Akebia Therapeutics, Inc.
Form S-3
April 02, 2015
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As filed with the Securities and Exchange Commission on April 2, 2015

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

AKEBIA THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-8756903**
(State or other jurisdiction of incorporation or organization)	**(I.R.S Employer Identification No.)**

245 First Street, Suite 1100

Cambridge, MA 02142

(617) 871-2098

(Address, including zip code, and telephone number, including area code, of registrant s principal executive office)

John P. Butler

President and Chief Executive Officer

Akebia Therapeutics, Inc.

245 First Street, Suite 1100

Cambridge, Massachusetts 02142

(617) 871-2098

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Nicole R. Hadas	**Paul M. Kinsella**
Senior Vice President,	**Ropes & Gray LLP**
General Counsel and Secretary	**Prudential Tower**
Akebia Therapeutics, Inc.	**800 Boylston Street**
245 First Street, Suite 1100	**Boston, MA 02199**
Cambridge, MA 02142	**(617) 951-7000**
(617) 871-2098	

From time to time after the effectiveness of the registration statement

(Approximate date of commencement of proposed sale to the public)

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

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price	Amount of registration fee(1)
Common Stock, $0.00001 par value per share		
Total	$175,000,000	$20,335

(1) Calculated pursuant to Rule 457(o) under the Securities Act.

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

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

Subject to completion, April 2, 2015

PROSPECTUS

$175,000,000

Common Stock

We may offer and sell from time to time, in one or more series or issuances and on terms that we will determine at the time of the offering, shares of our common stock described in this prospectus, up to an aggregate amount of $175,000,000.

We will provide specific terms of any offering in a supplement to this prospectus. Any prospectus supplement may also add, update, or change information contained in this prospectus. You should carefully read this prospectus and the applicable prospectus supplement as well as the documents incorporated or deemed to be incorporated by reference in this prospectus before you purchase any of the securities offered hereby.

These securities may be offered and sold in the same offering or in separate offerings; to or through underwriters, dealers, and agents; or directly to purchasers. The names of any underwriters, dealers, or agents involved in the sale of our securities and their compensation will be described in the applicable prospectus supplement.

Our common stock is traded on the Nasdaq Global Market under the symbol AKBA. On March 23, 2015, the closing price of our common stock was $11.35.

Investing in our securities involves risks. See Risk Factors on page 2.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 2015

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You should rely only on the information contained in, or incorporated by reference into, this prospectus. We have not authorized anyone to give you information different from that contained in this prospectus. We are not making an offer to sell these securities in any jurisdiction where the offer is not permitted. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of when this prospectus is delivered or when any sale of our securities occurs. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS

This prospectus is a part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, we may offer to sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of $175,000,000. Each time we sell securities under this shelf registration, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and the applicable prospectus supplement, including all documents incorporated herein by reference, together with additional information described under Where You Can Find More Information below.

This prospectus does not include all of the information that is in the registration statement. We omitted certain parts of the registration statement from this prospectus as permitted by the SEC. We refer you to the registration statement and its exhibits for additional information about us and the securities that may be sold under this prospectus.

We have not authorized any dealer, agent or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and any accompanying prospectus supplement. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or an accompanying prospectus supplement. This prospectus and the accompanying prospectus supplement, if any, do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus and the accompanying prospectus supplement constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus and the accompanying prospectus supplement, if any, is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus and any accompanying prospectus supplement is delivered or securities are sold on a later date.

Akebia, the Company, we, us, our and similar names refer to Akebia Therapeutics, Inc. unless we state otherwis the context otherwise requires.

ABOUT AKEBIA THERAPEUTICS, INC.

Akebia Therapeutics, Inc., or Akebia, is a biopharmaceutical company focused on the development of novel proprietary therapeutics based on hypoxia inducible factor, or HIF, biology and the commercialization of these products for patients with kidney disease. HIF is the primary regulator of the production of red blood cells, or RBCs, in the body and a potentially novel mechanism of treating anemia.

Akebia was incorporated in 2007 under the laws of the State of Delaware. Our principal executive offices are located at 245 First Street, Suite 1100, Cambridge, MA, 02142. Our telephone number is (617) 871-2098 and our website address is www.akebia.com. The information contained in, and that can be accessed through, our website is not incorporated into and does not form a part of this prospectus.

