

CATALYST PHARMACEUTICALS, INC.

Form DEF 14A

April 29, 2016

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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 §240.14a-12

Catalyst Pharmaceuticals, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Edgar Filing: CATALYST PHARMACEUTICALS, INC. - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

Catalyst Pharmaceuticals, Inc.

355 Alhambra Circle, Suite 1250

Coral Gables, Florida 33134

(305) 420-3200

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the 2016 Annual Meeting of Stockholders (the Annual Meeting) of Catalyst Pharmaceuticals, Inc., a Delaware corporation, will be held on Monday, June 6, 2016, at 9:00 a.m., local time, at the Hyatt Regency Coral Gables, located at 50 Alhambra Plaza, Coral Gables, Florida, 33134, for the following purposes, all of which are set forth more completely in the accompanying Proxy Statement:

- (1) To elect six directors to serve a term of one year or until their successors are duly elected and qualified, or until their earlier death, resignation, or removal;
- (2) To approve an amendment to the Company's 2014 Stock Incentive Plan to increase the shares available for issuance under the plan by 2 million shares;
- (3) To approve, on an advisory basis, the compensation of our named executive officers as set forth herein;
- (4) To ratify Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
- (5) To transact such other business as may properly come before the meeting.

Pursuant to our bylaws, our Board of Directors has fixed the close of business on Friday, April 8, 2016 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting.

A FORM OF PROXY IS ENCLOSED. IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE ANNUAL MEETING, PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE, WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE UNITED STATES.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 6, 2016: The 2016 Proxy Statement and our 2015 Annual Report are available at:
<http://ir.catalystpharma.com/annual-proxy.cfm>.

BY ORDER OF THE BOARD OF DIRECTORS

Philip B. Schwartz

Corporate Secretary

April 29, 2016

Table of Contents

TABLE OF CONTENTS

<u>Proxy Statement</u>	1
<u>Our Board of Directors</u>	3
<u>Audit Committee Report</u>	8
<u>Independent Auditor Fees</u>	9
<u>Our Management Team</u>	10
<u>Compensation Disclosure and Analysis</u>	13
<u>Compensation Committee Report</u>	23
<u>Compensation of Directors</u>	24
<u>Security Ownership of Certain Beneficial Owners and Management</u>	25
<u>Certain Relationships and Related Transactions</u>	27
<u>Proposal One: Election of Directors</u>	27
<u>Proposal Two: Approval of an Amendment to our 2014 Stock Incentive Plan</u>	28
<u>Proposal Three: Advisory Vote on our Named Executive Officers' Compensation</u>	29
<u>Proposal Four: Ratification of Independent Registered Public Accounting Firm</u>	30
<u>Other Matters</u>	30
<u>Contacting the Board of Directors</u>	31
<u>Stockholder Proposals</u>	31
<u>Additional Information</u>	31
<u>Annex A: Amendment No. 1 to the Catalyst Pharmaceuticals, Inc. 2014 Stock Incentive Plan</u>	32

Table of Contents

Catalyst Pharmaceuticals, Inc.

355 Alhambra Circle, Suite 1250

Coral Gables, Florida 33134

(305) 420-3200

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors (Board) of Catalyst Pharmaceuticals, Inc., a Delaware corporation, for use at the 2016 Annual Meeting of Stockholders (the Annual Meeting) to be held on Monday, June 6, 2016, at 9:00 a.m., local time, at the Hyatt Regency Coral Gables, located at 50 Alhambra Plaza, Coral Gables, Florida 33134. The approximate date on which this statement and the enclosed proxy will be sent to stockholders will be April 29, 2016. The form of proxy indicates a space for you to withhold your vote for any proposal. You are urged to indicate your vote on each matter in the space provided. If signed but no space is marked, it will be voted upon by the persons named at the meeting: (i) for the election of six persons to our Board of Directors to serve until the 2017 annual meeting of stockholders or until their respective successors are duly elected and qualified or until their earlier death, resignation, or removal; (ii) for the approval of an amendment to our 2014 Stock Incentive Plan to increase the shares available for issuance under the plan by 2 million shares; (iii) for the approval, on an advisory basis, of the compensation of our named executive officers as set forth herein; (iv) for the ratification of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and (v) in their discretion, upon such other business as may properly come before the meeting.

Representatives of Grant Thornton LLP, our independent registered public accounting firm, are expected to attend the Annual Meeting.

We will bear the cost of the Board's proxy solicitation. In addition to solicitation by mail, our directors, officers and employees may solicit proxies personally and by telephone and e-mail, all without extra compensation.

At the close of business on Friday, April 8, 2016 (the Record Date), we had outstanding 82,870,649 shares of our common stock, par value \$0.001 per share. Each share of our common stock entitles the holder thereof on the Record Date to one vote on each matter submitted to a vote of stockholders at the Annual Meeting. Only stockholders at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. The quorum necessary to conduct business at the Annual Meeting consists of a majority of the outstanding shares of our common stock. In the event that there are not sufficient proxies for approval of any of the matters to be voted upon at the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

Shares represented by proxies that are marked abstain or which are marked to deny discretionary authority will only be counted for determining the presence of a quorum. Votes withheld in connection with the election of one or more of the nominees for director will not be counted as votes cast for such individuals. In addition, where brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions (commonly referred to as broker non-votes), those shares will not be included in the vote totals. Directors shall be elected based on a plurality of the votes cast at the meeting. All other matters to be considered for approval at the Annual Meeting will be approved by a majority of the votes cast for and against such matter at the meeting.

Table of Contents

A list of the stockholders entitled to vote at the Annual Meeting will be available at our principal executive office located at 355 Alhambra Circle, Suite 1250, Coral Gables, Florida 33134 for a period of ten (10) days prior to the Annual Meeting for examination by any stockholder. The list will also be available for inspection at the Annual Meeting by any stockholder who is present.

Whether or not you plan to attend the Annual Meeting, please fill in, sign and return your proxy card to the transfer agent in the enclosed envelope, which requires no postage if mailed in the United States.

A STOCKHOLDER WHO SUBMITS A PROXY ON THE ACCOMPANYING FORM HAS THE POWER TO REVOKE IT AT ANY TIME PRIOR TO ITS USE BY DELIVERING A LATER-DATED WRITTEN NOTICE TO OUR CORPORATE SECRETARY, BY EXECUTING A LATER-DATED PROXY OR BY ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON. UNLESS AUTHORITY IS WITHHELD, PROPERLY EXECUTED PROXIES WILL BE VOTED FOR THE PURPOSES SET FORTH THEREON.

Table of Contents**OUR BOARD OF DIRECTORS**

We identify and describe below the key experience, qualifications and skills our directors bring to the Board of Directors that are important in light of our business and structure. The directors' experiences, qualifications and skills that were considered in their re-nomination are included in their individual biographies.

Name	Age	Position(s)
Patrick J. McEnany	68	Chairman, President and Chief Executive Officer
Philip H. Coelho (1)(3)	72	Director
Richard J. Daly (2)(3)	54	Director
Donald A. Denkhaus (1)(3)	70	Director
Charles B. O'Keeffe (1)(2)(3)	76	Lead Independent Director
David S. Tierney, M.D. (2)(3)	52	Director

(1) Member of the audit committee

(2) Member of the compensation committee

(3) Member of the nominating and corporate governance committee

Patrick J. McEnany is a co-founder of our company and currently serves as our Chairman, President and Chief Executive Officer (CEO). Mr. McEnany has been our CEO and a director since our formation in January 2002. He became Chairman and President in March 2006. From 1999 to 2002, Mr. McEnany was a consultant to the pharmaceutical industry. From 1991 to 1997, Mr. McEnany was Chairman and CEO of Royce Laboratories, Inc., a generic pharmaceutical manufacturer. From 1997 to 1998, after the merger of Royce into Watson Pharmaceuticals, Inc., Mr. McEnany served as president of the wholly-owned Royce Laboratories subsidiary and vice president of corporate development for Watson Pharmaceuticals, Inc. From 1993 to 1997, he also served as vice chairman and a director of the National Association of Pharmaceutical Manufacturers. He currently serves on the board of directors of the Jackson Memorial Hospital Foundation, and over the last 30 years has served as a director for numerous public companies. The Board of Directors believes the characteristics that qualify Mr. McEnany for election to the Board include his long-term experience in the pharmaceutical industry and his business leadership experience.

