

HORIZON PHARMA, INC.
Form DEF 14A
June 02, 2014
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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 Pursuant to § 240.14a-12

Horizon Pharma, 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:

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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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HORIZON PHARMA, INC.
ANNUAL MEETING OF STOCKHOLDERS
June 27, 2014

NOTICE AND PROXY STATEMENT

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June 2, 2014

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders on Friday, June 27, 2014. The Annual Meeting will begin at 8:00 a.m., Central Time, at our corporate office, located at 520 Lake Cook Road, Suite 520, Deerfield, IL 60015.

The attached Notice of Annual Meeting and Proxy Statement describes how our Board of Directors operates, provides biographical information on our director nominees, gives information for the voting matters to be acted upon at the Annual Meeting and explains the proxy voting process.

Our Board of Directors urges you to read the accompanying Proxy Statement and recommends that you vote FOR all of the proposed nominees for election to the Board of Directors, FOR the approval of an amendment to the Company's 2011 Equity Incentive Plan, FOR the approval, pursuant to NASDAQ Listing Rule 5635, of the issuance of shares of our common stock in excess of 13,164,951 shares upon conversion of our 5.00% Convertible Senior Notes due 2018, FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2014 and FOR the approval, on an advisory basis, of the compensation of our named executive officers, as disclosed in this Proxy Statement.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted. Please take a moment now to vote your shares by internet, by toll-free telephone call or by signing and dating the enclosed proxy card and returning it in the pre-addressed, postage-paid envelope provided.

We look forward to seeing you on June 27, 2014, and urge you to vote as soon as possible.

Sincerely,

Timothy P. Walbert

Chairman of the Board, President and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 27, 2014

Dear Stockholder:

We will be holding the Annual Meeting of Stockholders of Horizon Pharma, Inc., on Friday, June 27, 2014, beginning promptly at 8:00 a.m., Central Time, at our corporate office, located at 520 Lake Cook Road, Suite 520, Deerfield, IL 60015. You are being asked to vote on the following matters:

1. To elect the two nominees for Class III Directors named herein to hold office until the 2017 Annual Meeting of Stockholders.
2. To approve an amendment to our 2011 Equity Incentive Plan.
3. To approve, pursuant to NASDAQ Listing Rule 5635, the issuance of shares of our common stock in excess of 13,164,951 shares upon conversion of our 5.00% Convertible Senior Notes due 2018.
4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014.
5. To approve, on an advisory basis, the compensation of our named executive officers, as disclosed in this Proxy Statement.
6. To conduct any other business properly brought before the meeting.

Only stockholders of record at the close of business on May 20, 2014, the record date for the Annual Meeting, are entitled to notice of the Annual Meeting and to vote at the Annual Meeting or any adjournment or postponement thereof. On or about June 2, 2014, we will mail to our common stockholders proxy materials. We ask that you review the Proxy Statement carefully and complete, sign, date and return the enclosed proxy card in the envelope provided or vote over the internet or by telephone as instructed in these materials, as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) has been provided for your convenience. 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 nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting

**to Be Held on Friday, June 27, 2014, at 8:00 a.m., Central Time,
at 520 Lake Cook Road, Suite 520, Deerfield, IL 60015.**

The Proxy Statement and Annual Report to stockholders

are available at www.edocumentview.com/hznp.

By Order of the Board of Directors

Robert J. De Vaere

Secretary

Deerfield, Illinois

June 2, 2014

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HORIZON PHARMA, INC.
ANNUAL MEETING OF STOCKHOLDERS

JUNE 27, 2014

PROXY STATEMENT

INTRODUCTION

Your proxy is solicited by the Board of Directors (the Board or Board of Directors) of Horizon Pharma, Inc., a Delaware corporation (Horizon, the Company, we, our or us), for the Annual Meeting of Stockholders (the Annual Meeting) to be held at 8:00 a.m., Central Time, on Friday, June 27, 2014, at the Company's corporate office, located at 520 Lake Cook Road, Suite 520, Deerfield, Illinois 60015, for the purposes set forth in the Notice of Annual Meeting of Stockholders, and at any adjournment or postponement thereof. The mailing address of the principal executive office of the Company is 520 Lake Cook Road, Suite 520, Deerfield, Illinois 60015. The Company expects that this Proxy Statement, the related proxy and Notice of Annual Meeting of Stockholders will first be mailed to stockholders on or about June 2, 2014.

