

Sage Therapeutics, Inc.  
Form DEF 14A  
April 29, 2016  
Table of Contents

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

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

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 under § 240.14a-12

**Sage Therapeutics, Inc.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

- x 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:
  
  - (2) Aggregate number of securities to which transaction applies:
  
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  - (4) Proposed maximum aggregate value of transaction:
  
  - (5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by the registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  
  - (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**Sage Therapeutics, Inc.**

**215 First Street**

**Cambridge, MA 02142**

**NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that the 2016 Annual Meeting of Stockholders of Sage Therapeutics, Inc. will be held on Wednesday, June 22, 2016, at 9:00 a.m. Eastern Time, at our headquarters located at 215 First Street, Cambridge, Massachusetts 02142. The purpose of the meeting is the following:

1. to elect two directors, Kevin P. Starr and James Frates, to serve as Class II directors until the 2019 annual meeting of stockholders and until their successors are duly elected and qualified, subject to their earlier resignation or removal;
2. to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. to hold an advisory vote to determine the frequency of future stockholder advisory votes on the compensation paid to our named executive officers; and
4. to transact such other business as may properly come before the meeting or at any and all adjournments or postponements thereof.

The proposal for the election of directors relates solely to the election of Class II directors nominated by the Board of Directors.

Only Sage Therapeutics, Inc. stockholders of record at the close of business on April 25, 2016, will be entitled to vote at the meeting and any adjournment or postponement thereof.

We are pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. We are mailing to many of our stockholders a Notice of Internet Availability of Proxy Materials, or Notice, instead of a paper copy of our proxy materials and our 2015 Annual Report on Form 10-K. The Notice contains instructions on how to access those documents and to cast your vote via the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials and our 2015 Annual Report on Form 10-K. All stockholders who do not receive a Notice will receive a paper copy of the proxy materials and the Annual Report by mail. This process allows us to provide our stockholders with the information they need on a more timely basis, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials.

Your vote is important. Whether or not you are able to attend the meeting in person, it is important that your shares be represented. To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the meeting, by submitting your proxy via the Internet at the address listed on the proxy card or by signing, dating and returning the proxy card.

By Order of the Board of Directors,

Jeffrey M. Jonas, M.D.

*Chief Executive Officer, President and Director*

Boston, Massachusetts

April 29, 2016

Table of Contents

**TABLE OF CONTENTS**

<u>GENERAL INFORMATION</u>	1
<u>OVERVIEW OF PROPOSALS</u>	4
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	4
<u>CORPORATE GOVERNANCE</u>	7
<u>PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS</u>	12
<u>PROPOSAL 3 ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION</u>	13
<u>TRANSACTION OF OTHER BUSINESS</u>	13
<u>EXECUTIVE OFFICER AND DIRECTOR COMPENSATION</u>	14
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	35
<u>EXECUTIVE OFFICERS</u>	37
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	38
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	39
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	39
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	41

**Table of Contents**

**SAGE THERAPEUTICS, INC.**

**PROXY STATEMENT**

**FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS**

**GENERAL INFORMATION**

**When are this proxy statement and the accompanying materials scheduled to be sent to stockholders?**

We have elected to provide access to our proxy materials to our stockholders via the Internet. Accordingly, on or about April 29, 2016, we will begin mailing a Notice of Internet Availability of Proxy Materials, or Notice of Internet Availability, and the proxy materials, including the Notice of 2016 Annual Meeting of Stockholders, this proxy statement and accompanying proxy card or, for shares held in street name (held for your account by a broker or other nominee), voting instruction form, and the Annual Report on Form 10-K for the year ended December 31, 2015, or 2015 Annual Report on Form 10-K, will be made available to stockholders on the Internet on the same date.

**Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of proxy materials?**

Pursuant to rules adopted by the Securities and Exchange Commission, or SEC, we are providing access to our proxy materials over the Internet rather than printing and mailing the proxy materials. We believe electronic delivery will expedite the receipt of materials and will help lower our costs and reduce the environmental impact of our annual meeting materials. Therefore, a Notice of Internet Availability will be mailed to holders of record and beneficial owners of our common stock starting on or around April 29, 2016. The Notice of Internet Availability will provide instructions as to how stockholders may access and review the proxy materials, including the Notice of Annual Meeting, proxy statement, proxy card and 2015 Annual Report on Form 10-K, on the website referred to in the Notice of Internet Availability or, alternatively, how to request that a copy of the proxy materials, including a proxy card, be sent to them by mail. The Notice of Internet Availability will also provide voting instructions. In addition, stockholders of record may request to receive the proxy materials in printed form by mail or electronically by e-mail on an ongoing basis for future stockholder meetings. Please note that, while our proxy materials are available at the website referenced in the Notice of Internet Availability, and our Notice of Annual Meeting, proxy statement and Annual Report on Form 10-K are available on our website, no other information contained on either website is incorporated by reference in or considered to be a part of this document.

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL STOCKHOLDERS MEETING TO BE HELD ON JUNE 22, 2016: *This proxy statement, the accompanying proxy card or voting instruction card and our 2015 Annual Report on Form 10-K are available at <http://www.proxyvote.com>.***

In this Proxy Statement, the terms Sage, we, us, and our refer to Sage Therapeutics, Inc. The mailing address of our principal executive offices is Sage Therapeutics, Inc., 215 First Street, Cambridge, Massachusetts 02142.

**Who is soliciting my vote?**

Our Board of Directors (the Board of Directors) is soliciting your vote for the 2016 Annual Meeting of Stockholders, or Annual Meeting.

**When is the record date for the Annual Meeting?**

Edgar Filing: Sage Therapeutics, Inc. - Form DEF 14A

As of the close of business on April 25, 2016, the record date for determination of stockholders entitled to vote at the Annual Meeting.



## **Table of Contents**

### **How many votes can be cast by all stockholders?**

There were 32,062,773 shares of our common stock, par value \$0.0001 per share, outstanding on April 25, 2016, all of which are entitled to vote with respect to all matters to be acted upon at the Annual Meeting. Each stockholder of record is entitled to one vote for each share of our common stock held by such stockholder. None of our shares of undesignated preferred stock were outstanding as of April 25, 2016.

### **How do I vote?**

#### ***In Person***

If you are a stockholder of record, you may vote in person at the meeting. We will give you a ballot when you arrive. If you hold your shares through a bank or broker and wish to vote in person at the meeting, you must obtain a valid proxy from the firm that holds your shares.

#### ***By Proxy***

If you do not wish to vote in person or will not be attending the meeting, you may vote by proxy. You can vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability, or, if you requested printed copies of the proxy materials by mail, you can vote by mailing your proxy as described in the proxy materials. You may also authorize another person or persons to act for you as proxy in a writing, signed by you or your authorized representative, specifying the details of those proxies' authority. The original writing must be given to each of the named proxies, although it may be sent to them by electronic transmission if, from that transmission, it can be determined that the transmission was authorized by you. If you complete and submit your proxy before the meeting, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you submit a proxy without giving voting instructions, your shares will be voted in the manner recommended by the Board of Directors on all matters presented in this Proxy Statement, and as the persons named as proxies may determine in their discretion with respect to any other matters properly presented at the meeting.

If any other matters are properly presented for consideration at the Annual Meeting, including, 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), the persons named in the enclosed proxy card and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. We do not currently anticipate that any other matters will be raised at the Annual Meeting.

### **How do I revoke my proxy?**

You may revoke your proxy by (1) following the instructions on the Notice of Internet Availability and entering a new vote by mail or over the Internet before the Annual Meeting or (2) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself revoke a proxy). Any written notice of revocation or subsequent proxy card must be received by our Secretary prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to our Secretary or sent to our principal executive offices at Sage Therapeutics, Inc., 215 First Street, Cambridge, Massachusetts 02142, Attention: Corporate Secretary.

If a broker, bank, or other nominee holds your shares, you must contact such broker, bank, or nominee in order to find out how to change your vote.

**How is a quorum reached?**

Our By-laws provide that a majority of the shares entitled to vote, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Under the General Corporation Law of the State of Delaware, shares that are voted abstain or withheld and broker non-votes are counted as present for purposes of determining whether a quorum is present at the Annual Meeting.

## **Table of Contents**

### **How is the vote counted?**

Under our By-laws, any proposal other than an election of directors is decided by a majority of the votes properly cast for and against such proposal, except where a larger vote is required by law or by our Certificate of Incorporation or By-laws. Abstentions and broker non-votes are not included in the tabulation of the voting results on any such proposal and, therefore, do not have the effect of votes in opposition to such proposals. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item, and has not received instructions from the beneficial owner.

If your shares are held in street name by a brokerage firm, your brokerage firm is required to vote your shares according to your instructions. If you do not give instructions to your brokerage firm, the brokerage firm will still be able to vote your shares with respect to certain discretionary items, but will not be allowed to vote your shares with respect to non-discretionary items. Proposals 1 and 3 are non-discretionary items. If you do not instruct your broker how to vote with respect to those proposals, your broker may not vote for those proposals, and those votes will be counted as broker non-votes. Proposal 2 is considered to be a discretionary item, and your brokerage firm will be able to vote on this proposal even if it does not receive instructions from you.

### **Who pays the cost for soliciting proxies?**

We are making this solicitation and will pay the entire cost of preparing and distributing the Notice of Internet Availability and these proxy materials and soliciting votes. If you choose to access the proxy materials or vote over the Internet, you are responsible for any Internet access charges that you may incur. Our officers and employees may, without compensation other than their regular compensation, solicit proxies through further mailings, personal conversations, facsimile transmissions, e-mails, or otherwise. We have hired Broadridge Financial Solutions, Inc. to assist us in the distribution of proxy materials and the solicitation of votes described above. Proxy solicitation expenses that we will pay include those for preparation, mailing, returning, and tabulating the proxies.

### **How are matters submitted for consideration at an annual meeting?**

Stockholder proposals intended to be presented at the next annual meeting of our stockholders must satisfy the requirements set forth in the advance notice provision under our By-laws. To be timely for our next annual meeting of stockholders, any such proposal must be delivered in writing to our Secretary at 215 First Street, Cambridge, MA 02142 between the close of business on February 22, 2017, and March 24, 2017. If the date of the next annual meeting of the stockholders is scheduled to take place before May 23, 2017, or after August 21, 2017, notice by the stockholder must be delivered no later than the close of business on the later of (1) the 90th day prior to such annual meeting or (2) the 10th day following the day on which public announcement of the date of such meeting is first made.

In addition, any stockholder proposal intended to be included in the proxy statement for the next annual meeting of our stockholders must also satisfy the SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and be received not later than December 18, 2016. If the date of the annual meeting is moved by more than 30 days from the date contemplated at the time of the previous year's proxy statement, then notice must be received within a reasonable time before we begin to print and send proxy materials. If that happens, we will publicly announce the deadline for submitting a proposal in a press release or in a document filed with the SEC.



**Table of Contents****OVERVIEW OF PROPOSALS**

This Proxy Statement contains three proposals requiring stockholder action. Proposal 1 requests the election of two Class II directors to the Board of Directors. Proposal 2 requests the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. Proposal 3 requests an advisory vote to determine the frequency of future stockholder advisory votes on the compensation paid to our named executive officers. Each of the proposals is discussed in more detail in the pages that follow.

**PROPOSAL 1****ELECTION OF DIRECTORS**

The Board of Directors is divided into three classes. One class is elected each year at the annual meeting of stockholders for a term of three years. Vacancies on the Board of Directors are filled exclusively by the affirmative vote of a majority of the remaining directors, even if less than a quorum is present, and not by stockholders. A director elected by the Board of Directors to fill a vacancy in a class shall hold office for the remainder of the full term of that class, and until the director's successor is duly elected and qualified or until his or her earlier resignation, death, or removal.

The terms of the Class II directors are scheduled to expire on the date of the upcoming Annual Meeting. Based on the recommendation of the Nominating and Corporate Governance Committee of the Board of Directors, or Nominating and Corporate Governance Committee, the Board of Directors' nominees for election by the stockholders are the current Class II members: Kevin P. Starr and James Frates. If elected, each nominee will serve as a director until the annual meeting of stockholders in 2019 and until his successor is duly elected and qualified, or until his earlier death, resignation, or removal.

The names of and certain information about the directors in each of the three classes are set forth below. There are no family relationships among any of our directors or executive officers.

It is intended that the proxy in the form presented will be voted, unless otherwise indicated, for the election of the Class II director nominees to the Board of Directors. If any of the nominees should for any reason be unable or unwilling to serve at any time prior to the Annual Meeting, the proxies will be voted for the election of such substitute nominee as the Board of Directors may designate.

**Nominees for Class II Directors**

The names of the nominees for Class II directors and certain information about each as of April 11, 2016 are set forth below.

<b>Name</b>	<b>Positions and Offices Held with Sage</b>	<b>Director Since</b>	<b>Age</b>
Kevin P. Starr	Chairman of the Board of Directors	2011	53
James Frates	Director	2014	48

**Directors Not Standing for Election or Re-Election**

Edgar Filing: Sage Therapeutics, Inc. - Form DEF 14A

The names of and certain information as of April 11, 2016 about the members of the Board of Directors who are not standing for election or re-election at this year's Annual Meeting are set forth below.

<b>Name</b>	<b>Positions and Offices Held with Sage</b>	<b>Director Since</b>	<b>Class and Year in Which Term Will Expire</b>	<b>Age</b>
Steven Paul, M.D.	Director	2011	Class I 2018	65
Michael Cola	Director	2014	Class III 2017	56
Jeffrey M. Jonas	Director and Chief Executive Officer	2013	Class III 2017	63
Howard Pien	Director	2014	Class III 2017	58

---

**Table of Contents**

Set forth below are the biographies of each director, as well as a discussion of the particular experience, qualifications, attributes, and skills that led our Board of Directors to conclude that each person nominated to serve or currently serving on our Board of Directors should serve as a director. In addition to the information presented below, we believe that each director meets the minimum qualifications established by the Nominating and Corporate Governance Committee.

*Jeffrey M. Jonas, M.D.* Dr. Jonas has served as our Chief Executive Officer and President and a member of our Board of Directors since August 2013. From 2012 to 2013, Dr. Jonas served as the President of the Regenerative Medicine Division of Shire plc, or Shire, and from 2008 to 2012 as Senior Vice President of Research and Development, Pharmaceuticals at Shire. From 2007 to 2008, Dr. Jonas served as the Executive Vice President of ISIS Pharmaceuticals, Inc., as the Chief Medical Officer and from 2006 to 2007 as Executive Vice President of Forest Laboratories, Inc. and from 1991 to 1996 in senior-level positions at Upjohn Laboratories. Dr. Jonas also founded AVAX Technologies, Inc. and SCEPTOR Industries, Inc., where he served as the Chief Executive Officer, President and a Director. Dr. Jonas has published more than 70 scientific papers and chapters, authored more than 100 books, scientific articles and abstracts, and has received numerous awards. Dr. Jonas received his B.A. from Amherst College and M.D. from Harvard Medical School. He completed a residency in psychiatry at Harvard Medical School, and he served as Chief Resident in psychopharmacology at McLean Hospital, Harvard Medical School. Dr. Jonas qualifications to sit on our Board of Directors includes more than 20 years of experience on both the scientific and business sides of the pharmaceutical and healthcare industries, particularly in the CNS field.