Philip H. Coelho has been a member of our Board of Directors since October 2002 and currently chairs the Nominating & Corporate Governance Committee of our Board. Mr. Coelho is currently Co-Founder and Chief Technology Officer of SynGen, Inc., a company enabling regenerative cures through the application of innovative engineering, and President of PHC Medical, Inc., a company providing consulting services for enterprises in the medical device related cell therapy field. Previously, from October 1986 until 2008, Mr. Coelho founded and was employed by ThermoGenesis Corp. (n/k/a CESCO Therapeutics Inc.), a company focused on the blood processing and hospital/woundcare markets. Mr. Coelho was Chairman and Chief Executive Officer of ThermoGenesis from December 1989 until May 2007 and served as its Chief Technology Architect from June 2007 until May 2008. From October 1986 to September 1989, Mr. Coelho held the position of Vice President and Director of Research, Development and Manufacturing with ThermoGenesis. Prior to his association with ThermoGenesis, from October 1983 to October 1986 Mr. Coelho was President of Castleton, Inc., a company that developed and licensed ultra-rapid heat transfer technology to ThermoGenesis. Mr. Coelho currently serves on the Board of Directors of Medware Information Systems, Inc. and Ampio Pharmaceuticals, Inc. Mr. Coelho holds a Bachelor of Science degree in Mechanical Engineering from the University of California, Davis. The Board of Directors believes the characteristics that qualify Mr. Coelho for election to the Board include his long-term experience in the pharmaceutical industry and his business leadership experience.

Richard J. Daly joined our Board of Directors in February 2015. Mr. Daly currently serves as President and CEO of Neuralstem, Inc., a biopharmaceutical company focused on the development of central nervous system therapies based on its neuronal stem cell technology. Until October 2014, Mr. Daly served as President of AstraZeneca US Diabetes, where he led all commercial and medical plans and objectives for a \$1.2 billion,

Table of Contents

3,000-employee division, including the successful launch of an orphan/rare disorder drug, Myalept, for Lipodystrophy. From 2011 through 2013, Mr. Daly served as a Co-Founder of and an investor in Sagepath Partners, a company providing the pharmaceutical industry with outsourced commercial services. From 2008 to 2011, Mr. Daly was employed by Takeda N.A., the North American subsidiary of Takeda Pharmaceuticals, serving first as Vice President, Integration, leading a 6,500 person commercial/R&D merger between TAP Pharmaceuticals and Takeda N.A., and then as Executive Vice President of Takeda N.A., with commercial responsibility for all businesses in the Americas. From 2006 to 2008, Mr. Daly served as the Vice President, Commercial Strategy for TAP Pharmaceuticals, a joint venture between Takeda Pharmaceuticals and Abbott Labs. In 1998, Mr. Daly was a founding member of the leadership team of Takeda Pharmaceuticals N.A., serving initially as the Senior Director of Marketing. Between 1998 and 2006, Mr. Daly took on roles of increasing responsibility culminating in his appointment as Senior Vice President, Marketing (2001-2006). Mr. Daly received his Bachelor of Science in Microbiology from the University of Notre Dame in 1983 and his MBA from the Kellogg School of Management, Northwestern University in 1998. The Board of Directors believe that the characteristics that qualify Mr. Daly for election to the Board include his significant pharmaceutical industry experience and his experience in launching and managing sales of numerous pharmaceutical products, including several products that are used to treat orphan/rare diseases.

Donald A. Denkhaus joined our Board of Directors in February 2015 and currently chairs the Audit Committee of our Board. Since 2005, Mr. Denkhaus has been Chairman and Chief Financial Officer of The Kitchen, LLC, a company providing language dubbing and subtitling services to the television industry. From 1970 through 2002, Mr. Denkhaus, who is licensed as a certified public accountant, worked for Arthur Andersen LLP, a global professional services organization, where he was an audit partner for twenty-two years and held numerous leadership positions, including as head of Andersen's South Florida audit practice and, from 1998 through 2002, as Audit Practice Partner responsible for Andersen's offices in Florida and Puerto Rico. From 2010 to 2013, Mr. Denkhaus was Chair of Nuovo Biologics, a privately held biotech company currently seeking FDA approval of an antiviral drug for animal use, and, from 2004 until its sale in 2009, Mr. Denkhaus served on the board of directors and as chair of the audit committee of Noven Pharmaceuticals, a publicly-traded specialty pharmaceutical company focused on women's health and psychiatry. Mr. Denkhaus received a Masters in Business Administration degree with a major in finance from the University of Maryland and a Bachelors of Business Administration with a major in accounting from Kent State University. The Board of Directors believe that the characteristics that qualify Mr. Denkhaus for election to the Board include his extensive financial experience and his prior experience serving as a director of two pharmaceutical companies, one of which was publicly-traded.

Charles B. O'Keeffe has served as a member of our Board of Directors since December 2004 and became our lead independent director in July 2011. Mr. O'Keeffe also served as a consultant to us from December 2004 until June 2011. Mr. O'Keeffe is a Professor in the Departments of Pharmacology, Epidemiology and Community Health at Virginia Commonwealth University (VCU), and has served in such capacity since January 1, 2004. Mr. O'Keeffe joined VCU after retiring as President and Chief Executive Officer of Reckitt Benckiser Pharmaceuticals, Inc., a position Mr. O'Keeffe held from 1991 until 2003. As President of Drug Abuse Rehabilitation Services (from 1970 until 1971), he developed the first child-resistant, abuse-resistant vehicle for dispensing methadone. He served as president of Washington Reference Laboratories from 1972 until 1975, which provided toxicology services to the Department of Defense during the Vietnam War. He has served in the White House (from 1970 until 1973 and from 1976 until 1980) for three presidents as advisor, special assistant for international health and deputy director for international affairs in the Office of Drug Abuse Policy and has served on U.S. delegations to the World Health Assembly and the U.N. Commission on Narcotic Drugs. The Board of Directors believes the characteristics that qualify Mr. O'Keeffe for election to the Board include his business leadership experience and his long-time experience in the pharmaceutical industry.

David S. Tierney, M.D. has served as a member of our Board of Directors since October 2002 and currently chairs the Compensation Committee of our Board. Dr. Tierney currently serves as CEO of Icon Bioscience, Inc., a privately held ophthalmic drug delivery company. Dr. Tierney served as President and Chief

Table of Contents

Operating Officer (and a member of the board of directors) of Oceana Therapeutics, Inc., a private specialty pharmaceutical company between the organization of that company in 2008 and the sale of that company to Salix Pharmaceuticals, Ltd. in December 2011. Dr. Tierney also served as the President and CEO (and as a member of the board of directors) of Valera Pharmaceuticals, Inc. a specialty pharmaceutical company, between August 2000 and April 2007, when Valera completed a merger with Indevus Pharmaceuticals, Inc. Further, from January 2000 to August 2000, Dr. Tierney served as President of Biovail Technologies, a division of Biovail Corporation, a Canadian drug delivery company, where he was responsible for all of Biovail's research and development, regulatory and clinical activities. Additionally, from March 1997 to January 2000, Dr. Tierney was Senior Vice President of Drug Development at Roberts Pharmaceutical Corporation, where he was responsible for all research and development activities, and for drug development, medical affairs, worldwide regulatory affairs and chemical process development, as well as being part of the executive management team. Finally, from December 1989 to March 1997, Dr. Tierney was employed by Élan Corporation, a pharmaceutical company, in a variety of management positions. Dr. Tierney is also a director of Bioject Medical Technologies, Inc. Dr. Tierney received his medical degree from the Royal College of Surgeons in Dublin, Ireland and was subsequently trained in internal medicine. The Board of Directors believes the characteristics that qualify Dr. Tierney for election to the Board include his business leadership experience and his pharmaceutical industry experience.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires our officers and directors and persons who own more than 10% of our outstanding common stock to file with the Securities and Exchange Commission reports of changes in their ownership of common stock. Officers, directors, and greater than 10% stockholders are also required to furnish us with copies of all forms they file under this regulation. To our knowledge, based solely on a review of the copies of such reports furnished to us and representations made to us that no other reports were required, during the year ended December 31, 2015 all Section 16(a) filings required to be filed by our officers, directors, and greater than 10% stockholders were timely filed.

