

MACROGENICS INC  
Form DEF 14A  
April 09, 2015  
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**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

**MACROGENICS, INC.**

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

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

Payment of Filing Fee (Check the appropriate box):

- 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:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**MacroGenics, Inc.**

**9640 Medical Center Drive**

**Rockville, Maryland 20850**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 20, 2015**

To the Stockholders of MacroGenics, Inc.:

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of Stockholders ( Annual Meeting ) of MacroGenics, Inc., a Delaware corporation (the Company ), will be held on May 20, 2015, at 9:00 a.m. local time, at the Hilton Garden Inn Rockville-Gaithersburg, 14975 Shady Grove Road, Rockville, Maryland 20850, for the following purposes:

1. To elect two Class II directors to hold office until the 2018 Annual Meeting of Stockholders or until their successors are elected;
2. To ratify the selection, by the Audit Committee of our Board of Directors, of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2015; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only stockholders who owned our common stock at the close of business on March 31, 2015, the record date, can vote at this meeting or any adjournments that take place.

Our Board of Directors recommends that you vote **FOR** the election of the director nominees named in Proposal No. 1 of the Proxy Statement and **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm as described in Proposal No. 2 of the Proxy Statement.

**Your vote is important. Whether or not you plan to attend the meeting in person, please vote by internet, by telephone or by completing, signing and dating the accompanying proxy card and returning it as soon as possible. If you have received and are using an enclosed return envelope, no postage need be affixed if it is mailed in the United States. If you receive more than one notice or more than one proxy card because your shares are registered in different names or addresses, you should vote each set of shares separately to ensure that all of your shares will be voted.**

By Order of the Board of Directors

James Karrels

*Corporate Secretary*

Rockville, Maryland

April 9, 2015

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**MacroGenics, Inc.**

**9640 Medical Center Drive**

**Rockville, Maryland 20850**

**PROXY STATEMENT FOR THE 2015 ANNUAL MEETING**

**OF STOCKHOLDERS TO BE HELD MAY 20, 2015**

We have sent you or made available this proxy statement and the accompanying proxy card because the Board of Directors (the Board) of MacroGenics, Inc. (referred to herein as the Company, MacroGenics, we, us or our) soliciting your proxy to vote at our 2015 Annual Meeting of Stockholders (the Annual Meeting) to be held on Wednesday, May 20, 2015, at 9:00 a.m. local time, at the Hilton Garden Inn Rockville-Gaithersburg, 14975 Shady Grove Road, Rockville, Maryland 20850.

This proxy statement summarizes information about the proposals to be considered at the Annual Meeting and other information you may find useful in determining how to vote.

The proxy card is the means by which you actually authorize another person to vote your shares in accordance with your instructions.

In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, e-mail and personal interviews. We have retained outside consultants to solicit proxies on our behalf as well. All costs of solicitation of proxies will be borne by us. Brokers, custodians and fiduciaries will be requested to forward proxy soliciting material to the owners of stock held in their names, and we will reimburse them for their reasonable out-of-pocket expenses incurred in connection with the distribution of proxy materials.

We are mailing the Notice of Annual Meeting of Stockholders, this proxy statement and the accompanying proxy card to our stockholders of record as of March 31, 2015, the record date, for the first time on or about April 9, 2015. In this mailing, we are also including our Annual Report on Form 10-K (Form 10-K) for the year ended December 31, 2014, which Form 10-K, together with the additional cover materials, constitutes our 2014 Annual Report to Stockholders (2014 Annual Report). In addition, we have provided brokers, dealers, banks, voting trustees and their nominees, at our expense, with additional copies of our proxy materials and the 2014 Annual Report so that our record holders can supply these materials to the beneficial owners of shares of our common stock as of the record date upon request. The Form 10-K is also available in the Financial Information section of our website at <http://ir.macrogenics.com>.

The only voting securities of MacroGenics are shares of common stock, \$0.01 par value per share (the common stock), of which there were 30,023,734 shares outstanding as of the record date (excluding any treasury shares). We need the holders of a majority in voting power of the shares of common stock issued and outstanding and entitled to vote, present in person or represented by proxy, to hold the Annual Meeting.

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**INFORMATION ABOUT THE PROXY PROCESS AND VOTING**

**Why am I receiving these materials?**

You are receiving this annual meeting information and proxy from us because you owned shares of common stock of MacroGenics, Inc. as of March 31, 2015, the record date for the 2015 Annual Meeting of Stockholders (the Annual Meeting). The MacroGenics Board of Directors has made these materials available to you in connection with the Board's solicitation of proxies for use at our Annual Meeting.

This proxy statement describes matters on which you may vote and provides you with other important information so that you can make informed decisions. You are requested to vote on the proposals described in this proxy statement and are invited to attend the annual meeting.

We intend to mail our Annual Report, this proxy statement and accompanying proxy card on or about April 9, 2015, to all stockholders of record entitled to vote at the Annual Meeting. Beneficial owners will receive notice and electronic access to these materials, and may request physical copies from their respective brokers, custodians or fiduciaries who are holding the shares on their behalf.

**Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on March 31, 2015, the record date, will be entitled to vote at the Annual Meeting. At the close of business on the record date, there were 30,023,734 shares of our common stock issued and outstanding and entitled to vote.

***Stockholder of Record: Shares Registered in Your Name***

If, on the record date, your shares were registered directly in your name with the transfer agent for our common stock, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the internet as instructed below to ensure your vote is counted.

***Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent***

If, on the record date, your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy card from your broker or other agent.

**What am I being asked to vote on?**

You are being asked to vote on two (2) proposals:

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Proposal No. 1 the election of two Class II directors to hold office until our 2018 Annual Meeting of Stockholders or until their successors are elected; and

Proposal No. 2 the ratification of the selection, by the Audit Committee of our Board of Directors, of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015.  
In addition, you are entitled to vote on any other matters that are properly brought before the Annual Meeting.



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

Even if you plan to attend the Annual Meeting, we recommend that you vote before the meeting, as described below, so that your vote will be counted if you later decide not to attend the meeting. Voting by internet or by telephone is fast and convenient and your vote is immediately confirmed and tabulated. Submitting a proxy by internet, telephone or mail prior to the annual meeting will not affect your right to attend the Annual Meeting and vote in person.

*If you hold shares in your own name as a stockholder of record, regardless of whether you received your annual meeting materials through the mail or via the internet, you may vote before the annual meeting:*

**By Internet.** To vote by internet, go to [www.investorvote.com/MGNX](http://www.investorvote.com/MGNX) and follow the instructions you find on this website. Your proxy will be voted according to your instructions. If you vote by internet, you do not need to mail in a proxy card.

**By Telephone.** To vote by phone, call 1-800-652-VOTE (8683) toll-free from the United States and follow the instructions. If you vote by telephone, you do not need to mail in a proxy card.

**By Mail.** If you received your proxy materials by mail, you may vote by completing, signing and returning your proxy card in the enclosed postage-paid envelope.

If you vote by internet or by telephone, please do not mail in your proxy card (unless you intend for it to revoke your prior internet or telephone vote). Your internet or telephone vote will authorize the named proxies to vote your shares in the same manner as if you completed, signed and returned your proxy card.

### ***Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent***

If you beneficially hold your shares in street name through a brokerage account and you do not submit specific voting instructions to your broker, your broker may generally vote your shares in its discretion on matters designated as routine under rules applicable to broker-dealers. However, a broker cannot vote shares held in street name on matters designated by these rules as non-routine, unless the broker receives specific voting instructions from the beneficial holder. Please see below for a description of which of this year's proposals are considered routine or non-routine for this purpose.

### **Who counts the votes?**

Computershare Trust Company, N.A. (Computershare) has been engaged as our independent agent to tabulate stockholder votes as the Inspector of Elections. If you are a stockholder of record, your executed proxy card should be returned directly to Computershare for tabulation. As noted above, if you hold your shares through a broker, your broker will return one proxy card to Computershare on behalf of all its clients.

### **How are votes counted?**

Votes will be counted by the Inspector of Election appointed for the Annual Meeting, who will separately count For and (with respect to Proposal 2) Against votes, abstentions and broker non-votes. In addition, with respect to the election of directors, the Inspector of Election will count the number of Withheld votes received for the nominees. If

your shares are held by your broker as your nominee (that is, in street name ), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to routine items, but not with respect to non-routine items. Please see below for more information regarding:

What are broker non-votes ? and Which ballot measures are considered routine and non-routine ?

**What are broker non-votes ?**

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if

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shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. In the event that a broker, bank, custodian, nominee or other record holder of common stock indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular proposal, then those shares will be treated as broker non-votes with respect to that proposal. Accordingly, if you own shares through a nominee, such as a broker or bank, please be sure to instruct your nominee how to vote to ensure that your vote is counted on each of the proposals.

### **Which ballot measures are considered routine or non-routine ?**

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015 (Proposal 2) is considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 2. The election of directors (Proposal 1) is considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposal 1.

### **How many votes are needed to approve the proposal?**

With respect to Proposal No. 1, to be elected, a director must receive a plurality of the votes cast by stockholders entitled to vote at the meeting. Withheld votes and broker non-votes will have no effect on the election of directors.

With respect to Proposal No. 2, the affirmative vote of the holders of a majority of the shares present, in person or represented by proxy, is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm. Abstentions will not be voted and will have the effect of a vote against this proposal. Broker non-votes will not be counted in determining the number of shares necessary for approval and will have no effect on the outcome of this proposal.

### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of common stock you own as of the record date.