*James Frates.* Mr. Frates has served as a member of our Board of Directors since May 2014. He is the Senior Vice President and Chief Financial Officer of Alkermes plc, having held that position since September 2011. From 2007 to 2011, Mr. Frates served as Senior Vice President and Chief Financial Officer of Alkermes, Inc. From 1998 to 2007, Mr. Frates served as Vice President, Chief Financial Officer and Treasurer of Alkermes, Inc. From 1996 to 1998, he was employed at Robertson, Stephens & Company, most recently as a Vice President in Investment Banking. Prior to that time, he was employed at Morgan Stanley & Co. From 2004 to 2009, Mr. Frates served on the board of directors of GPC Biotech AG, a biotechnology company, and was a national director of the Association of Bioscience Financial Officers from 2004 to 2009. Mr. Frates is also a Trustee of St. Paul's School and The Roxbury Latin School. We believe Mr. Frates' qualifications to sit on our Board of Directors include his leadership experience, financial expertise, business judgment and industry knowledge.

*Steven Paul, M.D.* Dr. Paul has served as a member of our Board of Directors since September 2011. Dr. Paul is currently the President and Chief Executive Officer of Voyager Therapeutics, Inc., having held that position since September 2014. Since September 2010, Dr. Paul has also served as a venture partner at Third Rock Ventures, LLC, or Third Rock Ventures, a life sciences venture capital firm focused on the formation, development and strategy of new companies. From 2011 to 2014, he was a professor of neuroscience, psychiatry and pharmacology at Weill Cornell Medical College. From 2003 to 2010, Dr. Paul, as the Executive Vice President of Eli Lilly and Company, or Eli Lilly, and President of Lilly Research Laboratories, was responsible for Eli Lilly's overall research and development efforts helping to expand Eli Lilly's R&D efforts in oncology and biotechnology resulting in a pipeline of approximately 70 new molecular entities. Dr. Paul spent 17 years at Eli Lilly, during which time he held several key leadership roles, including Vice President of Neuroscience (CNS) Research and Group Vice President of Discovery Research (all therapeutic areas) from 1993 to 2003. Prior to Eli Lilly, from 1988 to 1993 Dr. Paul served as Scientific Director of the National Institute of Mental Health (NIMH). Dr. Paul also served as Medical Director in the Commissioned Corps of the United States Public Health Service. Dr. Paul has been the recipient of many awards and honors, and has served on numerous committees and advisory boards. Dr. Paul has also authored or co-authored over 500 papers and book chapters. Dr. Paul is an elected fellow of the American Association for the Advancement of Science and a member of the Institute of Medicine of the National Academy of Sciences. He is also currently on the board of directors or is a trustee of several organizations, including Voyager Therapeutics, Inc., Alnylam

Pharmaceuticals, Inc. and the Foundation for the NIH. Dr. Paul has also served as a member of the National Institute of General Medical Sciences (NIGMS) Advisory Council and was appointed by the Secretary of the Department of Health and Human Services (HHS) as a member of the advisory committee to the Director of the NIH from 2001-2006. Dr. Paul was also a member of the National Advisory Mental Health Council, NIMH, and is board certified by the American Board of Psychiatry and Neurology. Dr. Paul received his B.A. in Biology and Psychology from



**Table of Contents**

Tulane University, and his M.S. and M.D. degrees from the Tulane University School of Medicine. Dr. Paul's qualifications to sit on our Board of Directors include his extensive career in neuroscience and his leadership and managerial experiences at various pharmaceutical and biotechnology companies and healthcare organizations.

*Howard Pien.* Mr. Pien has served as a member of our Board of Directors since March 2014. Mr. Pien was the Chairman of the Board and Chief Executive Officer of Medarex, Inc. from 2007 to its acquisition by Bristol-Myers Squibb Company in 2009. Prior to that, he was a private consultant from 2006 to 2007. Prior to 2006, he was President and Chief Executive Officer of Chiron Corporation from 2003 to its acquisition by Novartis in 2006, and before that Mr. Pien held positions of increasing responsibility at GlaxoSmithKline and its predecessor, SmithKline Beecham, at Abbott Laboratories and at Merck & Co. Mr. Pien currently serves on the board of directors of Indivior PLC (as non-executive Chairman), Juno Therapeutics, Inc. (as Chairman), ImmunoGen, Inc. and Vanda Pharmaceuticals, Inc. (as Chairman from 2010 to 2014). Previously, Mr. Pien served on the board of directors of ViroPharma Incorporated (as lead independent director), Ikaria Holdings, Inc., Pharmaceutical Research and Manufacturers of America (PhRMA), Biotechnology Innovation Organization (BIO), and as an advisor to the life sciences practice of Warburg Pincus, a private equity firm. Mr. Pien received his MBA in finance from Carnegie Mellon University and his B.S. in civil engineering from Massachusetts Institute of Technology. We believe Mr. Pien's qualifications to sit on our Board of Directors include his extensive experience working for various pharmaceutical and biotechnology companies.

*Michael F. Cola.* Mr. Cola has served as a member of our Board of Directors since September 2014. He currently serves as President and Chief Executive Officer of Medgenics, Inc. Prior to joining Medgenics, from 2005 to 2012, he served as president of specialty pharmaceuticals at Shire plc, a global specialty pharmaceutical company. Previously from 2000 to 2005, Mr. Cola also served as a growth capital provider and president of the life sciences group for Safeguard Scientifics, Inc., where he served as Chairman and Chief Executive Officer of Clariant, Inc., and Chairman of Laureate Pharma, Inc. In addition, Mr. Cola has held senior positions in product development and commercialization at AstraMerck and AstraZeneca. Mr. Cola received a B.A. in biology and physics from Ursinus College and an M.S. in biomedical science from Drexel University. He also serves on the board of directors of Vanda Pharmaceuticals Inc. and serves as chairman for the board of governors of the Boys & Girls Clubs of Philadelphia. We believe Mr. Cola's qualifications to sit on our Board of Directors include his extensive experience working for various pharmaceutical and biotechnology companies.

*Kevin P. Starr.* Mr. Starr has served as a member of our Board of Directors since September 2011. From October 2011 to August 2013, he also served as our interim Chief Executive Officer. In 2007, Mr. Starr co-founded Third Rock Ventures, a venture capital firm where he remains a partner. Mr. Starr has also been the interim Chief Executive Officer of Decibel Therapeutics since October 2015. From 2003 to 2007, Mr. Starr undertook a number of entrepreneurial endeavors in the life science and entertainment industries. From 2001 to 2002, Mr. Starr served as chief operating officer of Millennium Pharmaceuticals, Inc. He also served as Millennium's chief financial officer from 1998 to 2002. Mr. Starr currently serves on the board of directors of Agios Pharmaceuticals, Inc., Alynlam Pharmaceuticals, Inc., PanOptica, Inc., MyoKardia, Inc., Global Blood Therapeutics, Inc. and Afferent Pharmaceuticals, Inc. Mr. Starr received an M.S. in corporate finance from Boston College and a B.S./B.A. in mathematics and business from Colby College. Mr. Starr's qualifications to serve on our Board of Directors include his executive management roles with responsibility over key financial and business planning functions and experience in the formation, development and business strategy of multiple start-up companies in the life sciences sector.

**Vote Required and Board of Directors Recommendation**

Directors will be elected by a plurality of the votes cast by the stockholders entitled to vote on this proposal at the Annual Meeting. Broker non-votes and proxies marked to withhold authority with respect to one or more Class II

directors will not be treated as votes cast for this purpose and, therefore, will not affect the outcome of the election.

The proposal for the election of directors relates solely to the election of Class II directors nominated by our Board of Directors.

***Our Board of Directors recommends that stockholders vote FOR the election of each of the Class II director nominees listed above.***

**Table of Contents**

**CORPORATE GOVERNANCE**

**Board and Committee Matters**

*Board Leadership and Independence.* Our Board of Directors has determined that all members of the Board of Directors, except Dr. Jonas and Mr. Starr, are independent, as determined in accordance with the rules of the NASDAQ Stock Market, or NASDAQ. In making such independence determination, the Board of Directors considered the relationships that each such non-employee director has with us and all other facts and circumstances that the Board of Directors deemed relevant in determining his or her independence, including the beneficial ownership of our capital stock by each non-employee director. In considering the independence of our directors, our Board of Directors considered the association of our directors with the holders of more than 5% of our common stock. There are no family relationships among any of our directors or executive officers.

The positions of our Chairman of the Board of Directors ( Chairman of the Board ) and Chief Executive Officer are presently separated. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board of Directors in its fundamental role of providing advice to and independent oversight of management. Our Board of Directors recognizes the time, effort and energy that the Chief Executive Officer must devote to his position in the current business environment, as well as the commitment required to serve as the Chairman of the Board, particularly as the Board of Directors oversight responsibilities continue to grow. Our Board of Directors also believes that this structure ensures a greater role for the non-management directors in the oversight of our company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of our Board of Directors. Our Board of Directors believes its administration of its risk oversight function has not been affected by its leadership structure. Although our By-laws do not require our Chairman of the Board and Chief Executive Officer positions to be separate, our Board of Directors believes that having separate positions is the appropriate leadership structure for us at this time.

*Board Meetings and Committees.* Our Board of Directors held four meetings during 2015. The directors regularly hold executive sessions at meetings of the Board of Directors. During 2015, none of our directors then in office attended less than 75% of the aggregate of all meetings of the Board of Directors and all meetings of the committees of our Board of Directors on which such director then served. Continuing directors and nominees for election as directors in a given year are required to attend the annual meeting of our stockholders, barring significant commitments or special circumstances.

During 2015, our Board of Directors had four standing committees: Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and Science and Technology Committee.

*Audit Committee.* Michael F. Cola, James Frates and Steven Paul, M.D. serve on our Audit Committee, which is chaired by James Frates. Our Board of Directors has determined that each member of the Audit Committee is independent for Audit Committee purposes as that term is defined in the rules of the SEC and the applicable NASDAQ rules, and have sufficient knowledge in financial and auditing matters to serve on the Audit Committee. Our Board of Directors has designated James Frates as an Audit Committee financial expert, as defined under the applicable rules of the SEC.

The Audit Committee s responsibilities include:

appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;

pre-approving auditing and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;

reviewing the overall audit plan with our independent registered public accounting firm and members of management responsible for preparing our consolidated financial statements;

**Table of Contents**

reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly consolidated financial statements and related disclosures as well as critical accounting policies and practices used by us;

coordinating the oversight and reviewing the adequacy of our internal control over financial reporting;

establishing policies and procedures for the receipt and retention of accounting-related complaints and concerns;

recommending, based upon the Audit Committee's review and discussions with management and our independent registered public accounting firm, whether our audited consolidated financial statements shall be included in our Annual Report on Form 10-K;

monitoring the integrity of our consolidated financial statements and our compliance with legal and regulatory requirements as they relate to our consolidated financial statements and accounting matters;

preparing the Audit Committee report required by SEC rules to be included in our annual proxy statement;

reviewing all related person transactions for potential conflict of interest situations and approving all such transactions; and

reviewing quarterly earnings releases and scripts.

The Audit Committee held four meetings during 2015. The Audit Committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ. A copy of the Audit Committee charter is available on our website at <http://investor.sagerx.com/corporate-governance.cfm>.

*Compensation Committee.* Howard Pien, Steven Paul, M.D. and James Frates serve on our Compensation Committee, which is chaired by Howard Pien. Our Board of Directors has determined that each member of the Compensation Committee is independent as defined in the applicable NASDAQ rules. The Compensation Committee's responsibilities include:

annually reviewing and making recommendations to our Board of Directors with respect to corporate goals and objectives relevant to the compensation of our Chief Executive Officer;

evaluating the performance of our Chief Executive Officer in light of such corporate goals and objectives and making recommendations to our Board of Directors with respect to determining the compensation of our Chief Executive Officer;

reviewing and approving the compensation of our other executive officers;

reviewing and establishing our overall management compensation, philosophy and policy;

overseeing and administering our compensation and similar plans;

reviewing and approving our policies and procedures for the grant of equity-based awards;

reviewing and making recommendations to the Board of Directors with respect to director compensation;  
and

reviewing and discussing with management the compensation discussion and analysis to be included in our annual proxy statement or Annual Report on Form 10-K.

The Compensation Committee held five meetings during 2015. The Compensation Committee operates under a written charter adopted by the Board of Directors, which is available on our website at <http://investor.sagerx.com/corporate-governance.cfm>.

**Table of Contents**

*Nominating and Corporate Governance Committee.* Michael F. Cola and Howard Pien serve on our Nominating and Corporate Governance Committee, which is chaired by Michael Cola. Our Board of Directors has determined that each member is independent as defined in the applicable NASDAQ rules. The Nominating and Corporate Governance Committee's responsibilities include:

developing and recommending to our Board of Directors criteria for Board of Director and committee membership;

establishing procedures for identifying and evaluating Board of Director candidates, including nominees recommended by stockholders;

reviewing the size and composition of the Board of Directors to ensure that it is composed of members containing the appropriate skills and expertise to advise us;

identifying individuals qualified to become members of the Board of Directors;

recommending to the Board of Directors the persons to be nominated for election as directors and to each of the board's committees;

developing a mechanism by which violations of the code of business conduct and ethics can be reported in a confidential manner; and

overseeing the evaluation of the Board of Directors.

The Nominating and Corporate Governance Committee held one meeting during 2015. The Nominating and Corporate Governance Committee operates pursuant to a written charter adopted by the Board of Directors, which is available on our website at <http://investor.sagerx.com/corporate-governance.cfm>.

The Nominating and Corporate Governance Committee considers candidates for Board of Director membership suggested by its members and the Chief Executive Officer. Additionally, in selecting nominees for directors, the Nominating and Corporate Governance Committee will review candidates recommended by stockholders in the same manner and using the same general criteria as candidates recruited by the committee and/or recommended by our Board of Directors. Any stockholder who wishes to recommend a candidate for consideration by the committee as a nominee for director should follow the procedures described later in this proxy statement under the heading *Stockholder Recommendations*. The Nominating and Corporate Governance Committee will also consider whether to nominate any person proposed by a stockholder in accordance with the provisions of our By-laws relating to stockholder nominations as described later in this proxy statement under the heading *Stockholder Recommendations*.