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RISK FACTORS

Investing in our securities involves a high degree of risk. See Item 1A Risk Factors in our most recent Annual Report on Form 10-K incorporated by reference in this prospectus and in any subsequent Quarterly Report on Form 10-Q and the Risk Factors section in the applicable prospectus supplement for a discussion of the factors you should carefully consider before deciding to purchase our securities.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement and the other documents we have filed with the SEC that are incorporated herein by reference contain forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words anticipate, believe, estimate, expect, intend, may, plan, predict, project, targ would, could, should, continue, and similar expressions are intended to identify forward-looking statements, althou not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. In particular, you should consider the numerous risks described in our Annual Report on Form 10-K for the year ended December 31, 2014 and any subsequent Quarterly Reports on Form 10-Q, each incorporated by reference in this prospectus, and in the Risk Factors section in the applicable prospectus supplement (see Where You Can Find More Information).

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. You should not rely upon forward-looking statements as predictions of future events. Unless required by law, we will not undertake and we specifically disclaim any obligation to release publicly the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of events, whether or not anticipated. In that respect, we wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made.

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USE OF PROCEEDS

Except as otherwise provided in the applicable prospectus supplement, we intend to use the net proceeds we receive from our sale of the securities covered by this prospectus for general corporate purposes, which may include working capital, capital expenditures, research and development expenditures, clinical trial expenditures, commercial expenditures, and possible acquisitions or in-licenses of product candidates. Additional information on the use of net proceeds we receive from the sale of securities covered by this prospectus may be set forth in the prospectus supplement relating to the specific offering.

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EXECUTIVE COMPENSATION

This section discusses the material elements of our executive compensation policies and decisions and important factors relevant to an analysis of these policies and decisions. It provides qualitative information regarding the manner and context in which compensation is awarded to and earned by our executive officers named in the Summary Compensation Table below (referred to herein as our named executive officers) and is intended to place in perspective the information presented in the following tables and the corresponding narrative.

Overview

Historically, our executive compensation program has reflected our growth and corporate goals. To date, the compensation of our named executive officers has consisted of a combination of base salary, annual cash bonus, long-term equity incentive compensation in the form of restricted stock and stock options and other employee benefits generally available to our employees. Our named executive officers are also entitled to certain compensation and benefits upon certain terminations of employment. Prior to March 3, 2014, these rights were determined pursuant to their employment agreements, as described below. Effective as of March 3, 2014, the rights of our named executive officers to compensation and benefits upon a termination of employment will be determined pursuant to their executive severance agreements (or, in the case of Dr. Shalwitz, pursuant to his Separation Agreement dated August 5, 2014) as described below.

Our named executive officers for the year ended December 31, 2014 were as follows:

- John P. Butler, our President and Chief Executive Officer;
- Jason A. Amello, our Senior Vice President, Chief Financial Officer and Treasurer;
- Bradley Maroni, M.D., our Senior Vice President and Chief Medical Officer; and
- Robert Shalwitz, M.D., our former Executive Vice President and former Chief Medical Officer.

We and Dr. Shalwitz mutually agreed to the terms of Dr. Shalwitz s transition from Chief Medical Officer to Executive Vice President, effective August 5, 2014, and his subsequent resignation from employment, effective December 31, 2014, although he will continue to serve as a consultant to the Company, all as described in more detail below under Employment and Consulting Agreements.

Elements of Executive Compensation

Base Salaries. Base salaries for our named executive officers are determined annually by our Compensation Committee, subject to review and approval by our Board of Directors, based on the scope of each officer s responsibilities along with his respective experience and contributions to the Company during the prior year period. When reviewing base salaries, our Compensation Committee takes factors into account such as each officer s experience and individual performance, the Company s performance as a whole, data from surveys of compensation paid by comparable companies, and general industry conditions, but does not assign any specific weighting to any factor.