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why am I receiving these materials?

We have sent you these proxy materials because our Board of Directors is soliciting your proxy to vote at the Annual Meeting, including at any adjournments or postponements of the meeting. You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or through the internet.

How do I attend the Annual Meeting?

The meeting will be held on Friday, June 27, 2014, at 8:00 a.m., Central Time, at our corporate office, located at 520 Lake Cook Road, Suite 520, Deerfield, IL 60015. Information on how to vote in person at the Annual Meeting is provided below.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on May 20, 2014 will be entitled to vote at the Annual Meeting. On this record date, there were 73,734,569 shares of our common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on May 20, 2014, your shares were registered directly in your name with Horizon's transfer agent, Computershare Shareowner Services LLC, 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 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 or Bank

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If on May 20, 2014, your shares were held, not 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

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these proxy materials are 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 regarding 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 meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are five matters scheduled for a vote:

Election of two Class III Directors;

Approval of an amendment to our 2011 Equity Incentive Plan;

Approval, pursuant to NASDAQ Listing Rule 5635, of the issuance of shares of our common stock in excess of 13,164,951 shares upon conversion of our 5.00% Convertible Senior Notes due 2018;

Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014; and

Advisory approval of the compensation of our named executive officers, as disclosed in this Proxy Statement, in accordance with Securities and Exchange Commission (SEC) rules.

What if another matter is properly brought before the meeting?

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the 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 Class III nominees to the Board of Directors or you may Withhold your vote for any nominee you specify. For each of the other matters to be voted on, you may 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 in person at the Annual Meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone, or vote by proxy through the internet. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

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To vote over the telephone, dial toll-free 1-800-652-VOTE (8683) using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m., Eastern Time on June 26, 2014, to be counted.

To vote through the internet, go to <http://www.envisionreports.com/hznp> to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Eastern Time on June 26, 2014, to be counted.

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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 a voting instruction form with these proxy materials from that organization rather than from Horizon. Simply complete and mail the voting instruction form to ensure that your vote is counted. Alternatively, you may vote by telephone or through 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. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

Internet proxy voting is being provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, 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 own as of May 20, 2014.

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. Under the rules and interpretations of the NYSE, non-routine matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, elections of directors (even if not contested), executive compensation (including any advisory stockholder votes on executive compensation) and certain corporate governance proposals, even if management-supported. Accordingly, your broker or nominee may not vote your shares on Proposals 1 through 3 or 5 without your instructions, but may vote your shares on Proposal 4.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted, as applicable, For Proposal 1, the election of all nominees for Class III directors, For Proposal 2, the approval of an amendment to the Company's 2011 Equity Incentive Plan, For Proposal 3, the approval, pursuant to NASDAQ Listing Rule 5635, of the issuance of shares of the Company's common stock in excess of 13,164,951 shares upon conversion of the Company's 5.00% Convertible Senior Notes due 2018, For Proposal 4, to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2014 and For Proposal 5, the advisory approval of executive compensation. If any other matter is properly presented at the meeting, your proxy holder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

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Who is paying for this proxy solicitation?

We have retained MacKenzie Partners, Inc. (MacKenzie), a proxy solicitation firm, to solicit proxies in connection with the Annual Meeting at a cost of approximately \$20,000 plus expenses. The cost of soliciting proxies incurred by the Company and MacKenzie, including the preparation, assembly and mailing of the proxies and soliciting material, as well as the cost of forwarding such material to beneficial owners of the Company's common stock, will be borne by the Company. Directors, officers and regular employees of the Company may, without compensation other than their regular remuneration, solicit proxies personally or by telephone.

What does it mean if I receive more than one set of proxy materials?

If you receive more than one set of proxy materials, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the proxy cards in the proxy materials to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Stockholder of Record: Shares Registered in Your Name

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

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

You may grant a subsequent proxy by telephone or through the internet.