### **What if I return a proxy card but do not make specific choices?**

If we receive a signed and dated proxy card or receive your instructions by internet or by telephone and your instructions do not specify how your shares are to be voted, your shares will be voted For the election of each of the two nominees for director, and For the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm. If any other matter is properly presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

### **Who is paying for this proxy solicitation?**

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



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### **What does it mean if I receive more than one notice or more than one set of materials?**

It means that you have more than one account for your MacroGenics, Inc. shares. Please vote by internet or telephone using each of the identification numbers, or complete and submit all proxies to ensure that all of your shares are voted.

### **Can I change my vote after submitting my proxy?**

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

You may submit another properly completed proxy with a later date.

You may send a written notice that you are revoking your proxy to our Corporate Secretary at 9640 Medical Center Drive, Rockville, Maryland 20850.

You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by them.

### **When are stockholder proposals due for next year's annual meeting?**

To be considered for inclusion in the proxy materials for the 2016 annual meeting of stockholders, your proposal must be submitted in writing by December 31, 2015, to our Corporate Secretary at 9640 Medical Center Drive, Rockville, Maryland 20850. However, if the date of the 2016 annual meeting is more than 30 days from May 20, 2016, the deadline is a reasonable time before we begin to print and send our proxy materials for next year's annual meeting. If you wish to submit a proposal that is not to be included in our proxy materials for next year's annual meeting or to nominate a director pursuant to our current by-laws, rather than the SEC's stockholder proposal procedures, you must do so not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided that if the date of that annual meeting is more than 20 days before or more than 60 days after the first anniversary of the preceding year's annual meeting, you must give notice not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (a) the 90th day prior to such annual meeting and (b) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. You are also advised to review our by-laws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

### **What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. Our amended and restated bylaws provide that a quorum will exist if stockholders holding a majority of the shares of stock issued and outstanding and entitled to vote are present at the meeting in person or by proxy. Abstentions and broker non-votes count as present for establishing a quorum but will not be counted as votes cast. Broker non-votes occur when your broker or other nominee submits a proxy for your shares (because the broker or other nominee has received instructions from you on one or more proposals, but not all, or has not received instructions from you but is entitled to vote on a particular discretionary

matter) but does not indicate a vote for a particular proposal because the broker or other nominee either does not have the authority to vote on that proposal and has not received voting instructions from you or has discretionary authority but chooses not to exercise it. If a quorum is not present, the meeting may be adjourned until a quorum is obtained.

**How can I find out the results of the voting at the Annual Meeting?**

Voting results will be announced by the filing of a Current Report on Form 8-K within four business days after the Annual Meeting. If final voting results are unavailable at that time, we will file an amended Current Report on Form 8-K within four business days of the day the final results are available.

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**What are the implications of being an emerging growth company ?**

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements. These reduced reporting requirements include reduced disclosure about the Company's executive compensation arrangements and no non-binding advisory votes on executive compensation. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of at least \$1.0 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30<sup>th</sup>, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

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**PROPOSAL NO. 1 ELECTION OF DIRECTORS**

**Background**

At the 2015 Annual Meeting, stockholders will have an opportunity to vote for the election of Kenneth Galbraith and David Stump, M.D. to serve as Class II directors. If elected, the terms of each of these two director nominees will expire at the 2018 annual meeting of stockholders. The persons named in our proxy card will vote to elect these two nominees as Class II directors, unless you withhold authority to vote for the election of any or all of these nominees by indicating as such in your proxy. Each of the nominees has indicated his willingness to serve, if elected. However, if either of the nominees should be unable or unwilling to serve, the proxies may be voted for a substitute nominee designated by our Board, or our Board may reduce the number of directors.

**Board Recommendation**

**The Board of Directors recommends a vote**

**FOR the election of each of the Class II director nominees.**

**DIRECTORS AND NOMINEES**

The following paragraphs provide information as of the date of this proxy statement about each Class II director nominee and each member of our Board of Directors whose term continues after the 2015 Annual Meeting. The information presented includes information about each such director, including age, all positions and offices held with us, length of service as a director, principal occupation and employment for the past five years and the names of other publicly held companies of which he has served as a director during the past five years. For information about the number of shares of common stock beneficially owned by our directors as of March 31, 2015, please see Stock Ownership Information beginning on page 30.

**Nominees for Election to a Three-Year Term Expiring at the 2018 Annual Meeting of Stockholders**

***Kenneth Galbraith, age 52***

Mr. Galbraith has served as a director since July 2008. Mr. Galbraith joined Ventures West Capital in 2007 and founded Five Corners Capital Inc, in 2013 to manage the continued operations of the Ventures West Investment Funds. Mr. Galbraith has over 25 years of experience acting as an executive, director, investor and advisor to companies in the biotechnology, medical device, pharmaceutical and healthcare sectors. Mr. Galbraith served as a director of Tekmira Pharmaceuticals Corp., a publicly held company, from 2010 to 2014. In addition, Mr. Galbraith serves as a director of several privately held companies. Based on Mr. Galbraith's depth of experience in the biotechnology industry, ranging from executive officer to director roles, the Board believes Mr. Galbraith has the appropriate set of skills to serve as a member of the Board.

