

RIGEL PHARMACEUTICALS INC
Form DEF 14A
April 09, 2019

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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

RIGEL PHARMACEUTICALS, 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:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

RIGEL PHARMACEUTICALS, INC.

**1180 Veterans Boulevard
South San Francisco, California 94080**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 22, 2019

DEAR STOCKHOLDER:

Notice is hereby given that the 2019 Annual Meeting of Stockholders (the "Annual Meeting") of RIGEL PHARMACEUTICALS, INC., a Delaware corporation (the "Company" or "Rigel"), will be held on Wednesday, May 22, 2019 at 10:00 a.m. local time at our executive offices, located at 1180 Veterans Boulevard, South San Francisco, California 94080, for the following purposes:

1. To elect the nominees, Bradford S. Goodwin, Keith A. Katkin, and Jane Wasman to the Board of Directors of the Company (the "Board") to hold office until the 2022 Annual Meeting of Stockholders.
2. To approve the Company's 2018 Equity Incentive Plan, as amended (the "2018 Plan") to increase the aggregate number of shares of common stock authorized for issuance under the 2018 Plan by 4,000,000 shares.
3. To approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in this proxy statement.
4. To ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2019.
5. To conduct any other business properly brought before the meeting or any adjournment or postponement of the meeting.

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

The record date for the Annual Meeting is March 28, 2019. Only stockholders of record at the close of business on that date may vote at the meeting or any continuation, postponement or adjournment thereof. We appreciate your continued confidence in Rigel and look forward to seeing you at the meeting on May 22, 2019.

**IMPORTANT NOTICE REGARDING
THE AVAILABILITY OF PROXY MATERIALS FOR
THE STOCKHOLDERS' MEETING TO BE HELD ON MAY 22, 2019**

THIS PROXY STATEMENT, NOTICE OF ANNUAL MEETING AND FORM OF PROXY CARD AND THE 2018 ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE TO YOU AT [HTTP://WWW.PROXYVOTE.COM](http://www.proxyvote.com).

WE ENCOURAGE YOU TO ACCESS AND REVIEW THE IMPORTANT INFORMATION CONTAINED IN ALL OF THE PROXY MATERIALS BEFORE VOTING.

By Order of the Board of Directors,

Dolly A. Vance
Corporate Secretary

South San Francisco, California
April 9, 2019

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, PLEASE VOTE YOUR PROXY PROMPTLY SO YOUR SHARES CAN BE REPRESENTED AT THE MEETING. YOU CAN VOTE BY INTERNET, BY TELEPHONE, OR BY REQUESTING A PRINTED OR ELECTRONIC COPY OF A FULL SET OF THE PROXY MATERIALS AND COMPLETING, SIGNING AND RETURNING THE PROXY CARD AS INSTRUCTED IN THE MATERIALS.

INSTRUCTIONS ON HOW TO ACCESS THE PROXY MATERIALS OVER THE INTERNET, OR TO REQUEST THAT A PAPER OR ELECTRONIC COPY OF THE FULL SET OF PROXY MATERIALS BE SENT TO YOUR SPECIFIED POSTAL OR EMAIL ADDRESS, MAY BE FOUND IN THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS MAILED TO STOCKHOLDERS ON APRIL 9, 2019.

ANY PROXY THAT WILL NOT BE DELIVERED IN PERSON TO THE ANNUAL MEETING MUST BE RECEIVED BY US NO LATER THAN 11:59 P.M. EASTERN TIME ON TUESDAY, MAY 21, 2019. EVEN IF YOU HAVE VOTED BY PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER AGENT AND YOU WISH TO VOTE IN PERSON AT THE MEETING, YOU MUST BRING WITH YOU A PROXY ISSUED IN YOUR NAME FROM THAT RECORD HOLDER CONFIRMING THAT YOU ARE THE BENEFICIAL OWNER OF THOSE SHARES.

RIGEL PHARMACEUTICALS, INC.

**1180 Veterans Boulevard
South San Francisco, California 94080**

PROXY STATEMENT

FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS

May 22, 2019

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

WHY DID I RECEIVE A NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS ON THE INTERNET?

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have decided to provide access to our proxy materials to our stockholders via the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our stockholders of record and posting our proxy materials online at www.proxyvote.com. The Notice contains only an overview of the complete proxy materials available. Stockholders are encouraged to access and review all the proxy materials on the website or request a paper or electronic copy of the full set of proxy materials for review prior to voting. Instructions on how to access the proxy materials over the Internet or to request a paper or electronic copy of the full set of the proxy materials may be found in the Notice.

We intend to mail the Notice on or about April 9, 2019 to all stockholders of record as of March 28, 2019 who are entitled to vote at the Annual Meeting.

WILL I RECEIVE ANY PROXY MATERIALS BY MAIL OTHER THAN THE NOTICE?

No, you will not receive any other proxy materials by mail unless you request a paper copy of proxy materials. To request that a full set of the proxy materials be sent to your specified postal address, please go to www.proxyvote.com or call 1-800-579-1639. Please have your proxy card in hand when you access the website or call and follow the instructions provided.

HOW DO I ATTEND THE ANNUAL MEETING?

The Annual Meeting will be held on Wednesday, May 22, 2019 at 10:00 a.m. local time at our executive offices, located at 1180 Veterans Boulevard, South San Francisco, California 94080. Information on how to vote in person at the Annual Meeting is discussed below. Directions to the Annual Meeting may be found online at <http://www.rigel.com/index.php/contact-us/>.

WHO CAN VOTE AT THE ANNUAL MEETING?

Only stockholders of record at the close of business on March 28, 2019 are entitled to vote at the Annual Meeting. On this record date, there were 167,179,088 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If, on March 28, 2019, your shares were registered directly in your name with our transfer agent, Wells Fargo Bank, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the proxy card or vote by proxy over the telephone or on the Internet as instructed below, to ensure your vote is counted. We must receive any proxy cards that will not be delivered in person at the Annual Meeting, or proxies submitted telephonically or over the internet, no later than 11:59 p.m. Eastern Time on Tuesday, May 21, 2019.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If, on March 28, 2019, your shares were not held in your name, but rather 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 the Notice is being forwarded to you by that organization. The organization holding your account is considered to be 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 from your broker or other agent and bring the proxy with you to the Annual Meeting.

WHAT AM I VOTING ON?

There are four matters scheduled for a vote at the Annual Meeting:

Election of Bradford S. Goodwin, Keith A. Katkin, and Jane Wasman to the Board to hold office until the 2022 Annual Meeting of Stockholders;

Approval of the 2018 Plan, as amended to increase the aggregate number of shares of common stock authorized for issuance under the 2018 Plan by 4,000,000 shares;

Advisory approval of the compensation of the Company's named executive officers, as disclosed in this proxy statement in accordance with SEC rules; and

Ratification of the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2019.