Independent Directors

As required under applicable NASDAQ listing standards, a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by the board of directors. The Board of Directors consults with our counsel to ensure that its determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent NASDAQ listing standards, as in effect from time to time. Consistent with these considerations, the Board of Directors has affirmatively determined that all of our directors (other than Mr. McEnany, who serves as our CEO) are independent directors within the meaning of the applicable NASDAQ listing standards.

Corporate Governance

Our Board of Directors and management are committed to utilizing good corporate governance practices to ensure we are managed for the long-term benefit of our stockholders. We have in place a variety of policies and practices to promote good corporate governance. A majority of our Board of Directors is independent, in accordance with applicable NASDAQ listing standards, and all members of the Audit Committee, Compensation Committee, and Nominating & Corporate Governance Committee of our Board of Directors also meet applicable NASDAQ listing standards for independence. We have also established:

- written charters for the Audit, Compensation, and Nominating & Corporate Governance Committees that address corporate governance practices in accordance with the Sarbanes-Oxley Act, current NASDAQ corporate governance guidelines, and other applicable rules and regulations;

- a Code of Business Conduct and Ethics applicable to our officers, directors, and employees;

- a procedure for receipt and treatment of anonymous and confidential complaints or concerns regarding audit or accounting matters; and

- disclosure control policies and procedures.

Table of Contents

The Nominating & Corporate Governance Committee is responsible for establishing and reviewing our corporate governance guidelines from time to time and reporting and making recommendations to the Board of Directors concerning corporate governance matters. Among the matters addressed by our corporate governance guidelines are:

Director Independence Independent directors shall constitute at least a majority of our Board and of our Board committees in accordance with the independence standards set forth in the applicable NASDAQ listing standards.

Executive Sessions of Independent Directors Our independent directors regularly meet in executive sessions without management present.

Copies of our Code of Business Conduct and Ethics can be found on the corporate governance page of the Investor Relations section of our website, which is located at <http://ir.catalystpharma.com/governance.cfm>.

Board Diversity

In carrying out its function to nominate candidates for election to our Board, the Nominating & Corporate Governance Committee considers the mix of skills, experience, character, commitment and diversity. The committee construes diversity as meaning a variety of opinions, perspectives and backgrounds, including gender, race and ethnicity differences, as well as other differentiating characteristics, all in the context of the requirements of our Board at that point in time.

Leadership Structure

Patrick J. McEnany serves as both our Chairman of the Board and CEO. The Board and its independent members believe that the most effective board leadership structure at the present time is for the CEO to serve as both Chairman of the Board and CEO, a structure that has served us well in the past. The independent members of the Board believe that because the CEO is ultimately responsible for our day-to-day operations and for executing our strategy, and because our performance is an integral part of the deliberations undertaken by the Board, the CEO is the director best qualified to act as the Chairman of the Board. The Board reserves the authority to modify this structure to best address and advance the interests of all stockholders, as and when appropriate.

The Board of Directors believes that independent oversight of management is also an important component of an effective board of directors. The Board believes that, for the reasons set forth below, our existing corporate governance practices achieve independent oversight and management accountability. Our governance practices provide for strong independent leadership, independent discussion among directors and for independent evaluation of, and communication with, our officers. These governance practices are reflected in our various committee charters, which are available on our website at www.catalystpharma.com. Some of the relevant processes and other corporate governance practices include:

At each regularly scheduled Board meeting, all of our independent directors meet in an executive session without Mr. McEnany. In these executive sessions, the independent directors deliberate on matters such as those involving the performance of our officers.

Each of our directors is elected annually by our stockholders.

All of our directors, except for Mr. McEnany, are independent directors. Each director is an equal participant in decisions made by the full Board. All of the committees of the Board are comprised of only independent directors.

Table of Contents

Lead Independent Director

The Board of Directors has appointed a non-management director to serve in a lead capacity (the Lead Independent Director) to perform such duties and responsibilities as the Board of Directors may determine. Charles B. O'Keeffe serves as the Lead Independent Director. The role of the Lead Independent Director includes:

in consultation with the Chairman, determining the length and timing of Board meetings, including regular and special meetings;

determining the agenda and materials to be provided to directors in advance of each meeting of the Board;

serving as chair of executive sessions of the Board and other meetings of the Board in the absence of the Chairman of the Board;

serving as liaison between the Chairman of the Board and the other independent directors;

overseeing the Board's stockholder communication policies and procedures; and

calling meetings of independent directors.

Board Meetings and Attendance at Board and Board Committee Meetings

During 2015, our Board of Directors held seven meetings and took one action by unanimous written consent. For 2015, all of our directors attended at least 75% or more of the aggregate number of meetings held by our Board of Directors and the Board committees on which they served. All of the members of our Board of Directors attended the 2015 Annual Meeting of Stockholders, which was held on May 21, 2015. Directors are encouraged, but not required, to attend the Annual Meeting in person.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of our company, and such other duties as directed by the Board. The committee's purpose is to oversee our accounting and financial reporting processes, the audits of our financial statements, the qualifications of the independent registered public accounting firm engaged as our independent auditor to prepare or issue an audit report on our financial statements, and the performance of our internal and independent auditors. The committee's role includes a particular focus on the qualitative aspects of financial reporting to stockholders, our processes to manage business and financial risk, and compliance with applicable legal, ethical, and regulatory requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent auditor.

The Board of Directors has determined that Donald A. Denkhaus, the current chair of the Audit Committee, and Philip H. Coelho, a former chair of and a current member of the Audit Committee, are each an audit committee financial expert as defined in Regulation S-K under the Exchange Act.

The Audit Committee held four meetings in 2015. The Audit Committee operates under a written charter which describes the role, responsibilities, and functioning of the Audit Committee. The Audit Committee's charter can be found at <http://ir.catalystpharma.com/governance.cfm>.

Compensation Committee

The role of the Compensation Committee is to discharge the Board's responsibilities related to compensation of our executive officers, to produce an annual report on executive compensation for inclusion in our Proxy Statement, and to oversee and advise the Board on the adoption of policies that govern our compensation programs, including our stock incentive plans and our benefit plans. The Compensation Committee

Table of Contents

held six meetings in 2015 and took four actions by unanimous written consent. The Compensation Committee operates under a written charter which describes the role, responsibilities, and functioning of the Compensation Committee. A copy of this charter can be viewed on our website at <http://ir.catalystpharma.com/governance.cfm>. Pursuant to its charter, the Compensation Committee has authority to retain compensation consultants to assist in its evaluation of executive and director compensation.

Nominating & Corporate Governance Committee

The role of the Nominating & Corporate Governance Committee is to appoint nominees for election to our Board of Directors, to identify and recommend candidates to fill vacancies between annual stockholder meetings, to review, evaluate and recommend changes to our corporate governance policies, and to review our policies and programs that relate to matters of corporate responsibility, including public issues of significance to our company and our stockholders. The Nominating & Corporate Governance Committee (N&CG Committee) held one meeting in 2015. The N&CG Committee operates under a written charter which describes the role, responsibilities, and functioning of the N&CG Committee. A copy of the N&CG Committee s charter can be found on our website at <http://ir.catalystpharma.com/governance.cfm>.

Risk Oversight

Risk oversight is administered through the Board as a whole. The Board does not believe that risk management issues have an effect on our leadership structure. The Board provides feedback to management at regularly held Board meetings. The independent directors meet in executive session at each regular meeting of the Board of Directors and provide insight to our management on a variety of topics, including risk oversight.

AUDIT COMMITTEE REPORT

Management has the primary responsibility for our internal control over financial reporting, the financial reporting process and preparation of our financial statements. Grant Thornton LLP, our independent registered public accounting firm, is responsible for performing an independent audit of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and to issue a report thereon. The Audit Committee s responsibility is to select the independent auditors and to monitor and oversee these processes.

The Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that our financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee reviewed and discussed the audited financial statements with management and the independent auditors. In fulfilling its responsibilities, the Audit Committee discussed with the independent auditors the matters that are required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). In addition, the Audit Committee received from the independent auditors the written disclosures and letter required by PCAOB Ethics and Independence Rule 3526, Communications with Audit Committees Concerning Independence, and the Audit Committee discussed with the independent auditors that firm s independence. In connection with this discussion, the Audit Committee also considered whether the provision of services by the independent auditors not related to the audit of our financial statements is compatible with maintaining the independent auditors independence. During such discussions, the independent auditors confirmed that, as of December 31, 2015, they were independent accountants with respect to our company within the meaning of applicable federal securities laws and the requirements of the PCAOB.