You may send a timely written notice that you are revoking your proxy to Horizon's Secretary at 520 Lake Cook Road, Suite 520, Deerfield, IL 60015.

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy. Your most current proxy card or telephone or internet proxy is the one that is counted.

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

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.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count, with respect to the proposal to elect directors, votes For, Withhold and broker non-votes, and with respect to other proposals, votes For and Against, abstentions and broker non-votes. Abstentions will be counted towards the vote total for Proposals 2 through 5, and will have the same effect as Against votes. Broker non-votes will 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 un-voted shares are counted as broker non-votes.

How many votes are needed to approve each proposal?

For the election of Class III Directors, the two nominees named in this Proxy Statement receiving the most For votes from the holders of shares present in person or represented by proxy and entitled to vote on the election of directors will be elected. Only votes For or Withheld will affect the outcome.

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Proposal 2, the approval of an amendment to the Company's 2011 Equity Incentive Plan, will be approved if it receives For votes from the holders of a majority of shares present in person or 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.

Proposal 3, the approval, pursuant to NASDAQ Listing Rule 5635, of the issuance of shares of the Company's common stock in excess of 13,164,951 shares upon conversion of the Company's 5.00% Convertible Senior Notes due 2018, will be approved if it receives For votes from the holders of a majority of shares present in person or 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.

Proposal 4, the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014, will be approved if it receives For votes from the holders of a majority of shares present in person or 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.

Proposal 5, the 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.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares entitled to vote are present at the meeting in person or represented by proxy. On the record date, there were 73,734,569 shares outstanding and entitled to vote. Thus, the holders of 36,867,285 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 meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the 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 current 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.

What proxy materials are available on the internet?

The Proxy Statement and the Annual Report to stockholders are available at www.edocumentview.com/hznp.

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

The following table sets forth certain information regarding the ownership of the Company's common stock as of April 30, 2014 by: (i) each director and nominee for director; (ii) each of the named executive officers in the Summary Compensation Table; (iii) all executive officers and directors of the Company as a group; and (iv) all those known by the Company to be beneficial owners of more than five percent of its common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to the securities. Except as indicated by footnote, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The number of shares of common stock used to calculate the percentage ownership of each listed person includes the shares of common stock underlying options, warrants or other rights held by such persons that are exercisable as of June 29, 2014, which is 60 days after April 30, 2014.

Percentage of beneficial ownership is based on 73,247,110 shares of common stock outstanding as of April 30, 2014. Unless otherwise indicated, the address for the following stockholders is c/o Horizon Pharma, Inc., 520 Lake Cook Road, Suite 520, Deerfield, IL 60015.

Name and Address of Beneficial Owner or Identity of Group	Number and Percentage of Shares Beneficially Owned	
	Shares	Percentage
5% or greater stockholders:		
Fidelity and its affiliates ⁽¹⁾ 82 Devonshire St. Boston, Massachusetts 02109	6,698,856	8.8%
Essex Woodlands Health Ventures Fund VII, LP ⁽²⁾ 335 Bryant St., 3rd Floor Palo Alto, CA 94301	5,815,940	7.9%
Deerfield Management, L.P. ⁽³⁾ 780 Third Avenue, 37th Floor New York, NY 10017	4,638,888	6.3%
Broadfin Capital, LLC ⁽⁴⁾ 237 Park Avenue, Suite 900 New York, NY 10017	4,257,469	5.8%
Quaker Bioventures Capital II, LLC ⁽⁵⁾ 2929 Arch St., 3rd Floor, the Cira Centre Philadelphia, PA 19104-2857	4,206,378	5.7%
CD-Venture and its affiliates ⁽⁶⁾ Bergheimer St. 89/1 69115 Heidelberg, Germany	4,157,575	5.6%
Atlas Venture Fund VI, L.P. and its affiliates ⁽⁷⁾ 25 First Street, Suite 303 Cambridge, MA 02141	3,895,404	5.3%
Directors and named executive officers:		
Jeff Himawan, Ph.D. ⁽⁸⁾	5,815,940	7.9%
Jeffrey W. Bird, M.D., Ph.D. ⁽⁹⁾	3,531,819	4.8%
Michael Grey ⁽¹⁰⁾	34,917	*
Ronald Pauli ⁽¹¹⁾	34,917	*
Gino Santini ⁽¹²⁾	33,162	*
H. Thomas Watkins ⁽¹³⁾	6,666	*
Timothy P. Walbert ⁽¹⁴⁾	754,984	1.0%
Robert J. De Vaere ⁽¹⁵⁾	296,644	*
Jeffrey W. Sherman, M.D., FACP ⁽¹⁶⁾	297,746	*