WHAT IF ANOTHER MATTER IS PROPERLY PRESENTED AT THE ANNUAL MEETING?

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

HOW DO I VOTE?

You may either vote "For" all the nominees to the Board or you may "Withhold" your vote for any nominee you specify. For the other matters to be voted on, you may either vote "For" or "Against" or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote using one of the following methods:

In Person: To vote in person, come to the Annual Meeting and bring your proxy card or request a ballot in order to vote your shares.

Internet: To vote via the Internet, go to www.proxyvote.com. You can use the Internet to transmit your voting instructions and to elect for electronic delivery of information up until 11:59 P.M. Eastern Time on May 21, 2019. Please have your proxy card in hand when you access the website and follow the instructions provided.

Telephone: To vote by telephone, call 1-800-690-6903. You can use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 21, 2019. Please have your proxy card in hand when you call and follow the instructions provided.

Mail: To vote by mail, you must first request a paper or electronic copy of the proxy materials. To request that a full set of the proxy materials be sent to your specified postal or email address, please go to www.proxyvote.com or call 1-800-579-1639. Please have your proxy card in hand when you access the website or call and follow the instructions. Upon receipt of the materials, 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.

Whether or not you plan to attend the Annual Meeting and vote in person, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received the Notice containing voting instructions from that organization rather than from Rigel. Simply follow the voting instructions in the Notice to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or bank. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent and bring this proxy with you to the Annual Meeting. Follow the instructions from your broker or bank included with the Notice, or contact your broker or bank to request a proxy form.

Please see the Notice or the information your bank, broker, or other holder of record provided you for more information on these proxy voting options.

Voting Via the Internet or by Telephone

We provide Internet voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your voting instructions. However, please be aware that you must bear any costs associated with accessing the Internet, such as usage charges from Internet access providers and telephone companies.

HOW MANY VOTES DO I HAVE?

On each matter to be voted upon, you have one vote for each share of common stock you owned as of March 28, 2019.

WHAT HAPPENS IF I DO NOT VOTE?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and do not vote by completing your proxy card, by telephone, through the internet or in person at the annual meeting, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner and do not instruct your broker, bank, or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange ("NYSE") deems the particular proposal to be a "routine" matter." Brokers and nominees can use their discretion to vote "uninstructed" shares with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters. In this regard, the NYSE has advised us that Proposals 1, 2 and 3 are considered to be "non-routine" under NYSE rules, meaning that your broker may not vote your shares on those proposals in the absence of your voting instructions. However, the NYSE has advised us that Proposal 4 is considered to be a "routine" matter under NYSE rules, meaning that if you do not return voting instructions to your broker by its deadline, your shares may be voted by your broker in its discretion on Proposal 4.

WHAT IF I RETURN A PROXY CARD BUT DO NOT MAKE SPECIFIC CHOICES?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted: (a) "For" the election of Bradford S. Goodwin, Keith A. Katkin, and Jane Wasman to the Board to hold office until the 2022 Annual Meeting of Stockholders; (b) "For" approval of the 2018 Plan, as amended to increase the aggregate number of shares of common stock authorized for issuance under the 2018 Plan by 4,000,000 shares; (c) "For" the advisory approval of executive compensation; and (d) "For" ratification of the selection by the Audit Committee of the Board of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2019. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment. However, if you are a beneficial owner of shares registered in the name of your broker, bank or other agent, please see "How are the votes counted?" and "What are "Broker Non-Votes?" below.

WHO IS PAYING FOR THIS PROXY SOLICITATION?

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

WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE NOTICE?

If you receive more than one Notice, your shares are registered in more than one name or are registered in different accounts. Please follow the voting instructions for each Notice that you receive to ensure that all of your shares are voted.

CAN I CHANGE OR REVOKE MY VOTE AFTER SUBMITTING MY PROXY?

Yes. You can change or 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 change or revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date by mail, or grant a subsequent proxy via the Internet or by telephone. Your most current proxy card or telephone or

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Internet proxy is the one that is counted and must be received before 11:59 P.M. Eastern Time on May 21, 2019. All other proxies previously submitted will be automatically revoked.

You may send a timely written notice that you are revoking your proxy to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank regarding how to change or revoke your proxy.

HOW ARE VOTES COUNTED?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count, for the proposal to elect directors, votes "For," "Withhold" and broker non-votes; and with respect to all other proposals, votes "For" and "Against," abstentions and, if applicable, broker non-votes. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the Annual Meeting. Abstentions will be counted towards the vote total for each proposal, and will have the same effect as "Against" votes for each proposal. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

WHAT ARE "BROKER NON-VOTES"?

As discussed above, 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 by the NYSE to be "non-routine," the broker or nominee cannot vote the shares. These unvoted shares are counted as "broker non-votes."

HOW MANY VOTES ARE NEEDED TO APPROVE EACH PROPOSAL?

Each nominee presented in Proposal 1 must be elected by a majority of the votes cast. Nominees are elected by a majority vote for non-contested director elections. Because the number of nominees properly nominated for the Annual Meeting is the same as the number of directors to be elected, the election of directors at this Annual Meeting is non-contested. If the number of votes "For" a nominee exceeds the number of votes "Withheld" (among votes properly cast in person or by proxy), then the nominee will be elected. Broker non-votes will have no effect.

To be approved, Proposal 2, the approval of the 2018 Plan, as amended, must receive "For" votes from the holders of a majority of shares present and entitled to vote either in person or by proxy. If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

Proposal 3, advisory approval of the compensation of the Company's named executive officers, will be considered to be approved if it receives "For" votes from the holders of a majority of shares either present in person or represented by proxy and entitled to vote. If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

To be approved, Proposal 4, ratification of the selection of Ernst & Young LLP as the independent registered public accounting firm of Rigel for the fiscal year ending December 31, 2019, must receive "For" votes from the holders of a majority of shares present and entitled to vote either in person or by proxy. If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect. Although stockholder ratification of the

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selection of Ernst & Young LLP as Rigel's independent registered public accounting firm is not required, the Board is submitting Proposal 4 to the stockholders for ratification as a matter of good corporate practice. See Proposal 4 for more information regarding stockholder ratification.

WHAT IS THE QUORUM REQUIREMENT?

A quorum of stockholders is necessary to hold a valid Annual Meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares are present at the meeting in person or represented by proxy. On the record date, there were 167,179,088 shares outstanding and entitled to vote. Thus, the holders of 83,589,545 shares must be present in person or represented by proxy at the meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement.

