

LEXICON PHARMACEUTICALS, INC.
Form DEF 14A
March 15, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549

SCHEDULE 14A
(Rule 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

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 Rule 14a-11(c) or Rule 14a-12

LEXICON 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: N/A
(2) Aggregate number of securities to which transaction applies: N/A
(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): N/A
(4) Proposed maximum aggregate value of transaction: N/A
(5) Total fee paid: \$0
 Fee paid previously with preliminary materials: N/A
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

March 15, 2019

TO OUR STOCKHOLDERS:

I am pleased to invite you to attend the 2019 annual meeting of stockholders of Lexicon Pharmaceuticals, Inc. to be held on Thursday, April 25, 2019 at 8:00 a.m. CDT at the offices of the company, 8800 Technology Forest Place, The Woodlands, Texas.

Your vote is important, regardless of the number of shares that you hold. Whether or not you plan to attend the annual meeting, I hope you will vote as soon as possible, either electronically on the Internet, by telephone or by signing and returning the enclosed proxy card. Your proxy will not be used if you are present at the annual meeting and prefer to vote in person or if you revoke your proxy.

Thank you for your ongoing support of and continued interest in Lexicon Pharmaceuticals. We look forward to seeing you at the annual meeting.

Sincerely,

/s/ Lonnel Coats

Lonnel Coats
President and Chief Executive Officer

LEXICON PHARMACEUTICALS, INC.

8800 Technology Forest Place

The Woodlands, Texas 77381

(281) 863-3000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD APRIL 25, 2019

TO OUR STOCKHOLDERS:

The annual meeting of stockholders of Lexicon Pharmaceuticals, Inc. will be held on Thursday, April 25, 2019 at 8:00 a.m. CDT at the offices of the company, 8800 Technology Forest Place, The Woodlands, Texas, to:

•elect three Class I directors;

ratify and approve an amendment to our 2017 Equity Incentive Plan increasing the total number of shares of our common stock that may be issued pursuant to stock awards granted under the plan from 15,000,000 to 20,000,000, all of which may be granted as incentive stock options;

•hold an advisory vote on the compensation paid to our named executive officers;

ratify and approve the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2019; and

•act on any other business that properly comes before the annual meeting.

You are entitled to vote at the annual meeting only if you are the record owner of shares of our common stock at the close of business on February 25, 2019.

It is important that your shares be represented at the annual meeting whether or not you plan to attend. Please cast your vote electronically on the Internet, by telephone or by signing and returning the enclosed proxy card as promptly as possible. If you are present at the annual meeting, and wish to do so, you may revoke the proxy and vote in person.

By order of the board of directors,

/s/ Brian T. Crum

Brian T. Crum

Secretary

The Woodlands, Texas

March 15, 2019

LEXICON PHARMACEUTICALS, INC.
8800 Technology Forest Place
The Woodlands, Texas 77381
(281) 863-3000

PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS

To Be Held April 25, 2019

GENERAL INFORMATION

Purpose of this Proxy Statement

We have prepared this proxy statement to solicit proxies on behalf of our board of directors for use at our 2019 annual meeting of stockholders and any adjournment or postponement of such meeting.

Notice of Internet Availability of Proxy Materials

As permitted by rules adopted by the Securities and Exchange Commission, we are providing access to our proxy materials over the Internet. Accordingly, on or about March 15, 2019, we are mailing to our stockholders a notice containing instructions on how to access our proxy materials, including our proxy statement and annual report, and vote electronically over the Internet. The notice also provides instructions on how stockholders may request a paper copy of our proxy materials free of charge. Our proxy materials may be accessed by stockholders at any time after the date of mailing of the notice.

Date, Time and Place of Annual Meeting

The annual meeting will be held on Thursday, April 25, 2019 at 8:00 a.m. CDT at the offices of the company, 8800 Technology Forest Place, The Woodlands, Texas.

Matters to Be Considered at the Annual Meeting

At the annual meeting, our stockholders will be asked to consider and act upon the following matters:

• the election of three Class I directors;

• a proposal to ratify and approve an amendment to our 2017 Equity Incentive Plan increasing the total number of shares of our common stock that may be issued pursuant to stock awards granted under the plan from 15,000,000 to 20,000,000, all of which may be granted as incentive stock options;

• an advisory vote on the compensation paid to our named executive officers; and

• a proposal to ratify and approve the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2019.

Our board of directors does not intend to bring any other matters before the annual meeting and has not been informed that any other matters are to be presented by others. Our bylaws contain several requirements that must be satisfied in order for any of our stockholders to bring a proposal before one of our annual meetings, including a requirement of delivering proper advance notice to us. Stockholders are advised to review our bylaws if they intend to present a proposal at any of our annual meetings.

Shares Entitled to Vote

You are entitled to vote at the annual meeting and at any postponement or adjournment thereof if you were the record owner of shares of our common stock as of the close of business on February 25, 2019, the record date for the annual meeting established by our board of directors. On the record date, 105,925,402 shares of our common stock were outstanding. If you were the record owner of shares of our common stock on the record date, you will be entitled to one vote for each share of stock that you own on each matter that is called to vote at the annual meeting or at any postponement or adjournment thereof.

Quorum

We must have a quorum to conduct any business at the annual meeting. This means that at least a majority of our outstanding shares eligible to vote at the annual meeting must be represented at the annual meeting, either in person or by proxy. Abstentions

are counted for purposes of determining whether a quorum is present. In addition, shares held by intermediaries that are voted for at least one matter at the annual meeting will be counted as being present for purposes of determining a quorum for all matters. This is true even if the beneficial owner's discretion has been withheld for voting on some or all other matters (commonly referred to as a "broker non-vote").

Vote Necessary to Approve Proposals

Our Class I directors will be elected by a plurality vote. As a result, the three persons receiving the greatest number of votes will be elected to serve as our Class I directors. Withholding authority to vote for a director nominee will not affect the outcome of the election of directors.

The ratification and approval of the amendment to our 2017 Equity Incentive Plan will require the affirmative vote of the majority of the votes cast with respect to such matter. Any abstention from voting or broker non-vote with respect to such matter will not count as a vote for or against the amendment and will not affect the outcome of the proposal.

The approval on an advisory basis of the compensation paid to our named executive officers will require the affirmative vote of the majority of the votes cast with respect to such matter. Any abstention from voting or broker non-vote with respect to such matter will not count as a vote for or against the compensation paid to our named executive officers and will not affect the outcome of the advisory vote.

The ratification and approval of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2019 will require the affirmative vote of a majority of the votes cast with respect to such matter.

Any abstention from voting or broker non-vote with respect to such matter will not count as a vote for or against the appointment of Ernst & Young LLP and will not affect the outcome of the proposal.

Any other business that may properly come before the annual meeting for a vote will require the affirmative vote of a majority of the votes cast with respect to such matter unless a greater vote is required by law or our charter or bylaws. Any abstention or broker non-vote with respect to any such matter will not count as a vote for or against the proposal and will not affect the outcome of the proposal.

How to Vote Your Shares

You may vote in person at the annual meeting or by proxy. To ensure that your shares are represented at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting in person. Even if you vote by proxy, if you wish, you can revoke your proxy and vote in person at the annual meeting. If you want to vote at the annual meeting but your shares are held by an intermediary, such as a broker or bank, you will need to obtain from the intermediary either proof of your ownership of such shares as of February 25, 2019 or a proxy from such intermediary authorizing you to vote your shares at the meeting.

You may receive more than one proxy depending on how you hold your shares. If you hold your shares through an intermediary, such as a broker or bank, you may receive materials from them asking you how you want your shares to be voted at the annual meeting.

How to Vote by Proxy

By Internet or Telephone. You may vote electronically on the Internet or by telephone by following the instructions contained on the notice of Internet availability of our proxy materials. If you hold your shares through an intermediary, such as a broker or bank, please follow the voting instructions contained on the voting card used by the intermediary.

By Mail. If you request a paper copy of our proxy materials, you may vote by mail by completing, dating and signing the proxy card provided and mailing it in the pre-addressed envelope enclosed with the paper copy of our proxy materials.

How Your Proxy Will Be Voted

Giving us your proxy means that you are authorizing us to vote your shares at the annual meeting and at any adjournment or postponement thereof in the manner you direct. You may vote for our nominees for election as Class I directors, or withhold your vote for any one or more of those nominees. You may vote for or against the ratification and approval of the amendment to our 2017 Equity Incentive Plan, the approval on an advisory basis of the compensation paid to our named executive officers and the ratification and approval of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2019, or abstain from voting on those proposals.

If any of our nominees for election as Class I directors become unavailable for any reason before the election, we may reduce the number of directors serving on our board of directors, or our board of directors may designate substitute nominees, as necessary. We have no reason to believe that any of our nominees for election as Class I directors will be unavailable. If our board of directors designates any substitute nominees, the persons receiving your proxy will vote your shares for such substitute(s) if they are instructed to do so by our board of directors or, in the absence of any such instructions, in accordance with their own best judgment.

If you vote by proxy but do not specify how you want your shares voted, your shares will be voted in favor of our nominees for election as Class I directors, in favor of the ratification and approval of the amendment to our 2017 Equity Incentive Plan, in favor of the approval on an advisory basis of the compensation paid to our named executive officers, and in favor of the ratification and approval of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2019.

If you vote by proxy and any additional business properly comes before the annual meeting, the persons receiving your proxy will vote your shares on those matters as instructed by our board of directors or, in the absence of any such instructions, in accordance with their own best judgment. As of the date of this proxy statement, we are not aware of any other matter to be raised at the annual meeting.

How to Revoke Your Proxy

You may revoke your proxy at any time before your shares are voted by providing our corporate secretary with either a new proxy with a later date or a written notice of your desire to revoke your proxy at the following address:

Lexicon Pharmaceuticals, Inc.
8800 Technology Forest Place
The Woodlands, Texas 77381
Attention: Corporate Secretary

You may also revoke your proxy at any time prior to your shares having been voted by attending the annual meeting in person and notifying the inspector of election of your desire to revoke your proxy. Your proxy will not automatically be revoked merely because you attend the annual meeting.

Inspector of Election

Broadridge Financial Solutions, Inc. will count votes and provide a representative who will serve as an inspector of election for the annual meeting.

List of Stockholders Entitled to Vote

A list of our stockholders entitled to vote at the annual meeting will be available for inspection at the annual meeting. The stockholder list will also be available for inspection for ten days prior to the annual meeting at our corporate offices located at 8800 Technology Forest Place, The Woodlands, Texas. Any inspection of this list at our offices will need to be conducted during ordinary business hours. If you wish to conduct an inspection of the stockholder list, we request that you please contact our corporate secretary before coming to our offices.

Solicitation of Proxies and Expenses

We are asking for your proxy on behalf of our board of directors. We will bear the entire cost of preparing, printing and soliciting proxies. We will send notices of Internet availability of proxy materials and, if requested, paper copies of our proxy materials to all of our stockholders of record as of the record date and to all intermediaries, such as brokers and banks, that held any of our shares on that date on behalf of others. These intermediaries will then forward the notices and, if requested, paper copies of our proxy materials to the beneficial owners of our shares, and we will reimburse them for their reasonable out-of-pocket expenses for forwarding such materials. Our directors, officers and employees may solicit proxies by mail, in person or by telephone or other electronic communication. Our directors, officers and employees will not receive additional compensation for their solicitation efforts, but they will be reimbursed for any out-of-pocket expenses they incur. No solicitation of proxies will be made by specially engaged employees or paid solicitors.

Householding

As permitted by rules adopted by the Securities and Exchange Commission, we are delivering a single notice of Internet availability of proxy materials, annual report and proxy statement, as applicable, to any household at which two or more stockholders reside if we believe the stockholders are members of the same family, unless otherwise instructed by one or more of the stockholders.

We will promptly deliver separate copies of these documents upon the written or oral request of any stockholder at a shared address to which a single copy of the documents were delivered.

If your household received a single set of any of these documents, but you would prefer to receive your own copy, or if you share an address with another stockholder and together both of you would like to receive only a single set of these documents, please follow these instructions:

If your shares are registered in your own name, please contact our transfer agent, Computershare Inc., and inform them of your request by calling them at (877) 854-4583 or writing them at P.O. Box 30170, College Station, Texas 77842 or 211 Quality Circle, Suite 210, College Station, Texas 77845 for overnight correspondence.