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Todd N. Smith ⁽¹⁷⁾	114,656	*
All executive officers and directors as a group (11 persons) ⁽¹⁸⁾	10,946,451	14.5%

* Represents beneficial ownership of less than one percent.

(1) Includes (a) 3,915,400 shares and (b) 2,783,456 shares issuable upon exercise of warrants. This information is based on the Schedule 13G filed with the SEC on January 10, 2014 by FMR LLC, which reflects beneficial ownership as of December 31,

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2013. FMR LLC reported that it had beneficial ownership of, and sole dispositive power with respect to, 3,915,400 shares of our common stock, including 2,783,456 shares issuable upon exercise of warrants. The Schedule 13G includes shares beneficially owned by Edward C. Johnson, III and family members, Fidelity Management & Research Company (Fidelity), Fidelity SelectCo, LLC (SelectCo), and Strategic Advisers, Inc. (Strategic Advisers). Fidelity, SelectCo and Strategic Advisers are all wholly-owned subsidiaries of FMR LLC and are beneficial owners as a result of acting as investment advisers to various registered investment companies (the Fidelity funds). Mr. Johnson is Chairman of FMR LLC. The Schedule 13G states that Mr. Johnson and various family members, through their ownership of FMR LLC common stock and the execution of a stockholders voting agreement, may be deemed a controlling group with respect to FMR LLC. The Schedule 13G also states that neither FMR LLC nor Mr. Johnson has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds, which power resides with the Fidelity funds boards of trustees pursuant to established guidelines.
- (2) Includes (a) 5,064,731 shares and (b) 751,209 shares issuable upon exercise of warrants. James L. Currie, Jeff Himawan, Martin Sutter, Immanuel Thangaraj and Petri Vainio share voting and investment power over the shares held by Essex Woodlands Health Ventures Fund VII, L.P. and each disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein.
 - (3) Includes (a) 4,488,888 shares and (b) 150,000 shares issuable upon exercise of warrants. This information is based on the Schedule 13G filed with the SEC on February 14, 2014. The shares are beneficially owned by Deerfield Partners, L.P., Deerfield International Master Fund, L.P., Deerfield Special Situations Fund, L.P. and Deerfield Special Situations International Master Fund, L.P., of which Deerfield Management, L.P. is the general partner.
 - (4) Includes 4,257,469 shares beneficially owned by Broadfin Capital, LLC, Broadfin Healthcare Master Fund, Ltd. and Kevin Kotler. This information is based on the Schedule 13G filed on February 14, 2014 with the SEC.
 - (5) Includes (a) 3,516,009 shares and (b) 690,369 shares issuable upon exercise of warrants. This information is based on the Schedule 13G filed with the SEC on February 14, 2013. Quaker BioVentures Capital II, L.P., the general partner of Quaker BioVentures II, L.P., and Quaker BioVentures Capital II, LLC, the general partner of Quaker BioVentures Capital II, L.P., may be deemed to share voting and investment power with respect to such shares with Quaker BioVentures II, L.P.
 - (6) Includes (a) 3,595,714 shares and (b) 561,861 shares issuable upon exercise of warrants. This information is based on the Schedule 13G filed with the SEC on February 14, 2014 by Christoph F. Boehringer and CD-Venture GmbH. Mr. Boehringer is the beneficial owner of 4,157,575 shares of our common stock, including 2,357,575 shares of our common stock beneficially owned by CD-Venture.