***David Stump, M.D., age 65***

Dr. Stump has served as a director since September 2013. Dr. Stump was most recently Executive Vice President, Research and Development at Human Genome Sciences, Inc., where he was employed from November 1999 until his retirement in December 2012. Dr. Stump also serves as a director of Sunesis Pharmaceuticals, Inc., a publicly held company; as a director of Dendreon Corporation, also a publicly held company; and as a trustee of Earlham College. Dr. Stump received an A.B. from Earlham College, an M.D. from Indiana University School of Medicine and



completed his internship and residency in Internal Medicine as well as his fellowship in Hematology and Oncology at the University of Iowa Hospitals and Clinics. Additionally, Dr. Stump is board certified in Internal Medicine, Hematology and Medical Oncology. The Board believes that Dr. Stump's medical training and 23 years of experience in research and development and operations in the biotechnology industry qualify him to serve as a member of our Board.

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**Directors Continuing in Office Until the 2017 Annual Meeting of Stockholders**

***Scott Koenig, M.D., Ph.D., age 62***

Dr. Koenig has been our President and Chief Executive Officer and a director since September 2001 and was one of our co-founders. Prior to joining us, Dr. Koenig served as Senior Vice President of Research at MedImmune, Inc., where he participated in the selection and maturation of their product pipeline. From 1984 to 1990, he worked in the Laboratory of Immunoregulation at the National Institute of Allergy and Infectious Diseases at the National Institutes of Health, where he investigated the immune response to retroviruses and studied the pathogenesis of AIDS. Dr. Koenig currently serves as Chairman of the Board of Directors of Applied Genetic Technologies Corporation, a publicly held company, and the Children's Research Institute. Additionally, Dr. Koenig serves on the Board of Directors of Children's National Medical Center, the International Biomedical Research Alliance, and the Biotechnology Industry Organization (BIO). Dr. Koenig received his A.B. and Ph.D. from Cornell University and his M.D. from the University of Texas Health Science Center in Houston. We believe that Dr. Koenig's detailed knowledge of our company and his over 29 years in research and the biotechnology industry provide a valuable contribution to our board of directors.

***Matthew Fust, age 50***

Mr. Fust joined our Board in March 2014. Mr. Fust most recently served as Executive Vice President and Chief Financial Officer of Onyx Pharmaceuticals, Inc., an oncology focused biopharmaceutical company, from January 2009 through the company's sale in October 2013. From 2003 to 2008, Mr. Fust served as Chief Financial Officer of Jazz Pharmaceuticals, Inc., a specialty pharmaceutical company. From 2002 to 2003 Mr. Fust served as Chief Financial Officer of Perlegen Sciences, a biopharmaceutical company. Previously, he was Senior Vice President and Chief Financial Officer of ALZA Corporation, where he was an executive from 1996 until 2002. Mr. Fust serves on the boards of directors of publicly held companies, Atara Biotherapeutics, Inc., Dermira, Inc., Sunesis Pharmaceuticals, Inc. and Ultragenyx Pharmaceutical Inc. Mr. Fust received a B.A. from the University of Minnesota and an M.B.A. from the Stanford Graduate School of Business. The Board believes that Mr. Fust's significant experience in executive management and leadership roles in public and private life sciences and biopharmaceutical companies, and significant financial reporting expertise through his accounting education and professional experience qualify him to serve as a member of our Board.

**Directors Continuing in Office Until the 2016 Annual Meeting of Stockholders**

***Paulo Costa, age 64***

Mr. Costa has served as a director since June 2009. Mr. Costa served as President and Chief Executive Officer of Novartis U.S. Corporation, from October 2005 to August 2008. Prior to that Mr. Costa was President and CEO of Novartis Pharmaceutica, US from July 1999 to September 2005. From August 2009 to August 2012, Mr. Costa served as chairman of the board of directors of Amylin Pharmaceuticals Inc., a publicly held company, and currently serves as a director of two privately-held companies. Mr. Costa received a B.A. from the Sao Paulo School of Business and an M.B.A. from the Harvard Business School. Based on Mr. Costa's diverse experience in the pharmaceutical industry, ranging from successful product development, launch and commercialization and his extensive senior management experience within the industry, our Board believes Mr. Costa has the appropriate set of skills to serve as a member of our Board.

***Edward Hurwitz, age 51***

Mr. Hurwitz has served as a director since October 2004. Mr. Hurwitz is a Managing Director of Precision Bioventures, LLC, a consulting and investment advisory firm. He was a Director of Alta BioPharma III, L.P., and Alta Partners VIII, funds affiliated with Alta Partners, a venture capital firm, from 2002 through December 2014. Mr. Hurwitz also serves as a director of Applied Genetic Technologies Corporation, a publicly held company. Mr. Hurwitz previously served as a director of Sunesis Pharmaceuticals, Inc., a publicly held company, from 2008 to 2014, and as a director of Cara Therapeutics, Inc., a publicly held company, from 2006 to 2014.