If an intermediary, such as a broker or bank, holds your shares, please contact Broadridge and inform them of your request by calling them at (800) 542-1061 or writing them at Householding Department, 51 Mercedes Way, Edgewood, New York 11717. Be sure to include your name, the name of your brokerage firm and your account number.

PROPOSAL NUMBER 1:
ELECTION OF DIRECTORS

Our board of directors, which currently has nine members, is divided or “classified” into three classes. Directors in each class are elected to hold office for a term ending on the date of the third annual meeting following the annual meeting at which they were elected. The current term of our Class I directors will expire at this annual meeting. The current terms of our Class II and Class III directors will expire at our 2020 and 2021 annual meetings of stockholders, respectively.

The board of directors has nominated and urges you to vote for the election of the individuals identified below, who have been nominated to serve as Class I directors until our 2022 annual meeting of stockholders or until their successors are duly elected and qualified. Each of these individuals is a member of our present board of directors. Your signed proxy will be voted for the nominees named below unless you specifically indicate on the proxy that you are withholding your vote.

Nominees for Class I Directors

The following individuals are nominated for election as Class I directors:

Name	Age	Position with the Company	Year First Became a Director
Raymond Debbane	64	Chairman of the Board of Directors (Class I)	2007
Robert J. Lefkowitz, M.D.	75	Director (Class I)	2001
Alan S. Nies, M.D.	81	Director (Class I)	2003

Raymond Debbane has been a director since August 2007 and became chairman of our board of directors in February 2012. Mr. Debbane is president and chief executive officer of The Invus Group, LLC, which he founded in New York in 1985 as the exclusive investment advisor of Benelux-based Artal Group S.A. Mr. Debbane serves as chairman of the board of directors of WW, Inc. and as chairman or director of a number of private companies in which Invus and Artal Group S.A. have invested. He previously served as a director of Blue Buffalo Pet Products, Inc. from 2007 until April 2018 when Blue Buffalo was acquired by General Mills, Inc. Before founding The Invus Group, Mr. Debbane was a manager in the Paris office of The Boston Consulting Group, Inc., where he did consulting work for a number of major European and international companies. Mr. Debbane holds an M.B.A. from Stanford University, an M.S. in food science and technology from the University of California at Davis, and a B.S. in agricultural sciences and agricultural engineering from American University of Beirut.

Mr. Debbane provides us with the benefit of his extensive financial markets and investment expertise gained in more than 30 years of leading the identification, selection, negotiation and oversight of a wide range of investments in his role as president and chief executive officer of The Invus Group, as well as his background in strategic consulting across a broad range of industries developed while with The Boston Consulting Group. Mr. Debbane is a designee of Invus, L.P. and Invus C.V. pursuant to our stockholders’ agreement with Invus described under the heading “Transactions with Related Persons - Arrangements with Invus.”

Robert J. Lefkowitz, M.D. has been a director since February 2001. Dr. Lefkowitz is the James B. Duke Professor of Medicine, professor of biochemistry and a Howard Hughes Medical Institute investigator at Duke University Medical Center, where he has served on the faculty since 1973. Dr. Lefkowitz is a member of the National Academy of Sciences and has received more than 50 major awards for his research, including the 2012 Nobel Prize in Chemistry, the Shaw Prize, the Albany Medical Center Prize and the 2007 National Medal of Science. Dr. Lefkowitz received his B.A. from Columbia University and his M.D. from Columbia University College of Physicians and Surgeons.

Dr. Lefkowitz provides us with the benefit of his medical expertise and his extensive experience in biological and pharmaceutical research, particularly with respect to the identification of drug targets and preclinical evaluation of drug candidates, gained in more than 40 years as a member of the faculty at Duke University Medical Center.

Alan S. Nies, M.D. has been a director since November 2003. Dr. Nies served in a series of senior management positions during ten years at Merck & Co. Inc. until his retirement in 2002, including senior vice president, clinical sciences. Prior to joining Merck, Dr. Nies spent fifteen years as professor of medicine and pharmacology and head of the Division of Clinical Pharmacology at the University of Colorado Health Sciences Center. Dr. Nies holds a B.S. from Stanford University and an M.D. from Harvard Medical School.

Dr. Nies provides us with the benefit of his extensive clinical development experience, particularly with respect to the design, management and reporting of clinical trials, as well as his organizational and management skills developed while serving in his various leadership positions with Merck and the University of Colorado Health Sciences Center.

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The Board of Directors recommends that stockholders vote “FOR” the foregoing nominees for election as Class I directors.

Current and Continuing Directors

The current directors of the Company are identified below:

Name	Age	Position with the Company
Raymond Debbane ⁽³⁾	64	Chairman of the Board of Directors (Class I)
Philippe J. Amouyal ⁽²⁾	60	Director (Class III)
Samuel L. Barker, Ph.D. ⁽¹⁾⁽²⁾	76	Director (Class II)
Lonnell Coats	54	President and Chief Executive Officer and Director (Class III)
Robert J. Lefkowitz, M.D. ⁽³⁾	75	Director (Class I)
Alan S. Nies, M.D.	81	Director (Class I)
Frank P. Palantoni ⁽¹⁾⁽²⁾	61	Director (Class III)
Christopher J. Sobecki	60	Director (Class II)
Judith L. Swain, M.D. ⁽¹⁾⁽³⁾	70	Director (Class II)

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Compensation Committee

⁽³⁾ Member of the Corporate Governance Committee

Information regarding the business experience of Mr. Debbane, Dr. Lefkowitz and Dr. Nies is set forth above under the heading “- Nominees for Class I Directors.”

Philippe J. Amouyal has been a director since August 2007 and is a managing director of The Invus Group, LLC, a position he has held since 1999. Previously, Mr. Amouyal was a vice president and director of The Boston Consulting Group, Inc. in Boston, Massachusetts, where he coordinated the global technology and electronics practice through most of the 1990s. Mr. Amouyal is a director of WW, Inc., as well as a number of private companies in which Invus has invested. He previously served as a director of Blue Buffalo Pet Products, Inc. from 2007 until April 2018 when Blue Buffalo was acquired by General Mills, Inc. Mr. Amouyal holds an M.S. in engineering and a DEA in management from Ecole Centrale de Paris and was a research fellow at the Center for Policy Alternatives of the Massachusetts Institute of Technology.

Mr. Amouyal provides us with the benefit of his broad business and financial experience, as well as his expertise in compensation and performance management and the assessment and prioritization of research and development projects, gained in his active participation in the identification, selection, negotiation and oversight of investments by The Invus Group and his consulting experience with The Boston Consulting Group. Mr. Amouyal is a designee of Invus, L.P. and Invus C.V. pursuant to our stockholders’ agreement with Invus described under the heading “Transactions with Related Persons - Arrangements with Invus.”

Samuel L. Barker, Ph.D. has been a director since March 2000 and served as chairman of our board of directors from 2005 to 2012. Dr. Barker previously co-founded and served as president and chief executive officer of Clearview Projects, Inc., a provider of partnering and transaction services to biopharmaceutical companies. Dr. Barker served in a series of leadership positions at Bristol-Myers Squibb Company until his retirement in 1999. His positions at Bristol-Myers Squibb included service as executive vice president, Worldwide Franchise Management and Strategy; president, United States Pharmaceuticals; and president, Bristol-Myers Squibb Intercontinental Commercial Operations. Dr. Barker also previously held executive positions in research and development, manufacturing, finance, business development and sales and marketing at Squibb Pharmaceuticals. Dr. Barker currently serves as a director of Cyclacel Pharmaceuticals, Inc. Dr. Barker received his B.S. from Henderson State College, his M.S. from the University of Arkansas and his Ph.D. from Purdue University.

Dr. Barker provides us with the benefit of his extensive experience in a wide variety of disciplines within the pharmaceutical industry, including the development and commercialization of pharmaceutical products, the identification, evaluation and negotiation of collaborative agreements, and the management of pharmaceutical marketing and sales efforts, as well as his organizational and management skills developed while serving in his various leadership positions at Bristol-Myers Squibb and Clearview Projects.

Lonnell Coats has been our president and chief executive officer and a director since July 2014. Mr. Coats previously served in a series of executive leadership positions at Eisai Inc. and Eisai Corporation of North America, where he worked for 18 years before joining our company, most recently as chief executive officer from 2010 to 2014. Prior to joining Eisai, Mr. Coats

spent eight years with Janssen Pharmaceuticals, Inc., a division of Johnson & Johnson, where he held a variety of management and sales positions. Mr. Coats serves as a director of Blueprint Medicines Corporation and holds a B.S. from Oakland University.

Mr. Coats provides us with the benefit of his extensive experience in a wide variety of disciplines within the pharmaceutical industry, including the development and commercialization of pharmaceutical products, the management of pharmaceutical marketing and sales efforts and the planning and execution of strategic initiatives, as well as his organizational and management skills developed while serving in his various leadership positions at Eisai. Frank P. Palantoni has been a director since November 2004. Mr. Palantoni is chief executive officer of Laboratory M2, a clean technology company involved in animal health, crop protection and retail sectors. Mr. Palantoni was president of Palantoni & Partners LLC, an advisory firm for the consumer and health care industries, from 2013 to 2016. He previously served as president of the pet and animal health division of Central Garden & Pet Company, was a partner at P3 Capital Management LLC, an early stage consumer products equity fund, served as chief operating officer and chief executive officer of Prestige Brands Holding, Inc. and held a variety of senior management positions with Novartis AG, including president and chief executive officer, worldwide of the Gerber Products Company, and chief executive officer for North American operations of the Consumer Health Division. Prior to joining Novartis, he held a series of senior management positions with The Danone Group. He holds a B.S. from Tufts University and an M.B.A. from Columbia University.

Mr. Palantoni provides us with the benefit of his extensive business operations experience, as well as his expertise in compensation and performance management and his broad business and management skills developed while serving in his various leadership positions in the consumer health products industry.

Christopher J. Sobecki has been a director since August 2007 and is a managing director of The Invus Group, LLC, which he joined in 1989. Mr. Sobecki is currently a director of WW, Inc., as well as a number of private companies in which Invus has invested. He holds a B.S. in industrial engineering from Purdue University and an M.B.A. from Harvard University.

Mr. Sobecki provides us with the benefit of his diversified business and financial experience, including a particular expertise in risk assessment and business strategy development, and relationships in the financial community gained in his active participation in the identification, selection, negotiation and oversight of investments by The Invus Group and his service as a director of public and private companies. Mr. Sobecki is a designee of Invus, L.P. and Invus C.V. pursuant to our stockholders' agreement with Invus described under the heading "Transactions with Related Persons - Arrangements with Invus."

Judith L. Swain, M.D. has been a director since September 2007. Dr. Swain is a visiting professor of medicine at the National University of Singapore and chief medical officer of Physiowave, Inc. She previously served as founding director of the Singapore Institute for Clinical Sciences, dean for translational medicine at the University of California, San Diego, chair of the Department of Medicine at Stanford University, and on the medical faculties of the University of Pennsylvania and Duke University. She has previously served in a number of national and international leadership roles and as a director or member of the scientific advisory boards for a number of biomedical technology companies and is co-founder of Synecor, LLC. Dr. Swain received her B.S. from the University of California, Los Angeles and her M.D. from the University of California, San Diego.

Dr. Swain provides us with the benefit of her extensive medical and scientific research experience gained in her more than 30 years as a practicing physician and research scientist, as well as her organizational and management skills developed in her numerous leadership positions with a variety of prominent research and academic institutions.

PROPOSAL NUMBER 2:

RATIFICATION AND APPROVAL OF AMENDMENT TO 2017 EQUITY INCENTIVE PLAN

We use stock options, restricted stock units and other stock awards as a part of our overall compensation program in order to align the long-term interests of our employees with those of our stockholders. These awards are made principally under our 2017 Equity Incentive Plan, the purpose of which is to secure and retain the services of employees, directors and consultants, and to provide them with incentives to exert maximum efforts for our success by giving them the opportunity through the granting of stock options, restricted stock units and other stock awards to benefit from increases in the value of our common stock.