 - (7) Includes (a) 3,516,377 shares held by Atlas Venture Fund VI, L.P. (Atlas VI), (b) 64,385 shares held by Atlas Venture Fund VI GmbH & Co. KG (Atlas GmbH), (c) 107,532 shares held by Atlas Venture Entrepreneurs Fund VI, L.P. (Atlas EVC), and (d) 197,456, 3,616, and 6,038 shares issuable upon exercise of warrants held by Atlas VI, Atlas GmbH and Atlas EVC, respectively. These shares are held directly by Atlas VI, Atlas EVC and Atlas GmbH. Atlas Venture Associates VI, L.P. (AVA VI L.P.) is the sole general partner of Atlas VI and Atlas EVC and the managing limited partner of Atlas GmbH. Atlas Venture Associates VI, Inc. (AVA VI Inc.) is the sole general partner of AVA VI L.P. Jean-Francois Formela, M.D., Jeffrey Fagnan and Kristen Laguerre are each directors of AVA VI Inc. As a result, each of Dr. Formela, Mr. Fagnan and Ms. Laguerre may be deemed to have beneficial ownership with respect to all shares held by AVA VI Inc. Each of the foregoing disclaims beneficial ownership of these shares except to the extent of their pecuniary interest therein.
 - (8) Includes the shares referred to in footnote (2) above. Dr. Himawan disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.
 - (9) Includes (a) 178,406 shares held by the Jeffrey W. Bird and Christina R. Bird Trust dated October 31, 2000 (the Bird Trust), of which Dr. Bird is a trustee, (b) 21,685 shares issuable upon exercise of warrants held by the Bird Trust, (c) 2,837,826 shares held by Sutter Hill Ventures, a California Limited Partnership (SHV), (d) 458,902 shares issuable upon exercise of warrants held by SHV, (e) 5,000 shares held by Dr. Bird in a Roth IRA account, (f) 1,250 shares issuable upon the exercise of warrants held by Dr. Bird in a Roth IRA account, (g) 7,000 shares held by NestEgg Holdings, a Limited Partnership, (h) 1,750 shares issuable upon exercise of warrants held by NestEgg Holdings and (i) 20,000 shares that Dr. Bird has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options. Dr. Bird disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.
 - (10) Includes 34,917 shares that Mr. Grey has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (11) Includes 34,917 shares that Mr. Pauli has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (12) Includes 33,162 shares that Mr. Santini has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (13) Includes 6,666 shares that Mr. Watkins has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (14) Includes (a) 105,207 shares, (b) 75,465 restricted stock units that are fully vested but are subject to a delayed issuance stock award such that the underlying shares have not yet been issued and (c) 574,312 shares that Mr. Walbert has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (15) Includes (a) 68,604 shares, (b) 32,890 restricted stock units that are fully vested but are subject to a delayed issuance stock award such that the underlying shares have not yet been issued and (c) 195,150 shares that Mr. De Vaere has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (16) Includes (a) 73,309 shares, (b) 29,287 restricted stock units that are fully vested but are subject to a delayed issuance stock award such that the underlying shares have not yet been issued and (c) 195,150 shares that Dr. Sherman has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (17) Includes (a) 22,924 shares, (b) 31,787 restricted stock units that are fully vested but are subject to a delayed issuance stock award such that the underlying shares have not yet been issued and (c) 59,945 shares that Mr. Smith has the right to acquire from us within 60 days of April 30, 2014 pursuant to the exercise of stock options.
 - (18) Includes the following held by our executive officers (which includes Robert F. Carey) and directors, in the aggregate: (a) 8,363,007 shares, (b) 169,429 restricted stock units that are fully vested but are subject to a delayed issuance stock award such that the underlying shares have not yet been issued, (c) 1,179,219 shares that can be acquired within 60 days of April 30, 2014 pursuant to the exercise of stock options and (d) 1,234,796 shares issuable upon the exercise of warrants.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. Vacancies on the Board of Directors may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board of Directors 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 duly elected and qualified.