Based upon the Audit Committee s discussions with management and the independent auditors and the Audit Committee s review of the representations of management and the reports and letter of the independent auditors provided to the Audit Committee, the Audit Committee recommended to the Board that our audited financial statements for fiscal 2015 be included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Table of Contents

No non-audit services were rendered in 2015, The Audit Committee has the responsibility to review all non-audit services provided by the independent auditors and to conclude as to whether the provision of such services is compatible with the maintenance of that firm's independence in the conduct of its auditing functions. If non-audit services are provided, the Audit Committee will discuss these matters with representatives of the independent auditors and our management and will monitor our compliance with any new restrictions as they are put in place to continue to ensure that the services provided by our independent accountants are compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

The Audit Committee

Donald A. Denkhaus (Chair)

Philip H. Coelho

Charles B. O'Keeffe

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, or the Securities Exchange Act of 1934 that might incorporate future filings, including this proxy statement, in whole or in part, the Audit Committee Report above shall not be incorporated by reference into any such filings.

INDEPENDENT AUDITOR FEES

The following table represents fees for professional audit and other services rendered by Grant Thornton LLP for the fiscal years ended December 31, 2015 and 2014.

	2015	2014
Audit fees (1)	\$ 223,130	\$ 220,070
Audit-related fees		
Total audit fees	223,130	220,070
Tax fees		
All other fees		
Total fees	\$ 223,130	\$ 220,070

- (1) Represents aggregate fees billed for professional services rendered by Grant Thornton LLP for the audit of our financial statements included in our Annual Report on Form 10-K, for their reviews of our quarterly reports during 2014 and 2015 and for their report on the effectiveness of our internal control over financial reporting as of December 31, 2015 and December 31, 2014. Also includes for 2015, aggregate fees of \$31,800 for professional services rendered by Grant Thornton LLP in connection with our registration statements on Form S-3 (Registration No. 333-193699) and on Form S-3 (Registration No. 333-180617). Also includes, for 2014, aggregate fees of \$24,380 for professional services rendered by Grant Thornton LLP in connection with our registration statement on Form S-3 (Registration No. 333-193699) and our registration statement on Form S-8 (Registration No. 333-198119).

Table of Contents**OUR MANAGEMENT TEAM****Officers**

The following list reflects our officers, as of the date of this proxy statement, the capacity in which they serve us, and when they assumed office:

Name	Position(s)	Age	Officer Since
Patrick J. McEnany	Chairman, President and Chief Executive Officer	68	January 2002
Steven R. Miller, Ph.D.	Chief Operating Officer and Chief Scientific Officer	54	April 2007
Alicia Grande, CPA, CMA	Vice President, Treasurer and Chief Financial Officer	45	January 2007
Paul J. Merrigan	Chief Commercial Officer	55	September 2015
Gary Ingenito, M.D., Ph.D.	Chief Medical Officer and Head of Regulatory Affairs	60	June 2015
David J. Caponera	Vice President, Patient Engagement and Access Support	59	October 2014
Brian Elsbernd	Sr. Vice President of Legal and Compliance	52	February 2016

Officers Business Experience

The business experience of Patrick J. McEnany is included above in Our Board of Directors.

Steven R. Miller, Ph.D., has served as Chief Operating Officer since January 2011 and as our Chief Scientific Officer since October 2009. Previously, commencing in April 2007, Dr. Miller was our Vice President of Pharmaceutical Development and Project Management. Dr. Miller has worked in the healthcare industry for over 25 years. Prior to joining us, Dr. Miller spent 15 years with various divisions of Watson Laboratories, a subsidiary of Watson Pharmaceuticals, Inc., most recently as Executive Director of R&D Operations. In this capacity, Dr. Miller managed a team of 75 in the testing of all R&D products for clinical trials, including method valuation, stability testing, operation of the R&D pilot plant, and assembly of the CMC section of drug applications, in addition to other responsibilities. Prior to holding this position, Dr. Miller was Director of Technology Transfer for Watson Laboratories, and Vice President of Research and Product Development for Royce Laboratories, which was subsequently acquired by Watson Laboratories. Prior to joining Royce Laboratories, Dr. Miller was Group Leader and Senior Scientist at Dade Behring. Prior to that, he served as an Analytical Chemist at the U.S. Food & Drug Administration. Dr. Miller received his Bachelor of Science Degree in Chemistry from the University of Maryland and his Ph.D. from the University of Miami.

Alicia Grande, CPA, CMA, has served as our Vice President, Treasurer and Chief Financial Officer since December 2011 and as our Chief Accounting Officer since January 2007. Prior to joining Catalyst, since 2003 Ms. Grande was employed by The Hackett Group, Inc. (formerly known as Answerthink, Inc.), a publicly traded information technology consulting services company. Ms. Grande served in various capacities with The Hackett Group, most recently as Senior Director of Finance, and was responsible for all external and SEC financial reporting. Ms. Grande also served as head of The Hackett Group's Sarbanes-Oxley Act compliance team. Prior to joining The Hackett Group, Ms. Grande was employed for more than 10 years in capacities from staff to most recently Senior Manager, Audit & Business Consulting, by several public accounting firms including Arthur Andersen LLP. Ms. Grande earned a Bachelor of Science degree in business administration, with majors in accounting and finance, from Syracuse University and a master of accounting degree from Florida International University.

Paul J. Merrigan joined us as our Chief Commercial Officer in September 2015. Prior to joining Catalyst, Mr. Merrigan served as Vice President, Global Marketing at Aegerion Pharmaceuticals. Following the successful

Table of Contents

launch of Aegerion's Juxtapid[®]/Lojuxta[®] for the rare disease homozygous familial hypercholesterolemia, he transitioned into the role of Vice President, Commercial Strategy and Advocacy. In that role, he was responsible for strategic planning, portfolio management, global market access and pricing of commercial products and patient advocacy, and recently, following Aegerion's acquisition of this product, he led the commercial integration and re-launch of Myalept[®] for the orphan disease generalized lipodystrophy in the US market. Mr. Merrigan was previously Vice President and General Manager of Neuromuscular Diseases at Genzyme Corporation, where he was responsible for the US and global launch and commercialization of Myozyme[®]/Lumizyme[®] for the orphan indication Pompe disease and also responsible for leading the strategic commercial development of a product for Duchenne muscular dystrophy under a strategic alliance joint venture. Mr. Merrigan also held various positions within Genzyme, including Vice President of Global Strategic Marketing for Hereditary Angioedema, Senior Director of Global Marketing for Gaucher Disease, Director of Health Economics and Outcomes Assessment and Associate Director of Clinical Marketing Programs. Prior to joining Genzyme, Mr. Merrigan held positions at Genentech, Marion Laboratories and Pfizer in the areas of sales, marketing and research. Mr. Merrigan received his B.S. in chemistry from Trinity College in Hartford, CT and his Executive M.B.A. from Boston University.

Gary Ingenito, M.D., Ph.D., joined us as our Chief Medical Officer in June 2015 and became our Head of Regulatory Operations in February 2016. Prior to joining Catalyst, Dr. Ingenito spent more than 25 years in the field of pharmaceutical development; including drugs, biologics, and combination products. During this time, Dr. Ingenito has held executive responsibilities for clinical research, regulatory, drug safety, and medical affairs at pharmaceutical companies and contract research organizations. Dr. Ingenito initially joined Sandoz Pharmaceuticals in the neuroendocrine group and progressed to become head of medical affairs. He spent 8 years at Otsuka Pharmaceuticals, overseeing the approval of anti-infective, cardiovascular, and central nervous system products. Dr. Ingenito has also held positions at Corning-Besselaar, SFBC International, Angiotech Pharmaceuticals, Biotest Pharmaceuticals, and, most recently at Boehringer-Ingelheim Pharmaceuticals, where he served as head of regulatory affairs North America for biosimilars. After obtaining his bachelor of arts degree from The Johns Hopkins University, Dr. Ingenito earned his medical degree at Jefferson Medical College, and a doctor of philosophy degree from Thomas Jefferson University. He completed a post-graduate residency in neurology at the University of Miami, Jackson Memorial Hospital.