The 2017 Equity Incentive Plan currently provides that no more than 15,000,000 shares of our common stock may be issued pursuant to stock awards granted under the plan, all of which may be granted as incentive stock options. We are asking that stockholders ratify and approve an amendment to the 2017 Equity Incentive Plan increasing the total number of shares that may be issued pursuant to stock awards granted under the plan to 20,000,000 shares, all of which may be granted as incentive stock options, with the objective of maintaining the availability to our board of directors of this portion of our overall compensation program. The proposed amendment to the plan was approved by our board of directors, subject to stockholder approval, on February 7, 2019.

The terms of the 2017 Equity Incentive Plan are summarized below and the complete text of the plan is set forth in Appendix A to this proxy statement, in each case reflecting the amendment described above.

The Board of Directors recommends that stockholders vote “FOR” the ratification and approval of the amendment to our 2017 Equity Incentive Plan.

Administration of the Plan

The plan is administered by our board of directors, or a committee appointed by the board, which determines the recipients and types of awards to be granted, including the number of shares subject to the award and any relevant vesting schedules. The compensation committee of the board of directors presently administers the plan.

Awards under the Plan

The plan permits the following types of awards:

- incentive stock options;
- nonstatutory stock options;
- stock bonus awards;
- restricted stock awards;
- restricted stock unit awards;
- stock appreciation rights; and
- performance stock awards.

Awards granted under the plan are evidenced by agreements that specify the terms and conditions under which they are granted. All awards granted under the plan are subject to the terms and conditions contained in the applicable agreement and the plan.

Eligibility

Awards other than incentive stock options may be granted to employees, directors and consultants. Incentive stock options may be granted only to employees. As of February 25, 2019, approximately 272 persons were eligible to participate in the plan, including approximately 203 employees, eight non-employee directors and 61 consultants.

Shares Subject to the Plan

The total number of shares of common stock that may be issued pursuant to awards under the plan shall not exceed in the aggregate 20,000,000 shares, all of which may be granted as incentive stock options.

If any award expires, lapses, or is terminated or forfeited for any reason, the shares subject to that award will continue to be available for the grant of awards under the plan, provided that if shares are not delivered to the holder of an award because (1) the right to receive such shares is surrendered in a “net exercise” of a stock option or (2) such shares are withheld in satisfaction of the withholding of taxes incurred in connection with the exercise of a stock option or stock appreciation right or the issuance of shares under a stock bonus award, restricted stock award, restricted stock unit award or performance stock award, the surrendered or withheld shares will not be available for subsequent issuance under the plan. Common stock issued as or on the exercise of awards under the plan may be either authorized and unissued shares or reacquired shares.

As of February 25, 2019, there were outstanding under the plan (1) stock options to purchase a total of 7,854,700 shares of our common stock, (2) no stock bonus awards, (3) no restricted stock awards, (4) restricted stock unit awards to receive a total of 3,534,807 shares of our common stock, (5) no stock appreciation rights and (6) no performance stock awards. On a pro forma basis to reflect the increase in the number of shares reserved for issuance under the plan, 5,135,390 shares remained available for issuance of new awards under the plan at that date. From the founding of our company in 1995 until that date, a total of 3,475,103 shares of our common stock were issued under the plan and its predecessors upon the grant, exercise or vesting of awards granted under the plan.

Stock Options

The stock options granted under the plan are evidenced by agreements that specify the number of shares of our common stock which may be purchased at a certain specified price and contain other terms and conditions, such as vesting and termination

provisions. All stock options granted under the plan are subject to the terms and conditions contained in the applicable stock option agreement and the plan.

Expiration and Termination

The term of each stock option is stated in the applicable stock option agreement. In no event, however, may a stock option be exercised more than ten years after the date the option is granted. In the case of an incentive stock option granted to a 10% stockholder, the maximum term is five years from the date the option is granted.

Option Exercise Price

The exercise price of stock options granted under the plan is determined by the plan administrator at the time the stock option is granted. Stock options must have an exercise price that is no less than 100% of the fair market value of our common stock on the date of grant.

The fair market value of a share of common stock on a particular date is equal to the previous day's closing sales price (or the closing bid price, if no sales were reported) of the common stock if the common stock is listed on any established stock exchange or traded on the Nasdaq Stock Market. If there is no regular public trading market for the common stock, the fair market value of the common stock is determined by the board of directors.

Consideration for Exercise of Options

The consideration to be paid for shares to be issued upon exercise of a stock option, including the method of payment, shall be determined by the administrator and may consist entirely of (1) cash or (2), at the discretion of the board of directors, (a) by delivery of other shares of our common stock, (b) according to a deferred payment or other similar arrangement, (c) by means of a "net exercise" of the option, or (d) in any other form of legal consideration acceptable to the board.

Stock Bonus Awards and Restricted Stock Awards

The terms and provisions of stock bonus awards and restricted stock awards shall be as set forth in the grant instrument. A stock bonus may be awarded in consideration for past services actually rendered to the company. Shares awarded under a stock bonus or restricted stock award may, but need not be subject to a repurchase or forfeiture right on behalf of the company in accordance with a vesting schedule in the event the participant's employment is terminated.

Restricted Stock Unit Awards and Stock Appreciation Rights

The terms and provisions of restricted stock unit awards and stock appreciation rights shall be as set forth in the grant instrument. The price of a common stock equivalent used as the basis from which appreciation is determined for purposes of a stock appreciation right shall be as the administrator shall determine, but not less than 100% of the fair market value on the date the stock appreciation right is granted. Restricted stock unit awards and the exercise value of a stock appreciation right may be paid in shares of common stock, cash, a combination of common stock and cash, or other consideration, as determined by the administrator and set forth in the grant instrument.

Performance Stock Awards

The terms and provisions of performance stock awards shall be as set forth in the grant instrument. Any type of award available under the plan may be designated as a performance stock award and subject to performance conditions based on business criteria or other measures of performance, with a performance period not to exceed ten years.

Other Provisions

Limits on Transfer of Awards

In general, plan participants may not sell, pledge, assign, transfer or otherwise dispose of any awards other than by will or the laws of descent or distribution and the plan participant alone may exercise his or her awards during his or her lifetime. Awards other than incentive stock options may be transferred only if permitted under the agreement that evidences the terms of the award.

Adjustments on Changes in Capital Structure or on Change of Control

If we effect a stock split, reverse stock split, stock dividend, redemption, combination, reclassification or other similar change affecting our capital stock, adjustments reflecting the change will be made in (1) the aggregate number of shares of common

stock authorized for issuance under the plan; (2) the number of shares underlying each outstanding award; and (3) if applicable, the price per share of each award.

If a change in control transaction shall occur, the surviving or acquiring corporation shall assume all awards or provide a substitute similar award. If the surviving or acquiring corporation fails to so provide such assumption or substitution, then awards held by those participants whose employment has not been terminated will be accelerated in full and the awards will subsequently terminate if not exercised. Any other awards outstanding under the plan will terminate if not exercised (if applicable) prior to the event.

Amendment or Termination of the Plan

The board may at any time amend, alter, suspend or discontinue the plan, but no amendment, alteration, suspension or discontinuation which would impair a participant's rights under any previous grant may be made without the consent of the participant.

Term of the Plan

No awards may be granted under the plan after the day before the tenth (10th) anniversary of the date the plan is adopted by our board of directors or approved by our stockholders, whichever is earlier.

United States Federal Income Tax Consequences

The following is a brief summary of certain of the federal income tax consequences of certain transactions under the plan based on current federal income tax laws. This summary is not intended to be exhaustive and does not describe state or local tax consequences. Additional or different federal tax consequences to the employee, director or consultant or to our company may result depending on considerations other than those described below.

Nonstatutory Stock Options

In general, optionholders will not recognize any taxable income at the time they are granted nonstatutory stock options. When an optionholder exercises a nonstatutory stock option, he or she will recognize ordinary income measured by the excess of the then fair market value of the shares over the exercise price and we will be entitled to a deduction for a corresponding amount. Different rules apply to options that have a "readily ascertainable fair market value," as that phrase is defined in regulations promulgated under Section 83 of the Internal Revenue Code of 1986. When an optionholder sells or otherwise disposes of shares that were acquired by exercising nonstatutory stock options, any amount that the optionholder receives in excess of the sum of (1) the exercise price of the shares as of the date of exercise and (2) the amount includable in income with respect to such option, if any, such sum being the optionholder's "basis" in the shares, will, in general, be treated as a long term or short term capital gain, depending on the holding period of the shares. We are not entitled to any tax deduction in connection with an optionholder's sale or disposition of the shares. If an optionholder receives less than his or her basis in the shares, the loss will, in general, be treated as a long term or short term capital loss, depending on the holding period of the shares.

Incentive Stock Options

Optionholders will not be taxed on the grant or exercise of an incentive stock option that qualifies under Section 422 of the Internal Revenue Code, unless an alternative minimum tax liability is triggered. When an optionholder sells or otherwise makes a taxable disposition of shares that he or she acquired by exercising an incentive stock option, the optionholder will recognize a capital gain on the excess of the amount realized on disposition over the exercise price of the incentive stock option, provided that the optionholder has not disposed of the shares until at least two years after the date the option was granted and one year after the date the optionholder exercised the option. Failure to comply with these holding requirements will result in ordinary income treatment for the gain. Unless the optionholder disposes of shares received on exercise of the incentive stock option before meeting the applicable holding period requirements, we will not be entitled to a deduction with respect to the grant or exercise of the incentive stock option. In the event an optionholder makes a "disposition" of the shares received on exercise of an incentive stock option before meeting the two year or one year holding period requirements, the gain on the disposition, to the extent of the lesser of (1) the excess of the fair market value of the shares on the date of exercise over the exercise price or (2) the excess of the amount realized on disposition over the exercise price, will be treated as ordinary income to the optionholder, and we will generally be entitled to a corresponding deduction. The balance of the gain, if any, realized on such a disposition will be treated as long term or short term capital gain, depending on the holding period of the shares. To the extent that an optionholder is entitled to capital gains treatment,

we will not be entitled to a corresponding deduction for such gain. If the amount realized at the time of the disposition is less than the exercise price, the optionholder will not be required to treat any amount as ordinary income, provided the disposition is of a type that would give rise to a recognizable loss. In such event, the loss will be treated as a long term or short term capital loss depending on the holding period of the shares.

Stock Bonus Awards

In general, if an individual receives a stock bonus award, he or she will be taxed on the fair market value of the shares on the date the shares are issued. We will be generally entitled to a deduction for a corresponding amount. When a stock bonus award is subject to forfeiture restrictions, an individual will not recognize any taxable income at the time he or she is granted the award, but upon the lapse of the restrictions applicable to such award, that person will recognize ordinary income equal to the fair market value of the shares on the date the restrictions on the award lapsed, and we will be entitled to a deduction for a corresponding amount. If, upon a taxable disposition of the shares, the stockholder receives more or less than his or her basis in the shares, the gain or loss will be a long term or short term capital gain or loss, depending on the holding period of the shares, measured from the date that the receipt of the shares was taxable to the stockholder.

Restricted Stock Awards

In general, an individual will not recognize any taxable income at the time he or she is granted an award of restricted stock, but upon the lapse of the restrictions applicable to such award, that person will recognize ordinary income equal to the fair market value of the shares on the date the restrictions on the award lapsed less the purchase price for such shares, and we will be entitled to a deduction for a corresponding amount. If the stockholder sells or otherwise disposes of such shares in a taxable disposition, the sale or disposition will be subject to the same treatment described above for a taxable disposition of shares acquired upon an exercise of a nonstatutory stock option.

Restricted Stock Unit Awards

In general, an individual will not recognize any taxable income at the time he or she is granted a restricted stock unit award. Upon settlement of a restricted stock unit award, the individual will recognize ordinary income equal to the fair market value of the cash or shares actually received by the individual. We will be generally entitled to a deduction for the corresponding amount.

Stock Appreciation Rights

In general, an individual will not recognize any taxable income at the time he or she is granted stock appreciation rights. Upon exercise of a stock appreciation right, the individual will recognize ordinary income equal to the fair market value of the cash or shares received by the individual upon exercise. We will be generally entitled to a deduction for the corresponding amount.

Performance Stock Awards

In general, the designation of any award as a performance stock award will not have any effect on the federal income tax consequences applicable to such award.

The foregoing summary does not constitute a definitive statement of the federal income tax effects of awards granted under the Plan.