*Science and Technology Committee.* Jeffrey M. Jonas, M.D., Michael F. Cola and Steven Paul, M.D. serve on our Science and Technology Committee. Michael F. Cola and Steven Paul, M.D. serve as co-chairs on our Science and Technology Committee. Our Board of Directors has determined that Michael F. Cola and Steven Paul, M.D. are

independent as defined in the applicable NASDAQ rules. The Science and Technology Committee's responsibilities include:

reviewing, evaluating, and advising the Board of Directors and management regarding the long-term strategic goals and objectives and the quality and direction of our research and development programs;

monitoring and evaluating trends in research and development, and recommend to our Board of Directors and management emerging technologies for building the company's technological strength;

recommending approaches to acquiring and maintaining technology positions (including but not limited to contracts, grants, collaborative efforts, alliances, and capital); advising the Board of Directors and management on the scientific aspects of business development transactions;

regularly reviewing our research and development pipeline;

assisting the Board of Directors with its oversight responsibility for enterprise risk management in areas affecting the Company's research and development; and

review such other topics as delegated to the Science and Technology Committee from time to time by the Board of Directors.



## **Table of Contents**

The Science and Technology Committee held one meeting during 2015. The Science and Technology Committee does not operate under a written charter adopted by the Board of Directors.

*Identifying and Evaluating Director Nominees.* Our Board of Directors is responsible for selecting its own members. The Board of Directors delegates the selection and nomination process to the Nominating and Corporate Governance Committee, with the expectation that other members of the Board of Directors, and of management, will be requested to take part in the process as appropriate.

Generally, the Nominating and Corporate Governance Committee identifies candidates for director nominees in consultation with management, through the use of search firms or other advisors, through the recommendations submitted by stockholders or through such other methods as the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. Once candidates have been identified, the Nominating and Corporate Governance Committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the Nominating and Corporate Governance Committee deems to be appropriate in the evaluation process. The Nominating and Corporate Governance Committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of our Board of Directors. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for the Board of Director's approval as director nominees for election to the Board of Directors.

*Minimum Qualifications.* The Nominating and Corporate Governance Committee will consider, among other things, the following qualifications, skills and attributes when recommending candidates for the Board of Director's selection as nominees for the Board of Directors and as candidates for appointment to the Board of Director's committees. The nominee shall have the highest personal and professional integrity, shall have demonstrated exceptional ability and judgment, and shall be most effective, in conjunction with the other nominees to the Board of Directors, in collectively serving the long-term interests of the stockholders.

In evaluating proposed director candidates, the Nominating and Corporate Governance Committee may consider, in addition to the minimum qualifications and other criteria for Board of Directors membership approved by the Board of Directors from time to time, all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the proposed director candidate, his or her depth and breadth of professional experience or other background characteristics, his or her independence and the needs of the Board of Directors.

*Stockholder Recommendations.* Stockholders may submit recommendations for director candidates to the Nominating and Corporate Governance Committee by sending the individual's name and qualifications to our Secretary at Sage Therapeutics, Inc., 215 First Street, Cambridge, Massachusetts, 02142, who will forward all recommendations to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

*Stockholder Communications.* The Board of Directors provides to every securityholder the ability to communicate with the Board of Directors, as a whole, and with individual directors on the Board of Directors through an established process for securityholder communication. For a securityholder communication directed to the Board of Directors as a whole, securityholders may send such communication to the attention of the Chairman of the Board via U.S. Mail or Expedited Delivery Service to: Sage Therapeutics, Inc., 215 First Street, Cambridge, Massachusetts, 02142, Attn: Chairman of the Board. All such communications will be delivered to the Board of Directors or the applicable director

or committee chair.

## **Table of Contents**

For a securityholder communication directed to an individual director in his or her capacity as a member of the Board of Directors, securityholders may send such communication to the attention of the individual director via U.S. Mail or Expedited Delivery Service to: Sage Therapeutics, Inc., 215 First Street, Cambridge, Massachusetts, 02142, Attn: [Name of Individual Director].

We will forward by U.S. Mail any such securityholder communication to each director, and the Chairman of the Board in his or her capacity as a representative of the Board of Directors, to whom such securityholder communication is addressed to the address specified by each such director and the Chairman of the Board, unless there are safety or security concerns that mitigate against further transmission.

*Risk Oversight.* Our Board of Directors oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. Our Board of Directors performs this oversight role by using several different levels of review. In connection with its reviews of the operations and corporate functions of our company, our Board of Directors addresses the primary risks associated with those operations and corporate functions. In addition, our Board of Directors reviews the risks associated with our company's business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies.

Each of the committees of our Board of Directors also oversees the management of our risk that falls within the committee's areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisors. Our Chief Financial Officer provides reports to the Audit Committee, and is responsible for identifying, evaluating and implementing risk management controls and methodologies to address any identified risks. In connection with its risk management role, our Audit Committee meets privately with representatives from our independent registered public accounting firm, and privately with our Chief Financial Officer. The Audit Committee oversees the operation of our risk management program, including the identification of the primary risks associated with our business and periodic updates to such risks, and reports to our Board of Directors regarding these activities.

**Code of Business Conduct and Ethics.** We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The current version of the Code of Business Conduct and Ethics is available on our website at <http://investor.sagerx.com/corporate-governance.cfm>. A copy of the Code of Business Conduct and Ethics may also be obtained, free of charge, upon a request directed to: Sage Therapeutics, Inc., 215 First Street, Cambridge, Massachusetts, 02142 Attention: SVP, General Counsel. We intend to disclose any amendment or waiver of a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, or principal accounting officer, or persons performing similar functions, by posting such information on our website (available at [sagerx.com](http://sagerx.com)) and/or in our public filings with the SEC.

**Corporate Governance Guidelines.** Our Board of Directors has adopted corporate governance guidelines to assist and guide its members in the exercise of their responsibilities. These guidelines should be interpreted in accordance with any requirements imposed by applicable federal or state law or regulation, NASDAQ and our certificate of incorporation and By-laws. Our corporate governance guidelines are available in the corporate governance section of our website at <http://investor.sagerx.com/corporate-governance.cfm>. Although these corporate governance guidelines have been approved by our Board of Directors, it is expected that these guidelines will evolve over time as customary practice and legal requirements change. In particular, guidelines that encompass legal, regulatory or exchange requirements as they currently exist will be deemed to be modified as and to the extent that such legal, regulatory or exchange requirements are modified. In addition, the guidelines may also be amended by our Board of Directors at any time as it deems appropriate.



Table of Contents**PROPOSAL 2****RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

On the recommendation of the Audit Committee, our Board of Directors has appointed PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. The Board of Directors recommends that stockholders vote for ratification of this appointment. If this proposal is not approved at the Annual Meeting, our Board of Directors will reconsider its appointment. Even if the appointment is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered accounting firm at any time during the year if the Audit Committee determines that such a change would be in our stockholders' best interests.

PricewaterhouseCoopers LLP has audited our financial statements for the fiscal years ended December 31, 2015 and 2014. We expect representatives of PricewaterhouseCoopers LLP to be present at the Annual Meeting, and available to respond to appropriate questions. They will have the opportunity to make a statement if they desire to do so.

**PricewaterhouseCoopers LLP Fees**

The following table sets forth fees billed for professional audit services and other services rendered to us by PricewaterhouseCoopers LLP and its affiliates for the fiscal years ended December 31, 2015 and 2014.

	<b>Fiscal 2015</b>	<b>Fiscal 2014</b>
Audit Fees (\$)	792,500	1,311,967
Audit-Related Fees (\$)		
Tax Fees (\$)	22,764	15,000
All Other Fees (\$)		
<b>Total (\$)</b>	<b>815,264</b>	<b>1,326,967</b>

*Audit Fees.* Audit fees consist of fees billed for professional services performed by PricewaterhouseCoopers LLP for the audit of our annual consolidated financial statements, the review of interim consolidated financial statements, and related services that are normally provided in connection with registration statements, including the registration statements for our follow-on offerings. Included in the 2014 audit fees is \$862,543 of fees billed in connection with our initial public offering. Included in the 2015 audit fees is \$222,500 of fees billed in connection with our follow-on offerings completed in April 2015 and January 2016.

*Audit-Related Fees.* Audit related fees consist of fees billed by PricewaterhouseCoopers LLP for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements. There were no such fees incurred in 2015 or 2014.

*Tax Fees.* Tax fees consist of fees for professional services, including tax consulting and compliance performed by PricewaterhouseCoopers LLP.

*All Other Fees.* We did not incur any other fees for services performed for PricewaterhouseCoopers LLP in 2015 or 2014.

**Pre-Approval of Audit and Non-Audit Services**

It is the policy of our Audit Committee that all services to be provided by our independent registered public accounting firm, including audit services and permitted audit-related and non-audit services, must be approved in advance by our Audit Committee.

**Table of Contents**

All PricewaterhouseCoopers LLP services and fees in the fiscal years ended December 31, 2015 and December 31, 2014 were pre-approved by the Audit Committee or its properly delegated authority.

**Vote Required and Board of Directors Recommendation**

The approval of Proposal 2 requires that a majority of the votes properly cast vote FOR this proposal. Shares that are voted abstain will not affect the outcome of this proposal.

***Our Board of Directors recommends that stockholders vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.***

**PROPOSAL 3**

**ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION**

In Proposal 3, we are asking our stockholders to cast a non-binding advisory vote regarding the frequency of future executive compensation advisory votes. Stockholders may vote for a frequency of every one, two or three years, or may abstain.

After careful consideration, our Board of Directors recommends that an advisory vote on executive compensation should be held every year. Our Board of Directors believes that an annual executive compensation advisory vote will facilitate more direct stockholder input on executive compensation. An annual executive compensation advisory vote is consistent with our policy of reviewing our compensation programs annually, as well as considering input from our stockholders on corporate governance and executive compensation matters. We believe an annual vote would be the best governance practice for our company at this time.

**Vote Required and Board of Directors Recommendation**

For the reasons discussed above, our Board of Directors recommends that stockholders vote to hold the advisory vote on executive compensation every year. Stockholders are not voting, however, to approve or disapprove of this particular recommendation. The proxy card provides for four choices, and stockholders are entitled to vote on whether the advisory vote on executive compensation should be held every one, two, or three years, or to abstain from voting. The frequency choice that receives the highest number of votes cast will be considered to be the preferred frequency of our stockholders as to when we hold future non-binding stockholder advisory say-on-pay votes on executive compensation.

As this vote is advisory, it will not be binding upon our Board of Directors and our Board of Directors may decide that it is in the best interest of our stockholders to hold an advisory vote on executive compensation more or less frequently than the frequency receiving the most votes cast by our stockholders. However, the Board of Directors will carefully consider the outcome of this vote when considering the frequency of future advisory votes on executive compensation.

***Our Board of Directors recommends that stockholders vote to hold the advisory vote on executive compensation every year.***

**TRANSACTION OF OTHER BUSINESS**

Our Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.



**Table of Contents**

**EXECUTIVE OFFICER AND DIRECTOR COMPENSATION**

**Compensation Discussion and Analysis**

Our executive compensation programs are designed to attract, motivate and retain qualified and talented executives, motivating them to achieve our business goals, and rewarding them for superior short-term and long-term performance. In particular, our compensation programs are intended to reward the achievement of specified pre-determined quantitative and qualitative corporate and individual performance goals and objectives, and to align the interests of our senior management team with those of our stockholders in order to attain our ultimate objective of delivering important new medicines and increasing stockholder value.

Our Compensation Committee is responsible for overseeing our compensation and benefit plans and policies; administering our equity incentive plans; reviewing and approving annually all compensation decisions relating to our executive officers; and making recommendations to the full Board of Directors on compensation for our Chief Executive Officer. The Compensation Committee considers recommendations from our Chief Executive Officer regarding the compensation of our executive officers other than himself. Our Compensation Committee has the authority under its charter to engage the services of a consulting firm or other outside advisor to assist it in designing our compensation programs and in making compensation decisions. Arnosti Consulting is our current advisor. Our Compensation Committee has assessed the independence of Arnosti Consulting consistent with NASDAQ listing standards, and has concluded that the engagement of Arnosti Consulting does not raise any conflict of interest.

This section discusses the principles underlying our policies and decisions with respect to the compensation of our executive officers who are named in the Summary Compensation Table below, or our named executive officers, and all material factors relevant to an analysis of these policies and decisions. Our named executive officers are:

Jeffrey M. Jonas, M.D., our President and Chief Executive Officer;

Kimi Iguchi, our Chief Financial Officer and Treasurer;

Albert J. Robichaud, Ph.D., our Chief Scientific Officer;

Stephen J. Kanés, M.D., Ph.D., our Chief Medical Officer; and

Thomas D. Anderson, our Chief Commercial Strategy Officer.

***Executive Summary and Corporate Background***

We are a clinical-stage biopharmaceutical company committed to developing and commercializing novel medicines to treat life-threatening central nervous system, or CNS, disorders, where there are inadequate or no approved existing therapies. We are targeting CNS indications where patient populations are easily identified, clinical endpoints are well-defined, and development pathways are feasible.

Our executive compensation program is designed to:

attract and retain qualified and talented executives;

be fair, reasonable and market competitive;

provide a strong link between performance and pay, and give us the ability to differentially invest in top performance;

be flexible to support our long-term growth strategy; and

align the incentives of our executive officers with our corporate strategies, business objectives and the long-term interests of our stockholders, and promote long-term ownership by our executives.

## **Table of Contents**

To achieve these objectives, our Compensation Committee evaluates our executive compensation program with the goal of setting total compensation at levels that align with a total rewards strategy appropriate for our size and stage. Specifically, our Compensation Committee targets total cash compensation for our executive officers at or near market median for fixed compensation, with opportunity to achieve upper quartile positioning for exceptional company and individual performance. Our Compensation Committee targets total equity incentive compensation for our executive officers between the market median and the upper quartile of our peer group, with achievement of exceptional long term company performance resulting in upper quartile value of incentives.

Because we have a pay-for-performance philosophy, actual compensation levels are correlated to the achievement of corporate goals and individual performance. As described below, during 2015, we made significant progress on our clinical development and business goals, including: commencing a Phase 3 clinical trial of SAGE-547 in the treatment of super-refractory status epilepticus, or SRSE; finalizing data from proof-of-concept clinical trials of SAGE-547 in the treatment of severe post-partum depression and essential tremor; commencing a Phase 1 clinical trial of SAGE-217 in healthy volunteers; and delivering three new compounds for further development, including an NMDA receptor modulator and two new GABA<sub>A</sub> receptor modulators. Based on our performance during 2015 in achieving our goals and in our transitioning to a company with strong value drivers for potential future growth, our Board of Directors assigned a corporate performance rating of 125% with respect to our corporate goals for 2015.