If there is no quorum, the chairman or the holders of a majority of shares present at the Annual Meeting in person or represented by proxy may adjourn the meeting to another date.

HOW CAN I FIND OUT THE RESULTS OF THE VOTING AT THE ANNUAL MEETING?

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

WHEN ARE STOCKHOLDER PROPOSALS DUE FOR NEXT YEAR'S ANNUAL MEETING?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing and must comply with all requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by December 11, 2019 to Rigel's Secretary at 1180 Veterans Boulevard, South San Francisco, California 94080. However, if Rigel's 2019 Annual Meeting of Stockholders is not held between April 22, 2019 and June 19, 2019, then the deadline will be a reasonable time prior to the time Rigel begins to print and mail its proxy materials. If you wish to submit a proposal or nominate a director, not to be included in next year's proxy materials, you must do so no earlier than the close of business on January 23, 2020 and no later than the close of business on February 22, 2020. However, if Rigel's 2019 Annual Meeting of Stockholders is not held between April 22, 2019 and June 19, 2019, to be timely, notice by the stockholder must be received no earlier than the close of business on the 120th day prior to the 2020 Annual Meeting of Stockholders and not later than the close of business on the later of the 90th day prior to the 2020 Annual Meeting of Stockholders or the 10th day following the day on which public announcement of the date of the 2020 Annual Meeting of Stockholders is first made. You are also advised to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations. The chair of the 2020 Annual Meeting of Stockholders may determine, if the facts warrant, that a matter has not been properly brought before the meeting and, therefore, may not be considered at the meeting. In addition, the proxy solicited by the Board for the 2020 Annual Meeting of Stockholders will confer discretionary voting authority with respect to (i) any proposal presented by a stockholder at that meeting for which Rigel has not been provided with timely notice and (ii) any proposal made in accordance with Rigel's Bylaws, if the 2020 proxy statement briefly describes the matter and how management's proxy holders intend to vote on it, if the stockholder does not comply with the requirements of Rule 14a-4(c)(2) promulgated under the Exchange Act.

PROPOSAL 1

ELECTION OF DIRECTORS

Rigel's Board of Directors (the "Board") is divided into three classes. Each class has a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is elected and qualified.

With the recent appointment of Jane Wasman to the Board, the Board presently has nine members. The Board will have eight members after May 22, 2019, upon the completion of Peter Ringrose's term, who will not be standing for re-election. There are currently no vacancies. There are three directors in the class standing for election in 2019. Each of the nominees listed below is currently a director of the Company. If elected at the Annual Meeting, each of these nominees would serve until the 2022 Annual Meeting and until his or her successor is elected and has qualified, or sooner in the event of the director's death, resignation or removal. It is Rigel's policy to encourage directors and nominees for director to attend the Annual Meeting. A majority of our directors attended the 2018 Annual Meeting of Stockholders.

In a contested election, which is an election in which the number of nominees exceeds the number of directors to be elected, our directors will be elected by a plurality of the shares represented in person or by proxy and entitled to vote on the election of directors at that Annual Meeting. In a non-contested election involving incumbent directors, our Bylaws provide that, if the votes cast "For" an incumbent director nominee do not exceed the number of votes "Withheld", the incumbent director will offer to tender his or her resignation to the Board. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether an incumbent director has been elected. The Corporate Governance, Health Care Compliance Oversight and Nominating Committee of the Board will review the circumstances surrounding the "Withheld" vote and promptly make a recommendation to the Board on whether to accept or reject the resignation or whether other action should be taken. In making its decision, the Board will evaluate the best interests of Rigel and our stockholders and will consider all factors and relevant information. The Board will act on the Corporate Governance, Health Care Compliance Oversight and Nominating Committee's recommendation and publicly disclose its decision, as well as the rationale behind it, within 90 days from the date of certification of the stockholder vote. The director who tenders his or her resignation will not participate in the Board's or the Corporate Governance, Health Care Compliance Oversight and Nominating Committee's decisions.

In the event that any nominee should become unavailable for election as a result of an unexpected occurrence, the proxies will be voted for the election of a substitute nominee or nominees proposed by the Corporate Governance, Health Care Compliance Oversight and Nominating Committee of the Board. Each person nominated for election has agreed to serve if elected, and the Board has no reason to believe that any nominee will be unable to serve.

The following is a brief biography of each nominee and each director whose term will continue after the Annual Meeting and a discussion of the specific experience, qualifications, attributes or skills of each nominee that led the Board to nominate each director for the upcoming term. The Corporate Governance, Health Care Compliance Oversight and Nominating Committee seeks to assemble a board that, as a whole, possesses the appropriate balance of professional and industry knowledge, financial expertise and high-level management experience necessary to oversee and direct the Company's business. To that end, the Corporate Governance, Health Care Compliance Oversight and Nominating Committee has identified and evaluated nominees in the broader context of the Board's overall composition, with the goal of recruiting members who complement and strengthen the skills of other members and who also exhibit integrity, collegiality, sound business judgment and other qualities that

the Board views as critical to effective functioning of the Board. The brief biographies below include information, as of the date of this proxy statement, regarding the specific and particular experience, qualifications, attributes or skills of each director or nominee that led the Board to believe that the nominee should continue to serve on the Board. However, each member of the Board may have a variety of reasons why he or she believes a particular person would be an appropriate nominee for the Board, and these views may differ from the views of other members of the Board.

NOMINEES FOR ELECTION FOR A THREE-YEAR TERM EXPIRING AT THE 2022 ANNUAL MEETING

Bradford S. Goodwin, age 64, joined us as a director in January 2007. Mr. Goodwin is currently CEO of CharlestonPharma, LLC, a biopharmaceutical company. Mr. Goodwin's prior public company board service includes NeurogesX from August 2009 to July 2013, Facet Biotech Corporation from December 2008 to April 2010, when Facet was acquired by Abbott Laboratories, PDL BioPharma from 2006 to 2008, CoTherix, Inc., a biopharmaceutical company, from 2004 until 2007, when it was acquired by Actelion Pharmaceuticals Ltd., and Novacea, Inc., a publicly held biopharmaceutical company focused on in licensing, developing and commercializing novel therapies for cancer, from 2002 until 2006. From 2001 to 2006, he was Chief Executive Officer of Novacea. Prior to Novacea, Mr. Goodwin was President, Chief Operating Officer and Founder of Collabra Pharma, Inc., a company focused on pharmaceutical product licensing and development. Before founding Collabra, he held various senior executive positions with Genentech, including Vice President of Finance. After becoming a CPA while working as an auditor at PricewaterhouseCoopers, he served on expert advisory committees of the American Institute of Certified Public Accountants, the Financial Accounting Standards Board and the International Accounting Standards Board. Mr. Goodwin is also a co-founder and director of finance for The Rare Barrel, a craft brewery specializing in barrel aged sour beer, which commenced brewing operations in February 2013. He holds a B.S. in Business Administration from the University of California, Berkeley.