New Plan Benefits Table

In February 2019, the compensation committee of our board of directors approved a mix of annual stock option and restricted stock unit awards under the plan to eligible executive officers and other employees, as described below under the heading “Executive and Director Compensation - Compensation Discussion and Analysis - Long-Term Stock-Based Incentive Awards.” The following table presents information regarding the number of annual stock options and the dollar value of annual restricted stock units awarded to the following individuals or groups of individuals in 2019:

- each of the individuals listed in “Executive and Director Compensation - Summary Compensation Table for 2018”;
- all current executive officers, as a group;
- all current directors who are not executive officers, as a group; and
- all non-executive officer employees, including all current officers who are not executive officers, as a group.

The compensation committee retains broad discretion over the granting and amount of awards under the plan. As a result, it is not possible to determine any additional benefits or amounts that will be received by any individual participant or group of participants in the future.

Name and Position	Number of Shares Underlying Stock Options	Dollar Value of Shares Underlying Restricted Stock Units (1)
Lonnell Coats President, Chief Executive Officer and Director	442,260	\$ 1,228,802
Jeffrey L. Wade, J.D. Executive Vice President, Corporate and Administrative Affairs and Chief Financial Officer	140,900	\$ 391,489
Pablo Lapuerta, M.D. Executive Vice President and Chief Medical Officer	130,710	\$ 363,212
Alexander A. Santini Executive Vice President and Chief Commercial Officer	127,320	\$ 353,770
Praveen Tyle, Ph.D. Executive Vice President, Research and Development	148,200	\$ 411,768
Executive Group	1,114,030	\$ 3,095,380
Non-Executive Director Group	—	\$—
Non-Executive Officer Employee Group	983,550	\$ 8,553,319

(1) Based on the closing price of our common stock on the Nasdaq Global Select Market of \$5.16 per share on February 6, 2019, the last trading day prior to the date of grant

PROPOSAL NUMBER 3:

ADVISORY VOTE ON COMPENSATION PAID TO NAMED EXECUTIVE OFFICERS

Section 14A of the Securities and Exchange Act of 1934, as amended, requires that we provide our stockholders with an opportunity to vote, on a non-binding and advisory basis, on the compensation of our named executive officers, as disclosed in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

As described below under “Executive and Director Compensation - Compensation Discussion and Analysis,” we have developed a compensation policy that is designed to attract and retain key executives responsible for our success and motivate management to enhance long-term stockholder value. We believe our compensation policy strikes an appropriate balance between the implementation of responsible, measured compensation practices and the effective provision of incentives for our named executive officers to exert maximum efforts for our success.

Accordingly, we ask our stockholders to vote on the following resolution at the annual meeting:

“RESOLVED, that the Company’s stockholders hereby approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company’s proxy statement for the 2019 annual meeting of stockholders

pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, 2018 Summary Compensation Table and the other compensation related tables and disclosure.”

As this vote is advisory, it will not be binding upon the board of directors or the compensation committee and neither the board of directors nor the compensation committee will be required to take any action as a result of the outcome of this vote. However, the compensation committee will carefully consider the outcome of this vote when considering future executive compensation policies.

The Board of Directors recommends that stockholders vote “FOR” the approval, on an advisory basis, of the compensation paid to our named executive officers, as disclosed in this proxy statement.

PROPOSAL NUMBER 4:

RATIFICATION AND APPROVAL OF INDEPENDENT AUDITORS

The board of directors has appointed the firm of Ernst & Young LLP as our independent auditors to make an examination of our accounts for the fiscal year ending December 31, 2019, subject to ratification by our stockholders. Representatives of Ernst & Young LLP, are expected to be present at the annual meeting, will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Board of Directors recommends that stockholders vote “FOR” ratification and approval of the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2019.

Compensation of Independent Auditors

The following table presents the estimated aggregate fees billed and to be billed by Ernst & Young LLP for services performed during our last two fiscal years.

	Years Ended	
	December 31,	
	2018	2017
Audit fees ⁽¹⁾	\$462,985	\$563,257
Audit-related fees ⁽²⁾	31,800	30,900
Tax fees	—	—
All other fees	—	—
	\$494,785	\$594,157

“Audit fees” include professional services rendered for (i) the audit of our internal control over financial reporting, as required by the Sarbanes-Oxley Act of 2002, for the fiscal years ended December 31, 2017 and 2018, (ii) the audit⁽¹⁾ of our annual financial statements for the fiscal years ended December 31, 2017 and 2018, (iii) the reviews of the financial statements included in our quarterly reports on Form 10-Q for such years and (iv) the issuance of consents and other matters relating to registration statements filed by us.

⁽²⁾ “Audit-related fees” include assurance or related services reasonably related to our audit for the fiscal years ended December 31, 2017 and 2018. These fees related to the audit of the financial statements of our 401(k) plan.

The audit committee reviewed and approved all the fees described above. As part of its duties, the audit committee has determined that the provision by Ernst & Young LLP of the services described above is compatible with maintaining the auditors’ independence.

Audit Committee Pre-Approval Policies and Procedures

The audit committee has adopted policies and procedures requiring the pre-approval of all audit and non-audit services rendered by our independent auditors, either as part of the audit committee’s approval of the scope of the engagement of the independent auditors or on a case-by-case basis before the independent auditors are engaged to provide each service. The audit committee’s pre-approval authority may be delegated to one or more of its members, but any pre-approval decision must be reported to the full audit committee at its next regularly scheduled meeting.

Audit Committee Report

The role of the audit committee is to assist the board of directors in its oversight of our financial reporting process. The audit committee reviews our internal accounting procedures and consults with, and reviews the services provided by, our independent auditors.

The management of our company is responsible for the preparation, presentation and integrity of our financial statements, our accounting and financial reporting principles and internal controls and procedures designed to assure compliance with the accounting standards and applicable laws and regulations. Our independent auditors are responsible for auditing our financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, the audit committee has reviewed and discussed the audited financial statements with management. The committee has also discussed with our independent auditors the matters required to be discussed by PCAOB Auditing Standard No. 1301, Communications with Audit Committees, as currently in effect. Finally, the committee has received the written disclosures and the letter from our independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board regarding our independent auditors’

communications with the audit committee concerning independence, as currently in effect, and has discussed with our independent auditors their independence.

Based upon the review and discussions described in this report, and subject to the limitations on the role and responsibilities of the audit committee referred to in the audit committee charter, the audit committee recommended to the board of directors that the audited financial statements be included in our annual report on Form 10-K for the year ended December 31, 2018.

Audit Committee

Samuel L. Barker, Ph.D. (Chairman)

Frank P. Palantoni

Judith L. Swain, M.D.

The foregoing audit committee report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this audit committee report by reference, and shall not otherwise be deemed filed under such acts.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents information regarding the beneficial ownership of our common stock as of February 25, 2019 by:

- each of the individuals listed in “Executive and Director Compensation - Summary Compensation Table for 2018”;
- each of our directors;
- each person, or group of affiliated persons, who is known by us to own beneficially five percent or more of our common stock; and
- all current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission computing the number of shares beneficially owned by a person and the percentage ownership of that person. Shares of common stock underlying stock options held by that person that are currently exercisable or exercisable within 60 days of February 25, 2019 and restricted stock units held by that person that are scheduled to vest within 60 days of February 25, 2019 are considered outstanding. These shares, however, are not considered outstanding when computing the percentage ownership of each other person.

Except as indicated in the footnotes to this table and pursuant to state community property laws, each stockholder named in the table has sole voting and investment power for the shares shown as beneficially owned by them. Percentage of ownership is based on 105,925,402 shares of common stock outstanding on February 25, 2019. Unless otherwise indicated in the footnotes, the address of each of the individuals named below is: c/o Lexicon Pharmaceuticals, Inc., 8800 Technology Forest Place, The Woodlands, Texas 77381.

	Beneficial Ownership			
	Number of	Shares Issuable		
	Shares	Pursuant to		
	Beneficially	Options		
	Owned	Exercisable or		
		Restricted Stock		
		Units Scheduled		
		to Vest within 60		
		Days of		
		February 25, 2019	Percentage	Ownership
Invus, L.P., Invus Public Equities, L.P., Invus C.V. and Artal International S.C.A. ⁽¹⁾	64,562,078	—	61.0	%
FMR LLC ⁽²⁾	14,739,614	—	13.9	%
UBS Group AG ⁽³⁾	4,244,391	—	4.0	%
Lonnell Coats	58,079	557,884	*	
Jeffrey L. Wade	58,492	460,986	*	
Pablo Lapuerta, Ph.D.	33,975	333,228	*	
Alexander A. Santini	5,297	92,819	*	
Praveen Tyle, Ph.D.	2,262	135,735	*	
Raymond Debbane ⁽⁴⁾	4,334,116	24,045	4.1	%
Philippe J. Amouyal	12,902	24,045	*	
Samuel L. Barker, Ph.D.	28,187	28,332	*	
Robert J. Lefkowitz, M.D.	12,902	24,045	*	
Alan S. Nies, M.D.	13,616	24,045	*	
Frank P. Palantoni	12,902	24,045	*	
Christopher J. Sobecki	13,044	24,045	*	
Judith L. Swain, M.D.	12,902	24,045	*	
All current directors and executive officers as a group ⁽⁴⁾ (15 persons)	4,678,120	2,288,123	6.4	%

* Represents beneficial ownership of less than 1 percent.

(1)

Based upon a Schedule 13D/A filed with the SEC on June 29, 2018, reflecting the beneficial ownership of our common stock by Invus, L.P., Invus Public Equities, L.P., Invus C.V., Artal International S.C.A. and related parties. Invus, L.P. and related parties may be deemed to have sole investment and voting power with respect to 35,402,689 of such shares and shared voting power with respect to 3,516,214 of such shares. Invus Public Equities, L.P. and related parties may be deemed to have sole investment and shared voting power with respect to 3,516,214 of such shares. Invus C.V. and related parties may be

deemed to have sole investment and voting power with respect to 4,321,214 of such shares. Artal International S.C.A. and related parties may be deemed to have sole investment and voting power with respect to 21,321,961 of such shares. The address for Invus, L.P. and Invus Public Equities, L.P. is Clarendon House, 2 Church Street, Hamilton HM II, Bermuda. The address for Invus C.V. is Marten Meesweg 25, Rotterdam 3068 AV, Netherlands. The address for Artal International S.C.A. is Valley Park, 44, rue de la Vallée, L-2661 Luxembourg.

Based upon a Schedule 13G/A filed with the SEC on February 13, 2019, reflecting the beneficial ownership of our common stock by FMR LLC and related parties. FMR LLC has sole investment power with respect to all of such shares and sole voting power with respect to 4,794,169 of such shares. The address for FMR LLC is 245 Summer Street, Boston, Massachusetts 02210.

Based upon a Schedule 13G/A filed with the SEC on February 13, 2019. The number of shares beneficially owned by UBS Group AG includes an indeterminate number of shares issuable upon conversion of our 5.25% Convertible Senior Notes due 2021. UBS Group AG has shared investment power with respect to all of such shares and sole voting power with respect to 3,876,645 of such shares. UBS Group AG disclaims beneficial ownership of all of such shares. The address for UBS Group AG is Bahnhofstrasse 45, Zurich, Switzerland.

The number of shares beneficially owned by Mr. Debbane includes 4,321,214 shares beneficially owned by Invus C.V. and related parties. Mr. Debbane disclaims beneficial ownership of these shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership of our common stock with the Securities and Exchange Commission. Directors, executive officers and greater than 10% stockholders are required by Securities and Exchange Commission regulations to furnish us with copies of all such forms that they file. To our knowledge, based solely on our review of the copies of such reports received by us and on written representations by certain reporting persons that no reports on Form 5 were required, we believe that during the fiscal year ended December 31, 2018, all Section 16(a) filing requirements applicable to our executive officers, directors and 10% stockholders were complied with in a timely manner.

EQUITY COMPENSATION PLAN INFORMATION

The following table presents aggregate summary information as of December 31, 2018 regarding the common stock that may be issued upon exercise of options, warrants and rights under our 2017 Equity Incentive Plan and 2017 Non-Employee Directors' Equity Incentive Plan.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price per share of outstanding options, warrants and rights ⁽²⁾	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	7,438,134	\$ 10.6842	4,583,555
Equity compensation plans not approved by security holders	—	—	—
Total	7,438,134	\$ 10.6842	4,583,555

⁽¹⁾ Consists of shares of our common stock issuable upon the exercise of outstanding stock options or vesting of outstanding restricted stock units granted under our 2017 Equity Incentive Plan and 2017 Non-Employee Directors' Equity Incentive Plan or remaining available for issuance under those plans.