Annual Cash Bonuses. All of our named executive officers participate in the Akebia Therapeutics, Inc. Cash Incentive Plan, our annual cash bonus program, which promotes and rewards our executives for the achievement of key strategic and business goals. The 2014 bonus plan period covers the 12-month period beginning on January 1, 2014 and ending on December 31, 2014. For the 2014 bonus plan period, the target annual bonus as a percentage of base salary (as determined based on the salary earned throughout the bonus plan period) for each of Mr. Butler, Mr. Amello, Dr. Maroni and Dr. Shalwitz was 30%. At the beginning of the 2014 bonus plan period, our Compensation Committee established corporate performance goals, each having a designated weighting, which related to key development, strategic and financial goals of the Company. At the end of the 2014 bonus plan period, our Compensation Committee met and evaluated the performance of the Company against the

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specified performance goals. Based on its evaluation, the Compensation Committee recommended, and the Board of Directors approved, that the Company achieved 99.85% of its corporate goals. Consequently, the Board of Directors approved payment of cash bonuses for the 2014 bonus plan period of: $127,309 for Mr. Butler (which represented 99.85% of his target bonus), $95,856 for Mr. Amello (which represented 99.85% of his target bonus), $44,645 for Dr. Maroni (which represented 99.85% of his target bonus, as pro-rated to reflect his commencement of employment in August 2014) and $122,816 for Dr. Shalwitz (which represented 99.85% of his target bonus).

Equity Awards. Our named executive officers participate in our Akebia Therapeutics, Inc. 2014 Incentive Plan, or the 2014 Incentive Plan. During fiscal year 2014, all named executive officers received a grant of stock options. These stock option grants are subject to time-based vesting conditions and generally vest, subject to continued employment, as follows: 25% of the shares subject to the award vest after one year and, thereafter, the shares continue to vest in quarterly installments over the following three years. These equity awards serve to align the interests of our named executive officers with our shareholders and encourage retention through the use of time-based vesting. Prior to our initial public offering, or IPO, all of our named executive officers, other than Dr. Maroni whose employment commenced after the IPO, participated in our 2008 Equity Incentive Plan, through which they currently hold outstanding grants of stock options and/or restricted stock subject to time-based vesting.

Other Benefits. Our named executive officers are eligible for additional benefits, such as participation in our 401(k) plan, our Employee Stock Purchase Plan and basic health benefit coverage, that are generally available to all of our employees.

Summary Compensation Table

The following table sets forth information regarding compensation awarded to, earned by or paid to each of our named executive officers during the fiscal years ended December 31, 2014 and 2013.

Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)(1)**	**Stock Awards ($)(2)**	**Option Awards ($)(3)**	**All Other Compensation ($)**	**Total ($)**
John P. Butler	2014	425,000	127,309		725,889	282(4)	1,278,480
Chief Executive Officer and President	2013	124,802(5)	37,188		2,126,887	40(4)	2,288,917
Jason A. Amello	2014	320,000	95,856		337,023	251(4)	753,130
Senior Vice President, Chief Financial Officer and Treasurer							
Robert Shalwitz, M.D.	2014	410,000(8)	122,816		337,023	88,868(6)	958,707
Former Executive Vice President and Former Chief Medical Officer	2013	294,140(8)	59,863	943,983		24,982(7)	1,322,968
Bradley Maroni, M.D.	2014	136,850(9)	44,645		2,216,758	495(4)	2,398,748
Senior Vice President and Chief Medical Officer							

(1)

Amounts for 2014 represent cash bonuses earned for the 12-month bonus plan period from January 1, 2014 to December 31, 2014. The cash bonus amount for Dr. Maroni reflects his partial year of service in 2014. Due to a change to a calendar year bonus plan period in 2013, amounts for 2013 represent cash bonuses earned for the 18-month bonus plan period from July 1, 2012 to December 31, 2013.

(2) The amount reported in the Stock Awards column granted to Dr. Shalwitz represents the retrospective fair value of the stock awards as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718).

(3) The amounts reported in the Option Awards column granted to our named executive officers represent the fair value of the stock options as of the grant date as computed in accordance with FASB ASC Topic 718, not including any estimates of forfeitures. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 10 to our financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Note that the amounts reported in this column reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by the named executive officers from the options.

(4) Amounts represent the dollar value of life insurance premiums paid by the Company on behalf of the named executive officer.