### ***Compensation Objectives and Philosophy***

Our executive compensation programs are designed to attract, motivate and retain qualified and talented executives, motivating them to achieve our business goals and rewarding them for superior short-term and long-term performance. In particular, our compensation programs are intended to reward the achievement of specified pre-determined quantitative and qualitative corporate and individual performance goals and objectives, and to align the interests of our senior management team with those of our stockholders in order to attain our ultimate objective of increasing stockholder value while delivering important new medicines to patients.

### ***Executive Compensation Elements***

The primary elements of our executive compensation program are:

base salary;

annual performance-based cash incentives;

equity incentive awards;

severance and change in control benefits;

broad-based health and welfare benefits; and

401(k) plan available to all employees.

We award annual merit-based increases in base salary based upon an assessment of each executive's performance, the scope of his or her responsibilities and appropriate benchmarks. We determine annual performance-based cash incentives for our executive officers based on achievement of a combination of corporate goals and individual performance. We typically grant stock options to our executive officers upon commencement of their employment, annually following a review of their individual performance and in connection with any promotion. The mix of compensation components is designed to reward annual results as well as drive long-term company performance and create stockholder value.

Our Compensation Committee does not have a formal or informal policy for allocating between long-term and short-term compensation, between cash and non-cash compensation or among different forms of non-cash compensation. Instead, our Compensation Committee exercises its judgment to determine what it believes to be

**Table of Contents**

the appropriate level and mix of the various compensation components, after reviewing information provided by Arnosti Consulting and other relevant data. We generally strive to provide our executive officers with a balance of short-term and long-term incentives to encourage and reward consistently strong performance. Ultimately, the objective in allocating between long-term and currently paid compensation is to ensure adequate base compensation to attract and retain talent, while providing incentives to maximize long-term value for our company and our stockholders.

***Defining and Comparing Compensation to Market Benchmarks***

In making compensation decisions, our Compensation Committee reviews publicly available compensation data and subscription survey data provided by Arnosti Consulting from a peer group of publicly traded, national and regional companies in the biopharmaceutical and biotechnology industries. Our Compensation Committee establishes our peer group, based on the recommendation of Arnosti Consulting, using a balance of the following criteria:

companies whose stage of development (revenue and R&D expense) and market capitalization are similar, though not necessarily identical, to ours;

companies with similar executive positions to ours;

companies against which we believe we compete for executive talent; and

public companies based in the United States whose compensation and financial data are available in proxy statements or through widely available compensation surveys.

Based on these criteria, our peer group for 2015, referred to as our 2015 peer group, was approved by our Compensation Committee in September 2015.

**2015 Peer Group**

Acceleron Pharma, Inc	Juno Therapeutics, Inc.
Achillion Pharmaceuticals, Inc.	Kite Pharmaceuticals, Inc.
Agios Pharmaceuticals, Inc.	Ophthotech Corp.
Amicus Therapeutics, Inc.	Portola Pharmaceutical Inc.
Cempra, Inc.	Puma Biotechnology, Inc.
Chimerix Inc.	Relypsa Inc.
Clovis Oncology, Inc.	Sarepta Therapeutics, Inc.
Dynavax Technologies Corp.	Spark Therapeutics, Inc.
Eagle Pharmaceuticals, Inc.	Tesaro, Inc.
Esperion Therapeutics, Inc.	Ultragenyx Pharmaceutical Inc.
Heron Therapeutics, Inc.	Zafgen, Inc.
Insmed Inc.	Ziopharm Oncology Inc.
Intra-Cellular Therapeutics, Inc.	

Our Compensation Committee reviews the companies in our peer group annually, based on Arnosti Consulting's recommendations regarding which companies should be included in the peer group, and makes adjustments as necessary to ensure the peer group continues to properly reflect the market in which we compete for talented executives. For example, the changes between the 2014 peer group and the 2015 peer group were the result of certain companies being acquired, certain companies moving to a different stage of development (revenue and R&D expense) or market capitalization, and other changes to better align the peer group.

We believe that the compensation practices of our 2015 peer group provided us with appropriate compensation benchmarks for evaluating the compensation of our executive officers based on 2015 performance. Notwithstanding the similarities of the 2015 peer group to us, due to the nature of our business, we compete for executive talent with many public companies that are larger and more established than we are, or that possess

**Table of Contents**

greater resources than we do, and with smaller private companies that may be able to offer greater equity compensation potential, as well as with prestigious academic and non-profit institutions. Our Compensation Committee takes these factors into account in assessing executive compensation.

To achieve our objectives, our Compensation Committee evaluates our executive compensation program with the goal of setting total compensation at levels that align with a total rewards strategy appropriate for our size and stage. Specifically, our Compensation Committee targets compensation for our executive officers as follows:

base salaries at or near market median of our 2015 peer group and, for top performers, between the market median and 75th percentile;

annual cash incentive awards at approximately the market median of our 2015 peer group for the target opportunity with significant variability in actual payments based on corporate and individual performance;

total annual equity incentive awards, provided in the form of stock options, targeting between median and upper quartile of our 2015 peer group for target performance with achievement of exceptional corporate and individual performance resulting in upper quartile values to promote long terms ownership; and

total compensation for our executives targeted at or near the market median of compensation paid to similarly situated executives of the companies in our 2015 peer group and between market media and the 75th percentile for top performers.

Our Compensation Committee may consider other criteria, including market factors; the experience level of the executive responsibilities; the executive s contributions in helping to achieve established corporate goals; and overall contributions and performance, in determining variations to this general target range.

***Key Performance Factors in Determining Executive Compensation***

As the biopharmaceutical industry is characterized by a very long product development cycle, including a lengthy research and development period and a rigorous approval phase involving human testing and governmental regulatory approval, many of the traditional benchmarking metrics, such as product sales, revenues and profits are inappropriate for a clinical-stage biopharmaceutical company, such as Sage. Instead, the specific performance factors our Compensation Committee considers when determining the compensation of our named executive officers include:

key research and development achievements;

initiation and progress of clinical trials for our product candidates;

expansion of our manufacturing and operational capabilities on a global basis;

achievement of regulatory milestones;

new business initiatives including financings; and

managing our growth while maintaining a high-performing organization and culture.

Annual corporate goals are proposed by our senior management team prior to the beginning of each year, and approved by our Board of Directors. During the last quarter of each year, our Compensation Committee, with the input of the senior management team, evaluates our corporate performance as compared to the corporate goals, and taking into account other corporate achievements and developments, assigns a corporate performance rating. Our Compensation Committee also evaluates the individual performance of our executive officers each year, with the input of our Board of Directors, in the case of our Chief Executive Officer's individual performance, and with the input of our Chief Executive Officer, in the case of the evaluation of the other executive officers. After the end of each year, our Compensation Committee determines executive compensation levels, or in the case of our Chief Executive Officer, recommends compensation levels to our Board of Directors, based on the overall corporate performance against the established corporate goals, as well as each individual executive officer's contributions to achievement of the corporate goals and individual performance. In addition, our Compensation Committee may apply its discretion, as it deems appropriate, in determining or recommending executive compensation.



## **Table of Contents**

In line with this process, our Compensation Committee assessed the performance of Jeffrey Jonas, our Chief Executive Officer, in 2015 based on the level of attainment of our corporate goals, and his leadership in execution of our strategic plans resulting in a substantial clinical-stage pipeline with strong drivers for future growth. In assessing the individual performance of our named executive officers, other than our Chief Executive Officer, the Compensation Committee, based on the input of our Chief Executive Officer, considered each such officer's individual contributions to completion of our corporate goals, and the officer's individual achievements in helping to build the Company and execute on our strategy. These achievements include the following:

In 2015, Dr. Kanes led our clinical and regulatory teams responsible for completing the Phase 1/2 clinical trial of SAGE-547 in SRSE; designing and commencing the ongoing Phase 3 clinical trial of SAGE-547 in SRSE; reaching agreement with the FDA under a special protocol assessment for the Phase 3 trial; completing proof-of-concept studies of SAGE-547 in essential tremor and severe PPD; and submitting INDs for SAGE-217 and SAGE-689.

In 2015, Ms. Iguchi guided our financing activities, leading to successful follow-on public offerings in April 2015 and January 2016, helping to finance our expanding clinical activities and diversify our investor base. She also made significant strides in building the Finance and Investor Relations functions.

In 2015, Dr. Robichaud's led our successful discovery efforts that culminated in selection of three new discovery compounds for further development, including our first NMDA receptor modulator; advanced work on additional compounds targeting GABA<sub>A</sub> or NMDA receptors and expansion of our compound library; and continued to develop and lead implementation of our strategy for protection of intellectual property.

In 2015, Mr. Anderson was instrumental in helping us understand the markets our product candidates, if successfully developed, are intended to target; leading our strategic planning efforts; building our program management functions; leading launch planning efforts and beginning our pre-launch commercial building activities.

In 2015, our Compensation Committee established the cash bonus opportunity for each member of our senior management team under the 2015 annual incentive program, representing a percentage of each individual's base salary. The bonus targets for 2015 performance for our named executive officers were 50% for Dr. Jonas, and 35% for each of Dr. Kanes; Dr. Robichaud; Ms. Iguchi; and Mr. Anderson. For 2015, our Chief Executive Officer's bonus was based entirely on performance relative to corporate goals and the bonus of our other named executive officers was based 80% on corporate goals and 20% on individual performance.

Our Compensation Committee typically grants annual stock option awards, and determines changes in base salary and the amount of any cash incentive payments, at its first regularly scheduled meeting of the new year. Our Compensation Committee may also review the compensation of our executive officers throughout the course of the year. With respect to year-end reviews, any changes in base salary are effective at the beginning of the following year. The cash incentive payments awarded under our 2015 annual incentive bonus program were paid in February 2016.

### ***Base Salary***

Base salary is intended to provide compensation for day-to-day performance. The Compensation Committee believes that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. Base salaries for our executive officers are intended to be competitive with those received by other individuals in similar positions at the companies with which we compete for talent. Base salaries are originally established at the time the executive is hired based on individual experience, skills and expected contributions, our understanding of what executives in similar positions at peer companies are paid, and also negotiations during the hiring process. The base salaries of our executive officers are reviewed annually and may be adjusted to reflect market conditions and our executives' performance during the prior year as well as the financial position of the company, or if there is a change in the scope of the officer's responsibilities.

**Table of Contents**

At the beginning of 2015, our Compensation Committee reviewed the base salary and overall compensation paid to Jeffrey Jonas, our Chief Executive Officer. Based on his accomplishments during the prior year and the comparison of his base salary to the base salary of chief executive officers in our 2014 peer group, the Compensation Committee recommended that our Board of Directors approve an increase in the annual base salary paid to Dr. Jonas from \$425,000 to \$450,000. Our Board of Directors agreed with the recommendation of the Compensation Committee.

At the beginning of 2015, our Compensation Committee approved merit increases in base salary for each of our other named executive officers serving at that time, based upon the executive officer's individual performance and the comparison of his or her base salary to the base salary of executive officers in comparable positions in our 2014 peer group. The table below sets forth the adjustments to base salary, in dollars and as a percentage, for each of our named executive officers serving at the beginning of 2015:

Name	Base Salary Adjustments		Increase (%)
	2014 Base Salary	2015 Base Salary	
Jeffrey M. Jonas, M.D.	\$ 425,000	\$ 450,000	5.8%
Kimi Iguchi	\$ 300,000	\$ 312,000	4.0%
Albert J. Robichaud, Ph.D.	\$ 300,000	\$ 315,000	5.0%
Stephen J. Kaness, M.D., Ph.D.	\$ 325,000	\$ 357,500	10.0%
Thomas D. Anderson	\$ 300,000	\$ 319,808	6.6%

Dr. Robichaud also received a 7% market adjustment in May, 2015, increasing his salary to \$337,050, effective as of January 1, 2015. The Compensation Committee took this action to more closely align Dr. Robichaud's salary with those executive officers in comparable positions in our peer group.

***Performance-Based Cash Incentive Bonus Program***

Our Compensation Committee has the authority to award annual performance-based cash incentive bonuses to our executive officers, and to make recommendations to the full Board of Directors for approval of performance-based cash incentive bonuses for the Chief Executive Officer. The bonus targets for 2015 performance for our named executive officers were 50% for Dr. Jonas, and 35% for each of Dr. Kaness; Dr. Robichaud; Ms. Iguchi; and Mr. Anderson.

In making its determination regarding awards under the 2015 annual cash incentive program, our Compensation Committee considered our success against our 2015 corporate goals. The 2015 corporate goals approved by our Board of Directors, and the relative weightings assigned to each goal at the beginning of the year, were as follows:

Advance clinical pipeline (50%)

Begin pivotal study of SAGE-547 in SRSE

File Investigational New Drug Application, or IND, and begin Phase 1 studies of SAGE-217 and SAGE-689

Finalize data from one proof-of-concept study of SAGE-547

Establish supply chain for SAGE-547

Deliver a sustainable and innovative orphan drug pipeline, and gain external recognition of leadership position in CNS disorders (20%)

Support two lead optimization programs, and identify one development candidate

Initiate IND-enabling studies of development candidate

**Table of Contents**

Complete preclinical validation for GABA positive allosteric modulator

Increase SRSE disease awareness

Drive business performance (20%)

Develop and execute financing strategy to fund operations, including diversifying our stockholder base

Deliver data-driven rationale for SAGE-547's value proposition

Build and sustain a high performing organization and culture (10%)

Our Compensation Committee determined that we made significant progress in 2015 in achieving these clinical development and business goals, including:

commencing a Phase 3 clinical trial of SAGE-547 in the treatment of SRSE in April 2015;

finalizing data from proof-of-concept clinical trials of SAGE-547 in the treatment of severe post-partum depression and essential tremor;

filing an IND for SAGE-217 in August 2015, and commencing a Phase 1 clinical trial of SAGE-217 in healthy volunteers;

delivering three new compounds for further development, including an NMDA receptor modulator and two new GABA<sub>A</sub> receptor modulators;

completing registration runs for SAGE-547 as we build our supply chain;

significant progress toward building a high performing organization and culture, including hiring 28 new employees, augmenting the senior leadership team, and building operating models and development plans;

increasing awareness of SRSE and expanding Sage's scientific leadership in CNS through publications, presentations and attendance at medical and scientific conferences;

completion of initial market and pricing studies related to SRSE; and

completion of a follow-on offering in April 2015.