The Board concluded that Mr. Goodwin should continue to serve as a member of the Board in part due to his financial expertise and extensive public accounting and corporate governance experience, as well as his experience sitting on the audit committees of other public companies.

Keith A. Katkin, age 47, joined us as a director in June 2015. Mr. Katkin is currently the CEO and a member of the board of directors of Urovant Sciences, a global biopharmaceutical company focused on developing novel therapies for urologic conditions. Mr. Katkin previously served as President and Chief Executive Officer of Avanir Pharmaceuticals from 2007 to 2016, until its acquisition by Otsuka Pharmaceutical Co. Mr. Katkin joined Avanir in July of 2005 as the senior vice president of Sales and Marketing and a member of Avanir's executive management team, and has served on their board of directors since 2007. Mr. Katkin was responsible for creating and executing the plan that led to the approval of Nuedexta, the growth of the company to commercial success, and the acquisition of the company by Otsuka Pharmaceutical Co. in January 2015. Prior to joining Avanir, Mr. Katkin served as the vice president, Commercial Development for Peninsula Pharmaceuticals, playing a key role in the concurrent initial public offering and ultimate sale of the company to Johnson and Johnson. Additionally, Mr. Katkin's employment experience includes leadership roles at InterMune, Amgen and Abbott Laboratories. In addition to Avanir and Urovant, Mr. Katkin is currently a member of the board of directors of Syndax Pharmaceuticals, Inc., and is chairman of the board of directors of Novus Therapeutics, Inc. Mr. Katkin has an M.B.A. from the Anderson School at UCLA and earned his B.S. in Business and Accounting from Indiana University. Mr. Katkin became a licensed certified public accountant in 1995.

The Board concluded that Mr. Katkin should continue to serve as a member of the Board in part due to his extensive experience in commercial development, business development and operational

management in the biopharmaceutical industry, particularly with regard to product launches, all of which are key to the success of our business.

Jane Wasman, age 62, joined us as a director in April 2019. Ms. Wasman is currently President, International & General Counsel, of Acorda Therapeutics, Inc., a publicly traded biopharmaceutical company developing therapies that restore function and improve the lives of people with neurological disorders. Prior to joining Acorda in 2004, Ms. Wasman held roles in increasing responsibility at Schering-Plough Corp., including Staff Vice President & Associate General Counsel, from 1995-2004. Additionally, Ms. Wasman's experience includes work at the U.S. Senate Veterans' Affairs Committee, and major global law firms in New York and California. Ms. Wasman currently serves as chair of the board of directors of Sellas Life Sciences Group, Inc. and serves on the board of directors of New York BIO (New York Biotechnology Association). Ms. Wasman holds a J.D. from Harvard Law School, and an A.B. *magna cum laude* from Princeton University.

The board concluded that Ms. Wasman should continue to serve as a member of the Board in part due to her broad strategic and transactional experience in commercial stage biopharmaceutical companies, as well as her legal and corporate governance background and extensive experience in operational implementation.

**THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR OF EACH NAMED NOMINEE.**

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2020 ANNUAL MEETING OF STOCKHOLDERS

Walter H. Moos, Ph.D., age 64, joined us as a director in March 1997. In November 2018, Dr. Moos became Managing Director of Pandect Bioventures, a life science venture capital firm. In February 2017, Dr. Moos became Chief Executive Officer of ShangPharma Innovation, Inc., a global pharmaceutical incubator investing in therapeutics and biotechnologies. Dr. Moos retired from SRI International in January 2016, where he served as Vice President and head of the bioscience division since March 2005 and President of SRI Biosciences since January 2015. From 1997 to 2004, Dr. Moos served as the Chairman and Chief Executive Officer of MitoKor, Inc., a biotechnology company. Prior to that, he served as a Vice President of Chiron Corporation, a biotechnology company, and as a Vice President at the Parke-Davis Pharmaceutical Research Division of the Warner-Lambert Company. He has been an Adjunct Professor at the University of California, San Francisco, since 1992. Dr. Moos served on the board of directors of MIGENIX Inc., a biopharmaceutical company, from 2004 to 2008. He has also served on the boards of, and been a consultant to, numerous U.S. and international companies and several non-profit organizations. Dr. Moos has been an advisor to the National Academy of Sciences and venture capital firms. Dr. Moos holds an A.B. from Harvard University and a Ph.D. in Chemistry from the University of California Berkeley.

Dr. Moos was selected to serve as a member of the Board in part due to his extensive leadership skills and operational expertise, as well as his expertise in the chemical sciences, which is particularly relevant to our business as we are a company focused on small molecules.

Raul R. Rodriguez, age 58, was appointed President and Chief Executive Office and a member of the Board of Directors in November 2014. Until then, he had served as our President and Chief Operating Officer since May 2010. He joined us as Vice President, Business Development in April 2000, became our Senior Vice President, Business Development and Commercial Operations in December 2002 and became our Executive Vice President and Chief Operating Officer in June 2004. From 1997 to March 2000, he served as Senior Vice President, Business Development and Operations for Ontogeny, Inc., a biotechnology company. From 1994 to 1997, he served as the Executive Director, Business Development and Market Planning for Scios, Inc., a pharmaceutical company. From 1989 to

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1994, Mr. Rodriguez held various positions at G.D. Searle & Company, a pharmaceutical company. In these companies, Mr. Rodriguez held positions of increasing responsibility in the areas of business development and planning. After earning his Bachelor's degree from Harvard College, Mr. Rodriguez went on to earn his Masters of Public Health at the University of Illinois and subsequently received his M.B.A. at the Stanford Graduate School of Business.