(5) Mr. Butler joined us in September 2013. Mr. Butler s annual base salary in 2013 was $425,000. The amounts in the table above reflect his partial year of service in 2013.

(6) Amounts for 2014 include: (i) $796 for the dollar value of life insurance premiums paid by the Company and (ii) forgiveness of principal on a portion of promissory notes to the Company in the amount of $88,072. See Note 7 under *2014 Outstanding Equity Awards at Fiscal Year-End*.

(7) Amounts for 2013 include: (i) $696 for the dollar value of life insurance premiums paid by the Company and (ii) forgiveness of principal on a portion of promissory notes to the Company in the amount of $24,286. See Note 7 under *2014 Outstanding Equity Awards at Fiscal Year-End*.

(8) Dr. Shalwitz s annual base salary was $269,280 from January 2013 through July 2013, $330,000 from August 1, 2013 through July 20, 2014 and $410,000 from July 21, 2014 through December 31, 2014. Under the Separation Agreement between Dr. Shalwitz and the Company dated August 5, 2014, Dr. Shalwitz served as our Executive Vice President until December 31, 2014, at which time his employment with the Company terminated. Following his separation from employment, Dr. Shalwitz has agreed to perform certain consulting services for the Company pursuant to his two-year Consulting Agreement commencing on January 1, 2015 and ending on December 31, 2016.

(9) Dr. Maroni joined us in August 2014. Dr. Maroni s annual base salary in 2014 was $400,000. The amounts in the table above reflect his partial year of service in 2014.

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2014 Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning outstanding equity awards for each of our named executive officers at December 31, 2014:

Name and Principal Position	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested ($) (9)
John P. Butler	160,920	421,080(1)	$ 0.47	9/16/2023		$
Chief Executive Officer and President		46,667(2)	$ 22.80	5/14/2024		$
Jason A. Amello	44,529	97,911(3)	$ 0.47	9/23/2023		$
Senior Vice President, Chief Financial Officer and Treasurer		21,667(2)	$ 22.80	5/14/2024		$
Robert Shalwitz, M.D.	29,031		$ 0.86	12/31/2017		$
Former Executive Vice President	30,333		$ 0.86	12/31/2017		
and Former Chief Medical Officer	14,007	4,668(4)	$ 0.86	12/31/2017		
		21,667(5)	$ 22.80	12/31/2017		$
					3,270(7)	$ 38,063
					95,380(8)	$ 1,110,223
Bradley Maroni, M.D.		125,000(6)	$ 25.97	8/18/2024		$
Senior Vice President and Chief Medical Officer						

(1) Represents an option to purchase shares of our common stock granted on September 16, 2013. The remaining unvested shares will vest in equal monthly installments through September 16, 2017. Vesting of all unvested shares subject to the option shall accelerate in connection with an acquisition event pursuant to the terms of the Stock Option Agreement.

(2) Represents options to purchase shares of our common stock granted on May 14, 2014. The remaining unvested shares will vest as follows: 25% will vest on May 14, 2015, and the remainder will vest in equal quarterly installments over the following three years through May 14, 2018. Vesting of all unvested shares subject to the options shall accelerate in connection with an acquisition event pursuant to the terms of the Stock Option Agreement.

(3) Represents an option to purchase shares of our common stock granted on September 23, 2013. The remaining unvested shares will vest in equal monthly installments through September 23, 2017. Vesting of all unvested shares subject to this option shall accelerate in connection with an acquisition event pursuant to the terms of the Stock Option Agreement.

(4)

Represents an option to purchase shares of our common stock granted on January 12, 2012. The remaining unvested shares will vest in equal monthly installments through December 23, 2015, subject to Dr. Shalwitz s continued provision of services to us through the applicable vesting date pursuant to his Consulting Agreement. Pursuant to the terms of the Consulting Agreement, vesting of all unvested shares shall accelerate upon the earliest to occur of a change of control of the Company, or the termination of the Consulting Agreement due to Dr. Shalwitz s death or by the Company without cause.