David J. Caponera joined us in October 2014 and serves as our Vice President, Patient Engagement and Access Support. Mr. Caponera has over 30 years of successful healthcare experience ranging from clinical development, managing payer operations, extensive orphan drug product launches and implementing reimbursement and patient advocacy programs, with the last 15 years focused on rare diseases and orphan products. From December 2013 until he joined us, Mr. Caponera was an independent consultant to the orphan drug industry. Prior thereto, from January 2011 until October 2013, Mr. Caponera served as the Vice President, Patient Advocacy and Reimbursement for Aegerion Pharmaceuticals, Inc., where he established and built its patient advocacy and patient assistance organizations for the launch of Juxtapid[®], Aegerion's first ultra-rare disease product. Prior to that, from November 2009 until January 2011, Mr. Caponera was the Director, Access Services for Pfizer, Inc., where he developed a global patient access network for the launch of ELELYSO[®] for ultra-rare Gaucher disease. Prior thereto, Mr. Caponera served as Senior Director of Reimbursement and Distribution for Amicus Therapeutics, Inc., Vice President, Strategic Initiatives for Theracom, Inc., and Senior Director, Patient and Product Services for Genzyme Corporation. At Genzyme he led the case management functions for multiple orphan products, developed the reimbursement and patient management programs for two new product launches and directed the customer services functions. In addition, Mr. Caponera has held positions at Blue Cross Blue Shield of Massachusetts as Product Manager for Managed Care and Harvard Community Health Plan (now Harvard Pilgrim Health Care). Mr. Caponera holds a bachelor's degree from Cornell University in biology and a master's degree in health administration from Duke University.

Brian Elsbernd joined us in February 2016 as our Sr. Vice President of Legal and Compliance. Prior to joining Catalyst, Mr. Elsbernd was, from 2004 until February 2016, employed in various capacities with Mallinckrodt Pharmaceuticals and its predecessors, including as Senior Director of US Healthcare Compliance.

Table of Contents

At Mallinckrodt, he was involved in the building of their formal compliance program including providing leadership and vision on ethics and business conduct while also managing multiple other legal and business functions. Before joining Mallinckrodt, Mr. Elsbernd was an associate at Proskauer Rose LLP, within its Health Care practice group, representing health care providers nationwide in matters pertaining to regulatory and administrative law, transactional matters, litigation, and reimbursement issues. Mr. Elsbernd holds a Bachelor of Arts degree in history from the University of Illinois-Urbana and a law degree from the Saint Louis University School of Law.

Family Relationships

There are no family relationships between or among any of our directors and/or officers.

Table of Contents**COMPENSATION DISCLOSURE AND ANALYSIS****The role of the compensation committee in setting executive officer compensation**

The Compensation Committee establishes and regularly reviews our compensation philosophy and programs, exercises authority with respect to the determination and payment of base and incentive compensation to our executive officers and administers our 2014 Stock Incentive Plan (the 2014 Plan) and our 2006 Stock Incentive Plan (the 2006 Plan and, together with the 2014 Plan, the Plans). Our Compensation Committee consists of three members, each of whom is independent as that term is defined in the Sarbanes-Oxley Act of 2002 and the rules and regulations that have been promulgated thereunder and under the Exchange Act, and in the applicable NASDAQ listing standards.

Executive officers

During 2014, our Board of Directors designated that our executive officers (as that term is defined in the rules and regulations under the Exchange Act) are our Chief Executive Officer, our Chief Operating and Chief Scientific Officer, our Chief Financial Officer, and our Chief Commercial Officer. Mr. McEnany, Dr. Miller and Ms. Grande, who are respectively our Chief Executive Officer, our Chief Operating and Chief Scientific Officer and our Chief Financial Officer, respectively, were with us during all of 2015. Our Chief Commercial Officer, Paul J. Merrigan, joined us in September 2015. Further, upon his hiring in June 2015, the Board of Directors designated Dr. Ingenito, our Chief Medical Officer, as an executive officer. Our executive officers are our named executive officers, as that term is sometimes used in this proxy statement.

Overview of executive officer compensation

In evaluating executive compensation, our Compensation Committee receives third-party data and analysis on market trends and competitive practices from its independent compensation consultant. The Compensation Committee also receives and considers the recommendations of our Chief Executive Officer with respect to goals and compensation of executive officers. Our Compensation Committee assesses the information it receives in accordance with its business judgment. Our Chief Executive Officer is not present when his compensation is discussed by the Compensation Committee.

Our Compensation Committee believes that our executive officers are instrumental to our success, and our executive compensation program should be geared towards allowing us to recruit and retain key executives, including our executive officers, which is key to creating long-term stockholder value. To that end, our compensation program is designed around the following:

Pay Element	Form	Purpose
Base Salary	Cash (Fixed)	Provides a competitive level of compensation that reflects position responsibilities, strategic importance of the position and individual experience.
Short-Term Incentive (Annual Bonus)	Cash (Fixed)	Provides a cash-based award that recognizes the achievement of goals in support of an annual business plan.
Long-Term Incentive	Equity (Variable)	Provides incentives for management to execute financial and strategic growth goals that support long-term shareholder value creation and our ability to recruit, retain and motivate key executives.

Table of Contents

We also offer health and other insurance benefits to each of our employees, including our executive officers. Such benefits are equal to the benefits available to all employees. No other perquisite benefits are available to our executive officers.

In setting the compensation of our executive officers, the Compensation Committee evaluates industry-specific and general market compensation practices and trends to ensure that the Company's executive compensation program is competitive with its peer companies. In prior years, compensation for our executive officers was established by the Compensation Committee on a discretionary basis. In 2014, as we moved towards the anticipated filing of a new drug application for one of our products and towards commercialization of that product, the Compensation Committee concluded that for 2015 and future years, the committee needed to formalize its compensation decisions in an effort to make sure that we would be able to attract and retain the required key executives that will help move our business forward beyond the development stage.

Discussion of 2015 executive officer compensation

In June 2014, the Compensation Committee engaged Radford (an Aon Hewitt Company), an independent compensation consultant, to provide advice and recommendations relating to our executive and non-executive compensation arrangements. Radford assisted in determining the appropriate peer group to evaluate the Company's executive compensation group for alignment with governance and market best practices, and provided recommendations as to a compensation philosophy to guide executive officer compensation for 2015 and future years. The Compensation Committee does not believe that the retention of, or the work performed by, Radford, creates any conflict of interest.

The peer group used to determine 2015 executive officer compensation was approved by the Compensation Committee in July 2014. The list of companies in the peer group used to determine 2015 executive officer compensation was approved based on the following criteria: (i) publicly traded, pre-commercial therapeutics/biotechnology companies predominately in Phase 2 or 3 of clinical trials; (ii) companies with market capitalization of between \$200 million and \$500 million; and (iii) companies with less than 100 employees.

The following table presents the peer group selected by the Compensation Committee following its discussions with Radford for setting 2015 executive officer compensation. The Compensation Committee believed when it selected this peer group that this peer group was appropriate from a strategic/stage of development and market capitalization prospective based on the above-defined criteria.

AcelRx Pharmaceuticals	Adamas Pharmaceuticals	Alimera Sciences
Amicus Therapeutics	Auspex Pharmaceuticals	Cempra
CytRx	Geron	Hyperion Therapeutics
Idera Pharmaceuticals	Insmid	Neuralstem
Omeros	Oncothyreon, Inc.	Pain Therapeutics
Raptor Pharmaceuticals	Sunesis Pharmaceuticals	Telraphase Pharmaceuticals
ZIOPHARM Oncology		

Based on the selected peer group, in August 2015, Radford made recommendations to the Compensation Committee regarding cash (base salary and targeted bonus) for each executive officer position (including positions expected to be filled as we moved forward with our product development activities towards the commercialization of our drug candidates). Radford recommended that the Committee adopt a formal compensation philosophy that would be used to bring executive compensation to the level required to attract and retain key executives. That philosophy was intended to move executive compensation from the current less than 25th percentile for each executive officer then serving to the 50th percentile over a three-year period.

Based on its decision to implement this compensation philosophy, at a meeting held in December 2014, the Compensation Committee increased base compensation payable to the Company's then executive officers by

Table of Contents

between 7% and 20% for 2015. The Compensation Committee also adopted the same philosophy when setting the base compensation for our Chief Commercial Officer and Chief Medical Officer when they were hired during 2015. The base compensation payable in 2015 to our executive officers is set forth in the Summary Compensation Table below.