Mr. Rodriguez was selected to serve as a member of the Board in part due to his extensive leadership skills and operational expertise, including his operational experience and deep understanding of our business as our President and Chief Executive Officer.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2021 ANNUAL MEETING OF STOCKHOLDERS

Gregg A. Lapointe, CPA, MBA, age 60, joined us as director in November 2017. Mr. Lapointe is currently the chief executive officer and co-founder of Cerium Pharmaceuticals, Inc., a biopharmaceutical company focused on developing and commercializing medicines for patients with rare diseases. Mr. Lapointe offers Rigel's board nearly three decades of commercial and financial experience bringing products to market in the areas of medical devices and rare diseases. He previously served in varying roles for Sigma-Tau Pharmaceuticals, Inc., a private biopharmaceutical company, starting in 2001, including Chief Financial Officer from 2001 to 2002, Chief Operating Officer from 2003 to 2007, and Chief Executive Officer from 2008 to 2012. Mr. Lapointe led the effort to transform Sigma-Tau Pharmaceuticals from a small specialty dialysis company into a global leader in the development and commercialization of medicines for Rare Diseases. Mr. Lapointe also serves on the Board of Directors of Soligenix, Inc., Catabasis Pharmaceuticals Inc. and Cytori Therapeutics, Inc. He previously sat on the board of SciClone Pharmaceuticals, Inc., ImmunoCellular Therapeutics, Inc., Raptor Pharmaceuticals, Inc., Questcor Pharmaceuticals, Inc. and Cambrooke Therapeutics, Inc., among others. From 2009 to 2012, Mr. Lapointe was a member of the Board of Directors, and Chair of the Rare Disease Committee, of the Pharmaceutical Research and Manufacturers of America (PhRMA) in Washington, DC. He holds a Bachelor of Commerce degree from Concordia University (Montreal), a Graduate Diploma in Public Accountancy from McGill University (Montreal), an MBA from Duke University, and is a CPA (Illinois).

Mr. Lapointe was selected to serve as a member of the Board in part due to his significant experience in the areas of global strategic planning and implementation, business development, corporate finance, and acquisitions, and his experience as an executive officer and board member in the pharmaceutical and medical products industries.

Brian L. Kotzin, M.D., age 70, joined us as a director in August 2017. A board-certified rheumatologist and internist, Dr. Kotzin is currently Senior Vice President, Clinical Development at Nektar Therapeutics. From 2004 to 2015, he was Vice President, Global and Clinical Development and Head, Inflammation Therapeutic Area at Amgen, directing the global development efforts for product candidates in the inflammation area. Before joining Amgen, Dr. Kotzin was the head of Clinical Immunology in the Department of Medicine and director of the Autoimmunity Center of Excellence at the University of Colorado Health Sciences Center in Denver. Dr. Kotzin has won numerous honors, including elected "Master" of the American College of Rheumatology, the Kirkland Scholar Award for Lupus Research, the Henry Claman Chair in Clinical Immunology, the Gretchen Kramer Award for Outstanding Contributions to Medicine, and Chairmanship of the National Institutes of Health Autoimmunity Centers of Excellence. He earned his medical degree from Stanford and undergraduate degree in mathematics from the University of Southern California.

Dr. Kotzin was selected to serve as a member of the Board in part due to his extensive experience with developing therapeutics, particularly in the area of immunology, which is the core of our treatment focus for fostamatinib and our pipeline.

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Gary A. Lyons, age 67, joined us as a director in October 2005 and was appointed Chairman of the Board in November 2014. Mr. Lyons is also a member of the board of directors of Neurocrine Biosciences, Inc., a biopharmaceutical company. Mr. Lyons served as Neurocrine's Chief Executive Officer and member of its board of directors from 1993 until 2008. Mr. Lyons also serves on the board of directors of Novus Therapeutics, Inc. and Vical, Inc., and is chairman of the board at Retrophin, Inc., each a biopharmaceutical company. He served on the board of directors of PDL BioPharma, Inc., a biopharmaceutical company, from July 2008 until he resigned in December 2008 to join the board of directors of Facet Biotech Corporation following Facet's spin-off from PDL, and served on the board of directors there until Facet's acquisition by Abbott Laboratories in April 2010. Mr. Lyons also served on the board of directors of NeurogesX, Inc. and KaloBios Pharmaceuticals, Inc., each a biopharmaceutical company. From 1983 to 1993, he held a number of management positions at Genentech, including Vice President of Business Development and Vice President of Sales, and also served as a member of Genentech's Executive Committee. Mr. Lyons was responsible for international licensing, acquisitions and partnering for Genentech's Corporate Venture Program and had operating responsibility for two subsidiaries, Genentech Canada, Inc. and Genentech Limited (Japan). He holds a B.S. in Marine Biology from the University of New Hampshire and an M.B.A. from Northwestern University's J.L. Kellogg Graduate School of Management.

Mr. Lyons was selected to serve as a member of the Board in part due to his extensive experience negotiating and developing collaborative relationships, his sales expertise and his track record of assessing the market for pharmaceutical candidates, all of which are key to the success of our business.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence of the Board of Directors

The Nasdaq Stock Market ("Nasdaq") listing standards require that a majority of the members of a listed company's Board of Directors qualify as "independent," as affirmatively determined by the Board. The Board consults with our counsel from time to time to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of Nasdaq.

Consistent with these considerations, after review of all relevant identified transactions and relationships between each director, or any of his or her family members, and Rigel, our senior management and our independent registered public accounting firm, the Board has affirmatively determined that all of our current directors are independent directors within the meaning of the applicable Nasdaq listing standards, except for Raul R. Rodriguez, our Chief Executive Officer who is not an independent director by virtue of his employment with the Company. In making this determination, the Board found that none of the directors or nominees for director determined to be independent by the Board had a material or other disqualifying relationship with Rigel.

Meetings of the Board of Directors

The Board met four times during fiscal year 2018. All of our directors attended at least 75% of the aggregate number of meetings of the Board and the committees on which they served that were held during the period for which they were directors or committee members, respectively. As required under applicable Nasdaq listing standards, in fiscal year 2018, Rigel's independent directors met in executive session, at which only independent directors were present, at every regularly scheduled meeting of the Board.

Board Leadership Structure

Currently, the Board has an independent chair, Mr. Lyons, who has authority, among other things, to call and preside over Board meetings, including meetings of the independent directors, to set meeting agendas and to determine materials to be distributed to the Board. Accordingly, the Board chair has substantial ability to shape the work of the Board. The Board has no specific policy with respect to the separation of the positions of Board chair and Chief Executive Officer, and believes that separation of the positions represents an appropriate allocation of roles and responsibilities at this time.

Role of the Board in Risk Oversight

One of the Board's key functions is informed oversight of the Company's risk management process. The Corporate Governance, Health Care Compliance Oversight and Nominating Committee oversees Enterprise Risk Assessment and Management, which had previously been administered through the Board as a whole. Various Board standing committees continue to address risks inherent to their respective areas of oversight. Our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures. Our Corporate Governance, Health Care Compliance Oversight and Nominating Committee continues to monitor the effectiveness of our corporate governance and healthcare compliance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. Both the Board as a whole and the various standing committees receive periodic reports, as well as incidental reports, as matters arise, from our General Counsel, who is also our Corporate Secretary, and from our Chief Compliance Officer. It is the responsibility of the committee chairs to report findings regarding material risk exposures to the Board and the Corporate Governance, Health Care Compliance Oversight and Nominating Committee as quickly as possible. The Board has delegated to the General Counsel the responsibility of coordinating between the Board and management with regard to the determination and implementation of responses to any problematic risk management issues.