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Mr. Hurwitz received his J.D. and M.B.A. degrees from the University of California at Berkeley in 1990 and a B.A. in molecular biology from Cornell University in 1985. The Board believes that Mr. Hurwitz's financial and scientific expertise, as well as his deep understanding of the biotechnology industry, makes him an important resource for the Board as it assesses both financial and strategic decisions.

\* \* \*

Each director to be elected will hold office from the date of their election by the stockholders until the third subsequent annual meeting of stockholders or until his successor is elected and has been qualified, or until such director's earlier death, resignation or removal.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the two nominees named above. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve. Directors are elected by a plurality of the votes cast at the meeting.

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We have adopted a Director Compensation Program (the Director Plan ) for our non-employee directors. Pursuant to the Director Plan, our non-employee directors receive an annual retainer of \$35,000. The Chairman receives an additional annual retainer of \$25,000. In addition, all non-employee directors who serve on one or more committees are eligible to receive the following committee fees:

Committee	Member Annual Retainer	Chairman Additional Retainer
Audit committee	\$ 7,500	\$ 15,000
Compensation committee	\$ 5,000	\$ 10,000
Nominating and governance committee	\$ 3,500	\$ 7,000

Other than the annual retainers and committee fees paid pursuant to our Director Plan described above, non-employee directors are not entitled to receive any cash fees in connection with their service on our Board. Non-employee directors are entitled to receive an option to purchase 13,849 shares of our common stock upon initial election or appointment to the Board (the Initial Option ) and an option to purchase 6,924 shares of our common stock annually thereafter (the Annual Option ). Options granted to non-employee directors have a per share exercise price equal to the per share fair market value of our common stock as of the date of grant. The Initial Option will be granted on the date which such non-employee director commences services and will vest as to 1/36<sup>th</sup> of the shares of our common stock underlying such option monthly, beginning on the first monthly anniversary of the applicable grant date, subject to the director's continued service on the board through each vesting date. The Annual Option will be automatically granted on the date of the first Board meeting held after each annual meeting of stockholders and will vest as to 1/12<sup>th</sup> of the shares of our common stock underlying such option monthly, beginning on the first monthly anniversary of the applicable grant date, subject to the director's continued service on our Board through each vesting date. Our directors who are employees are compensated for their service as employees and do not receive any additional compensation for their service on our Board. The following table sets forth information concerning the compensation earned by our non-employee directors during the year ended December 31, 2014.

Name	Fees Earned or Paid in Cash	Option Awards (1)	Total
Paulo Costa	\$ 59,064	\$ 87,240	\$ 146,304
Matthew Fust	\$ 34,708	\$ 403,309	\$ 438,017
Kenneth Galbraith	\$ 51,802	\$ 87,240	\$ 139,042
Edward Hurwitz	\$ 62,111	\$ 87,240	\$ 149,351
David Stump, M.D.	\$ 35,876	\$ 87,240	\$ 123,116

(1) Amount reflects the aggregate grant date fair value of options granted during 2014 computed in accordance with ASC Topic 718 *Stock Compensation*, as used by analogy for non-employees. The assumptions used in the valuation of these awards are set forth in Note 5 to our financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2014.

As of December 31, 2014, each of our non-employee directors held the following outstanding options:

Name	Shares Subject to Outstanding Options
Paulo Costa	20,773
Matthew Fust	20,773
Kenneth Galbraith	20,773
Edward Hurwitz	20,773
David Stump M.D.	20,773

Table of Contents**PROPOSAL NO. 2****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP currently serves as our independent registered public accounting firm. After consideration of the firm's qualifications and past performance, the Audit Committee of our Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

In accordance with the rules of the Securities and Exchange Commission, and our Audit Committee's charter, the Audit Committee is directly responsible for the selection, appointment, compensation, and oversight of the Company's independent registered public accounting firm and is not required to submit this appointment to a vote of the stockholders. The Board, however, considers the appointment of the independent registered public accounting firm to be an important matter of stockholder concern and is submitting the appointment of Ernst & Young for ratification by our stockholders as a matter of good corporate practice. One or more representatives of Ernst & Young is expected to be present at the Annual Meeting and will have an opportunity to make a statement and respond to appropriate questions from stockholders. In the event that our stockholders fail to ratify the appointment of Ernst & Young, it will be considered as a direction to the Audit Committee to consider the appointment of a different firm. Even if the appointment is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

**Required Vote and Board Recommendation**

Ratification of the appointment of Ernst & Young as the Company's independent registered public accounting firm requires the affirmative vote of a majority of the votes cast on the matter. Abstentions are considered votes cast and, therefore, will have the effect of a vote against the matter.

**The Board of Directors recommends a vote****FOR the ratification of the appointment of Ernst & Young LLP.****Principal Accountant Fees and Services**

The following table provides information regarding the fees paid to Ernst & Young LLP during the years ended December 31, 2014 and 2013. All fees described below were approved by the Audit Committee.