Based on our performance during 2015 in achieving our goals and in transitioning Sage to a company with strong value drivers for potential future growth, the Board of Directors determined that our corporate achievement was 125% as compared to our corporate goals for 2015.

In February 2016, based on the above corporate goal achievement assessment, individual performance, as noted above, in the case of executive officers other than our Chief Executive Officer, and analysis of the data from our 2015 peer group, our Compensation Committee approved performance-based cash incentive bonuses to our named executive officers for 2015 performance in the amounts listed below with the full Board of Directors approving Dr. Jonas' payment.

<b>Name</b>	
Jeffrey M. Jonas, M.D.	\$ 281,250
Kimi Iguchi	\$ 134,316
Albert J. Robichaud, Ph.D.	\$ 147,459
Stephen J. Kaness, M.D., Ph.D.	\$ 156,406
Thomas D. Anderson	\$ 137,677

***Equity Incentive Compensation***

Our equity incentive compensation program is designed to:

reward demonstrated leadership and performance;

align our executive officers' interests with those of our stockholders;

**Table of Contents**

retain our executive officers;

maintain competitive levels of executive compensation; and

motivate our executive officers for outstanding performance.

The market for qualified and talented executives in the biopharmaceutical industry is highly competitive, and we compete for talent with many companies that have greater resources than we do. Accordingly, we believe equity compensation is a crucial component of any competitive executive compensation package we offer.

Historically, our equity awards have generally taken the form of stock options. We typically grant stock options to each of our executive officers upon commencement of employment; annually in conjunction with our review of individual performance; in connection with a promotion; or as a special incentive.

All stock option awards to our executive officers are approved by our Compensation Committee and, other than stock option awards to new hires, are typically granted at our Compensation Committee's first regularly scheduled meeting at the beginning of the year. Stock option awards vary among our executive officers based on their positions and annual performance assessments. In addition, our Compensation Committee reviews all components of the executive's compensation to ensure that his or her total compensation is aligned with our overall philosophy and objectives. All stock options granted to our executives have exercise prices equal to the fair market value of our common stock on the date of grant, so that the recipient will not earn any compensation from his or her options unless our share price increases above the exercise price on the date of grant. Accordingly, this portion of our executive officers' compensation is at risk, and is directly aligned with stockholder value creation.

In addition, the stock options granted to our executive officers typically vest over four years, which we believe provides an incentive to our executives to add value to the company over the long-term and to remain with Sage. Typically, the stock options we grant to our executives have a ten-year term, and vest as to 25% of the shares on the first anniversary of their hire date or date of grant and then monthly thereafter until the fourth anniversary of such date. A portion of the options granted to our executive officers in 2015 vest upon the achievement of certain clinical and regulatory milestones that we believe are aligned with potential value creation for our stockholders. Vesting of option grants to employees ceases upon termination of employment, and exercise rights typically cease three months following termination of employment, except in the case of death or disability. Prior to the exercise of an option, the stock option holder does not have any rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents.

Our insider trading policy expressly prohibits short sales and derivative transactions of our stock by our named executive officers, directors and specified other employees, including short sales of our securities, including short sales against the box, purchases or sales of puts, calls or other derivative securities of the company or any derivative securities that provide the economic equivalent of ownership of any of our securities or an opportunity, direct or indirect, to profit from any change in the value of our securities, or other hedging or monetization transactions accomplished through the use of prepaid variable forwards, equity swaps, collars and exchange funds. In addition, our insider trading policy expressly prohibits our named executive officers, directors and specified other employees from purchasing our securities on margin, borrowing against company securities held in a margin account, or pledging our securities as collateral for a loan.

Equity incentive grants to our named executive officers are made at the discretion of the Compensation Committee under the terms of our 2014 Stock Option and Incentive Plan, or the 2014 Plan, except for equity incentive grants for

the Chief Executive Officer which are approved by the full Board of Directors. In 2015, the Compensation Committee made stock option grants to our named executive officers as specified in the Outstanding Equity Awards at Fiscal Year-End 2015 table below. Stock options have exercise prices equal to at least fair market value of our common stock on the date of grant, and reward executive officers only if the stock price increases from the date of grant.



**Table of Contents**

The following table sets forth information as of December 31, 2015 regarding shares of common stock that may be issued under our equity compensation plans, consisting of the 2011 Stock Option and Grant Plan, or the 2011 Plan, the 2014 Plan and our 2014 Employee Stock Purchase Plan. As of the closing of the initial public offering, no additional equity awards are made under our 2011 Plan.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (#)</b>	<b>Weighted-average exercise price of outstanding options (\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)</b>
Equity compensation plans approved by security holders(3)	3,002,809(1)	\$ 26.67(2)	1,137,511(3)
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>3,002,809</b>	<b>\$ 26.67</b>	<b>1,137,511</b>

(1) Includes 3,002,809 shares of common stock issuable upon the exercise of outstanding options. Does not include shares of restricted stock as they have been reflected in our total shares outstanding.

(2) Does not include purchase rights accruing under the 2014 Employee Stock Purchase Plan because the purchase right (and therefore the number of shares to be purchased) will not be determined until the end of the purchase period.

(3) As of December 31, 2015, there were 859,363 shares available for grant under the 2014 Plan and 278,148 shares available for grant under the 2014 Employee Stock Purchase Plan.

**Stock Option Granting Practices*****Delegation to Our Chief Executive Officer***

Currently, all of our employees, including our named executive officers, are eligible to participate in our 2014 Plan. All new employees are granted stock options when they start employment, and all continuing employees are eligible for stock option awards on an annual basis based on performance and upon promotions to positions of greater responsibility. Our Compensation Committee has delegated to Dr. Jonas, our Chief Executive Officer, the authority to make stock option awards under our 2014 Plan within approved guidelines to new hires and in connection with promotions, other than grants to the leadership team members. The number of stock options he may grant to any one individual must be within the range specifically set by our Compensation Committee for these awards. The exercise

price of such stock options must be equal to the closing price of our common stock on NASDAQ on the first business day of the calendar month following the date of hire or promotion. With respect to stock option awards to new hires other than leadership team members, Dr. Jonas typically approves the award prior to the employee's first date of employment with such authority and provides that the award is to be granted to the new hire on the first business day of the calendar month following the date of his or her first date of regular employment. With respect to stock option awards made in connection with promotions other than of vice presidents and executive officers, Dr. Jonas approves the award in connection with such promotion, and provides that the award is to be granted on the first business day of the calendar month following the date of such promotion. Dr. Jonas is required to maintain a list of stock options granted pursuant to such delegated authority, and report to our Compensation Committee regarding such awards.

***Employee Benefits***

In addition to the primary elements of compensation described above, the named executive officers also participate in the same broad-based employee benefits programs available to all of our employees, including

## **Table of Contents**

health insurance, life and disability insurance, dental insurance and our 401(k) plan. The Company does not provide special benefits to its executive officers.

### **Other Compensation Program Features**

In addition to our direct compensation elements, the following compensation program features are designed to align our executive team with stockholder interests and market best practices:

we do not offer any tax gross-up payments to our executive team for any change-of-control payments;

we prohibit our executive team from engaging in hedging transactions with our securities or pledging our securities; and

we do not offer our executive team any substantially enhanced benefits or perquisites when compared to our overall employee population.

### **Compliance with IRS Code Section 162(m)**

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction to public companies for compensation in excess of \$1 million per person paid to a company's chief executive officer and its three other officers (other than the chief/principal financial officer) whose compensation is required to be disclosed to stockholders pursuant to the Exchange Act by reason of being among the company's most highly compensated officers. Qualified performance-based compensation is not subject to the deduction limitation if specified requirements are met. We periodically review the potential effects of Section 162(m) and we consider whether to structure the performance-based portion of our executive compensation to comply with exemptions in Section 162(m), so that the compensation remains tax deductible to us. However, our Compensation Committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract, motivate and retain executive talent and are in our best interest and that of our stockholders.

### **Rule 10b5-1 Sales Plans**

Our policy governing transactions in our securities by directors, officers and employees permits our officers, directors and employees to enter into trading plans complying with Rule 10b5-1 under the Exchange Act. Generally, under these trading plans, the individual relinquishes control over the transactions once the trading plan is put into place. Accordingly, sales under these plans may occur at any time, including possibly before, simultaneously with, or immediately after significant events involving our company.

### **Executive Officer Stock Ownership Guidelines.**

Because of the importance of linking the interests of management and stockholders, in 2015, our Compensation Committee established stock ownership guidelines for our executive officers. These guidelines specify the number of shares that our executive officers must accumulate and hold within five years from the later of the effective date of implementation of the guidelines or the date the individual was hired or promoted to an executive officer position. Under the guidelines, ownership targets are set at a value greater than or equal to four times base salary in the case of

our Chief Executive Officer, and greater than or equal to two times base salary in the case of our other executive officers. Unvested restricted stock and vested, unexercised in-the-money stock options count toward satisfying these ownership guidelines.

### **Compensation Risk Assessment**

Our Compensation Committee reviews periodically reviews and consider whether our compensation programs and policies create risks that are reasonably likely to have a material adverse effect on the Company. We believe that our executive compensation program does not encourage excessive or unnecessary risk taking. This is

**Table of Contents**

primarily due to the fact that our compensation programs are designed to encourage our executive officers and other employees to remain focused on both short-term and long-term strategic goals. We also have a Code of Business Conduct and Ethics in place to prevent conduct by our executive officers and other employees that is inconsistent with applicable laws and regulations. Disciplinary measures for violations of the Code of Business Conduct and Ethics may include a reduction or elimination of bonuses, termination of employment or restitution. In addition, the stock option agreements that govern stock options granted to the event of termination of the individual's employment for cause. As a result, we do not believe that our compensation programs are reasonably likely to have a material adverse effect on us.

**Report of the Compensation Committee on Executive Compensation**

Our Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based upon such review and discussions, our Compensation Committee recommended to our Board of Directors that such section be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on February 29, 2016.

By the Compensation Committee of the Board of Directors of Sage Therapeutics, Inc.,

Howard Pien, Chairman

James Frates

Steven Paul, M.D.

**Executive Compensation****Summary Compensation Table**

The following table sets forth the compensation earned during the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013 for our chief executive officer, our chief financial officer and our next three highest-paid executive officers as of December 31, 2015. We refer to these officers as our named executive officers.

Name and Principal Position	Year	Salary(\$)	Option	Bonus(\$)	Non-equity	All	Total(\$)
			Awards		incentive plan	Other	
			(\$)(1)		(\$)(2)	(\$)(3)	
Jeffrey M. Jonas, M.D. (4)	2015	450,000	9,310,667		281,250	6,140	10,048,057
President and Chief Executive Officer	2014	425,000		125,000 <sup>(8)</sup>	195,500	490	745,990
	2013	152,973	204,774	225,000 <sup>(8)</sup>			582,747
Kimi Iguchi (5) Chief Financial Officer and Treasurer	2015	312,000	1,951,929		134,316	12,002	2,410,247
	2014	282,286	376,438		103,500		745,990
	2013	228,118	3,399				231,517
Albert J. Robichaud, Ph.D.	2015	337,050	1,464,271		147,459	12,651	1,961,431

Edgar Filing: Sage Therapeutics, Inc. - Form DEF 14A

Chief Scientific Officer	2014	300,000			99,000	1,275	400,275
	2013	300,000			2,500		302,500
Stephen J. Kanés, M.D., Ph.D. (6)	2015	357,500	1,952,137		156,406	12,156	2,478,199
Chief Medical Officer	2014	325,000		65,000 <sup>(9)</sup>	112,125	1,221	503,346
	2013	148,958	65,150	65,000 <sup>(9)</sup>			279,108
Thomas D. Anderson (7)	2015	319,808	1,707,207	50,000 <sup>(10)</sup>	137,677	13,231	2,227,923
Chief Commercial Strategy Officer	2014	197,885	1,306,498	50,000 <sup>(10)</sup>	117,150		1,671,533
	2013						

**Table of Contents**

- (1) The amounts reported in the Option awards column above represent the grant date fair value of the stock options granted to such officers during 2013, 2014 and 2015 as computed in accordance FASB ASC, Topic 718, not including any estimates of forfeitures related to service-based vesting conditions. See note 13 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K filed with the SEC on February 29, 2016 for a discussion of assumptions made by us in determining the grant date fair value of our option awards. 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.
- (2) 2015 amounts represent cash bonus payments paid in 2016 for performance in 2015. 2014 amounts represent cash bonus payments paid in 2015 for performance in 2014 and 2013 amounts represent cash bonus payments made in 2014 for performance in 2013.
- (3) Represents imputed income for company-paid life insurance, company-paid planning and 10b5-1 plan advisory services and 401(k) matching contribution made with respect to the relevant fiscal year.
- (4) Dr. Jonas became our Chief Executive Officer in August 2013, and therefore his 2013 salary is prorated.
- (5) Ms. Iguchi became our Chief Financial Officer in February 2013 and therefore her 2013 salary is prorated.
- (6) Dr. Kanes became our Chief Medical Officer in July 2013, and therefore his 2013 salary is prorated.
- (7) Mr. Anderson became our Chief Commercial Strategy Officer in May 2014 and therefore his 2014 salary is prorated.
- (8) Represents a signing bonus paid to Dr. Jonas in accordance with his employment agreement.
- (9) Represents a relocation bonus paid to Dr. Kanes in accordance with his employment agreement.
- (10) Represents a relocation bonus paid to Mr. Anderson in accordance with his employment agreement.

**Grants of Plan-Based Awards**

The following table shows information regarding grants of plan-based awards during the fiscal year ended December 31, 2015 to our named executive officers.

Name and Principal Position	Grant Date	Estimated Future Payouts Under		All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option
		Non-Equity Incentive Plan Awards Target	Equity Incentive Plan Awards Target			
	(1)	(2)	(3)	(4)	(5)	
Jeffrey M. Jonas, M.D. President and Chief Executive Officer	1/23/15	225,000	144,000	180,000	38.25	9,310,667
Kimi Iguchi Chief Financial Officer and Treasurer	1/23/15	109,200	48,000	20,000	38.25	1,951,929
Albert Robichaud, Ph.D. Chief Scientific Officer	1/23/15	117,968	36,000	15,000	38.25	1,464,271

Edgar Filing: Sage Therapeutics, Inc. - Form DEF 14A

Stephen J. Kanés, M.D., Ph.D. Chief Medical Officer	1/23/15	125,125	48,000	20,000	38.25	1,952,136
Thomas D. Anderson Chief Commercial Strategy Officer	1/23/15	111,933	42,000	17,500	38.25	1,707,207

- (1) Represents the target amount of each executive's cash payments under our 2015 annual incentive program as established by the Compensation Committee and described in Compensation Discussion and Analysis above. Actual payments made for 2015 are provided in the Summary Compensation Table.
- (2) Represents performance-based options. 35% of these options vested upon the achievement of a clinical milestone on August 14, 2015. 35% and 30%, respectively, vest upon the achievement of clinical and regulatory performance criteria not yet achieved.
- (3) Represents options granted with time-based vesting of which 25% vested on the first anniversary of the grant date, and the remainder will vest in equal installments over the 36 months following the first anniversary of the grant date.