Reflects only the weighted-average exercise price per share of outstanding stock options granted under our 2017 Equity Incentive Plan and 2017 Non-Employee Directors' Equity Incentive Plan and excludes from such calculation (2) 1,285,752 restricted stock units granted under our 2017 Equity Incentive Plan pursuant to which shares of our common stock may be issued for no additional consideration.

CORPORATE GOVERNANCE

Independence of the Board of Directors

After reviewing all relevant transactions and relationships involving each member of the board of directors (and his or her family), the board of directors has affirmatively determined that Raymond Debbane, Philippe J. Amouyal, Samuel L. Barker, Ph.D., Robert J. Lefkowitz, M.D., Alan S. Nies, M.D., Frank P. Palantoni, Christopher J. Sobecki and Judith L. Swain, M.D., which members constitute a majority of the board of directors, are “independent” in accordance with the applicable listing standards of The Nasdaq Stock Market, Inc. In making such determinations, the board of directors considered the percentage of our outstanding common stock owned by Invus and its affiliates and the effect of such ownership on the independence of Mr. Debbane, Mr. Amouyal and Mr. Sobecki.

Board Committees

Audit Committee. Our audit committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 to oversee our accounting and financial reporting processes and the audits of our financial statements. In that regard, the audit committee assists our board of directors in monitoring the integrity of our financial statements, the qualifications, independence and performance of our independent auditors and our compliance with legal and regulatory requirements. The audit committee operates pursuant to a charter that was last amended and restated by the board of directors on July 27, 2017, a copy of which appears on our website at www.lexpharma.com under the caption “Investors - Corporate Governance.”

The current members of our audit committee are Samuel L. Barker, Ph.D. (chair), Frank P. Palantoni and Judith L. Swain, M.D. The board of directors, in its business judgment, has determined that Dr. Barker, Mr. Palantoni and Dr. Swain are “independent” in accordance with the applicable listing standards of The Nasdaq Stock Market, Inc. The board of directors, in its business judgment, has also determined that Samuel L. Barker, Ph.D. is an “audit committee financial expert” as defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee. Our compensation committee has been established to oversee the compensation of our employees, including our chief executive officer and other officers. The compensation committee also has responsibility for the evaluation and approval of all compensation plans, policies and programs, including the issuance of stock options, restricted stock units and other awards under our 2017 Equity Incentive Plan. The compensation committee operates pursuant to a charter that was last amended and restated by the board of directors on February 7, 2019, a copy of which appears on our website at www.lexpharma.com under the caption “Investors - Corporate Governance.”

The compensation committee may delegate any of its authority to subcommittees consisting of one or more compensation committee members, with all subcommittee decisions being presented to the full compensation committee at its next scheduled meeting. The compensation committee did not delegate any such authority with respect to 2018 compensation matters.

The compensation committee may retain compensation consultants, legal counsel or other advisors when it deems appropriate to assist in its evaluation of executive compensation. The compensation committee has engaged Korn Ferry Hay Group as an independent compensation consultant as described under the heading “Executive and Director Compensation - Compensation Discussion and Analysis.”

The compensation committee meets in connection with most regularly scheduled meetings of the board of directors, and holds meetings after the commencement of each year specifically devoted to evaluating corporate and individual performance during the prior year and making compensation decisions on such basis. In preparation for such decisions, our president and chief executive officer generally reviews the performance of officers other than himself and, in consultation with the compensation committee and at its direction, makes certain recommendations to the compensation committee relating to their compensation. The compensation committee reviews such recommendations and makes changes to such recommendations as it deems appropriate. All executive compensation determinations are made by the compensation committee in the absence of management.

The current members of our compensation committee are Mr. Palantoni (chair), Philippe J. Amouyal and Samuel L. Barker, Ph.D. The board of directors, in its business judgment, has determined that Mr. Palantoni, Mr. Amouyal and Dr. Barker are “independent” in accordance with the applicable listing standards of The Nasdaq Stock Market, Inc. In making such determinations, the board of directors considered the matters relating to Mr. Amouyal described under the heading “Corporate Governance - Independence of the Board of Directors.”

Corporate Governance Committee. Our corporate governance committee has been established to oversee all aspects of our corporate governance functions. In that regard, the corporate governance committee makes recommendations to the board of directors regarding the identification, evaluation and selection of candidates to serve on the board of directors, the composition of board committees and the development of other corporate governance functions. The corporate governance committee operates

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pursuant to a charter that was last amended and restated by the board of directors on February 7, 2013, a copy of which appears on our website at www.lexpharma.com under the caption “Investors - Corporate Governance.”

The corporate governance committee has not established any specific minimum qualifications for membership on our board of directors. Rather, the committee will generally consider all relevant factors, which may include independence, experience, diversity, leadership qualities and strength of character. As the corporate governance committee does not uniquely consider diversity relative to the other factors, the committee has not established a policy with regard to the consideration of diversity in identifying potential director candidates. The corporate governance committee uses its available network of contacts when compiling a list of potential director candidates and may also engage outside consultants when appropriate. The committee also considers potential director candidates recommended by stockholders and other parties and all potential director candidates are evaluated based on the above criteria. Because the corporate governance committee makes no distinction in its evaluation of candidates based on whether such candidates are recommended by stockholders or other parties, no formal policy or procedure has been established for the consideration of director candidates recommended by stockholders.

Any stockholder wishing to propose a potential director candidate may submit a recommendation in writing within the time frame specified in our bylaws. All such communications should be sent to 8800 Technology Forest Place, The Woodlands, Texas 77381, Attn: Corporate Governance Committee. Submissions should include the full name of the proposed candidate and a detailed description of the candidate’s qualifications, business experience and other relevant biographical information.

The current members of our corporate governance committee are Raymond Debbane (chair), Robert J. Lefkowitz, M.D. and Judith L. Swain, M.D. The board of directors, in its business judgment, has determined that Mr. Debbane, Dr. Lefkowitz and Dr. Swain are “independent” in accordance with the applicable listing standards of The Nasdaq Stock Market, Inc. In making such determinations, the board of directors considered the matters relating to Mr. Debbane described under the heading “Corporate Governance - Independence of the Board of Directors.”

Board Leadership Structure and Role in Risk Oversight

The current leadership structure of our board of directors reflects a separation of the roles of chairman and principal executive officer. This leadership structure is intended to provide our board of directors with an appropriate level of independence from management and encourage a high degree of autonomy within our board of directors.

Our board of directors administers its risk oversight responsibilities by evaluating the material risks, including operational risks and liquidity risks, facing our company or inherent in our corporate strategy. This is accomplished through regular discussions with management and by reference to the independent understanding and knowledge of many such risks possessed by members of our board of directors. Our board of directors regularly reviews the viability and prudence of our corporate strategy in light of the evolving nature of such risks and makes adjustments to that strategy when appropriate. Our board of directors oversees management’s implementation of our corporate strategy, remains alert for excessive risk-taking in such implementation and provides timely input to management regarding any critical risk issues. The efforts of our board of directors to oversee any risks relating to our financial reporting or internal accounting procedures are supplemented by the regular interactions of our audit committee with the individuals with day-to-day responsibilities for such functions.

Board and Committee Meetings and Attendance in 2018

The board of directors met five times in 2018 and took certain additional actions by unanimous written consent. In 2018, the audit committee met five times, the compensation committee met three times and the corporate governance committee met two times. During 2018, none of our incumbent directors attended fewer than 75 percent of the aggregate number of meetings of the board of directors and committees during the period served.

It is our policy to encourage the members of our board of directors to attend all annual meetings of stockholders. All nine members of our board of directors attended our 2018 annual meeting of stockholders.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our directors, officers and employees, the text of which appears on our website at www.lexpharma.com under the caption “Investors - Corporate Governance.” We intend to disclose on our website the nature of any amendment to or waiver from our code of business conduct and ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions within four business days following the date of such amendment or

waiver. In the case of any such waiver, including an implicit waiver, we also intend to disclose the name of the person to whom the waiver was granted and the date of the waiver. To date, we have not granted any waivers under our code of business conduct and ethics.

Corporate Governance Guidelines

We have adopted corporate governance guidelines, including, among other things, guidelines with respect to the structure of our board of directors, director selection and qualifications, and non-employee director compensation. The text of our corporate governance guidelines appears on our website at www.lexpharma.com under the caption “Investors - Corporate Governance.”

Stockholder Communications with the Board of Directors

We believe that our stockholders are currently provided a reasonable means to communicate with our board of directors and individual directors. As a result, our board of directors has not established a formal process for stockholders to send communications to the board of directors or individual directors. However, the corporate governance committee will consider, from time to time, whether adoption of a formal process for such stockholder communications has become necessary or appropriate. Stockholders may send communications to the board of directors or individual directors by mail at 8800 Technology Forest Place, The Woodlands, Texas 77381, Attn: Board of Directors or any individual director.

Compensation Committee Interlocks and Insider Participation

During 2018, Frank P. Palantoni, Philippe J. Amouyal and Samuel L. Barker, Ph.D. served as members of the compensation committee of our board of directors. Mr. Amouyal is a designee of Invus pursuant to our stockholders’ agreement with Invus, L.P. described under the heading “Transactions with Related Persons - Arrangements with Invus.” During 2018, none of our executive officers served as a member of the board of directors or compensation committee of another entity, one of whose executive officers served as a member of our board of directors or compensation committee.

TRANSACTIONS WITH RELATED PERSONS

Arrangements with Invus

In June 2007, we entered into a securities purchase agreement with Invus, L.P., under which Invus, L.P. made an initial investment in our common stock in August 2007. Invus, L.P. and its affiliates have subsequently made additional investments in our common stock and currently own approximately 61.0% of our outstanding common stock.

Board of Directors. Concurrently with the execution of the securities purchase agreement, we entered into a stockholders’ agreement with Invus, L.P. under which Invus, L.P. and Invus C.V., which we collectively refer to as Invus, have the right to designate a number of directors equal to the percentage of all the outstanding shares of our common stock owned by Invus and its affiliates, rounded up to the nearest whole number of directors. Invus has designated three of the nine current members of our board of directors. While Invus has not presently exercised its director designation rights in full, it may exercise them at any time in the future in its sole discretion. To facilitate the exercise of such rights, we have agreed, upon written request from Invus, to take all necessary steps in accordance with our obligations under the stockholders’ agreement to (1) increase the number of directors to the number specified by Invus (which number shall be no greater than reasonably necessary for the exercise of Invus’ director designation rights under the stockholders’ agreement) and (2) cause the appointment to the newly created directorships of directors so designated by Invus pursuant to its rights under the stockholders’ agreement.

Invus also has the right to require proportionate representation of Invus-appointed directors on the audit, compensation and corporate governance committees of our board of directors, subject to certain restrictions. Invus-designated directors currently serve as one of the three members of each of the compensation committee and corporate governance committee of our board of directors. No Invus-designated directors currently serve on the audit committee of our board of directors.

The provisions of the stockholders’ agreement relating to Invus’ rights to designate members of our board of directors and its audit, compensation and corporate governance committees will terminate if the percentage of all the outstanding shares of our common stock owned by Invus and its affiliates falls below 10%. Invus also has the right to terminate these provisions at any time in its discretion.

Registration Rights. Concurrently with the execution of the securities purchase agreement, we also entered into a registration rights agreement with Invus, L.P., pursuant to which Invus and its affiliates have certain demand and piggyback registration rights with respect to shares of our common stock held by them.

Related Party Transaction Policies

We have adopted written policies and procedures for the review, approval and ratification of interested transactions with related parties. Subject to certain exceptions provided in Item 404(a) of Regulation S-K, an “interested transaction” means any transaction, arrangement or relationship in which we are a participant and the amount involved will or may be expected to exceed

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\$120,000 in any calendar year, and in which any related party has or will have a direct or indirect material interest. A “related party” means (a) any executive officer, director, nominee for election as a director or any person beneficially owning five percent or more of our common stock and (b) any immediate family member of such parties.