(5) Represents options to purchase shares of our common stock granted on May 14, 2014. The remaining unvested shares will vest as follows: 25% will vest on May 14, 2015, and the remainder will vest in equal quarterly installments over the following three years through December 31, 2016, subject, in each case, to Dr. Shalwitz s continued provision of services to us through the applicable vesting date pursuant to his

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Consulting Agreement. Pursuant to the terms of the Consulting Agreement, vesting of all unvested shares shall accelerate upon the earliest to occur of a change of control of the Company, or the termination of the Consulting Agreement due to Dr. Shalwitz s death or by the Company without cause.

(6) Represents an option to purchase shares of our common stock granted on August 18, 2014. The remaining unvested shares will vest as follows: 25% will vest on August 18, 2015, and the remainder will vest in equal quarterly installments over the following three years through August 18, 2018. Vesting of all unvested shares subject to this option shall accelerate in connection with an acquisition event pursuant to the terms of the Stock Option Agreement.

(7) Under the terms of the June 15, 2011 Restricted Stock Agreement and the Consulting Agreement between us and Dr. Shalwitz, the remaining unvested shares will vest in equal monthly installments through April 6, 2015, subject to Dr. Shalwitz s continued provision of services to us through the applicable vesting date pursuant to his Consulting Agreement. Pursuant to the terms of the Consulting Agreement, vesting of all restricted shares under this Restricted Stock Agreement shall accelerate upon the earliest to occur of a change of control of the Company, or the termination of the Consulting Agreement due to Dr. Shalwitz s death or by the Company without cause. The June 15, 2011 restricted stock award for Dr. Shalwitz was purchased using a promissory note issued by the former executive to the Company (the Promissory Note) for $110,692. The Promissory Note was amended in 2013 to forgive a portion of the principal owed and to reduce the interest rate from 6% to 3% per annum. Dr. Shalwitz s note, including accrued interest in the aggregate amount of $88,072, was forgiven on January 30, 2014.

(8) Under the terms of the December 23, 2013 Restricted Stock Agreement and the Consulting Agreement between us and Dr. Shalwitz, the remaining unvested shares will vest in equal quarterly installments through December 31, 2016, subject to Dr. Shalwitz s continued provision of services to us through the applicable vesting date pursuant to his Consulting Agreement. Pursuant to the terms of the Consulting Agreement, vesting of all restricted shares under this Restricted Stock Agreement shall accelerate upon the expiration of the Consulting Agreement on December 31, 2016 or, if earlier, upon a change of control of the Company, or the termination of the Consulting Agreement due to Dr. Shalwitz s death or by the Company without cause.

(9) The value of the unvested restricted stock was $11.64 per share as of December 31, 2014.

Retirement Benefits

We offer a tax-qualified retirement plan, or 401(k) plan, to eligible employees, including our named executive officers. In accordance with this plan, all eligible employees may contribute a percentage of compensation up to a maximum of the statutory limits per year. Company contributions are discretionary and no contributions were made during 2014 or 2013.

Employment and Consulting Agreements

We entered into employment agreements with three of our named executive officers. Each of these employment agreements provides for at will employment, meaning that either we or the named executive officer may terminate our employment relationship at any time without cause.

Effective as of March 3, 2014, we entered into executive severance agreements, or ESAs, with each of Mr. Butler, Mr. Amello and Dr. Shalwitz. The terms of these ESAs superseded the terms of all existing agreements between us and such executives regarding post-separation severance and benefits and equity acceleration in connection with a change of control, including any such terms in the severance provisions of each of their employment agreements. All other terms of any existing agreement between such executives and us, such as the terms of their existing employment agreements related to compensation and benefits during employment, otherwise remain in full force and effect in accordance with the terms of such existing agreements and are summarized below.

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John P. Butler. On September 16, 2013, we entered into an executive employment agreement with Mr. Butler for the position of President and Chief Executive Officer. The executive employment agreement continues until we or Mr. Butler terminates the agreement in accordance with its terms. Mr. Butler currently receives a base salary of $425,000, which is subject to review by our Board of Directors from time to time and at least every 12 months. Mr. Butler is also eligible to receive an annual performance-based cash bonus of up to 30% of Mr. Butler s base salary, determined by our Board of Directors and based upon the Company s performance and Mr. Butler s performance against objectives established by our Board of Directors. Mr. Butler is entitled to four weeks of vacation, as well as holidays and sick leave, and (subject to eligibility criteria under the applicable plan) the right to participate in any profit sharing plan, retirement plan, 401(k) plan, group medical plan, group dental plan, and/or other health or insurance plan maintained by us for our senior executives generally and, if applicable, their family members. Mr. Butler is also entitled to reimbursement of all reasonable and necessary business and travel expenses incurred in connection with the performance of his duties.