In December 2014, the Compensation Committee approved a bonus scheme for 2015 cash bonuses that was to be based on the achievement of defined corporate objectives established by the Compensation Committee after discussion with Radford and our Chief Executive Officer. The objectives selected were based on operational and financial metrics with respect to our anticipated activities in 2015, and, when taken as a whole, the goals were intended to be challenging goals that would have a meaningful impact on stockholder value, either immediately or as a preparatory step towards future achievements. The goals were weighed in importance and were time bound. The objectives were shared with our executive officers at the beginning of 2015, and no bonuses were to be paid unless and until the Compensation Committee determined the attainment of the corporate objectives. The objectives selected for 2015 were as follows:

Objective	Weight
Advancing Firdapse®	30%
Commercial preparation	30%
Advancing CPP-115	15%
Cash management	10%
Corporate development	10%
Building and sustaining a corporation with a long-term strategy	5%
	100%

As part of approving the bonus scheme for 2015, the Compensation Committee determined that for 2015, our chief executive officer would have the opportunity to earn a bonus of up to 50% of his base salary and each of our other executive officers would have the opportunity to earn bonuses of up to 30% of their base salary.

At a meeting in August 2014, the Compensation Committee also considered its philosophy for equity compensation and received a report from Radford on this subject. It was the conclusion of the Compensation Committee that equity compensation provides incentives for management to execute financial and strategic growth goals that support long-term shareholder value creation and the Company's ability to recruit and retain key executives and is an important part of total compensation for our executive officers and key employees. The Compensation Committee's conclusions on this topic after its discussions with Radford led to certain stock option grants made in August 2014 to then executive officers, to a later 2014 grant of restricted stock units to our chief executive officer, to the stock option grants made in 2015 to new executive officers on their hiring, and to the stock option grants made to executive officers in December 2015.

The grants of equity based compensation made in 2014 were set forth in our proxy statement used in connection with our 2015 annual meeting of stockholders. The option grants made in 2015 are reported below in Grants of Plan-Based Awards for 2015.

At a meeting held on December 30, 2015, after considering our company's 2015 performance, the Compensation Committee determined that management had achieved an aggregate of 75% of the objectives previously established for the payment of 2015 cash bonus compensation, as follows:

Objective	Percent Achieved	Weighted Average
Advancing Firdapse® (30%)	80%	24%
Commercial preparation (30%)	80%	24%
Advancing CPP-115 (15%)	50%	7.5%
Cash management (10%)	100%	10%
Corporate development (10%)	50%	5%
Building and sustaining a corporation with a long-term strategy (5%)	90%	4.5%
		75%

Table of Contents

Based on this decision, the cash bonuses set forth in the Summary Compensation Table below were paid to our executive officers for their 2015 performance.

Summary Compensation Table

The following table sets forth information about the compensation earned during 2015, 2014 and 2013 by our Chief Executive Officer, our Chief Financial Officer, and our other executive officers during the fiscal year ended December 31, 2015.

Name and Principal Position	Year	Salary (\$)	Cash Bonus (\$)	Awards (\$)		Non-Equity Incentive Compensation (\$)	All Other Compensation (\$)	Totals (\$)
				Stock (1)	Option (2)			
Patrick J. McEnany Chairman, President and CEO	2015	453,000	169,875		532,776			1,155,651
	2014	425,000	85,000	226,400	734,487			1,470,887
	2013	406,202	20,310					426,512
Steven R. Miller, Chief Operating Officer and Chief Scientific Officer	2015	350,000	78,750		274,400		10,600	713,750
	2014	300,000	100,000		452,934		10,400	863,334
	2013	275,625	33,781				9,400	318,806
Alicia Grande, Vice President, Treasurer and CFO	2015	288,000	64,800		274,400		10,600	637,800
	2014	240,000	48,000		416,209		9,904	714,113
	2013	220,000	11,000				8,800	239,800
Paul J. Merrigan, Chief Commercial Officer (4)	2015	98,750	24,375		677,816			800,941
Gary Ingenito, Chief Medical Officer (5)	2015	166,212	75,375		726,574			968,161

(1) The amounts reported in this column are based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for restricted stock unit grants to the executive officers in the listed fiscal year.

(2) The amounts reported in this column represent the grant date fair value of stock option awards granted in accordance with FASB ASC Topic 718 for the listed year. For additional information on the valuation assumptions used in the calculation of these amounts, refer to Note 12 to the Notes to Financial Statements contained in our 2015 Annual Report on Form 10-K.

(3) All other compensation consists of 401(k) employer match.

(4) Mr. Merrigan joined us in September 2015. His salary and cash bonus amounts reflect his services for 1/3 of 2015.

(5)

Edgar Filing: CATALYST PHARMACEUTICALS, INC. - Form DEF 14A

Dr. Ingenito joined us in June 2015. His salary reflects services for 7/12 of 2015. His cash bonus for 2015 was calculated on his full year compensation and was intended to replace an equivalent bonus that he would have earned from his former employer.

Employment Agreements and Potential Payments upon Termination or Change in Control

We have an employment agreement with Patrick J. McEnany, our Chairman, President and Chief Executive Officer, which provides for the payment of a base salary plus bonus compensation based on performance. Mr. McEnany's employment agreement also contains a change of control severance arrangement if the employee is not retained in our employment after a change of control. The employment agreement for Mr. McEnany expires on November 8, 2016. After the expiration of his employment agreement, Mr. McEnany becomes an employee-at-will, and he will still be entitled to payments for termination without cause or in the event of a change in control, as set forth below.

Table of Contents

Pursuant to the employment agreement that we have with Mr. McEnany, we may terminate his employment at any time for cause, in which he would have no right to receive compensation or other benefits for any period after termination. Termination for cause may also occur when the executive performs dishonest acts intended to benefit the executive personally, the executive's willful neglect of the executive's duties, or failure to perform such duties because of gross negligence on the part of the executive, violation of any obligation under the executive's employment agreement not remedied by the executive after ten (10) days' notice of such violation, or the executive's arrest for, conviction of or plea of nolo contendere to a crime constituting a felony.

In certain circumstances, Mr. McEnany is entitled to severance pay. These circumstances include (i) his voluntary resignation after a change in control or a demotion, or our failure to perform our material obligations under his employment agreement and our failure to remedy such violation within ten (10) days' notice of such violation, (ii) his termination without cause, (iii) his total and permanent disability, or (iv) his death.

A change in control under our employment agreement with Mr. McEnany includes:

the sale, transfer, assignment or other disposition (including by merger or consolidation, but excluding any sales by stockholders made as part of an underwritten public offering of the common stock of the company), in one transaction or a series of related transactions, of more than fifty percent (50%) of the voting power represented by the then-outstanding capital stock of the company to one or more Persons (other than to the executive officer or a group (as defined under the Securities Exchange Act of 1934) in which the executive officer is a member);

the sale of substantially all of the assets of the company (other than a transfer of financial assets made in the ordinary course of business for the purpose of securitization); or

the liquidation or dissolution of the company.

Under any of those circumstances, the executive's severance package includes: (i) the payment of any accrued but unpaid annual bonus at the time of termination; (ii) the payment of the executive's base salary for a period of at least twelve (12) months; and (iii) continuation of the executive's medical benefits (in case of disability), including to his family (in case of death or disability).

