statement. Accordingly, we are asking 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 2018 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the related compensation tables and the narrative disclosure to those tables in the proxy statement.”

#### Vote Required

Adoption of this resolution will require the affirmative vote of the majority of the shares of Common Stock represented in person or by proxy and entitled to vote at the Annual Meeting. Abstentions will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

The results of this advisory vote are not binding upon us. However, the Compensation and Talent Committee values the opinions expressed by stockholders in their vote, and will consider the outcome of the vote in deciding whether any actions are necessary to address concerns raised by the vote and when making future compensation decisions for Named Executive Officers. the next scheduled “say on pay” vote will be at our 2019 Annual Meeting of Stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE

FOR THE ADVISORY PROPOSAL ON EXECUTIVE COMPENSATION



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 28, 2018, certain information with respect to the beneficial ownership of Common Stock by:

- any person (including any group as that term is used in Section 13(d)(3) of the Exchange Act), known by us to be the beneficial owner of more than 5% of our voting securities;
- each director and each nominee for director to the Company;
- each of the executive officers named in the Summary Compensation Table appearing herein; and
- all such executive officers, directors and nominees for director of the Company as a group.

The number and percentage of shares beneficially owned are based on the aggregate of 54,008,113 shares of Common Stock outstanding as of February 16, 2018, adjusted as required by the rules promulgated by the SEC. We do not know of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change of control of the Company.

Name and Address of Beneficial Owner	Percent of		
	Number of	Common Stock	
	Shares	Outstanding	
<b>5% Stockholders:</b>			
Entities affiliated with BlackRock, Inc. <sup>(1)</sup> 55 East 52nd Street New York, NY 10055	7,239,394	13.4	%
Entities affiliated with BVF Partners L.P. <sup>(1)</sup> 1 Sansome Street, 30th Floor San Francisco, California 94104	5,721,888	10.6	%
Eastern Capital Limited. <sup>(2)</sup> 10 Market Street, #773 Grand Cayman KY1-9006, Cayman Islands	3,607,529	6.7	%
Entities affiliated with The Vanguard Group <sup>(3)</sup> 100 Vanguard Boulevard, Malvern, Pennsylvania 19355	3,450,568	6.4	%
Entities affiliated with State Street Global Advisors <sup>(3)</sup> 1 Lincoln Street, Boston, Massachusetts 02111	2,715,972	5.0	%
<b>Named Executive Officers:</b>			
Robert I. Blum <sup>(4)</sup>	1,038,590	1.9	%
Ching Jaw	—	—	
Fady I. Malik, M.D., Ph.D. <sup>(5)</sup>	392,031	*	
Bradley P. Morgan, Ph.D. <sup>(6)</sup>	84,206	*	
Andrew A. Wolff, M.D., F.A.C.C. <sup>(7)</sup>	248,728	*	
<b>Non-Employee Directors:</b>			
Robert M. Califf, M.D. <sup>(8)</sup>	1,944	*	
Santo J. Costa <sup>(8)</sup>	74,997	*	
L. Patrick Gage, Ph.D. <sup>(9)</sup>	208,216	*	
John T. Henderson, M.D., Ch.B. <sup>(10)</sup>	174,430	*	
Edward Kaye, M.D. <sup>(8)</sup>	54,150	*	
B. Lynne Parshall, Esq. <sup>(8)</sup>	106,243	*	
Sandford D. Smith <sup>(8)</sup>	117,565	*	
Wendell Wierenga, Ph.D. <sup>(8)</sup>	113,788	*	
All directors and executive officers as a group (15 persons)	2,893,421	5.1	%

\*Represents beneficial ownership of less than one percent (1%) of the outstanding shares of Common Stock.

(1)Based on a Schedule 13G/A filed with the SEC on February 14, 2018.

(2)Based on a Schedule 13G filed with the SEC on February 13, 2015.

(3) Based on a Schedule 13G filed with the SEC on February 13, 2018.

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