Jason A. Amello. On September 23, 2013, we entered into an executive employment agreement with Mr. Amello for the position of Senior Vice President, Chief Financial Officer and Treasurer. The executive employment agreement continues until we or Mr. Amello terminates the agreement in accordance with its terms. Mr. Amello currently receives a base salary of $320,000, which is subject to review by our Board of Directors from time to time and at least every 12 months. Under his agreement, Mr. Amello is also eligible to receive an annual performance-based cash bonus of up to 20% of Mr. Amello s base salary (increased to 30% by the Board of Directors on May 14, 2014), determined by our Board of Directors and based upon the Company s performance and Mr. Amello s performance against objectives established by our Board of Directors. Mr. Amello is entitled to four weeks of vacation, as well as holidays and sick leave, and (subject to eligibility criteria under the applicable plan) the right to participate in any profit sharing plan, retirement plan, 401(k) plan, group medical plan, group dental plan, and/or other health or insurance plan maintained by us for our senior executives generally and, if applicable, their family members. Mr. Amello is also entitled to reimbursement of all reasonable and necessary business and travel expenses incurred in connection with the performance of his duties.

Robert Shalwitz. On April 6, 2011, we entered into an executive employment agreement with Dr. Shalwitz for the position of Chief Medical Officer and Vice President. Under his employment agreement, Dr. Shalwitz was entitled to a base salary of $410,000, subject to review by our Board of Directors from time to time, and was eligible to participate in benefit plans available generally to our senior executives (subject to eligibility criteria under the applicable plan), as well as all bonus or similar incentive plans adopted by our Board of Directors including, without limitation, an incentive compensation plan with a yearly performance-based cash bonus of up to 20% of Dr. Shalwitz s base salary (increased to 30% by the Board of Directors on May 14, 2014). We also paid 100% of Dr. Shalwitz s premiums under our medical and dental plans and 50% of the premiums associated with the coverage of his spouse/dependents under those same plans. On August 5, 2014, we and Dr. Shalwitz agreed upon terms regarding his resignation from the Company, effective as of December 31, 2014. In connection with his resignation, we and Dr. Shalwitz entered into a Separation Agreement, the terms of which are described below.

In connection with his resignation, we also entered into a Consulting Agreement with Dr. Shalwitz, which commences on January 1, 2015 and ends on December 31, 2016. As consideration for the performance of consulting services during this period and his continuing obligation to abide by certain restrictive covenants related to non-competition, non-solicitation and confidentiality, the Consulting Agreement provides Dr. Shalwitz with continued vesting in his outstanding restricted stock and stock options and, under certain circumstances set forth in the Consulting Agreement, an extended exercise period for any vested stock options at the end of the consulting period. In addition, all of Dr. Shalwitz s unvested restricted stock and stock options will immediately vest upon the termination of the Consulting Agreement on December 31, 2016 or, if earlier, upon a change of control of the Company or the termination of the Consulting Agreement due to his death or by the Company without cause. For consulting services provided in excess of 30 hours per month in the first year of the Consulting Agreement and 10 hours per month in the second year of the Consulting Agreement, the Company will compensate Dr. Shalwitz on an hourly basis.

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Separation Agreement with Dr. Shalwitz

In connection with his resignation, we have entered into a Separation Agreement with Dr. Shalwitz, as well as the Consulting Agreement described above. Under the terms of the Separation Agreement, from August 5, 2014 to December 31, 2014 Dr. Shalwitz was employed by the Company as Executive Vice President. Following the termination of his employment on December 31, 2014, he is entitled to twelve months of salary continuation (in an aggregate amount of $410,000) and payment of a portion of his COBRA premiums for a maximum of twelve months (on the same basis as the medical insurance premium paid by us during his employment). Our obligation to provide these severance benefits is conditioned on his continued compliance with the terms of his Consulting Agreement and Separation Agreement, including certain restrictive covenants related to non-competition, non-solicitation and confidentiality. The Separation Agreement also includes a general release from any liability related to Dr. Shalwitz s employment and termination.