All interested transactions are subject to the review and approval of our audit committee and if advance audit committee approval is not feasible, then the interested transaction will be considered for ratification at the audit committee’s next regularly scheduled meeting. In determining whether to approve or ratify any interested transaction, the audit committee will consider, among other factors it may deem appropriate, whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third party under similar circumstances and the extent of the related party’s interest in the transaction. No director participates in any discussion or approval of an interested transaction for which he or she is a related party. On at least an annual basis, the audit committee reviews and assesses any ongoing interested transactions to ensure that the transaction remains appropriate.

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

We have developed a compensation policy that is designed to attract and retain key executives responsible for our success and motivate management to enhance long-term stockholder value. All compensation decisions are made by our compensation committee pursuant to authority delegated by our board of directors. The annual compensation package for executive and other officers typically consists primarily of three elements:

- a base salary, which reflects the responsibilities relating to the position and individual performance;
- variable annual cash bonus awards, determined relative to pre-established bonus targets expressed as a percentage of base salary; and

- long-term stock-based incentive awards, designed to provide a continuing proprietary interest in our success.

We generally seek to set targeted total cash compensation, consisting of base salaries and annual cash bonus award targets, and total direct compensation, consisting of targeted total cash compensation and long-term stock-based incentive awards, at or near the median of a peer group of biopharmaceutical companies if such compensation level is justified by company performance, individual performance and prevailing financial conditions.

In determining peer group compensation, we use available data from a comprehensive survey of the compensation practices of several hundred companies in the biopharmaceutical industry. We expand on this survey data with reviews of the publicly-disclosed compensation practices of a group of biopharmaceutical companies selected for comparison purposes based on one or more factors, including market capitalization, revenues and stage of development.

For compensation decisions made in February 2016, this group of companies consisted of:

Acceleron Pharma Inc.	Exelixis, Inc.	Orexigen Therapeutics, Inc.
Anacor Pharmaceuticals, Inc.	Keryx Biopharmaceuticals, Inc.	Portola Pharmaceuticals, Inc.
Arena Pharmaceuticals, Inc.	MacroGenics, Inc.	Sangamo BioSciences, Inc.
Array Biopharma Inc.	OncoMed Pharmaceuticals, Inc.	Sarepta Therapeutics, Inc.

Dynavax Technologies Corporation

For compensation decisions made in February 2017, this group of companies consisted of:

Acceleron Pharma Inc.	Clovis Oncology, Inc.	MacroGenics, Inc.
Anacor Pharmaceuticals, Inc.	Corcept Therapeutics Incorporated	Neurocrine Biosciences, Inc.
Ariad Pharmaceuticals, Inc.	Exelixis, Inc.	Portola Pharmaceuticals, Inc.
Array Biopharma Inc.	Halozyme Therapeutics, Inc.	Sarepta Therapeutics, Inc.
Avanir Pharmaceuticals, Inc.	Ironwood Pharmaceuticals, Inc.	Supernus Pharmaceuticals, Inc.

For compensation decisions made in February 2018, this group of companies consisted of:

Acadia Pharmaceuticals Inc.	Corcept Therapeutics Incorporated	Portola Pharmaceuticals, Inc.
Acceleron Pharma Inc.	Dermira, Inc.	Sangamo BioSciences, Inc.
Arena Pharmaceuticals, Inc.	Dynavax Technologies Corporation	Sarepta Therapeutics, Inc.
Ariad Pharmaceuticals, Inc.	Halozyme Therapeutics, Inc.	Spark Therapeutics, Inc.
Array Biopharma Inc.	Intercept Pharmaceuticals, Inc.	Tesaro, Inc.

Clovis Oncology, Inc. Ironwood Pharmaceuticals, Inc.

For compensation decisions made in February 2019, this group of companies consisted of:

Acadia Pharmaceuticals Inc.	Blueprint Medicines Corporation	Intercept Pharmaceuticals, Inc.
Acceleron Pharma Inc.	Clovis Oncology, Inc.	MyoKardia, Inc.
Agios Pharmaceuticals, Inc.	Corcept Therapeutics Incorporated	Portola Pharmaceuticals, Inc.
Arena Pharmaceuticals, Inc.	Enanta Pharmaceuticals, Inc.	

Array Biopharma Inc.

Fibrogen, Inc.

Reata
Pharmaceuticals, Inc.
Sangamo
BioSciences, Inc.

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The peer group of biopharmaceutical companies for which we obtained survey data and the additional groups of companies listed above do not necessarily coincide with the companies comprising the Nasdaq Biotechnology Index. Although we acknowledge the inherent limitations in comparing our compensation practices with the compensation practices of these companies, we believe that these comparisons are useful and important points of reference in making compensation determinations.

In making compensation determinations and reviewing comparative data, the compensation committee reviews total direct compensation in its totality, assigning dollar values to each of the elements of such compensation, including base salary, annual cash bonus award targets and long-term stock-based incentive awards. The committee generally allocates a greater percentage of total direct compensation to long-term stock-based incentive awards in acknowledgment of the unique challenges present in the biopharmaceutical industry and in order to reinforce the alignment of interests between our executive and other officers and our stockholders.

In determining the level and composition of compensation of each of our executive and other officers, we take into account various qualitative and quantitative indicators of corporate and individual performance. In evaluating the performance of management, the compensation committee takes into consideration such factors as the commercial performance of our approved drug products, our efforts and preparations for regulatory approval and commercial launch of our drug candidates, the progress exhibited by our drug candidates in human clinical trials, the number and quality of drug candidates in clinical trials, the number and quality of preclinical drug candidates, the value and scope of strategic collaborations and alliances with leading pharmaceutical companies, and the ability to otherwise finance our operations from external sources. In addition, the compensation committee recognizes performance and achievements that are more difficult to quantify, such as the successful supervision of major corporate projects and demonstrated leadership ability.

The compensation committee generally makes executive compensation determinations in February of each year, taking into account both company and individual performance over the preceding year, as well as prevailing financial conditions. The compensation committee meets at least once in advance of the meeting in which executive compensation determinations are actually made to discuss considerations relating to those determinations.

The compensation committee may also retain compensation consultants, legal counsel or other advisors when it deems appropriate to assist in its evaluation of executive compensation. In May 2015, the compensation committee engaged Hay Group, Inc. as an independent compensation consultant to assess the market competitiveness of our executive compensation and provide the compensation committee with recommendations based on such assessment. At the compensation committee's request, Hay Group produced and reviewed market executive compensation data, conducted interviews of certain officers, participated in certain compensation committee meetings and prepared an assessment of and recommendations with respect to our executive compensation. In May 2015, the committee assessed the independence of Hay Group and concluded that no conflict of interest exists that would prevent Hay Group from providing the services performed for the compensation committee under such engagement. In March 2017, the compensation committee engaged Korn Ferry Hay Group as an independent compensation consultant to assess the market competitiveness of the long-term stock-based incentive awards granted to our executive officers and provide the compensation committee with recommendations based on such assessment. At the compensation committee's request, Korn Ferry Hay Group produced and reviewed market data relating to long-term stock-based incentive awards, participated in certain compensation committee meetings and prepared an assessment of and recommendations with respect to the long-term stock-based incentive awards granted to our executive officers. In March 2017, the committee assessed the independence of Korn Ferry Hay Group and concluded that no conflict of interest exists that would prevent Korn Ferry Hay Group from providing the services performed for the compensation committee under such engagement. The compensation committee did not engage any other consultants with respect to 2016, 2017 or 2018 compensation matters.

We received a favorable advisory vote on the compensation of our named executive officers at our 2018 annual meeting of stockholders, with over 98% of the votes cast with respect to such matter voting in favor of such compensation. The compensation committee believes those voting results affirm our stockholders' support of our approach to executive compensation and did not make any material changes to its approach. The compensation committee will continue to consider the outcome of our advisory votes on executive compensation when making future decisions with respect to the compensation paid to our named executive officers.

Corporate and Individual Performance Criteria

February 2016 Compensation Determinations

In February 2016, the compensation committee made determinations regarding 2015 cash bonus awards and 2016 base salaries, bonus targets and long-term stock-based incentive awards, taking into account the following factors in its evaluation of corporate performance in 2015:

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- our entry into a strategic partnership with Sanofi for the worldwide development and commercialization of sotagliflozin;
- the expansion of our strategic partnership with Ipsen Pharma SAS for the commercialization of telotristat ethyl in Canada;
- the completion of a pivotal Phase 3 clinical trial and a second companion Phase 3 clinical trial of telotristat ethyl in patients with carcinoid syndrome, with positive results;
- our progress relative to our objectives in preparing for the filing of a new drug application and the commercial launch of telotristat ethyl in the United States;
- the initiation of and progression of enrollment for Phase 3 clinical trials of sotagliflozin in patients with type 1 diabetes;
- our progress relative to our objectives in advancing our other nonclinical drug development programs; and
- our performance relative to our objectives for financial performance, specifically relating to year-end cash and investments and management of our financial resources.

The committee's compensation determinations in February 2016 reflected its assessment that we largely achieved our objectives relating to our drug development programs and achieved our objectives relating to our financial performance. Taking into account the balance of factors described above, it was the committee's assessment that our overall corporate objectives were achieved.

For named executive officers other than Mr. Coats, the compensation committee also took into account individual goals, which consisted principally of the expected individual contributions of each named executive officer towards the achievement of the year's corporate goals, together with Mr. Coats' and the committee's independent assessment of each named executive officer's overall performance and contributions to the company during the year, in the course of making subjective judgments about individual performance in connection with compensation determinations. Mr. Coats had no individual goals for 2015 apart from the corporate goals.

The committee's determinations for Mr. Coats were based entirely upon its determination of achievement of the year's corporate goals, together with the compensation committee's assessment of his strategic and operational leadership. For other named executive officers, the compensation committee based its determinations principally upon its determination of achievement of the year's corporate goals, but also took into account, to a lesser extent, each named executive officer's individual goals. In the case of Mr. Wade, the compensation committee took into account his contributions toward the establishment of our strategic collaboration with Sanofi, our financial management and our other business development and alliance management activities, as well as his strategic and operational leadership. In the case of Dr. Lapuerta, the compensation committee took into account his contributions toward the progress in our drug development programs, with favorable results in two Phase 3 clinical trials of telotristat ethyl, and commercialization preparations, as well as his strategic and operational leadership and participation in business development activities. In the case of Mr. Santini, the compensation committee took into account his contributions toward the progress in our commercialization preparations, as well as his strategic and operational leadership.

February 2017 Compensation Determinations

In February 2017, the compensation committee made determinations regarding 2016 cash bonus awards and 2017 base salaries, bonus targets and long-term stock-based incentive awards, taking into account the following factors in its evaluation of corporate performance in 2016:

- our announcement of positive top-line results from two pivotal Phase 3 clinical trials and the completion of enrollment in a third Phase 3 clinical trial of sotagliflozin in patients with type 1 diabetes;
- the completion of two additional Phase 2 clinical trials of sotagliflozin in patients with type 1 diabetes;
- our filing of a new drug application for telotristat ethyl and the acceptance and granting of priority review of such new drug application by the United States Food and Drug Administration;
- our progress relative to our objectives in preparing for the commercial launch of telotristat ethyl in the United States;
- our progress relative to our objectives in advancing our other preclinical drug development programs; and
- our performance relative to our objectives for financial performance and business development, specifically relating to year-end cash and investments and management of our financial resources.

The committee's compensation determinations in February 2017 reflected its assessment that we largely achieved our objectives relating to our drug development programs and achieved our objectives relating to our financial performance. Taking into account the balance of factors described above, it was the committee's assessment that our overall corporate objectives were achieved.

For named executive officers other than Mr. Coats, the compensation committee also took into account individual goals, which consisted principally of the expected individual contributions of each named executive officer towards the achievement of the year's corporate goals, together with Mr. Coats' and the committee's independent assessment of each named executive officer's overall performance and contributions to the company during the year, in the course of making subjective judgments about individual performance in connection with compensation determinations. Mr. Coats had no individual goals for 2016 apart from the corporate goals.

The committee's determinations for Mr. Coats were based entirely upon its determination of achievement of the year's corporate goals, together with the compensation committee's assessment of his strategic and operational leadership.