	Year Ended December 31,	
	2014	2013
Audit Fees (1)	\$ 440,624	\$ 356,478
Audit-Related Fees (2)	237,865	861,709
Tax Fees (3)	289,110	291,575
All Other Fees	1,995	2,490
<b>Total Fees</b>	<b>\$ 969,594</b>	<b>\$ 1,512,252</b>

- (1) Audit fees for 2014 and 2013 were for professional services rendered for the audits of our financial statements, reviews of quarterly financial statements and consents related to regulatory filings.
- (2) Audit-related fees for 2014 were for services associated with our follow-on offering in February 2014 and consultations concerning financial accounting. Audit-related fees for 2013 were for services associated with our initial public offering, which was completed in October 2013.
- (3) Tax fees for 2014 consist of \$143,387 for tax compliance, including the preparation, review and filing of tax returns and \$145,723 for tax advice and planning. Tax fees for 2013 were all related to tax compliance, including the preparation, review and filing of tax returns.



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**Pre-Approval Policies and Procedures**

The Audit Committee pre-approves all audit and non-audit services provided by its independent registered public accounting firm. This policy is set forth in the charter of the Audit Committee and available on the Corporate Governance section of our website at <http://ir.macrogenics.com>.

The Audit Committee approved all audit, audit-related, tax and other services provided by Ernst & Young LLP for 2014 and 2013 and the estimated costs of those services. Actual amounts billed, to the extent in excess of the estimated amounts, were periodically reviewed and approved by the Audit Committee.

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**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

*The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing by MacroGenics under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The primary purpose of the Audit Committee is to oversee the Company's financial reporting processes on behalf of the Board. The Audit Committee's functions are more fully described in its charter, which is available on the Corporate Governance section of the Company's website at <http://ir.macrogenics.com>. Management has the primary responsibility for the Company's financial statements and reporting processes, including the Company's systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management MacroGenics' audited financial statements as of and for the year ended December 31, 2014.

The Audit Committee has discussed with Ernst & Young LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380) as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. In addition, the Audit Committee discussed with Ernst & Young LLP their independence, and received from Ernst & Young LLP the written disclosures and the letter required by Ethics and Independence Rule 3526 of the PCAOB. Finally, the Audit Committee discussed with Ernst & Young LLP, with and without management present, the scope and results of Ernst & Young LLP's audit of such financial statements.

Based on these reviews and discussions, the Audit Committee has recommended to the Board that such audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC. The Audit Committee also has engaged Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015, and is seeking ratification of such selection by the Company's stockholders.

**Audit Committee**

Matthew Fust, Chairman

Kenneth Galbraith

Edward Hurwitz

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**CORPORATE GOVERNANCE**

**Corporate Policies**

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 code of business conduct and ethics is available under the Corporate Governance section of our website at <http://ir.macrogenics.com>. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website. The references to our web address in this proxy statement do not constitute incorporation by reference of the information contained at or available through our website. In addition, we have adopted a corporate insider trading policy that establishes procedures regulating the trading of the Company's securities by directors and employees. This policy restricts trading during specified blackout periods, establishes procedures for directors, executive officers and certain other employees to obtain pre-approval for market trades and prohibits these individuals from engaging in certain types of transactions involving Company securities such as short sales, open market trading of options or derivatives, trading on margin and any hedging, monetization or similar arrangements.

**Independence of the Board of Directors**

As required under NASDAQ rules and regulations, a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by the Board. The Board consults with the Company's counsel to ensure that the Board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent NASDAQ listing standards, as in effect from time to time.

Consistent with these considerations, our Board has determined that all of our directors, other than Dr. Koenig, qualify as independent directors in accordance with the NASDAQ listing requirements. Dr. Koenig is not considered independent because he is an employee of MacroGenics. The NASDAQ independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with us. In addition, as required by NASDAQ rules, our Board has made a subjective determination as to each independent director that no relationships exist, which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our Board reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management. There are no family relationships among any of our directors or executive officers.

As required under NASDAQ rules and regulations, our independent directors meet in regularly scheduled executive sessions at which only independent directors are present. All of the committees of our Board are comprised entirely of directors determined by the Board to be independent within the meaning of NASDAQ rules and regulations.

**Leadership Structure of the Board**

The Board of Directors does not have a policy regarding whether the roles of Chief Executive Officer and Chairman of the Board should be separate and, if they are to be separate, whether the Chairman of the Board should be a non-employee director. The Board will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate and in the best interests of the Company and its stockholders. However, the Board believes that separation of the roles of Chief Executive Officer and Chairman of the Board is currently the most appropriate structure for the Company because that structure is consistent with best corporate governance

practices and may enhance the independence of the Board. Currently, Mr. Costa, a non-employee director, serves as the Chairman of the Board and Dr. Koenig serves as a director and Chief Executive Officer.