We have letter agreements with each of our executive officers under which several of them are entitled to severance if they are terminated for other than cause or if they terminate their employment with us for good reason (as those terms are defined in their respective letters) and all of them are entitled to receive severance compensation in the event of termination in connection with a change of control. The following chart sets forth the amounts payable under these circumstances assuming the event occurred on December 31, 2015:

Name	Payment Due Upon Termination either by company without Cause or Officer for Good Reason	Payment Due Upon the Death or Permanent Disability	Payment Due Upon a Termination by company with Cause or Resignation or Retirement	Payment Due upon a Change of Control
Patrick J. McEnany	\$ 453,000	\$ 473,300		\$ 906,000
Steven R. Miller, Ph.D.				\$ 350,000
Alicia Grande	\$ 288,000			\$ 288,000
Paul J. Merrigan	\$ 325,000	\$ 325,000(1)		\$ 325,000
Gary Ingenito	\$ 335,000	\$ 335,000(1)		\$ 335,000

(1) Payable upon death, but not permanent disability

Table of Contents**Grants of Plan-Based Awards for 2015**

The following table provides information relating to options granted during the fiscal year ended December 31, 2015:

Name	Grant Date (1)	Number of Securities Underlying Options (#) (2)	Exercise Price of Option Awards (\$/share)	Grant Date Fair Value of Option Awards
Patrick J. McEnany	12/30/2015	300,000	\$ 2.53	\$ 532,776
Steven R. Miller, Ph.D.	12/30/2015	150,000	\$ 2.53	\$ 274,400
Alicia Grande	12/30/2015	150,000	\$ 2.53	\$ 274,400
Paul J. Merrigan	09/08/2015	150,000	\$ 4.20	\$ 401,667
Gary Ingenito	12/30/2015	150,000	\$ 2.53	\$ 276,149
	06/30/2015	150,000	\$ 4.13	\$ 452,174
	12/30/2015	150,000	\$ 2.53	\$ 274,400

- (1) Options were granted either at meetings of the Compensation Committee held on the grant date or by unanimous written consents of the Compensation Committee adopted on the grant date.
- (2) Options vest one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date, and expire on the seventh anniversary of the grant date.

Securities Authorized for Issuance under Equity Compensation Plans

The following table gives information about our common stock that may be issued upon the exercise of options under all of our existing equity compensation plans as of December 31, 2015:

Plan Category	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise of outstanding options, warrants, rights and RSUs	Weighted-average exercise price of outstanding options, warrants, rights and RSUs	Number of securities remaining available under equity compensation plans
Securities issued under the 2006 and 2014 Plans	4,303,334	\$ 2.20	1,025,000
Securities issued outside the 2006 Plan and 2014 Plan (1)			

2014 Stock Incentive Plan

In February 2014, our Board of Directors adopted the 2014 Plan, which became effective in May 2015 when the 2014 Plan was approved by our stockholders at the 2014 annual meeting of stockholders. We have reserved 4,000,000 shares for issuance under the 2014 Plan. As of April 8, 2016, stock options to purchase 3,195,000 shares of our common stock and 80,000 restricted stock units have been granted under the 2014 Plan and 870,000 shares remain eligible for grant under the 2014 Plan. If the proposal set forth in Proposal 2 below is adopted, the number of shares remaining eligible for grant under the 2014 Plan will increase by an additional 2 million shares.

Edgar Filing: CATALYST PHARMACEUTICALS, INC. - Form DEF 14A

Administration. The Compensation Committee administers the 2014 Plan and determines which persons will receive grants of awards and the type of award to be granted to such persons. The Compensation Committee also interprets the provisions of the 2014 Plan and makes all other determinations that it deems necessary or advisable for the administration of the 2014 Plan.

Table of Contents

Eligibility. All eligible individuals will be able to participate in the 2014 Plan. Eligible individuals include our directors, officers, employees, independent contractors and consultants, as well as individuals who have accepted an offer of employment with us.

Form of Awards. Awards under the 2014 Plan may be granted in any one or all of the following forms: (i) Incentive Stock Options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) Non-Qualified Stock Options (unless otherwise noted herein, "Options" refers to both Incentive Stock Options and Non-Qualified Stock Options), (iii) Stock Appreciation Rights, which may be awarded either in tandem with Options or on a stand-alone basis, (iv) shares of Common Stock that are restricted ("Restricted Shares"), (v) the right to receive shares of our common stock at the end of a specified period (RSUs), (vi) the right to receive a fixed number of shares of common stock, or the cash equivalent, which is contingent on the achievement of certain performance goals (Performance Shares), or (vii) the right to receive a designated dollar value, or shares of common stock of the equivalent value, which is contingent on the achievement of certain performance goals ("Performance Units").

Form of Awards – Stock Options. Stock options may be granted under the 2014 Plan for the purchase of shares of our common stock. The Compensation Committee may designate Options as either Incentive Stock Options or Non-Qualified Stock Options. The term of each Option granted will be determined by the Compensation Committee. However, no Incentive Stock Option will be exercisable more than ten years after the date it is granted, or in the case of an Incentive Stock Option granted to an employee owning more than 10% of the total combined voting power of all classes of stock of the Company (a "10% Stockholder"), more than five years after the date it is granted.

The purchase price per share under each Incentive Stock Option will be specified by the Compensation Committee, but in no event may it be less than 100% of the market price per share of Common Stock on the date the Incentive Stock Option is granted. In the case of an Incentive Stock Option granted to a 10% Stockholder, the purchase price per share must not be less than 110% of the market price of the Common Stock on the date of grant.

Stock options may be exercised in whole or in part. Payment for such exercise must be made in cash or through the delivery to us of shares of common stock previously owned by the option holder. The Compensation Committee, in its sole and absolute discretion, may allow other forms of payment, including cashless exercises of such stock options.

Form of Awards – Stock Appreciation Rights. Stock Appreciation Rights may be awarded by the Compensation Committee in such amounts and on such terms and conditions as the Compensation Committee shall determine, in its sole and absolute discretion. The terms and conditions of any Stock Appreciation Right shall be substantially identical to the terms and conditions of such Stock Appreciation Right should the grant of such Stock Appreciation Right had been the grant of an Option.

Upon exercise of a Stock Appreciation Right, the owner of such Stock Appreciation Right shall be entitled to receive payment in cash, in shares of Common Stock, or a combination thereof, as determined by the Compensation Committee in its sole and absolute discretion. The amount of such payment shall be determined by multiplying the excess, if any, of the fair market value of a share of Common Stock on the date of exercise over the fair market value of the common stock on the grant date, by the number of shares of Common Stock with respect to which the Stock Appreciation Rights are being exercised.

Form of Awards – Restricted Stock. Shares of Restricted Stock may be granted, in such amounts and on such terms and conditions as the Compensation Committee may determine, in its sole and absolute discretion. The Compensation Committee shall impose such restrictions on any Restricted Stock granted under the 2014 Plan as it may deem advisable.

Table of Contents

Except as provided by the Compensation Committee in its sole and absolute discretion, Restricted Stock granted under the 2014 Plan will vest over a four year period after the grant date in equal annual increments of 25%. Shares of Restricted Stock may also be granted subject to performance goals, and such shares will be released from restrictions only after the attainment of such performance goals has been certified by the Compensation Committee.

Unless otherwise provided in the award agreement with respect to such grants, until the expiration of all applicable restrictions, (i) the Restricted Stock is treated as outstanding common stock in the Company, (ii) the participant holding shares of Restricted Stock may exercise full voting rights with respect to such shares, and (iii) the participant holding shares of Restricted Stock is entitled to all dividends and other distributions paid with respect to such shares while they are so held.

Form of Awards RSUs. RSUs may be granted, in such amounts and on such terms and conditions as the Compensation Committee may determine, in its sole and absolute discretion. The Compensation Committee shall impose such restrictions on any RSUs granted under the 2014 Plan as it may deem advisable.

Unless otherwise provided by the Compensation Committee in the award agreement, upon the expiration of all applicable restrictions, shares of common stock will be paid within 60 days following the date the restrictions lapse. Participant s holding RSUs will not have any rights of a stockholder until the underlying share of common stock are delivered.

Form of Awards Performance Shares and Performance Units. Performance Shares and Performance Units may be granted, in such amounts and on such terms and conditions as the Compensation Committee may determine, in its sole and absolute discretion. All grants of Performance Shares and Performance Units shall satisfy the requirements set forth in the 2014 Plan. The criteria under which Performance Shares and Performance Units may be granted are set forth in the 2014 Plan.

As soon as practicable after the end of a performance period (as set forth by the Compensation Committee), the Compensation Committee shall determine to what extent the Performance Shares or Performance Units have been earned on the basis of the related performance.

Transferability of Awards. Awards are non-transferable other than by will or by the laws of descent and distribution or as otherwise expressly allowed by the Compensation Committee pursuant to a gift to members of an eligible person s immediate family. The gift may be directly or indirectly transferred, by means of a trust, partnership, or otherwise. Stock options and SARs may be exercised only by the optionee, any such permitted transferee or a guardian, legal representative or beneficiary.