INFORMATION REGARDING COMMITTEES OF THE BOARD OF DIRECTORS

The Board has five standing committees: an Audit Committee, a Compensation Committee, a Finance Committee, a Corporate Governance, Health Care Compliance Oversight and Nominating (or, Corp. Gov., Hecco., & Nom.) Committee and a Scientific and Clinical Trial Advisory Committee. The following table provides membership and meeting information for fiscal year 2018 for each of the Board committees:

Name	Audit	Compensation	Finance	Corp. Gov., Hecco., & Nom. Committee	Scientific and Clinical Trial Advisory Committee
Raul R. Rodriguez			X		
Keith A. Katkin(1)	X	X		X	
Bradford S. Goodwin	X*		X		
Gary A. Lyons		X	X		
Walter H. Moos, Ph.D.(2)		X*		X	X
Peter S. Ringrose, Ph.D.				X	X*
Gregg A. Lapointe(3)	X			X*	
Brian L. Kotzin, M.D.				X	X
Total meetings in fiscal year 2018	8	5	1	4	2

*
Committee Chairperson

- (1) Mr. Katkin resigned his position on the Corporate Governance, Health Care Compliance Oversight and Nominating Committee on February 1, 2018.
- (2) Dr. Moos resigned his position on the Corporate Governance, Health Care Compliance Oversight and Nominating Committee on February 1, 2018.
- (3) Mr. Lapointe was appointed to, and made chairman of, the Corporate Governance, Health Care Compliance Oversight and Nominating Committee on February 1, 2018.

Below is a description of each standing committee of the Board. Each of the committees has authority to engage legal counsel or other experts or consultants, as it deems appropriate, to carry out its responsibilities. The Board has determined that each member of each committee meets the applicable Nasdaq rules and regulations regarding "independence" and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

Audit Committee

The Audit Committee of the Board of Directors was established by the Board in accordance with Section 3(a)(58)(A) of the Exchange Act to oversee Rigel's corporate accounting and financial reporting processes and audits of our financial statements. The Audit Committee: evaluates the performance of and assesses the qualifications of the independent registered public accounting firm; determines and approves the engagement of the independent registered public accounting firm; determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent public registered accounting firm; reviews and approves the retention of the independent registered public accounting firm to perform any proposed audit, review and attest services and any permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on Rigel's audit engagement team as required by law; reviews and assesses the objectivity and independence of our independent registered public accounting firm; reviews the financial statements to be included in Rigel's Annual Report on Form 10-K; discusses with management and the independent registered public accounting firm the results of the annual audit

and the results of Rigel's quarterly financial statements; reviews with management the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operation" in the Company's periodic reports filed with the SEC; confers with management and the independent registered public accounting firm regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; reviews the results of management's efforts to monitor compliance with Rigel's programs and policies designed to ensure adherence to applicable laws and rules and Rigel's Code of Conduct, including reviewing and approving related-party transactions. In addition, our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures.

The following three directors are the current members of the Audit Committee: Mr. Goodwin, Mr. Katkin and Mr. Lapointe. The Audit Committee met eight times during fiscal year 2018. The Audit Committee has adopted a written charter that is available to stockholders on our website at <https://ir.rigel.com/corporate-governance>.

The Board reviews the Nasdaq listing standards definition of "independence" for Audit Committee members on an annual basis and has determined that all members of Rigel's Audit Committee are independent (as independence is currently defined in Rules 5605(c)(2)(A)(i) and (ii) of the Nasdaq listing standards). The Board has also determined that Messrs. Goodwin, Katkin, and Lapointe each qualify as an "audit committee financial expert," as defined in applicable rules and regulations promulgated by the SEC, and satisfies the financial sophistication requirements of the Nasdaq listing standards. For each of Messrs. Goodwin, Katkin, and Lapointe, the Board made a qualitative assessment of their individual levels of knowledge and experience, based on a number of factors, including their respective formal education and the fact that each is a former chief executive officer with financial oversight responsibilities, as well as Mr. Katkin's experience as a licensed certified public accountant, Mr. Goodwin's experience as a principal accounting officer for a public company, and Mr. Lapointe's experience as a licensed certified public accountant and both a principal financial officer and a chief executive officer with financial oversight responsibilities.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS(1)

The Company's management has primary responsibility for preparing the Company's financial statements and establishing the financial reporting process. Rigel's independent registered public accounting firm is responsible for performing an audit of the Company's financial statements and expressing an opinion as to the conformity of such financial statements with United States generally accepted accounting principles.

The Audit Committee reviewed and discussed with Rigel's management the audited financial statements for the fiscal year ended December 31, 2018. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee also received the written disclosures and the letter from the independent registered public accountants, as required by the applicable requirements of the PCAOB regarding independent accountants' communications with the Audit Committee concerning independence, and discussed with the independent registered public accountants their independence. Based on the foregoing, the Audit Committee recommended to the Board that the audited financial statements be included in Rigel's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Audit Committee

Bradford S. Goodwin
Keith A. Katkin
Gregg A. Lapointe

Compensation Committee

The Compensation Committee of the Board of Directors acts on behalf of the Board to review, adopt and oversee Rigel's compensation strategy, policies, plans and programs. The Compensation Committee: reviews and approves corporate performance goals and objectives relevant to the compensation of Rigel's executive officers and other senior management; reviews and approves the compensation and other terms of employment of Rigel's Chief Executive Officer; reviews and approves the compensation and other terms of employment of the other members of senior management; reviews and approves the compensation for Board members; administers Rigel's stock option and stock purchase plans, bonus plans, deferred compensation plans and other similar programs; and reviews with management Rigel's Compensation Discussion and Analysis (the "CD&A") and considers whether to recommend that it be included in Rigel's proxy statements and other filings. In addition, our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

The following three directors are the members of the Compensation Committee: Mr. Lyons, Mr. Katkin and Dr. Moos. All members of Rigel's Compensation Committee are independent (as "independence" is currently defined in Rule 5605(a)(2) of the Nasdaq listing standards). The Compensation Committee met five times during fiscal year 2018. The Compensation Committee has adopted a written charter that is available to stockholders on our website at: <https://ir.rigel.com/corporate-governance>.

Typically, the Compensation Committee meets at least quarterly and with greater frequency if necessary. The agenda for each meeting is usually developed by the Chair of the Compensation

(1) The material in this Report of the Audit Committee of the Board of Directors is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act.