The Board of Directors presently has seven members. There are three directors in the class whose term of office expires on the date of the Annual Meeting, one of whom was not nominated for re-election at the Annual Meeting. Each of the nominees listed below is currently a director of the Company who was nominated for election to the Board of Directors by the Board of Directors, including the members of the Nominating and Corporate Governance Committee. If elected at the Annual Meeting, each of these nominees would serve until the 2017 Annual Meeting of Stockholders and until his successor has been duly elected and qualified, or, if sooner, until the director's death, resignation or removal. It is the Company's policy to encourage directors and nominees for director to attend the Annual Meeting. All of our then-current directors attended our 2013 Annual Meeting of Stockholders, except for Jean-François Formela, M.D.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The two nominees receiving the highest number of affirmative votes will be elected as Class III directors. Only two nominees are proposed for election as Class III directors. The size of the Board of Directors will be reduced to six members following the Annual Meeting due to Board of Directors' decision not to nominate one current director for re-election at the Annual Meeting. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the two nominees named below. Such shares may not be voted for a greater number of persons than the two nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead will be voted for the election of a substitute nominee proposed by the Company. Each person nominated for election has agreed to serve if elected. The Company's management 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.

Nominees for Election for a Three-Year Term Expiring at the 2017 Annual Meeting of Stockholders

Gino Santini. Mr. Santini, 57, has served on the Board of Directors since March 2012. Mr. Santini currently serves on the boards of directors of AMAG Pharmaceuticals, Inc. and Allena Pharmaceuticals, Inc. and is retired from a distinguished career with Eli Lilly and Company (Lilly) that spanned nearly three decades. During his tenure at Lilly, Mr. Santini held various leadership positions of increasing responsibility, including manager of various international regions, president of the women's health franchise and president of U.S. operations. Mr. Santini capped his career at Lilly as a member of the company's executive committee and as the senior vice president of corporate strategy and business development. Mr. Santini, fluent in four languages, holds an undergraduate degree in mechanical engineering from the University of Bologna and a master's in business administration from the University of Rochester. The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Santini's extensive international and domestic commercial and business development experience brings important insight to the Board of Directors as it plans the Company's future growth.

Timothy P. Walbert. Mr. Walbert, 47, has served as the Company's Chairman of the Board of Directors and the Company's President and Chief Executive Officer since its inception in March 2010. Mr. Walbert has also

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served as the president and chief executive officer of Horizon Pharma USA since June 2008 and on its board of directors since July 2008. From May 2007 to June 2009, Mr. Walbert served as president, chief executive officer and director of IDM Pharma, Inc. (IDM), a biopharmaceutical company which was acquired by Takeda America Holdings, Inc. (Takeda) in June 2009. From January 2006 to May 2007, Mr. Walbert served as executive vice president, commercial operations of NeoPharm, Inc., a biopharmaceutical company. From June 2001 to August 2005, Mr. Walbert served as divisional vice president and general manager, Immunology, where he led the global development and launch of HUMIRA, which exceeded \$11.0 billion in 2013 sales, and divisional vice president, global cardiovascular strategy at Abbott, a broad-based healthcare company, now AbbVie. From April 1998 to June 2001, Mr. Walbert served as director, Celebrex North America and arthritis team leader, Asia Pacific, Latin America and Canada at G.D. Searle & Company (G.D. Searle), a pharmaceutical company. From 1991 to 1998, Mr. Walbert also held sales and marketing roles with increasing responsibility at G.D. Searle, Merck & Co., Inc. (Merck) and Wyeth. Mr. Walbert received his B.A. in business from Muhlenberg College, in Allentown, Pennsylvania. Mr. Walbert also serves on the boards of directors of XOMA Corporation (NASDAQ: XOMA), Raptor Pharmaceutical Corp. (NASDAQ: RPTP), Egalet Corporation (NASDAQ: EGLT), the Biotechnology Industry Organization (BIO), the Illinois Biotechnology Industry Organization (iBIO), ChicagoNEXT, a World Business Chicago (WBC) led council of technology leaders and the Greater Chicago Arthritis Foundation. In 2013, Mr. Walbert was appointed by Illinois Governor Pat Quinn to the Illinois Innovation Council. Our board believes that Mr. Walbert's business expertise, including his prior executive level leadership, give him the operational expertise, breadth of knowledge and valuable understanding of our industry, which qualify him to serve as a director and to lead our board as chairman.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF EACH NAMED NOMINEE