**Table of Contents**

- (4) The exercise price of these stock options was the closing price of our common stock on NASDAQ on the grant date.
- (5) Amounts represent the grant date fair value of the named executive officer's stock options, calculated in accordance with FASB ASC Topic 718, using a Black-Scholes valuation model. For purposes of these calculations, we have disregarded the estimate of forfeitures related to service-based or performance-based vesting conditions.

**Equity compensation****Outstanding equity awards at December 31, 2015**

The following table sets forth information concerning the outstanding equity awards held by each of the named executive officers as of December 31, 2015.

Name	Number of securities underlying unexercised options	Number of securities underlying unexercised options	Equity Incentive Plan Awards:			Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested
			Number of securities underlying unexercised unearned options	Option expiration	Option expiration		
	exercisable(#)	unexercisable(#)	(#)	price(\$)	date	(#)	vested (\$)(18)
Jeffrey M. Jonas	132,667 <sup>(1)</sup>	292,320		\$ 0.45	8/12/2023		
	(2)	180,000		\$ 38.25	1/23/2025		
	50,400 <sup>(3)</sup>		93,600	\$ 38.25	1/23/2025		
Kimi Iguchi	6,553 <sup>(4)</sup>	2,970		\$ 0.45	9/24/2023		
	36,259 <sup>(5)</sup>	14,533		\$ 1.36	1/22/2024		
	(6)	20,000		\$ 38.25	1/23/2025		
	16,800 <sup>(7)</sup>		31,200	\$ 38.25	1/23/2025		
						16,530	963,699
Albert Robichaud	10,657 <sup>(8)</sup>	11,565		\$ 1.36	1/22/2024		
	(9)	15,000		\$ 38.25	1/23/2025		
	12,600 <sup>(10)</sup>		23,400	\$ 38.25	1/23/2025		

Edgar Filing: Sage Therapeutics, Inc. - Form DEF 14A

Stephen J. Kanés	45,144 <sup>(11)</sup>	87,956	\$ 0.45	7/23/2023
	2,649 <sup>(12)</sup>	4,125	\$ 1.36	1/24/2024
	<sup>(13)</sup>	20,000	\$ 38.25	1/23/2025
	16,800 <sup>(14)</sup>		31,200 \$ 38.25	1/23/2025
Thomas D. Anderson	66,758 <sup>(15)</sup>	110,280	\$ 8.92	5/21/2024
	<sup>(16)</sup>	17,500	\$ 38.25	1/23/2025
	14,700 <sup>(17)</sup>		27,300 \$ 38.25	1/23/2025

- (1) Represents an option to purchase shares of our common stock granted on August 12, 2013. The shares underlying these options vest as follows: 25% vested on August 12, 2014, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (2) Represents an option to purchase shares of our common stock granted on January 23, 2015. The shares underlying these options vest as follows: 25% vested on January 23, 2016, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (3) Represents an option to purchase shares of our common stock granted on January 23, 2015. 35% of these options vested upon the achievement of a clinical milestone on August 14, 2015. 35% and 30%, respectively, vest upon the achievement clinical and regulatory of performance criteria not yet achieved.
- (4) Represents an option to purchase shares of our common stock granted on September 24, 2013. The shares underlying these option vest as follows: 12.5% vested on September 24, 2013, with the remainder of the shares vesting in equal quarterly installments over the following three years.

**Table of Contents**

- (5) Represents an option to purchase shares of our common stock granted on January 22, 2014. The shares underlying these options vest as follows: 37.5% vest in equal installments over a two year period that commenced three months after the grant date. 37.5% vest monthly commencing one month after the closing of our initial public offering. 25% vest in equal monthly installments over a four-year period that commenced immediately after the grant date.
- (6) Represents an option to purchase shares of our common stock granted on January 23, 2015. The shares underlying these options vest as follows: 25% vested on January 23, 2016, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (7) Represents an option to purchase shares of our common stock granted on January 23, 2015. 35% of these options vested upon the achievement of a clinical milestone on August 14, 2015. 35% and 30%, respectively, vest upon the achievement of clinical and regulatory performance criteria not yet achieved.
- (8) Represents an option to purchase shares of our common stock granted on January 22, 2014. The shares underlying these options vest in equal monthly installments over a four-year period that commenced immediately after the grant date.
- (9) Represents an option to purchase shares of our common stock granted on January 23, 2015. The shares underlying these options vest as follows: 25% vested on January 23, 2016, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (10) Represents an option to purchase shares of our common stock granted on January 23, 2015. 35% of these options vested upon the achievement of a clinical milestone on August 14, 2015. 35% and 30%, respectively, vest upon the achievement of clinical and regulatory performance criteria not yet achieved.
- (11) Represents an option to purchase shares of our common stock granted on July 23, 2013. The shares underlying these options vest as follows: 25% vested on July 18, 2014, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (12) Represents an option to purchase shares of our common stock granted on January 22, 2014. The shares underlying these options vest monthly commencing on February 1, 2014.
- (13) Represents an option to purchase shares of our common stock granted on January 23, 2015. The shares underlying these options vest as follows: 25% vested on January 23, 2016, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (14) Represents an option to purchase shares of our common stock granted on January 23, 2015. 35% of these options vested upon the achievement of the related performance criteria on August 14, 2015. 35% and 30%, respectively, vest upon the achievement of performance criteria not yet achieved.
- (15) Represents an option to purchase shares of our common stock granted on May 21, 2014. The shares underlying these options vest as follows: 25% vested on July 18, 2014, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (16) Represents an option to purchase shares of our common stock granted on January 23, 2015. The shares underlying these options vest as follows: 25% vested on January 23, 2016, with the remainder of the shares vesting in equal monthly installments over the following three years.
- (17) Represents an option to purchase shares of our common stock granted on January 23, 2015. 35% of these options vested upon the achievement of the related performance criteria on August 14, 2015. 35% and 30%, respectively, vest upon the achievement of performance criteria not yet achieved.
- (18) Amounts represent the market value using a \$58.30 fair market value of one share of common stock as of the close of business on NASDAQ, as of December 31, 2015.

**Table of Contents****Option Exercises and Stock Vested**

The following table shows the number of shares acquired upon exercise of stock options and the number of shares that vested under restricted stock awards held by each of our named executive officers during the year ended December 31, 2015.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise(#)	Value realized on exercise\$(1)	Number of shares acquired on vesting(#)	Value realized on vesting \$(2)
Jeffrey M. Jonas, M.D.	276,600	21,227,057		
Kimi Iguchi			19,836	1,056,664
Albert J. Robichaud, Ph.D.			50,919	2,738,794
Stephen J. Kaness, M.D., Ph.D.	28,936	1,470,250		
Thomas D. Anderson	5,500	388,987		

- (1) Value realized on exercise of stock option awards does not represent proceeds from any sale of any common stock acquired upon exercise, but is determined by multiplying the number of shares acquired upon exercise by the difference between the exercise price of the option and the closing price of our common stock on NASDAQ at each time of exercise.
- (2) Value realized on vesting of restricted stock awards does not represent proceeds from the sale of vested common stock, but is determined by multiplying the number of shares that vested on the closing price of our common stock on NASDAQ on each vesting date.

**Employment Agreements with Our Named Executive Officers**

We have entered into an employment agreement or letter agreement with each of our named executive officers in connection with their employment with us. Except as noted below, these employment agreements and letter agreements provide for at will employment.

We entered into a letter agreement with Dr. Jonas in July 2013, and he assumed the role of Chief Executive Officer in August 2013. The agreement entitles Dr. Jonas to an initial base salary of \$425,000 and eligibility for performance-based variable cash compensation at a target of 40% of his base salary, based upon achievements agreed to between Dr. Jonas and the Board of Directors. Dr. Jonas received a signing bonus, with \$225,000 paid out during his first month of employment and an additional \$125,000 paid on the one year anniversary of his employment. Dr. Jonas was also granted an option to purchase 701,587 shares of our common stock with an exercise price equal to the fair market value of our common stock on the day of the option grant, with one quarter of such option vesting on the one year anniversary of Dr. Jonas' employment and the rest on a monthly basis for three years thereafter. Dr. Jonas received performance-based variable cash compensation of \$281,250 for 2015. As of March 31 2016, Dr. Jonas' base salary is \$486,000 and his performance-based variable cash compensation target is 50%.

We entered into a letter agreement with Ms. Iguchi in February 2013, and she assumed the role of Chief Financial Officer in March 2013. The agreement entitles Ms. Iguchi to an initial base salary of \$275,000. Ms. Iguchi was also granted an option to purchase 250,000 shares of our common stock with an exercise price equal to the fair market value of our common stock on the day of the option grant, with one eighth of such options vesting immediately, and

the rest on a monthly basis for four years thereafter. Ms. Iguchi is also eligible for performance-based variable cash compensation up to a percentage of her base salary, based upon attainment of corporate and individual goals, as agreed between Ms. Iguchi and the Chief Executive Officer and as approved by the Compensation Committee. Ms. Iguchi received performance-based variable cash compensation of \$134,316 for 2015. As of March 31, 2016, Ms. Iguchi's base salary is \$324,480 and her performance-based variable cash compensation target is 35%.

---

**Table of Contents**

We entered into a letter agreement with Dr. Robichaud in September 2011, and he assumed the role of Chief Scientific Officer in November 2011. The agreement entitles Dr. Robichaud to an initial base salary of \$300,000, based upon achievements agreed to between Dr. Robichaud and our Chief Executive Officer. Dr. Robichaud received a signing bonus, with \$65,000 paid out during his first month of employment and an additional \$50,000 paid on the one year anniversary of his employment. Dr. Robichaud was also granted an option to purchase 222,222 shares of our common stock with an exercise price equal to the fair market value of our common stock on the day of the option grant, with one quarter of such options vesting on the one year anniversary of Dr. Robichaud's employment and the rest on a monthly basis for three years thereafter. Dr. Robichaud is eligible for performance-based cash compensation at a target percentage of his base salary, based upon attainment of corporate and individual goals, as agreed between Dr. Robichaud and the Chief Executive Officer and as approved by the Compensation Committee. Dr. Robichaud received performance-based cash compensation of \$147,459 for 2015. As of March 31, 2016, Dr. Robichaud's base salary is \$365,699 and his performance-based cash compensation target is 35%.

We entered into a letter agreement with Dr. Kanes in May 2013, and he assumed the role of Chief Medical Officer in August 2013. The agreement entitles Dr. Kanes to an initial base salary of \$325,000. Dr. Kanes received a signing bonus, with \$65,000 paid out during his first month of employment, and an additional \$65,000 paid on the one year anniversary of his employment. Dr. Kanes was also granted an option to purchase 222,222 shares of our common stock with an exercise price equal to the fair market value of our common stock on the day of the option grant, with one quarter of such option vesting on the one year anniversary of Dr. Kanes' employment and the rest on a monthly basis for three years thereafter. Dr. Kanes is eligible for performance-based variable cash compensation of up to a percentage of his base salary, based upon attainment of corporate and individual goals, as agreed between Dr. Kanes and the Chief Executive Officer and as approved by the Compensation Committee. Dr. Kanes received performance-based variable cash compensation of \$156,406 for 2015. As of March 31, 2016, Dr. Kanes' base salary is \$393,250 and his performance-based variable cash compensation target is 35%.

We entered into a letter agreement with Mr. Anderson in April 2014, and he assumed the role of Chief Commercial Strategy Officer in May 2014. The agreement entitles Mr. Anderson to an initial base salary of \$300,000. Mr. Anderson is eligible to receive a one-time relocation bonus of up to \$100,000 to cover relocation costs and temporary housing costs in moving from Pennsylvania to Massachusetts, such amount to be repaid by Mr. Anderson if he were to terminate his employment within two years of the date of reimbursement of such expenses. Mr. Anderson was also granted an option to purchase 575,000 shares of our common stock with an exercise price equal to the fair market value of our common stock on the day of the option grant, with one quarter of such option vesting on the one year anniversary of Mr. Anderson's employment and the rest on a monthly basis for three years thereafter. Mr. Anderson is also eligible for performance-based variable cash compensation up to a percentage of his base salary, based upon attainment of corporate and individual goals, as agreed between Mr. Anderson and the Chief Executive Officer and as approved by the Compensation Committee. Mr. Anderson received performance-based variable cash compensation of \$137,677. As of March 31, 2016, Mr. Anderson's base salary is \$332,600 and his performance-based variable cash compensation target is 35%.

**Pension Benefits**

None of the named executive officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us on December 31, 2015, and, as a result, there is not a pension benefits table included in this Proxy Statement.

**Nonqualified Deferred Compensation**

None of the name executive officers participate in or have account balances in nonqualified defined contribution or nonqualified deferred compensation plans maintained by us on December 31, 2015, and, as a result, there is not a nonqualified deferred compensation table included in this Proxy Statement.

**Table of Contents**

**Payments Provided upon Termination without Cause and Change in Control**

We have entered into severance and change in control agreements, or severance agreements, with each of Dr. Jonas, Dr. Kanes, Dr. Robichaud, Ms. Iguchi and Mr. Anderson. Pursuant to their severance agreements, each of Dr. Jonas, Dr. Kanes, Dr. Robichaud, Ms. Iguchi and Mr. Anderson is eligible to receive certain payments and benefits in the event that such officer's employment is terminated by us without cause (as defined in the applicable severance agreement), or in the event that such officer terminates his or her employment with good reason (as defined in the applicable severance agreement).

In the event that Dr. Jonas, Dr. Kanes, Dr. Robichaud, Ms. Iguchi or Mr. Anderson terminates his or her employment with good reason or is terminated without cause, other than in the event of a change of control, he or she is eligible to receive 12 months of base salary continuation and 12 months of COBRA continuation medical benefits subsidized by us, provided that the terminated executive officer executes, and does not revoke, a separation agreement and release of us and our affiliates.