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### **Role of Board in Risk Oversight Process**

Risk assessment and oversight are an integral part of our governance and management processes. Our Board encourages management to promote a culture that incorporates risk management into our corporate strategy and day-to-day business operations. Management discusses strategic and operational risks at regular management meetings, and conducts specific strategic planning and review sessions during the year that include a focused discussion and analysis of the risks facing us. Throughout the year, senior management reviews these risks with the Board at regular Board meetings as part of management presentations that focus on particular business functions, operations or strategies, and presents the steps taken by management to mitigate or eliminate such risks.

Our Board does not have a standing risk management committee, but rather administers this oversight function directly through our Board as a whole, as well as through various standing committees of our Board that address risks inherent in their respective areas of oversight. In particular, our Board is responsible for monitoring and assessing strategic risk exposure, our Audit Committee is responsible for overseeing our major financial risk exposures and the steps our management has taken to monitor and control these exposures. The Audit Committee also monitors compliance with legal and regulatory requirements and considers and approves or disapproves any related-person transactions. Our Nominating and Governance Committee monitors the effectiveness of our corporate governance guidelines. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

### **Board Committees**

#### ***Audit Committee***

Our Audit Committee oversees our corporate accounting and financial reporting process. Among other matters, the Audit Committee:

appoints our independent registered public accounting firm;

evaluates the independent registered public accounting firm's qualifications, independence and performance;

determines the engagement of the independent registered public accounting firm;

reviews and approves the scope of the annual audit and the audit fee;

discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly financial statements;

approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;

monitors the rotation of partners of the independent registered public accounting firm on our engagement team as required by law;

is responsible for reviewing our financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;

reviews our critical accounting policies and estimates; and

annually reviews the Audit Committee charter and the committee's performance.

The current members of our Audit Committee are Matthew Fust, Kenneth Galbraith and Edward Hurwitz. Mr. Fust serves as the chair of the Audit Committee. All members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our Board has determined that each of Messrs. Fust, Galbraith and Hurwitz qualifies as an audit committee financial expert as

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defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of NASDAQ. Our Board has determined that each of Messrs. Fust, Galbraith and Hurwitz are independent under the applicable rules of NASDAQ and under the applicable rules of the SEC, in particular, Rule 10A-3 of the Exchange Act. The Audit Committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ and the committee reviews compliance with its charter annually. A copy of the Audit Committee charter is available to security holders on the Corporate Governance section of the Company's website at <http://ir.macrogenics.com>.

### ***Compensation Committee***

Our Compensation Committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The Compensation Committee reviews and recommends to our Board corporate goals and objectives relevant to compensation of our Chief Executive Officer and evaluates the performance of the Chief Executive Officer in light of those goals and objectives and recommends to our Board the compensation based on such evaluations. The Compensation Committee also reviews and approves the corporate goals and objectives relevant to the non-CEO executive officer compensation and evaluates the performance and determines and approves all compensation of the non-CEO executive officers. The Compensation Committee also recommends to our Board the issuance of stock options and other awards under our stock plans.

The current members of our Compensation Committee are Edward Hurwitz, Paulo Costa and David Stump, M.D. Mr. Hurwitz serves as the chair of the Compensation Committee. None of the members of our Compensation Committee has at any time been one of our officers or employees. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the Board or Compensation Committee of any entity that has one or more executive officers on our Board or compensation committee. Each of the members of our Compensation Committee is independent under the applicable rules and regulations of NASDAQ, is a non-employee director as defined in Rule 16b-3 promulgated under the Exchange Act and is an outside director as that term is defined in Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, or Section 162(m). The Compensation Committee operates under a written charter and the committee reviews compliance with its charter annually. A copy of the Compensation Committee charter is available to security holders on the Corporate Governance section of the Company's website at <http://ir.macrogenics.com>.

### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee is responsible for making recommendations to our Board regarding candidates for directorships and the size and composition of our Board. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our Board concerning governance matters. The current members of our Nominating and Corporate Governance Committee are Kenneth Galbraith, Paulo Costa and Matthew Fust. Mr. Galbraith serves as the chair of the Nominating and Corporate Governance Committee. Each of the members of our Nominating and Corporate Governance Committee is an independent director under the applicable rules and regulations of NASDAQ relating to Nominating and Corporate Governance committee independence. The Nominating and Corporate Governance committee operates under a written charter and the committee reviews compliance with its charter annually. A copy of the Nominating and Corporate Governance Committee charter is available to security holders on the Corporate Governance section of the Company's website at <http://ir.macrogenics.com>.