For other named executive officers, the compensation committee based its determinations principally upon its determination of achievement of the year's corporate goals, but also took into account, to a lesser extent, each named executive officer's individual goals. In the case of Mr. Wade, the compensation committee took into account his contributions toward our financial management and our other business development and alliance management activities, as well as his strategic and operational leadership. In the case of Dr. Lapuerta, the compensation committee took into account his contributions toward the filing of a new drug application and commercialization preparations for telotristat ethyl, as well as his strategic and operational leadership. In the case of Mr. Santini, the compensation committee took into account his contributions toward the progress in our commercialization preparations, as well as his strategic and operational leadership. In the case of Dr. Tyle, the compensation committee took into account his contributions toward the progress in our clinical and preclinical development programs, as well as his strategic and operational leadership.

February 2018 Compensation Determinations

In February 2018, the compensation committee made determinations regarding 2017 cash bonus awards and 2018 base salaries, bonus targets and long-term stock-based incentive awards, taking into account the following factors in its evaluation of corporate performance in 2017:

- the approval of our application for regulatory approval to market XERMELO® (telotristat ethyl) in the United States;
- our progress relative to our objectives for the launch and commercial performance of XERMELO in the United States;
- our announcement of positive additional data from two pivotal Phase 3 clinical trials of sotagliflozin in patients with type 1 diabetes and positive pooled continuous glucose monitoring data from such studies;
- our announcement of positive top-line results from a third Phase 3 clinical trial of sotagliflozin in patients with type 1 diabetes and the publication of data from such study in the New England Journal of Medicine;
- our progress relative to our objectives in preparing, in collaboration with Sanofi, for the filing of applications for regulatory approval to market sotagliflozin for type 1 diabetes in the United States and the European Union;
- our progress relative to our objectives in advancing our other clinical and preclinical drug development programs; and
- our performance relative to our objectives for financial performance and business development, specifically relating to year-end cash and investments and management of our financial resources.

The committee's compensation determinations in February 2018 reflected its assessment that we partially achieved our objectives relating to the launch and commercial performance of XERMELO and largely achieved our objectives relating to our drug development programs and our financial performance. Taking into account the balance of factors described above, it was the committee's assessment that our overall corporate objectives were partially achieved.

For named executive officers other than Mr. Coats, the compensation committee also took into account individual goals, which consisted principally of the expected individual contributions of each named executive officer towards the achievement of the year's corporate goals, together with Mr. Coats' and the committee's independent assessment of each named executive officer's overall performance and contributions to the company during the year, in the course of making subjective judgments about individual performance in connection with compensation determinations. Mr. Coats had no individual goals for 2017 apart from the corporate goals.

The committee's determinations for Mr. Coats were based entirely upon its determination of achievement of the year's corporate goals, together with the compensation committee's assessment of his strategic and operational leadership. For other named executive officers, the compensation committee based its determinations principally upon its determination of achievement of the year's corporate goals, but also took into account, to a lesser extent, each named executive officer's individual goals. In the case of Mr. Wade, the compensation committee took into account his contributions toward our financial management and capital raising efforts, the establishment of our commercial financial systems and our other business development and alliance management activities, as well as his strategic and operational leadership. In the case of Dr. Lapuerta, the compensation committee took into account his contributions toward the medical support of XERMELO and our drug development programs, as well as his strategic and operational leadership. In the case of Mr. Santini, the compensation committee took into account his contributions toward the launch and commercial performance of XERMELO, as well as his strategic and operational leadership. In the case of Dr. Tyle, the compensation committee took into account his contributions toward the progress in our clinical and preclinical development programs, as well as his strategic and operational leadership.

February 2019 Compensation Determinations

In February 2019, the compensation committee made determinations regarding 2018 cash bonus awards and 2019 base salaries, bonus targets and long-term stock-based incentive awards, taking into account the following factors in its evaluation of corporate performance in 2018:

our efforts in support of applications for regulatory approval filed by Sanofi to market sotagliflozin for type 1 diabetes in the United States and the European Union and the acceptance of such applications by the United States Food and Drug Administration and the European Medicines Agency;

- our progress relative to our objectives in preparing for the commercial launch of sotagliflozin in the United States for the treatment of type 1 diabetes;

our progress relative to our objectives for the commercial performance of and medical support for XERMELO in the United States;

our progress relative to our objectives in advancing the clinical development of telotristat ethyl in biliary tract cancer;

our progress relative to our objectives in advancing our other clinical and preclinical drug development programs; and

our performance relative to our objectives for financial performance and business development, specifically relating to year-end cash and investments and management of our financial resources.

The committee's compensation determinations in February 2019 reflected its assessment that we largely achieved our objectives relating to sotagliflozin, partially achieved our objectives relating to XERMELO (telotristat ethyl) and largely achieved our objectives relating to our other drug development programs and our financial performance.

Taking into account the balance of factors described above, it was the committee's assessment that our overall corporate objectives were partially achieved.

For named executive officers other than Mr. Coats, the compensation committee also took into account individual goals, which consisted principally of the expected individual contributions of each named executive officer towards the achievement of the year's corporate goals, together with Mr. Coats' and the committee's independent assessment of each named executive officer's overall performance and contributions to the company during the year, in the course of making subjective judgments about individual performance in connection with compensation determinations. Mr. Coats had no individual goals for 2018 apart from the corporate goals.

The committee's determinations for Mr. Coats were based entirely upon its determination of achievement of the year's corporate goals, together with the compensation committee's assessment of his strategic and operational leadership.

For other named executive officers, the compensation committee based its determinations principally upon its determination of achievement of the year's corporate goals, but also took into account, to a lesser extent, each named executive officer's individual goals. In the case of Mr. Wade, the compensation committee took into account his contributions toward our financial management, the successful operation of our commercial financial systems and our other business development and alliance management activities, as well as his strategic and operational leadership. In the case of Dr. Lapuerta, the compensation committee took into account his contributions toward the medical support of XERMELO, sotagliflozin and our drug development programs, as well as his strategic and operational leadership. In the case of Mr. Santini, the compensation committee took into account his contributions toward the commercial performance of XERMELO and preparations for the commercial launch of sotagliflozin, as well as his strategic and

operational leadership. In the case of Dr. Tyle, the compensation committee took into account his contributions toward the progress in our clinical and preclinical development programs, as well as his strategic and operational leadership.

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Compensation Elements

Base Salary

Base salary of executive and other officers is established through negotiation between the company and the officer at the time he or she is hired, and then subsequently adjusted when the officer's base compensation is subject to review or reconsideration. While we have entered into employment agreements with certain of our executive officers, these agreements provide that base salaries after the initial year will be reviewed and determined by the compensation committee. When establishing base salary levels for executive and other officers, the compensation committee, in accordance with its general compensation policy, considers numerous factors, including the responsibilities relating to the position, the qualifications of the executive and the relevant experience the individual brings to the company, strategic goals for which the executive has responsibility, and compensation levels of companies at a comparable stage of commercialization and development who compete with us for business, scientific and executive talents. When considering increases to base salary levels for officers, which typically occurs each February, we consider corporate and individual performance in addition to the foregoing factors. No pre-determined weights are given to any one of these factors.

In February 2016, February 2017, February 2018 and February 2019, we increased base salaries for each of our named executive officers following reviews of peer group salary data. The base salaries of our named executive officers are generally competitive with those paid by our peer group companies, with most falling near the median for such peer group companies. In establishing base salaries for 2016, 2017, 2018 and 2019, we considered the competitiveness of our cash compensation arrangements for executive officers and our cash position and needs for the applicable year.

Cash Bonus Awards

In addition to base salary, we may award variable annual cash bonus awards to executive and other officers with reference to certain predefined corporate and personal performance goals. These performance goals include those discussed generally above, as well as strategic and operational goals for the company as a whole. We typically consider the award of cash bonuses each February relating to performance for the preceding year. For each of our officers, the compensation committee establishes a bonus target, expressed as a percentage of base salary, which is used to determine the cash bonus amount, assuming that corporate and individual goals are fully achieved. The compensation committee retains broad discretion over the amount and payment of such awards and is not bound by any pre-determined agreement, formula or other standard with respect to such decisions.

In determining the cash bonus awards paid in February 2017 with respect to 2016 performance, the compensation committee included the relevant factors described above under “- Corporate and Individual Performance Criteria - February 2017 Compensation Determinations” in its evaluation of corporate and individual performance. After taking into account these factors, the compensation committee determined that our objectives for the year had been achieved, and awarded bonuses for 2016 performance to our named executive officers in amounts reflecting such level of achievement.

In determining the cash bonus awards paid in February 2018 with respect to 2017 performance, the compensation committee included the relevant factors described above under “- Corporate and Individual Performance Criteria - February 2018 Compensation Determinations” in its evaluation of corporate and individual performance. After taking into account these factors, the compensation committee determined that our objectives for the year had been partially achieved, and awarded bonuses for 2017 performance to our named executive officers in amounts reflecting such level of achievement.

In determining the cash bonus awards paid in February 2019 with respect to 2018 performance, the compensation committee included the relevant factors described above under “- Corporate and Individual Performance Criteria - February 2019 Compensation Determinations” in its evaluation of corporate and individual performance. After taking into account these factors, the compensation committee determined that our objectives for the year had been partially achieved, and awarded bonuses for 2018 performance to our named executive officers in amounts reflecting such level of achievement.

Long-Term Stock-Based Incentive Awards

All of our employees, including our named executive officers, are eligible to receive long-term stock-based incentive awards under our 2017 Equity Incentive Plan as a means of providing such individuals with a continuing proprietary interest in our success. These grants are typically awarded each February and align the interests of our employees and

our stockholders by providing significant incentives for our employees to achieve and maintain high levels of performance. Our 2017 Equity Incentive Plan enhances our ability to attract and retain the services of qualified individuals. Factors considered in determining whether, in what form and in what amounts such awards are granted to an employee include the employee's position, his or her performance and responsibilities, the amount of stock options, restricted stock units and other stock awards currently held by the employee, the vesting schedules of any such stock options, restricted stock units and stock awards and the employee's other compensation. While we do not adhere to any firmly established formulas or schedules for the issuance of long-term stock-based incentive awards, we take into account, in making award decisions, the total direct compensation objectives described above. In addition, we will

generally tailor the terms of any such grant to achieve its goal as a long-term incentive award by providing for a vesting schedule encompassing several years.

In February 2016, 2017, 2018 and 2019, the compensation committee approved a mix of annual stock option grants and restricted stock unit awards under our 2017 Equity Incentive Plan to eligible employees, with stock options comprising a larger portion of such mix for executive and other officers. In making such grants, the compensation committee considered corporate and individual performance in the prior year, total direct compensation objectives for individual officers, and information regarding stock incentive award grants made by other companies in the biopharmaceutical industry.

Summary Compensation Table for 2018

The following table presents summary information regarding the compensation of each of Lonnel Coats, our principal executive officer, Jeffrey L. Wade, our principal financial officer, and our three other most highly compensated executive officers who were serving as executive officers as of December 31, 2018. We have entered into employment arrangements with certain of our named executive officers, the material terms of each of which are described below. Based on the summary compensation information provided below, “Salary” accounted for approximately 27.5%, 33.3% and 30.1% of the total compensation paid to our named executive officers in 2018, 2017 and 2016, respectively, and “Bonus” accounted for approximately 10.1%, 13.2% and 16.8% of the total compensation paid to our named executive officers for 2018, 2017 and 2016, respectively.

Name and Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (2)	All Other Compensation (3)	Total
Lonnel Coats President, Chief Executive Officer and Director	2018	\$634,159	\$402,399	\$690,587	\$1,384,268	\$ 12,020	\$3,123,433
	2017	\$618,259	\$392,585	\$309,738	\$879,785	\$ 11,820	\$2,212,187
	2016	\$597,568	\$444,675	\$275,192	\$850,441	\$ 6,770	\$2,174,646
Jeffrey L. Wade Executive Vice President, Corporate and Administrative Affairs and Chief Financial Officer	2018	\$436,644	\$158,450	\$280,630	\$520,384	\$ 11,895	\$1,408,003
	2017	\$427,038	\$154,963	\$161,584	\$459,175	\$ 11,675	\$1,214,435
	2016	\$416,783	\$182,393	\$147,436	\$455,790	\$ 11,202	\$1,213,604
Pablo Lapuerta, M.D. Executive Vice President and Chief Medical Officer	2018	\$401,482	\$121,646	\$251,701	\$473,154	\$ 11,827	\$1,259,810
	2017	\$394,604	\$100,233	\$149,310	\$424,303	\$ 11,609	\$1,080,059
	2016	\$385,949	\$144,400	\$138,662	\$428,547	\$ 11,158	\$1,108,716
Alexander A. Santini Executive Vice President and Chief Commercial Officer	2018	\$399,719	\$102,501	\$248,568	\$470,603	\$ 11,828	\$1,233,219
	2017	\$393,830	\$93,313	\$149,743	\$425,329	\$ 11,611	\$1,073,826
	2016	\$313,572	\$162,000	\$77,162	\$139,132	\$ 11,051	\$702,917
Praveen Tyle, Ph.D. Executive Vice President, Research and Development	2018	\$464,600	\$160,903	\$285,672	\$541,775	\$ 11,956	\$1,464,906
	2017	\$454,383	\$165,645	\$172,702	\$490,867	\$ 11,736	\$1,295,333
	2016	\$278,509	\$182,500	\$—	\$942,900	\$ 26,373	(4) \$1,430,282

(1) Reflects the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of stock awards granted in 2018, 2017 and 2016, in each case based on the market price of our common stock on the date of grant, calculated in accordance with the process for determination of fair market value under our 2017 Equity Incentive Plan.