Termination of Employment and Change of Control

Each of our named executive officers may be eligible to receive certain payments and benefits in connection with their termination of employment or in connection with a change of control, pursuant to the agreements described below.

Executive Severance Agreements

On February 28, 2014, our Board of Directors adopted a form of ESA under which our officers, including our named executive officers, are eligible to receive certain payments and benefits in the event that the executive s employment with us is terminated without cause, the executive terminates his or her employment with us for good reason, or the executive is terminated in connection with, or within 12 months after, a change in control (each as defined in the ESA). The ESAs also provide for accelerated vesting of outstanding and unvested equity awards upon a change in control (as defined in the ESA).

Effective as of March 3, 2014, we entered into ESAs with each of Mr. Butler, Mr. Amello, and Dr. Shalwitz. In addition, we entered into an ESA with Dr. Maroni in connection with his commencement of employment in August 2014.

Effective as of August 5, 2014, however, the rights of Dr. Shalwitz to any payments and benefits following his resignation from the Company are determined under his Separation Agreement and his Consulting Agreement, as described above. The rights of Mr. Butler and Mr. Amello to payments and benefits following a separation from service remain subject to their respective ESAs.

Termination of Employment without Cause or for Good Reason. Under the ESAs, if Mr. Butler s, Mr. Amello s or Dr. Maroni s employment is terminated by us without cause or the executive terminates his employment for good reason (each as defined in the ESA), other than following a change in control as described below, the executive will be entitled to receive, in addition to any amounts earned or accrued but unpaid as of the date of termination, 12 months of salary continuation and up to 12 months of reimbursement of a portion of the executive s health and dental COBRA premiums to the same extent as if the executive remained employed. In addition, the executive s unvested equity and equity-based awards will remain outstanding and continue to vest in accordance with their terms during the executive s severance period, as if he had remained employed during that time.

Termination of Employment without Cause or for Good Reason Following a Change in Control. If, within 12 months following a change in control (as defined in the ESA), Mr. Butler s, Mr. Amello s or Dr. Maroni s employment is terminated by us without cause or the executive terminates his employment for good reason (each as defined in the ESA), the executive will be entitled to receive, in addition to any amounts earned or accrued but unpaid as of the date of termination, 12 months of salary continuation, up to 12 months of reimbursement of a portion of the executive s health and dental COBRA premiums to the same extent as if the

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executive remained employed, and an amount equal to fifty percent (50%) of the executive s annual target bonus for the year of termination, prorated based on the number of months the executive was employed during the year prior to termination. In addition, the executive s unvested equity and equity-based awards will remain outstanding and continue to vest in accordance with their terms during the executive s severance period, as if he had remained employed during that time.

Conditions to the Receipt of Severance Benefits. The severance payments and benefits described above are conditioned upon each executive s execution of a general release of claims in our favor, as well as continued compliance with a set of restrictive covenants prohibiting certain competitive behaviors following termination and a prohibition on making certain statements that are disparaging about or adverse to our business interests or that are otherwise intended to harm our reputation for at least one year following termination. In addition, we may terminate severance payments to any of Mr. Butler, Mr. Amello or Dr. Maroni if, within one year following a termination without cause, we determine that the Company had the right to terminate his employment for cause.

Accelerated Vesting of Equity upon a Change in Control. Under the ESA, 100% of each of Mr. Butler s, Mr. Amello s and Dr. Maroni s outstanding and unvested equity and equity-based awards will become immediately vested upon a change in control (as defined in the ESA), irrespective of whether the executive s employment terminates in connection with the change in control.

Other Termination of Employment. If Mr. Butler s, Mr. Amello s or Dr. Maroni s employment is terminated for any reason other than by us without cause or by the executive for good reason (including by reason of death or disability), the executive will only be entitled to receive any amounts earned or accrued but unpaid as of the date of termination in accordance with our normal policies and practices, including any salary, bonus or incentive compensation with respect to the calendar year prior to the year of termination, business expenses incurred in the performance of the executive s duties, and vacation pay.