Committee, in consultation with a representative from management. In 2018, our General Counsel and our Executive Vice President, Human Resources served as representatives of management. In addition, from time to time, various members of management and other employees, as well as outside advisors or consultants, may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice, or otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in, or be present during, any deliberations or determinations regarding his compensation or individual performance objectives. However, the Chief Executive Officer is consulted regarding any promotion or compensation decision affecting other members of management. The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of Rigel, as well as authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultants' reasonable fees and other retention terms.

During the last fiscal year, the Compensation Committee engaged Radford (an AON Hewitt Company) to review and make recommendations regarding Rigel's peer group, executive compensation and director compensation. As compensation for these services during the last fiscal year, Radford was paid \$30,700. For more information regarding the market analysis used by the Compensation Committee to set executive compensation, please see "Competitive Market Review and Benchmarking" below.

Historically, the Compensation Committee has made most of the significant adjustments to annual compensation, determined bonus and equity awards, and recommended new performance objectives to the Board at one or more meetings generally held during the first quarter of the year. The Compensation Committee also considers, at various meetings throughout the year, matters related to individual compensation, such as compensation for new executive hires, as well as high-level strategic issues, such as the efficacy of Rigel's compensation strategy, potential modifications to that strategy, and new trends, plans or approaches to compensation. Unanticipated circumstances can result in a promotion or a change to an individual's compensation package. Generally, the Compensation Committee's process comprises two related elements: the determination of compensation level and the establishment or recommendation of performance objectives for the current year. In the case of the Chief Executive Officer, the evaluation of his performance is conducted by the Compensation Committee and, based upon that evaluation, the Compensation Committee either approves any adjustments to his compensation or makes a recommendation to our Board regarding any such adjustments to his compensation, as well as awards to be granted. For all executive officers and directors, as part of its deliberations, the Compensation Committee may review and consider, as appropriate, materials such as financial reports and projections, operational data, tally sheets that set forth the total compensation that may become payable to executive officers in various hypothetical scenarios, executive and director stock ownership information, company stock performance data, analyses of historical executive compensation levels and current Company-wide compensation levels, and recommendations of the Compensation Committee's compensation consultant, including analyses of executive and director compensation paid at other companies identified by the consultant or public information. The Compensation Committee referenced the peer group identified in the report of Radford in setting executive compensation and considering director compensation for 2018, as well as publicly available data provided by management on the executive and director compensation of the peer group identified by Radford.

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The specific recommendations of the Compensation Committee with respect to executive and director compensation for fiscal year 2018 is described in greater detail in the Compensation Discussion and Analysis section of this proxy statement.

Risk Assessment of Compensation Policies and Practices.

Members of our senior management, including our Chief Executive Officer, Chief Financial Officer, Executive Vice President, Human Resources and General Counsel, with oversight by the Compensation Committee, conducted an assessment of our compensation programs and policies to determine whether the incentives provided by these programs and policies were appropriate or had the potential to encourage excessive risk-taking by employees.

The assessment focused on the key terms of the Company's equity compensation and variable cash incentive compensation programs, such as the cash incentive plans. Our compensation programs were analyzed to determine whether they introduced or encouraged excessive risk-taking or other behaviors that could have an adverse impact on our business and whether existing risk mitigation features were sufficient in light of the overall structure and composition of our compensation programs. In particular, the assessment focused on the ability of participants to affect the level of the variable component of their compensation and the controls over participant action and variable compensation.

Specific features of our compensation plans and programs identified during the assessment process as discouraging or potentially mitigating excessive risk-taking include:

Annual base salary, which is fixed compensation, constitutes the primary component of compensation for all employees, including for executives.

Performance-based cash incentive awards, primarily designed to reward corporate performance for those at executive and managerial positions, rather than purely individual performance.

The vast majority of our employees earn annual salaries, although a few are paid on an hourly basis. Additionally, all of our employees are eligible for cash incentive payments based on company performance, and our sales force is eligible for payments under a sales incentive plan, and none are being paid on a commission basis.

Our internal controls over financial reporting and the measurement and calculation of compensation goals, such as corporate performance measures and other financial, operational, and compliance policies and practices, are designed to prevent compensation programs from being susceptible to manipulation by any employee.

Our compensation programs are designed to encourage employees to remain focused on both short-term and long-term goals through the use of performance-based annual cash incentive awards, which focus on short-term performance goals, and equity awards, which typically vest over a number of years and, therefore, encourage employees to focus on long-term performance.

The Compensation Committee determined that, for all employees, our compensation programs do not encourage excessive risk-taking or create risks that are reasonably likely to have a material adverse effect on the Company and, instead, encourage behaviors that support sustainable value generation.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is currently, or ever has been, an officer or employee of Rigel. No executive officer of Rigel has served as a member of the Board or Compensation Committee of any entity that has one or more executive officers serving as a member of our Compensation Committee.

Rigel has entered into indemnity agreements with all of our board members, including the members of our Compensation Committee, which provide, among other things, that the Company will indemnify each of them, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his position as a director of Rigel, and otherwise to the fullest extent permitted under Delaware law and Rigel's Bylaws.

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS(2)

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis section of this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated into our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Compensation Committee

Gary A. Lyons
Keith A. Katkin
Walter H. Moos, Ph.D.

Finance Committee

The Finance Committee of the Board was formed in September 2004. The Finance Committee reviews and approves the overall strategy, plans, policies and actions related to adjustments to Rigel's capital structure, certain financing arrangements and strategic collaborations for the Company. The following three directors were members of the Finance Committee for all of 2018: Mr. Lyons, Mr. Rodriguez and Mr. Goodwin. Other than Mr. Rodriguez, all members of Rigel's Finance Committee are independent (as "independence" is currently defined in Rule 5605(a)(2) of the Nasdaq listing standards). The Finance Committee met once during fiscal year 2018.

Corporate Governance, Health Care Compliance Oversight and Nominating Committee

The Corporate Governance, Health Care Compliance Oversight and Nominating Committee of the Board is responsible for identifying, reviewing and evaluating candidates to serve as directors of the Company (consistent with criteria approved by the Board), reviewing and evaluating incumbent directors, recommending candidates for election to the Board, making recommendations to the Board regarding the membership of the committees of the Board, assessing the performance of management and the Board, overseeing the Company's compliance with health care laws and regulations, and developing a set of corporate governance guidelines for Rigel. In addition, our Corporate Governance, Health Care Compliance Oversight and Nominating Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct.

In May of 2017, the Board approved amending the charter of the Corporate Governance, Health Care Compliance Oversight and Nominating Committee to include the responsibilities of Enterprise Risk Assessment and Management and Health Care Compliance. The Committee periodically reviews and assesses the risk exposure of Rigel, prioritizing as appropriate, and makes recommendations to management pertaining to monitoring and minimizing findings in such assessments. The Corporate Governance, Health Care Compliance Oversight and Nominating Committee also periodically meets

(2)

The material in this Report of the Compensation Committee of the Board is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act.