Pursuant to their severance agreements, in the event that any of Dr. Jonas, Dr. Kanes, Dr. Robichaud, Ms. Iguchi, or Mr. Anderson terminates his or her employment with good reason or is terminated without cause within 12 months of a change in control (as defined in the applicable severance agreement), such officer will be eligible to receive 12 months of base salary continuation and 12 months of COBRA continuation medical benefits subsidized by us in the case of Dr. Jonas, and 9 months of base salary continuation and 12 months of COBRA continuation medical benefits subsidized by us, in the case of Dr. Kanes, Dr. Robichaud, Ms. Iguchi, or Mr. Anderson, provided that he or she executes and does not revoke a separation agreement and release of us and our affiliates. In addition, in such event, each such officer would receive a pro rata portion of that individual's target performance-based cash compensation for that fiscal year based on the number of days worked in that fiscal year at the time of termination, and all options and other stock-based awards of such officer shall immediately accelerate and become fully exercisable or nonforfeitable as of the date of termination.

***Definitions***

For purposes of the severance agreement with each of Dr. Jonas, Dr. Kanes, Dr. Robichaud, Ms. Iguchi and Mr. Anderson, cause means:

indictment for any felony, any crime involving the Company, or any crime involving fraud, moral turpitude or dishonesty;

any unauthorized use or disclosure of the Company's proprietary information;

any intentional misconduct or gross negligence on the officer's part which has a materially adverse effect on the Company's business or reputation; or

the officer's repeated and willful failure to perform the duties, functions and responsibilities of the officer's position after a written warning from the Company.



Edgar Filing: Sage Therapeutics, Inc. - Form DEF 14A

For purposes of the severance agreements with each of Dr. Jonas, Dr. Kaneshiro, Dr. Robichaud, Ms. Iguchi and Mr. Anderson, "good reason" means:

a material diminution in the officer's responsibilities, authority or duties;

a material diminution in the officer's base salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company;

a material change, defined as 50 miles or more, in the geographic location at which such officer is required to provide services to the Company, not including business travel and short-term assignments; or

a material breach of the severance agreement by the Company.

**Table of Contents**

For purposes of the severance agreements with each of Dr. Jonas, Dr. Kaner, Dr. Robichaud, Ms. Iguchi and Mr. Anderson, a change in control shall be deemed to have occurred upon the occurrence of any one of the following events:

the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity;

a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction;

the sale of all of the stock of the Company to an unrelated person, entity or group thereof acting in concert; or

any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

**Estimated Payment and Benefits Upon Termination or Change of Control**

The amount of compensation and benefits payable to each named executive officer in various termination and change in control situations has been estimated in the tables below. The value of the option vesting acceleration was calculated for each of the tables below based on the assumption that the change in control and executive's employment termination occurred on December 31, 2015. The closing price of the Company's stock on NASDAQ as of December 31, 2015, the last trading day of 2015, was \$58.30, which was used as the value of the Company's stock in the change in control. The value of the option vesting acceleration was calculated by multiplying the number of unvested option shares subject to vesting acceleration as of December 31, 2015 by the difference between the closing price of the Company's stock as of December 31, 2015 and the exercise price for such unvested option shares.

**Dr. Jeffrey Jonas**

The following table describes the potential payments and benefits upon employment termination for Jeffrey M. Jonas, M.D., the Company's President and Chief Executive Officer, as if his employment terminated as of December 31, 2015, the last business day of the fiscal year.

<b>Executive Benefits and Payment upon Termination</b>	<b>Voluntary Resignation For Good</b>	<b>Voluntary Resignation For Good</b>	<b>Termination by Company not for Cause</b>	<b>Termination Upon a Sale By Company for Cause</b>	<b>Termination by Company without Cause or Voluntary</b>
--	---------------------------------------	---------------------------------------	---	---	--

	Reason	Reason	Event	Resignation for Good Reason in Connection with or Following Change in Control
<b>Compensation:</b>				
Base salary		\$450,000(1)	\$450,000(1)	\$450,000(2)
Cash incentive bonus				\$225,000(3)
Stock options unvested and accelerated				\$22,396,392(4)
<b>Benefits and Perquisites:</b>				
Health care continuation		\$13,089(5)	\$13,089(5)	\$13,089(5)
<b>Total</b>	0	\$463,089	\$463,089	0 0 \$23,084,481

(1) 12 months of 2015 base salary continuation

(2) 12 months of base salary prior to the termination, payable in a lump sum

**Table of Contents**

- (3) Target bonus for 2015, assuming bonus compensation is fully earned and unpaid  
 (4) Acceleration of 100% of Dr. Jonas's then unvested options  
 (5) Payment of the COBRA health and dental insurance premiums for Dr. Jonas for 12 months

**Ms. Kimi Iguchi**

The following table describes the potential payments and benefits upon employment termination for Kimi Iguchi, the Company's Chief Financial Officer and Treasurer, as if her employment terminated as of December 31, 2015, the last business day of the fiscal year.

Executive Benefits and Payment upon Termination Compensation:	Voluntary	Voluntary	Termination			Termination by
	Resignation	Resignation	Termination	Termination	Termination	Company without
	For Good	For Good	by Company	By Company	By Company	Cause or Voluntary
	Reason	Reason	not for Cause	for Cause	Event	Resignation for
						Good Reason in
						Connection with or
						Following Change
						in Control
Base salary		\$312,000(1)	\$312,000(1)			\$234,000(2)
Cash incentive bonus						\$105,000(3)
Stock options unvested and accelerated						\$2,982,144(4)
<b>Benefits and Perquisites:</b>						
Health care continuation		\$10,124(5)	\$10,124(5)			\$10,124(5)
<b>Total</b>	0	\$322,124	\$322,124	0	0	\$3,331,268

- (1) 12 months of 2015 base salary continuation  
 (2) 9 months of base salary prior to the termination, payable in a lump sum  
 (3) Target bonus for 2015, assuming bonus compensation is fully earned and unpaid  
 (4) Acceleration of 100% of Ms. Iguchi's then unvested options  
 (5) Payment of the COBRA health and dental insurance premiums for Ms. Iguchi for 12 months

**Dr. Albert J. Robichaud**

The following table describes the potential payments and benefits upon employment termination for Albert J. Robichaud, Ph.D., the Company's Chief Scientific Officer, as if his employment terminated as of December 31, 2015, the last business day of the fiscal year.

	Voluntary Resignation For Good Reason	Voluntary Resignation For Good Reason	Termination by Company not for Cause	Termination By Company for Cause	Upon Sale Event	Termination by Company without Cause or Voluntary Resignation for Good Reason in Connection with or Following Change in Control
<b>Executive Benefits and Payment upon Termination Compensation:</b>						
Base salary		\$337,050(1)	\$337,050(1)			\$303,345(2)
Cash incentive bonus						\$117,967(3)
Stock options unvested and accelerated						\$1,428,431(4)
<b>Benefits and Perquisites:</b>						
Health care continuation		\$19,328(5)	\$19,328(5)			\$19,328(5)
<b>Total</b>	0	\$356,378	\$334,328	0	0	\$1,869,071

(1) 12 months of 2015 base salary continuation

(2) 9 months of base salary prior to the termination, payable in a lump sum

**Table of Contents**

- (3) Target bonus for 2015, assuming bonus compensation is fully earned and unpaid  
 (4) Acceleration of 100% of Dr. Robichaud's then unvested options  
 (5) Payment of the COBRA health and dental insurance premiums for Dr. Robichaud for 12 months

**Dr. Stephen J. Kanen, M.D., Ph.D.**

The following table describes the potential payments and benefits upon employment termination for Stephen J. Kanen, M.D., Ph.D., the Company's Chief Medical Officer, as if his employment terminated as of December 31, 2015, the last business day of the fiscal year.

Executive Benefits and Payment upon Termination Compensation:	Voluntary	Voluntary	Termination by			Termination by
	Resignation	Resignation	Company	Company	Company	Company
	For Good	For Good	Without Cause	Voluntary	Resignation	Good Reason
	Reason	Reason	Termination	Termination	Upon	in Connection
			by Company	By Company	Sale	with or
			not for Cause	for Cause	Event	Following Change
						in Control
Base salary		\$357,500(1)	\$357,500(1)			\$268,125(2)
Cash incentive bonus						\$113,750(3)
Stock options unvested and accelerated						\$6,349,692(4)
<b>Benefits and Perquisites:</b>						
Health care continuation		\$19,328(5)	\$19,328(5)			\$19,328(5)
<b>Total</b>	0	\$376,828	\$376,828	0	0	\$6,750,895

- (1) 12 months of 2015 base salary continuation  
 (2) 9 months of base salary prior to the termination, payable in a lump sum  
 (3) Target bonus for 2015, assuming bonus compensation is fully earned and unpaid  
 (4) Acceleration of 100% of Dr. Kane's then unvested options  
 (5) Payment of the COBRA health and dental insurance premiums for Dr. Kane for 12 months

**Mr. Thomas D. Anderson**

The following table describes the potential payments and benefits upon employment termination for Thomas D. Anderson, the Company's Chief Commercial Strategy Officer, as if his employment terminated as of December 31, 2015, the last business day of the fiscal year.

	Voluntary Resignation For Good Reason	Voluntary Resignation For Good Reason	Termination by Company not for Cause	Termination By Company for Cause	Upon Sale Event	Termination a Connection with or Following Change in Control
<b>Executive Benefits and Payment upon Termination Compensation:</b>						
Base salary		\$319,808(1)	\$319,808(1)			\$239,856(2)
Cash incentive bonus						\$105,000(3)
Stock options unvested and accelerated						\$6,343,866(4)
<b>Benefits and Perquisites:</b>						
Health care continuation		\$13,498(5)	\$13,498(5)			\$13,498(5)
<b>Total</b>	0	\$333,306	\$333,306	0	0	\$6,702,220

(1) 12 months of 2015 base salary continuation

(2) 9 months of base salary prior to the termination, payable in a lump sum

**Table of Contents**

- (3) Target bonus for 2015, assuming bonus compensation is fully earned and unpaid  
 (4) Acceleration of 100% of Mr. Anderson's then unvested options  
 (5) Payment of the COBRA health and dental insurance premiums for Mr. Anderson for 12 months

**Director Compensation**

The following table sets forth a summary of the compensation we paid to our nonemployee directors during 2015. Other than as set forth in the table and described more fully below, we did not pay any compensation, reimburse any expense of, make any equity awards or non-equity awards to, or pay any other compensation to any of the other nonemployee members of our Board of Directors in 2015. We reimburse nonemployee directors for reasonable travel expenses. Dr. Jonas, our President and Chief Executive Officer, receives no compensation for his service as a director, and, consequently, is not included in this table. The compensation received by Dr. Jonas as an employee during 2015 is presented in the Summary Compensation Table.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards (\$)(1)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Steven Paul, M.D.	50,875	723,622		774,497
Kevin P. Starr	75,250	723,622		798,872
Howard Pien	46,382	723,622		770,004
James Frates	55,000	723,622		778,622
Michael F. Cola	57,500	723,622		781,122
Robert T. Nelsen	38,000(2)	723,622		761,622

- (1) Amounts represent the aggregate grant-date fair value of option awards granted to our directors in 2015 computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are consistent with the valuation methodologies specified in the notes to our consolidated financial statements and discussions in Management's Discussion and Analysis of Financial Condition and Result of Operations, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed with the SEC. The amounts above reflect our aggregate accounting expense for these awards and do not necessarily correspond to the actual value that will be recognized by the directors.
- (2) Mr. Nelsen resigned from our Board of Directors in March 2016.
- In April 2014, our Board of Directors adopted a nonemployee director compensation policy, as amended on March 5, 2015, that is designed to provide a total compensation package that enables us to attract and retain, on a long-term basis, high caliber nonemployee directors.

	<b>Annual Retainer</b>
<b>Board of Directors:</b>	
All nonemployee members	\$ 35,000
Additional retainer for Non-Executive Chairman of the Board	\$ 35,000
<b>Audit Committee:</b>	
Chairman	\$ 15,000
Non-Chairman members	\$ 7,500



<b>Compensation Committee:</b>	
Chairman	\$ 10,000
Non-Chairman members	\$ 5,000
<b>Nominating and Corporate Governance Committee:</b>	
Chairman	\$ 7,500
Non-Chairman members	\$ 3,000
<b>Science and Technology Committee:</b>	
Chairman	\$ 10,000
Non-Chairman members	\$ 5,000

**Table of Contents**

Under the nonemployee director compensation policy, each person who is initially appointed or elected to the Board of Directors will be eligible for an option grant to purchase up to 20,883 shares of our common stock under our stock option plan on the date he or she first becomes a nonemployee director, of which one third of such option will vest on the one year anniversary of the grant date and the rest on a monthly basis for two years thereafter. In addition, on the date of the annual meeting of stockholders, each continuing nonemployee director who has served on the Board of Directors for a minimum of six months will be eligible to receive an annual option grant to purchase up to 13,922 shares of our common stock, which will vest in full upon the earlier of the first anniversary of the date of grant or the date of the following annual meeting of stockholders. All of the foregoing options will be granted at fair market value on the date of grant.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 31, 2016, for: each person known to us to be the beneficial owner of more than five percent of our outstanding common stock; each of our named executive officers; each of our directors and nominees; and all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

The table lists applicable percentage ownership based on 32,062,773 shares of our common stock outstanding as of March 31, 2016. The number of shares beneficially owned includes shares of our common stock that each person has the right to acquire within 60 days of March 31, 2016, including upon the exercise of stock options. These stock options shall be deemed to be outstanding for the purpose of computing the percentage of outstanding shares of our common stock owned by such person but shall not be deemed to be outstanding for the purpose of computing the percentage of outstanding shares of our common stock owned by any other person.

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned	
	Number	Percent
<b>5% Stockholders</b>		
Third Rock Ventures II, L.P.(2)	4,742,916	14.8%
Entities Affiliated with Fidelity Investment(3)	4,329,370	13.50%
Visium Asset Management, LP(4)	1,893,009	5.9%
<b>Named Executive Officers and Directors</b>		
Jeffrey M. Jonas, M.D.(5)	397,373	1.2 %
<b>Named Executive Officers</b>		
Albert J. Robichaud, Ph.D.(6)	192,975	*
Kimi Iguchi(7)	190,875	*
Stephen J. Kaness, M.D., Ph.D.(8)	142,183	*
Thomas D. Anderson(9)	106,307	*
<b>Other Directors</b>		
Steven Paul, M.D.(10)	692,491	2.16%

Edgar Filing: Sage Therapeutics, Inc. - Form DEF 14A

Kevin P. Starr(11)	79,149	
Howard Pien(12)	29,975	*
James Frates(13)	34,975	*
Michael F. Cola(14)	24,338	
<b>All directors and executive officers as a group (11 persons)(15)</b>	<b>1,890,461</b>	<b>5.6 %</b>

**Table of Contents**

\* Indicates beneficial ownership of less than one percent.