280G Cutback. All payments to Mr. Butler, Mr. Amello or Dr. Maroni under the ESA, including, without limitation, the payment of severance benefits or the accelerated vesting of equity, will be reduced or adjusted to avoid triggering the excise tax imposed by Section 4999 of the Code, if such adjustment would result in the provision of a greater total benefit, on a net after-tax basis (after taking into account taking any applicable federal, state and local income taxes and the excise tax imposed by Section 4999), to the executive.

Termination of ESA. Each of Mr. Butler s, Mr. Amello s and Dr. Maroni s ESAs will terminate immediately upon the mutual agreement of the parties to such ESA, the executive s termination for cause or death, or the executive s disability (defined as the executive s inability by reason of physical or mental impairment to perform his job duties for a period exceeding twelve (12) consecutive weeks).

Non-Employee Director Compensation Policy

Our Board of Directors has adopted a Non-Employee Director Compensation Policy that is designed to enable us to attract and retain, on a long-term basis, highly qualified non-employee directors. Under the policy, each individual who is not an employee, or non-employee director, will be paid cash compensation, as set forth below:

	Annual Retainer
Board of Directors:	

All Non-Employee Members	$ 35,000
Chairperson*	$ 55,000
Audit Committee:	
Members	$ 7,500
Chairperson	$ 15,000

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	Annual Retainer
Compensation Committee:	
Members	$ 5,000
Chairperson	$ 10,000
Nominating and Corporate Governance Committee:	
Members	$ 3,750
Chairperson	$ 7,500

* In the event a non-employee director is one of two concurrently serving chairmen of our Board of Directors, each co-chair will be paid $45,000.

Under our Non-Employee Director Compensation policy, each non-employee director who is initially appointed or elected to our Board of Directors will be eligible to receive a grant of stock option to purchase 10,000 shares of our common stock under our 2014 Incentive Plan at the time of his or her initial appointment or election to our Board of Directors, which will vest as to 25% of the stock option on the one-year anniversary of the date of grant and the remaining 75% of the stock option will vest ratably on the first day of each calendar quarter between the one-year anniversary of the date of grant and the fourth anniversary of the date of grant, subject to the non-employee director s continuous service through the applicable vesting date. In addition, each continuing non-employee director who has served on the Board of Directors for at least six months as of the date of any annual meeting will be eligible to receive, on the date of such annual meeting, a grant of stock options to purchase 5,000 shares of our common stock under our 2014 Incentive Plan, which will vest on the first anniversary of the grant date (or, if earlier, immediately prior to the next annual meeting following the date of grant), subject to the non-employee director s continuous service through the applicable vesting date. These stock options will be granted with an exercise price equal to the fair market value of a share of our common stock on the date of grant and will have a 10-year term. Our Board of Directors has adopted a form of Stock Option Agreement under our 2014 Incentive Plan for our non-employee directors, under which initial and subsequent stock option grants will vest in full upon a change in control (as defined in the form of Stock Option Agreement).

Director Compensation

The following table sets forth a summary of the compensation we paid to our non-employee directors during 2014. Other than as set forth in the table below, we did not pay any compensation, make any equity awards or non-equity awards to, or pay any other compensation to any of the non-employee members of our Board of Directors in 2014. Mr. Butler, our President and Chief Executive Officer, received no compensation for his service as a director, and, consequently, is not included in this table. The compensation received by Mr. Butler as an employee during 2014 is presented in Summary Compensation Table above.

		2014	
Name	**Fees paid in cash($)(1)**	**Option Awards($)(2)**	**All Other Compensation ($)(3)**
Muneer Satter	33,750		
Jack Nielsen (9)			
Anupam Dalal	25,000		
Kim Dueholm (4) (9)			24,142

Duane Nash	21,250		2,063
Michael Wyzga (5)	32,500	472,344	4,922
Maxine Gowen (6)	7,507	152,803	1,374
Michael Clayman (6)	7,507	152,803	
Ronald Renaud, Jr. (7)	2,065	144,500	2,117
Giovanni Ferrara (8)			2,392
Campbell Murray (8)			

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