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with, and communicates directly with, the Chief Compliance Officer. The Corporate Governance, Health Care Compliance Oversight and Nominating Committee has oversight responsibility to identify risks relating to Rigel and health care compliance, to understand the plans to mitigate such risks, and to ensure the Board is aware of any issues related to Rigel and health care compliance.

The following three directors are the members of the Corporate Governance, Health Care Compliance Oversight and Nominating Committee: Mr. Lapointe, Dr. Ringrose, and Dr. Kotzin. All members of the Corporate Governance, Health Care Compliance Oversight and Nominating Committee are independent (as "independence" is currently defined in Rule 5605(a)(2) value reported in earnings during the period of change. As such, we may be exposed to certain income fluctuations based upon changes in the fair market value of this liability due to changes in the price of our common stock, as well as other factors. Our financial instruments are subject to changes in interest rates, including our revolving credit and term loan facilities and our working capital facility for export sales. At June 30, 2003, we had borrowings of \$34.3 million outstanding under the term loan portion of the revolving credit and term loan facilities, at an interest rate of 3.74%. Borrowings, which bear interest at floating rates, outstanding under the revolving credit agreement at June 30, 2003, totaled \$10.3 million. As of June 30, 2003, the weighted average interest rate of our borrowings under revolving credit facilities was 4.26%. Borrowings under the working capital facility for export sales at June 30, 2003 totaled \$1.9 million and accrued interest at 4.00%, while borrowings under the long-term arrangement secured by our Magnolia manufacturing facility totaled \$1.3 million and accrued interest at 4.65%. Based on past market movements and possible near-term market movements, we do not believe that potential near-term losses in future earnings, fair values or cash flows from changes in interest rates are likely to be material. Assuming our current level of borrowings, a 100 basis point increase in interest rates under our variable interest rate facilities would decrease our current quarter net income and cash flow from operations by less than \$100,000. In the event of an adverse change in interest rates, we could take action to mitigate our exposure. However, due to the uncertainty of actions that could be taken and the possible effects, this calculation assumes no such actions. Furthermore, this calculation does not consider the effects of a possible change in the level of overall economic activity that could exist in such an environment.

25 ITEM 4. CONTROLS AND PROCEDURES CONTROLS AND PROCEDURES Members of our management team, including our Chief Executive Officer and our Chief Financial Officer, have reviewed our disclosure controls and procedures, as defined by the Securities and Exchange Commission in Rule 13a-15(e) of the Securities Exchange Act of 1934, as of June 30, 2003, in an effort to evaluate the effectiveness of the design and operation of these controls. Based upon this review, our management has determined that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures operate such that important information is collected in a timely manner, provided to management and made known to our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding disclosure in our public filings. Furthermore, no significant changes have been made to our internal controls and procedures during the three months ended June 30, 2003, or prior to filing this Quarterly Report on Form 10-Q, and no corrective actions are anticipated, as we noted no significant deficiencies or material weaknesses in our internal control structure.

26 PART II ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS The annual meeting of stockholders of NATCO Group Inc. was held on May 22, 2003 in Houston, Texas. At the annual meeting, the holders of 16,784,951 shares out of 17,775,912 shares entitled to vote as of the record date were represented in person or by proxy, constituting a quorum. Proposals submitted to a vote of security holders included the following: (1) Election of three Class II members of the Board of Directors, each to hold office for a three-year term expiring at the annual meeting of stockholders in 2006. Number of Shares ----- For Withheld Broker Non-Vote --- Keith K. Allan 16,668,940 116,011 -- George K. Hickox, Jr. 16,669,090 115,861 -- Mr. Howard I. Bull, a Class II director who had been nominated for election, passed away in May 2003, prior to the meeting. The Board is entitled to fill this vacancy or to reduce the number of directors to seven, but has not done so at this time. (2) Ratification of KPMG LLP as our independent public accountants for the fiscal year beginning January 1, 2003. Number of Shares ----- For Against Abstained --- 16,777,470 7,332 149 Mr. Nathaniel A. Gregory and Mr. Herbert S. Winokur, Jr., will continue to serve as our Class III directors, each with a term expiring at the annual meeting of stockholders in 2004. Mr. John U. Clarke and Mr. Patrick M. McCarthy will continue to serve as our Class I directors, each with a term expiring at the annual meeting of stockholders in 2005. Mr. Thomas R. Bates, Jr. was elected by the holders of our Series B Convertible Preferred Stock to serve as our director, and will continue in office until a successor has been elected by the holders of the Series B Convertible Preferred Stock or until less than 50% of such series remains outstanding.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K Reports on Form 8-K. o Report on Form 8-K filed May 7, 2003, to report First Quarter 2003 Results. o Report on Form 8-K filed May 28, 2003 to announce the hiring of a new chief financial officer. o Report on Form 8-K filed August 5, 2003 to report Second Quarter 2003 Results. Index of Exhibits EXHIBIT NO. DESCRIPTION ----- 10.33 -- Third Amendment to Loan Agreement (\$35,000,000 U.S. Revolving Loan Facility, \$10,000,000 Canadian Revolving Loan Facility, \$5,000,000 U.K. Revolving Loan Facility and \$50,000,000 Term Loan Facility) dated as of July 31, 2003, but effective April 1, 2003 among NATCO Group Inc., NATCO Canada, Ltd., Axsia Group Limited, JPMorgan Chase Bank (successor in interest to The Chase Manhattan Bank), acting as agent for the U.S. Lenders, Royal Bank of Canada, acting as agent for the Canadian Lenders, and J.P. Morgan Europe Limited, acting as agent for the U.K. Lenders. 10.34 -- Amendment of Directors Compensation Plan 31.1 -- Certification of Chief Executive Officer of NATCO Group Inc. pursuant to 15 U.S.C.ss.7241, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002 27 31.2 -- Certification of Chief Financial Officer of NATCO Group Inc. pursuant to 15 U.S.C.ss.7241, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002 32.1 -- Certification of Chief Executive Officer and Chief Financial Officer of NATCO Group Inc. pursuant to 18 U.S.C.ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 28 SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. NATCO Group Inc. By: /s/ NATHANIEL A. GREGORY ----- Name: Nathaniel A. Gregory Chairman of the Board and Chief Executive Officer Date: August 14, 2003 By: /s/ RICHARD W. FITZGERALD ----- Name: Richard W. FitzGerald Senior Vice President and Chief Financial Officer Date: August 14, 2003 29