- (1) Unless otherwise indicated, the address for each beneficial owner is c/o Sage Therapeutics, Inc., 215 First Street, Cambridge, Massachusetts 02142.
- (2) The address for Third Rock Ventures II, L.P. ( TRV LP ) is 29 Newbury Street, 3rd Floor, Boston, MA 02116. Based solely on a Schedule 13G filed by TRV LP on February 10, 2016, consists of 4,742,916 shares of common stock. All shares are held directly by TRV LP. Each of Third Rock Ventures II GP, L.P. ( TRV GP ), the general partner of TRV LP, Third Rock Ventures II GP, LLC ( TRV LLC ), the general partner of TRV GP, and Mark Levin, Kevin Starr and Robert Tepper, the managers of TRV LLC, may be deemed to have voting and investment power over the shares held of record by TRV LP.
- (3) The address for Fidelity Management & Research Company, or Fidelity, is 82 Devonshire Street, Boston, Massachusetts 02109. A wholly owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of shares of common stock as a result of acting as investment adviser to various investment companies, or Fidelity Funds, registered under Section 8 of the Investment Company Act of 1940. Based solely on a Schedule 13G filed by FMR LLC on February 12, 2016, consists of 4,329,370 shares of common stock held by entities affiliated with FMR LLC. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each has sole power to dispose of the shares owned by the Fidelity Funds. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B stockholders have entered into a stockholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the stockholders voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Fidelity Funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Fidelity Funds Boards of Trustees.
- (4) The address of Visium Asset Management, LP ( VAM ) is 888 Seventh Avenue, New York, NY 10019. Based solely on a Schedule 13G filed by VAM on February 10, 2016, consists of 1,893,009 shares of common stock. JG Asset, LLC ( JG Asset ) is the General Partner of VAM. Jacob Gottlieb is the Managing Member of JG Asset. VAM is an investment adviser. By virtue of its position as investment manager to pooled investment vehicles, VAM may be deemed to beneficially own the 1,893,009 shares of our common stock beneficially owned by the pooled investment vehicle.
- (5) Consists of 101,226 shares of our common stock owned directly, and 296,147 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (6) Consists of 162,222 shares of our common stock owned directly, and 30,573 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (7) Consists of 88,739 shares of our common stock owned directly, and 102,136 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (8) Consists of 46,948 shares of our common stock owned directly, and 95,235 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (9) Consists of 106,307 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (10) Consists of 678,569 shares of our common stock owned directly, and 13,922 shares of our common stock subject to options exercisable within 60 days of March 31, 2016.
- (11) Consists of 65,227 shares of Common Stock owned by Mr. Starr directly, and 13,922 shares of common stock subject to options exercisable within 60 days of March 31, 2016. Does not included shares owned by TRV LP. Investment decisions with respect to the shares held by TRV LP are made by an investment committee at TRV GP comprised of Mark Levin, Kevin Starr, and Bob Tepper. No stockholder, director, officer, manager, member

or employee of TRV GP or TRV LLC has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of any shares held by TRV LP.

**Table of Contents**

- (12) Consists of 29,975 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (13) Consists of 5,000 shares of common stock owned directly, and 29,975 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (14) Consists of 24,338 shares of common stock subject to options exercisable within 60 days of March 31, 2016.
- (15) Consists of 1,147,931 shares of common stock owned directly, and 742,530 shares of common stock subject to options exercisable within 60 days of March 31, 2016.

**EXECUTIVE OFFICERS**

The following table identifies our executive officers, and sets forth their current positions at Sage and their ages as of April 2, 2016.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Jeffrey M. Jonas, M.D.	63	President, Chief Executive Officer and Director
Stephen J. Kanés, M.D., Ph.D.	51	Chief Medical Officer
Albert J. Robichaud, Ph.D.	55	Chief Scientific Officer
Kimi Iguchi	53	Chief Financial Officer
Thomas D. Anderson	60	Chief Commercial Strategy Officer
Anne Marie Cook	54	Senior Vice President, General Counsel, Secretary

You should refer to *Proposal 1: Election of Directors* above for information about our President and Chief Executive Officer, Jeffrey M. Jonas, M.D. Biographical information for our other executive officers, as of April 2, 2016, is set forth below.

*Stephen J. Kanés, M.D., Ph.D.* Dr. Kanés has served as our Chief Medical Officer since July 2013. From 2012 to 2013, he served as the Chair of the neuroscience safety knowledge group at AstraZeneca plc, or AstraZeneca. From 2011 to 2013, Dr. Kanés served as the Executive Director Therapeutic Area Clinical Director for the inflammation, neuroscience and respiratory GMED Division of AstraZeneca. From 2008 to 2012, Dr. Kanés served as the Medical Science Senior Director for the neuroscience established brands and emerging anesthesia Group Product Team and in other positions of increasing responsibility in the Neuroscience Discovery Medicine, early and late development groups of AstraZeneca. From 1999 to 2006, Dr. Kanés, served as a practicing psychiatrist. Dr. Kanés was a faculty member in the Psychiatry Department at the University of Pennsylvania School of Medicine, where he continues to serve as an adjunct assistant professor of psychiatry. Dr. Kanés has authored or co-authored more than 30 peer-reviewed publications, and has served as an ad hoc reviewer for the journals Neuropsychopharmacology, American Journal of Medical Genetics, and Biological Psychiatry. Dr. Kanés received his B.A. from the University of Pennsylvania and both his Ph.D. and M.D. from State University of New York Stony Brook. Dr. Kanés completed his psychiatry residency at Yale-New Haven Medical Center and postdoctoral fellowship at the University of Pennsylvania.

*Albert J. Robichaud, Ph.D.* Dr. Robichaud has served as our Chief Scientific Officer since November 2011. From 2010 to 2011, he was Vice President of Chemistry and Pharmacokinetic Sciences at Lundbeck, Inc., where he was responsible for the drug discovery, analytical, computational and pharmacokinetics departments focused on synaptic transmission and neuroinflammation. From 2002 to 2010, Dr. Robichaud was Senior Director and Head of the Neuroscience Discovery Chemistry department of Wyeth Research. During his tenure there, his group successfully delivered more than 15 drug candidates into clinical development in a broad range of neuroscience indications. Dr. Robichaud has co-authored more than 125 manuscripts and abstracts, and is a co-inventor on 45 patents and patent applications. Dr. Robichaud earned a B.S. in chemistry from Rensselaer Polytechnic Institute, a Ph.D. in organic chemistry from the University of California, Irvine and was an American Chemical Society postdoctoral fellow at

Colorado State University.

---

**Table of Contents**

*Kimi Iguchi.* Ms. Iguchi has served as our Chief Financial Officer since March 2013. From 2011 to 2013, Ms. Iguchi provided financial consulting services to various companies. From 2008 to 2011, Ms. Iguchi served as the Chief Operating Officer, North America for Santhera Pharmaceuticals Holding AG. From 2004 to 2007, Ms. Iguchi held the role of Vice President of Finance at Cyberkinetics Neurotechnology Systems, Inc. From 1998 to 2004, Ms. Iguchi was the Senior Director of Financial Reporting and Analysis at Millennium Pharmaceuticals, Inc., and from 1996 to 1998 was the Senior Manager, External Reporting at Biogen, Inc. From 1987 to 1995, Ms. Iguchi also worked as a business assurance manager at PricewaterhouseCoopers LLP. Ms. Iguchi received her B.A. in chemistry from Drew University and an M.B.A. from Northeastern University.

*Thomas D. Anderson.* Mr. Anderson has served as our Chief Commercial Strategy Officer since April 2014. From 2004 to 2014, Mr. Anderson served as Senior Vice President, Corporate Strategy and Commercial Assessment at Shire Pharmaceuticals Group where he held positions of increasing responsibility. Prior to that, he was Executive Director, Market Research, Business Information at Janssen Pharmaceuticals Inc., President and CEO, Anderson Corporation, President and CEO, Ranir-DCP Corporation, Executive Vice President/COO, Lander Company, Inc. and Product Director, Janssen Pharmaceuticals, Inc. Mr. Anderson received his MBA in finance from Mendoza College of Business Administration at the University of Notre Dame and his B.S. in civil engineering from Lehigh University.

*Anne Marie Cook.* Ms. Cook has served as our Senior Vice President, General Counsel since September 2015 and corporate Secretary since December 2015. Prior to joining us, she served from December 2011 to September 2015 as Senior Vice President, General Counsel of Aegerion Pharmaceuticals, Inc., a biopharmaceutical company. From December 2008 to December 2011, Ms. Cook was a partner at the law firm Choate Hall & Stewart LLP, where she represented both private and public corporations in the life sciences industry in structuring and negotiating strategic transactions and providing general legal support in connection with the research, development and commercialization of pharmaceutical products. From April 2007 to December 2008, Ms. Cook was a Principal at the law firm Miller Canfield P.L.C. From September 2005 until April 2007, Ms. Cook served as General Counsel and Senior Vice President, Business and Corporate Development, and Secretary of ViaCell, Inc., a biotechnology company. Prior to joining ViaCell, Ms. Cook spent thirteen years at Biogen Idec Inc., most recently as Vice President, Chief Corporate Counsel. Ms. Cook holds a B.S. degree from Tufts University and a J.D. degree from the University of Notre Dame Law School.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

There have been no transactions or series of similar transactions since January 1, 2015, other than compensation arrangements, entered into 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 capital stock, or any member of the immediate family of any of the foregoing persons or any affiliated entity, had or will have a direct or indirect material interest.

In connection with the completion of our initial public offering, or IPO, in July 2014, we adopted a related party policy that requires all future transactions between us and any director, executive officer, holder of 5% or more of any class of our capital stock or any member of the immediate family of, or entities affiliated with, any of them, or any other related persons (as defined in Item 404 of Regulation S-K) or their affiliates, in which the amount involved is equal to or greater than \$120,000, be approved in advance by our Audit Committee. Any request for such a transaction



must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting any such proposal, our Audit Committee is to consider the relevant facts and circumstances available and deemed relevant to the Audit Committee, including, but not limited to, the extent of the related party's interest in the transaction, and whether the transaction is on terms no less favorable to us than terms we could have generally obtained from an unaffiliated third party under the same or similar circumstances.

---

**Table of Contents**

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During 2015, Howard Pien, Steven Paul, M.D. and James Frates served on our Compensation Committee, which is chaired by Howard Pien. None of the members of our Compensation Committee has at any time during the last three years been one of our officers or employees or had any relationship requiring disclosure under Item 404 of Regulation S-K. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our officers and directors and persons who beneficially own more than 10% of our outstanding common stock (collectively, Reporting Persons ) to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Reporting Persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of such reports received or written representations from certain Reporting Persons during the fiscal year ended December 31, 2015, we believe that all Reporting Persons complied with all Section 16(a) reporting requirements.

**Audit Committee Report**

The information contained in this report shall not be deemed to be (1) soliciting material, (2) filed with the SEC, (3) subject to Regulations 14A or 14C of the Exchange Act, or (4) subject to the liabilities of Section 18 of the Exchange Act. This report shall not be deemed incorporated by reference into any of our other filings under the Exchange Act or the Securities Act, except to the extent that we specifically incorporate it by reference into such filing.

The Audit Committee operates under a written charter approved by the Board of Directors, which provides that its responsibilities include the oversight of the quality of our financial reports and other financial information and its compliance with legal and regulatory requirements; the appointment, compensation, and oversight of our independent registered public accounting firm, PricewaterhouseCoopers LLP, including reviewing their independence; reviewing and approving the planned scope of our annual audit; reviewing and pre-approving any non-audit services that may be performed by PricewaterhouseCoopers LLP; the oversight of our internal audit function; reviewing with management and our independent registered public accounting firm the adequacy of internal financial controls; and reviewing our critical accounting policies and estimates and the application of accounting principles generally accepted in the United States of America.

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management is responsible for our internal controls, financial reporting process, and compliance with laws and regulations and ethical business standards. PricewaterhouseCoopers LLP is responsible for performing an independent audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). The Audit Committee's main responsibility is to monitor and oversee this process.

The Audit Committee reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2015, with management. The Audit Committee discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Public Company Accounting Oversight Board ( PCAOB ) AU380, *Communications with Audit Committees*, and SEC Regulation S-X Rule 207, *Communications with Audit Committees*. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications

with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

**Table of Contents**

The Audit Committee considered any fees paid to PricewaterhouseCoopers LLP for the provision of non-audit related services and does not believe that these fees compromise PricewaterhouseCoopers LLP's independence in performing the audit.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that such audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the SEC.

*THE AUDIT COMMITTEE*

James Frates, Chairman

Michael F. Cola

Steven Paul, M.D.

**Table of Contents**

**HOUSEHOLDING OF PROXY MATERIALS**

Some banks, brokers, and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of the Notice of Internet Availability of Proxy Materials, Proxy Statement, and Annual Report on Form 10-K for the year ended December 31, 2015, as applicable, is being delivered to multiple stockholders sharing an address unless we have received contrary instructions. We will promptly deliver a separate copy of any of these documents to you if you write to us at 215 First Street, Cambridge, Massachusetts 02142, Attention: Secretary or call us at (617) 299-8380. If you want to receive separate copies of the Notice of Internet Availability of Proxy Materials, Proxy Statement, or Annual Report on Form 10-K in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address or telephone number.

**Table of Contents**

**VOTE BY INTERNET - [www.proxyvote.com](http://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 all future 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 using the 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 postage-paid envelope we have provided 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:      X

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

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED  
AND DATED.**

**The Board of Directors  
recommends you vote  
FOR the following:**

**1. Election of Directors**

Nominees	For	Against	Abstain
1A Kevin P. Starr	..	..	..
1B James Frates	..	..	..

**The Board of Directors  
recommends you vote  
FOR the following proposal:**

	For	Against	Abstain
<b>2</b> To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.	..	..	..

**The Board of Directors  
recommends you  
vote 1 YEAR on the following  
proposal:**

	3 years	2 years	1 year	Abstain
<b>3</b> Advisory vote on the frequency of advisory votes on executive compensation.	..	..	..	..

**NOTE:** To transact such other business as may properly come before the meeting or at



any and all adjournments or postponements thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Annual Report, Notice & Proxy Statement is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**SAGE THERAPEUTICS, INC.  
Annual Meeting of Stockholders  
June 22, 2016 9:00 AM  
This proxy is solicited by the Board of Directors**

The stockholder(s) hereby appoint(s) Jeffrey M. Jonas, Kimi Iguchi and Anne Marie Cook, or any of them, as proxies, each with the power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this proxy, all of the shares of common stock of SAGE THERAPEUTICS, INC. that the stockholder(s) is entitled to vote at the Annual Meeting of Stockholders to be held at 9:00 AM, ET on June 22, at 215 First Street, Cambridge, Massachusetts 02142, and any adjournments or postponements thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**