In recommending candidates for election to the Board, the independent members of the Nominating and Corporate Governance Committee may consider the following criteria, among others: personal and professional integrity, ethics and values; experience in corporate management, such as serving as an officer or former officer of a publicly held

company; experience in the industries in which we compete; experience as a board member or executive officer of another publicly held company; diversity of expertise and experience in substantive matters pertaining to our business relative to other board members; conflicts of interest; and practical and mature



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business judgment. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best maximize the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. For a stockholder to make any nomination for election to the Board at an annual meeting, the stockholder must provide notice to the Company, which notice must be delivered to, or mailed and received at, the Company's principal executive offices not less than 90 days and not more than 120 days prior to the one-year anniversary of the preceding year's annual meeting; provided, that if the date of the annual meeting is more than 20 days before or more than 60 days after such anniversary date, the stockholder's notice must be delivered, or mailed and received, not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (a) the 90th day prior to such annual meeting and (b) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. Further updates and supplements to such notice may be required at the times, and in the forms, required under our bylaws. As set forth in our by-laws, submissions must include the name and address of the proposed nominee, information regarding the proposed nominee that is required to be disclosed in a proxy statement or other filings in a contested election pursuant to Section 14(a) under the Exchange Act, information regarding the proposed nominee's indirect and direct interests in shares of the Company's common stock, and a completed and signed questionnaire, representation and agreement of the proposed nominee. Our bylaws also specify further requirements as to the form and content of a stockholder's notice. We recommend that any stockholder wishing to make a nomination for director review a copy of our bylaws, as amended and restated to date, which is available, without charge, from our Corporate Secretary, at 9640 Medical Center Drive, Rockville, Maryland 20850.

## **Meetings of the Board of Directors, Board and Committee Member Attendance and Annual Meeting Attendance**

Our Board met 12 times during the last year. The Audit Committee met four times, the Compensation Committee met two times and the Nominating and Corporate Governance Committee met one time during last year. During 2014, each Board member attended in excess of 75% or more of the aggregate of the meetings of the Board and of the committees on which he served. We encourage all of our directors and nominees for director to attend our annual meeting of stockholders, but attendance is not mandatory.

## **Stockholder Communications with the Board of Directors**

Should stockholders wish to communicate with the Board or any specified individual directors, such correspondence should be sent to the attention of the Corporate Secretary at 9640 Medical Center Drive, Rockville, Maryland 20850. The Secretary will forward the communication to the Board members.

## **Compensation Committee Interlocks and Insider Participation**

During 2014, our Compensation Committee consisted of Edward Hurwitz, Paulo Costa and David Stump, M.D. Mr. Hurwitz was appointed as chair of the Compensation Committee in September 2013. None of the members of our Compensation Committee has at any time been one of our officers or employees. 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 on our Board or Compensation Committee.



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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

In December 2014, we entered into a collaboration and license agreement with Janssen Biotech, Inc., or Janssen, relating to one of our programs, designated MGD011, and concurrently entered into a stock purchase agreement and an investor agreement with Johnson & Johnson Innovation JJDC, Inc., or JJDC, an affiliate of Janssen. The transactions contemplated by these agreements were subject to regulatory clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other customary conditions, and closed in the first quarter of 2015. Under the terms of this stock purchase agreement, JJDC acquired 1,923,077 shares of our common stock, which means that JJDC currently holds more than 5% of our common stock. JJDC has certain rights and is subject to certain restrictions as set forth in greater detail in the above referenced investor agreement, but JJDC does not have any rights to appoint individuals to our Board of Directors or otherwise direct our general operations. There are on-going rights and obligations set forth in the above referenced collaboration and license agreement with Janssen, under which Janssen can control and direct the MGD011 program subject to the terms of that agreement, but Janssen does not have any rights to direct our general operations. The collaboration and license agreement, the stock purchase agreement, and the investor agreement are attached as exhibits to our Annual Report on Form 10-K, filed with the SEC on March 3, 2015.

Other than the foregoing, since January 1, 2012, there has not been, nor is there any proposed transaction where we were or will be a party in which the amount involved exceeded or will exceed \$120,000 and in which any director, executive officer, holder of more than 5% of any class of our voting securities, or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than the compensation agreements and other agreements and transactions which are described in Executive Compensation Employment Arrangements .

***Policies and Procedures for Related Party Transactions***

Pursuant to the written charter of our Audit Committee, that committee is responsible for reviewing and approving, prior to our entry into any such transaction, all related party transactions and potential conflict of interest situations involving a principal stockholder, a member of the Board of Directors or senior management. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act of 1933, as amended, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our Audit Committee considers all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction and the extent of the related person's interest in the transaction. In addition, our Company policies require that our officers and employees avoid using their positions for purposes that are, or give the appearance of being, motivated by a desire for personal gain, and our policies further require that all officers and employees report any potential related party transaction prior to entering into such transaction. All such notices concerning related party transactions or conflicts of interest are submitted to, and reviewed by, our general counsel, our chief financial officer and our Audit Committee.

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**IDENTIFICATION OF EXECUTIVE OFFICERS**

The following sets forth certain information regarding our current executive officers as of March 31, 2015:

Name	Age	Position(s)
Scott Koenig, M.D., Ph.D.	62	President and CEO and Director
James Karrels	48	Senior Vice President, Chief Financial Officer and Corporate Secretary
Ezio Bonvini, M.D.	61	Senior Vice President, Research
Eric Risser	42	Senior Vice President, Busine