(2) Reflects the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of stock options granted in 2018, 2017 and 2016. See the information appearing under the heading entitled “Stock-Based Compensation” in footnote 2 to our consolidated financial statements included as part of our Annual Report on Form 10-K for the year ended December 31, 2018 for certain assumptions made in the valuation of such stock

options.

Includes the following amounts in respect of company matching contributions under our 401(k) plan and
(3) company-paid premiums for group term life insurance. The company-paid life insurance premiums reflect payments for group term life policies maintained for the benefit of all employees.

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	Year	Company 401(k) Matching Contribution	Company-Paid Group Term Life Insurance Premiums
Lonnell Coats	2018	\$ 11,000	\$ 1,020
	2017	\$ 10,800	\$ 1,020
	2016	\$ 6,050	\$ 720
Jeffrey L. Wade	2018	\$ 11,000	\$ 895
	2017	\$ 10,800	\$ 875
	2016	\$ 10,600	\$ 602
Pablo Lapuerta, M.D.	2018	\$ 11,000	\$ 827
	2017	\$ 10,800	\$ 809
	2016	\$ 10,600	\$ 558
Alexander A. Santini	2018	\$ 11,000	\$ 828
	2017	\$ 10,800	\$ 811
	2016	\$ 10,600	\$ 451
Praveen Tyle, Ph.D.	2018	\$ 11,000	\$ 956
	2017	\$ 10,800	\$ 936
	2016	\$ —	\$ 378

⁽⁴⁾ Includes \$25,995 in relocation expenses paid to Dr. Tyle.

Employment Arrangements

Lonnell Coats. In July 2014, we entered into an offer letter with Lonnell Coats to serve as our president and chief executive officer. Under the offer letter, Mr. Coats receives a base salary, currently \$656,294 a year, subject to adjustment, with an annual discretionary bonus based upon specific objectives to be determined by the compensation committee. The compensation committee has established a current bonus target for Mr. Coats of 70% of his base salary, subject to adjustment. The offer letter provides for certain severance payments upon the termination of Mr. Coats' employment, as described below under the heading "Executive and Director Compensation - Potential Payments upon Termination or Change in Control."

Jeffrey L. Wade. In December 1998, we entered into an employment agreement with Jeffrey L. Wade to serve as our senior vice president and chief financial officer starting in January 1999. Mr. Wade has served as executive vice president, corporate and administrative affairs and chief financial officer since February 2015. Under the agreement, Mr. Wade receives a base salary, currently \$450,042 a year, subject to adjustment, with an annual discretionary bonus based upon specific objectives to be determined by the compensation committee. The compensation committee has established a current bonus target for Mr. Wade of 40% of his base salary, subject to adjustment. The employment agreement is at-will and contains a non-competition agreement. The agreement also provides for certain severance payments upon the termination of Mr. Wade's employment, as described below under the heading "Executive and Director Compensation - Potential Payments upon Termination or Change in Control."

Pablo Lapuerta, M.D. In March 2011, we entered into an offer letter with Pablo Lapuerta, M.D. to serve as our senior vice president, clinical development and chief medical officer. Dr. Lapuerta has served as executive vice president and chief medical officer since February 2015. Under the offer letter, Dr. Lapuerta receives a base salary, currently \$415,648 a year, subject to adjustment, with an annual discretionary bonus based upon specific objectives to be determined by the compensation committee. The compensation committee has established a current bonus target for Dr. Lapuerta of 35% of his base salary, subject to adjustment. The offer letter provides for certain severance payments upon the termination of Dr. Lapuerta's employment, as described below under the heading "Executive and Director Compensation - Potential Payments upon Termination or Change in Control."

Alexander A. Santini. In March 2015, we entered into an offer letter with Alexander A. Santini to serve as our head of market access and channel management. Mr. Santini has served as executive vice president and chief commercial officer since November 2016. Under the offer letter, Mr. Santini receives a base salary, currently \$416,920 a year, subject to adjustment, with an annual discretionary bonus based upon specific objectives to be determined by the compensation committee. The compensation committee has established a current bonus target for Mr. Santini of 40% of his base salary, subject to adjustment.

Praveen Tyle, Ph.D. In March 2016, we entered into an offer letter with Praveen Tyle, Ph.D. to serve as our executive vice president, research and development. Under the offer letter, Dr. Tyle receives a base salary, currently \$481,064 a year, subject to adjustment, with an annual discretionary bonus based upon specific objectives to be determined by the compensation committee. The compensation committee has established a current bonus target for Dr. Tyle of 40% of his base salary, subject to adjustment. The offer letter provides for certain severance payments upon the termination of Dr. Tyle's employment, as described below under the heading "Executive and Director Compensation - Potential Payments upon Termination or Change in Control."

Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are providing the following information regarding the annual total compensation of our chief executive officer and our employees:

As disclosed in the Summary Compensation Table above, the annual total compensation of Lonnel Coats, our president and chief executive officer, was \$3,123,433 in 2018; and

The annual total compensation of the employee identified as the median compensated employee of our company (other than Mr. Coats) was \$195,778 in 2018.

Based on this information, the ratio of the annual total compensation of Mr. Coats to the median of the annual total compensation of all employees was 16 to 1.

We identified our median compensated employee using our total employee population as of December 31, 2018 and consistently applying payroll records reflecting taxable wages for 2018. In making this identification, we annualized the compensation of all permanent employees who were newly hired during 2018. We did not use any material estimates, assumptions, adjustments or statistical sampling to identify our median compensated employee. Once identified, we calculated the annual total compensation of our median compensated employee in a manner consistent with that used to calculate the annual total compensation of Mr. Coats and disclosed in the Summary Compensation Table above.

SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, apply certain exclusions and make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their pay ratios.

Grants of Plan-Based Awards in 2018

The following table presents each grant of restricted stock units and stock options in 2018 to the individuals named in the summary compensation table.

Name	Grant Date	Number of Restricted Stock Units	Number of Securities Underlying Options	Exercise Price of Option Awards	Closing Market Price on the Grant Date of Option Awards	Grant Date Fair Value of Stock and Option Awards
Lonnel Coats	2/8/2018	70,540				\$690,587
	2/8/2018		211,610	\$ 9.79	\$ 9.30	\$1,384,268
Jeffrey L. Wade	2/8/2018	28,665				\$280,630
	2/8/2018		79,550	\$ 9.79	\$ 9.30	\$520,384
Pablo Lapuerta, M.D.	2/8/2018	25,710				\$251,701
	2/8/2018		72,330	\$ 9.79	\$ 9.30	\$473,154
Alexander A. Santini	2/8/2018	25,390				\$248,568
	2/8/2018		71,940	\$ 9.79	\$ 9.30	\$470,603
Praveen Tyle, Ph.D.	2/8/2018	29,180				\$285,672
	2/8/2018		82,820	\$ 9.79	\$ 9.30	\$541,775

Each of the restricted stock units in the foregoing table was granted under our 2017 Equity Incentive Plan. Each restricted stock unit vested with respect to one third of the shares underlying the restricted stock unit on February 28,

2019 and with respect to an additional one third of the shares underlying the restricted stock unit on February 28 of each of the two following years. Each restricted stock unit becomes fully vested upon the termination of the named executive officer's employment by us without cause or by the named executive officer for good reason following a change in control of our company.

Each of the stock options in the foregoing table was granted under our 2017 Equity Incentive Plan and expires on the tenth anniversary of the grant date. Each option vests with respect to 25% of the shares underlying the option on the first anniversary of the grant date and 1/48th per month for each month of service thereafter. Each option becomes fully vested with respect to all remaining unvested shares upon a change in control of our company. In accordance with the process for determination of fair market value under the plan, the exercise price for each stock option is equal to the closing price of our common stock, as quoted on the Nasdaq Global Select Market, on the last trading day prior to the grant date. The exercise price for each stock option may be paid in cash or in shares of our common stock valued at fair market value on the exercise date or through a cashless exercise procedure involving a same-day sale of the purchased shares.

Outstanding Equity Awards at December 31, 2018

The following table presents information about unexercised stock options and unvested restricted stock units that were held by each of the individuals listed in the summary compensation table as of December 31, 2018.

	Option Awards				Stock Awards	
	Number of Securities	Option	Option	Stock	Market	
	Underlying	Exercise	Expiration	Units	Value	
	Unexercised Options	Price	Date	That	of	
	Exercisable			Have	Restricted	
	Unexercisable			Not	Stock	
	(1)			Vested	Units	
					That Have	
					Not	
					Vested (4)	
Lonnell Coats	121,928	—	\$ 11.76	7/7/2024		
	166,186	7,185	\$ 6.23	2/5/2025		
	95,099	39,131	\$ 8.20	2/11/2026		
	39,321	46,459	\$ 14.44	2/9/2027		
	—	211,610	\$ 9.79	2/8/2028		
				10,835 ⁽²⁾	\$ 71,944	
				16,780 ⁽²⁾	\$ 111,419	
				16,088 ⁽²⁾	\$ 106,824	
				70,540 ⁽³⁾	\$ 468,386	
Jeffrey L. Wade	53,571	—	\$ 10.15	2/12/2019		
	53,570	—	\$ 13.30	2/15/2020		
	14,285	—	\$ 10.64	5/17/2020		
	42,857	—	\$ 12.67	2/23/2021		
	44,570	—	\$ 12.60	2/15/2022		
	38,856	—	\$ 14.63	2/8/2023		
	46,856	—	\$ 12.04	2/6/2024		
	89,063	3,851	\$ 6.23	2/5/2025		
	50,968	20,972	\$ 8.20	2/11/2026		
	20,522	24,248	\$ 14.44	2/9/2027		
—	79,550	\$ 9.79	2/8/2028			
				5,807 ⁽²⁾	\$ 38,558	
				8,990 ⁽²⁾	\$ 59,694	
				8,393 ⁽²⁾	\$ 55,730	
				28,665 ⁽³⁾	\$ 190,336	
Pablo Lapuerta, M.D.	28,571	—	\$ 12.04	3/23/2021		
	29,714	—	\$ 12.60	2/15/2022		
	39,999	—	\$ 14.63	2/8/2023		
	45,142	—	\$ 12.04	2/6/2024		
	69,782	3,017	\$ 6.23	2/5/2025		
	47,921	19,719	\$ 8.20	2/11/2026		
	18,964	22,406	\$ 14.44	2/9/2027		
	—	72,330	\$ 9.79	2/8/2028		
				4,550 ⁽²⁾	\$ 30,212	
				8,455 ⁽²⁾	\$ 56,141	

7,755 ⁽²⁾ \$ 51,493

25,710 ⁽³⁾ \$ 170,714

	Option Awards				Stock Awards	
	Number of Securities	Option	Option	Stock	Number	Market
	Underlying	Exercise	Expiration	Units	of	Value
	Unexercised Options	Price	Date	That	Restricted	of
	Unexercisable			Have	Stock	Restricted
	Exercisable			Not	Units	That Have
	(1)			Vested	Not	Not
					Vested	(4)
Alexander A. Santini	17,027	1,544	\$ 7.21	4/20/2025		
	15,558	6,402	\$ 8.20	2/11/2026		
	19,009	22,461	\$ 14.44	2/9/2027		
	—	71,940	\$ 9.79	2/8/2028		
					4,705	(2) \$ 31,241
					7,778	(2) \$ 51,646
					25,390	(3) \$ 168,590