Change of control. If there is a change in control of our company, any award that is not exercisable and vested may immediately become exercisable and vested in the sole and absolute discretion of the Compensation Committee. Vested awards will be deemed earned and payable in full. The Compensation Committee may also terminate the awards, entitling participants to a cash payment. If our company is liquidated or dissolved, awards may also be converted into the right to receive liquidation proceeds. In the event that the Compensation Committee does not terminate or convert an award upon a change of control, then the award will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation.

Amendments, Modifications and Termination. Our Board of Directors may, at any time, amend, suspend or terminate the 2014 Plan, but the Board may not impair the rights of holders of outstanding awards without the holder s consent. No amendment to the 2014 Plan may be made without consent of our stockholders. In the event that an award is granted to a person residing outside of the United States, the Board may, at its discretion, modify the terms of the agreement to comply with the laws of the country of which the eligible individual is a resident. The 2014 Plan will terminate 10 years after its effective date.

Table of Contents

2006 Stock Incentive Plan

In July 2006, we adopted the 2006 Plan. Following final approval of the 2014 Plan by our stockholders in May 2014, no further awards were made under the 2006 Plan. As of December 31, 2015, stock options to purchase 1,455,000 shares of our common stock were outstanding under the 2006 Plan, at exercise prices ranging from \$0.47 per share to \$1.07 per share.

Administration. The Compensation Committee administers the 2006 Plan and makes all determinations that it deems necessary or advisable for the administration of the 2006 Plan.

Transferability of awards. Awards are non-transferable other than by will or by the laws of descent and distribution or as otherwise expressly allowed by the Compensation Committee pursuant to a gift to members of an eligible person's immediate family. The gift may be directly or indirectly transferred, by means of a trust, partnership, or otherwise. Stock options and stock appreciation rights may be exercised only by the optionee, any such permitted transferee or a guardian, legal representative or beneficiary.

Change of control. If there is a change in control of our company, any award that is not exercisable and vested may become immediately exercisable and vested in the sole and absolute discretion of the Compensation Committee. Vested awards will be deemed earned and payable in full. The Compensation Committee may also terminate the awards, entitling participants to a cash payment. If we are liquidated or dissolved, awards may also be converted into the right to receive liquidation proceeds. In the event that the Compensation Committee does not terminate or convert an award upon a change of control, then the award will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation.

Amendments, modifications and termination. Our Board of Directors may not impair the rights of holders of outstanding awards without the holder's consent. No amendment to the 2006 Plan may be made without consent of our stockholders. In the event that an award is granted to a person residing outside of the United States, the Board may, at its discretion, modify the terms of the agreement to comply with the laws of the country of which the eligible individual is a resident. The 2006 Plan will terminate 10 years after its effective date, but options outstanding under the 2006 Plan when it terminates that have not yet expired will remain outstanding pursuant to the terms of such options.

Table of Contents**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth certain information regarding equity-based awards held by our executive officers as of December 31, 2015.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2015									
Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested	Equity Incentive Plan Awards: Number of Shares, Units, or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested
Patrick J. McEnany	100,000			1.07	12/16/16				
	200,000			0.47	12/12/17				
	100,000	200,000		3.12	08/28/21				
		300,000		2.53	12/30/22				56,667
Steven R. Miller, Ph.D.	90,000			1.07	12/16/16				
	200,000			0.47	12/12/17				
	61,666	123,334		3.12	08/28/21				
		150,000		2.53	12/30/22				
Alicia Grande	90,000			1.07	12/16/16				
	200,000			0.47	12/12/17				
	56,666	113,334		3.12	08/20/21				
		150,000		2.53	12/30/22				
Paul J. Merrigan		150,000		4.20	09/08/22				
		150,000		2.53	12/30/22				
Gary Ingenito		150,000		4.13	06/30/22				
		150,000		2.53	12/30/22				

Option Exercises

The following table provides information regarding the exercise of stock options by our executive officers during the year ended December 31, 2015:

Name	Grant Date	Exercise Date	Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/share)
Patrick J. McEnany	03/04/2005	02/25/2015	364,804	\$ 0.685
	11/05/2010	10/29/2015	75,000	\$ 1.09

Edgar Filing: CATALYST PHARMACEUTICALS, INC. - Form DEF 14A

Steven R. Miller, Ph.D.	11/05/2010	08/25/2015	60,000	\$	1.09
Alicia Grande	11/05/2010	08/25/2015	40,000	\$	1.09
Paul J. Merrigan					
Gary Ingenito					

Table of Contents

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the SEC's rules and regulations with management and based on such review and discussions the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in our proxy statement for the 2016 Annual Meeting.

Compensation Committee

David S. Tierney, Chair

Richard J. Daly

Charles B. O'Keeffe

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, or the Securities Exchange Act of 1934 that might incorporate future filings, including this proxy statement, in whole or in part, the Compensation Committee Report above shall not be incorporated by reference into any such filings.

Table of Contents**COMPENSATION OF DIRECTORS****Fiscal 2015 Director Compensation**

The following table provides information regarding compensation earned by our non-employee Directors for the year ended December 31, 2015.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (1) (2) (\$)	Total (\$)
Philip H. Coelho (3)	52,875	69,600	122,475
Charles B. O'Keeffe (4)	73,500	69,600	143,100
David S. Tierney (5)	52,875	69,600	122,475
Donald A. Denkhaus (6)	47,250	191,600	238,850
Richard Daly (7)	37,875	191,600	229,475

(1) All figures represent the amounts recognized for financial statement reporting purposes with respect to the fiscal year ended December 31, 2015, which for all grants was equal to the grant date fair value, computed in accordance with FASB ASC Topic 718. Non-employee directors typically receive stock option grants annually.

(2) The aggregate number of stock options held by each non-employee director as of December 31, 2015 is indicated in the table below:

Name	Number of Options
Philip H. Coelho	165,000
Charles B. O'Keeffe	170,000
David S. Tierney	170,000
Donald A. Denkhaus	90,000
Richard Daly	90,000

(3) Mr. Coelho was the chair of our Audit Committee until Mr. Denkhaus joined the Board of Directors in February 2015. Mr. Coelho receives additional compensation for his services during 2015 as chair of the N&CG committee as described in the narrative below.

(4) Mr. O'Keeffe serves as our lead independent director and, during 2015 was the chairman of the Nominating & Corporate Governance Committee. Mr. O'Keeffe receives additional compensation for his services as lead independent director as described in the narrative below.

(5) Dr. Tierney serves as chair of the Compensation Committee. Dr. Tierney receives additional compensation for his services as chair of the Compensation Committee as described in the narrative below.

(6) Mr. Denkhaus serves as chair of the Audit Committee. Mr. Denkhaus receives additional compensation for his services as chair of the Audit Committee as described in the narrative below.

(7) In 2015, Mr. Daly served for approximately three months as interim chief commercial officer until the hiring of Mr. Merrigan as Chief Commercial Officer. Mr. Daly received additional compensation of \$45,000 for serving in that role.

Compensation of Directors

Edgar Filing: CATALYST PHARMACEUTICALS, INC. - Form DEF 14A

For 2015, non-employee directors received an annual retainer of \$35,000, the chairs of the Audit, Compensation and Nominating & Corporate Governance Committees received an additional retainer of \$15,000, \$12,000 and \$8,000, respectively, and members of the Audit, Compensation and N&CG Committees received an additional retainer of \$7,500, \$6,000 and \$4,000, respectively. No meeting fees are paid. Further, directors receive annual option grants at the end of each year to purchase 40,000 shares of our common stock.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

As of the Record Date for this Proxy Statement, we had 82,870,649 shares of our common stock outstanding. The following table sets forth, as of the date of this Proxy Statement, certain information regarding the shares of common stock owned of record or beneficially by (i) each person who owns beneficially more than 5% of our outstanding common stock; (ii) each of our directors and executive officers; and (iii) all directors and officers as a group.

Name	Shares Beneficially Owned (1)	
	Number	Percentage
BioMarin Pharmaceutical, Inc. (2)	6,666,667	8.04
Broadfin Capital, LLC (3)	4,183,177	5.05
Baker Bros. Advisors, LP (4)	8,275,630	9.99
Federated Investors, Inc. (5)	4,582,320	5.53
Patrick J. McEnany (6)	4,669,059	5.60
Charles B. O'Keeffe (7)	573,376	*
David S. Tierney (8)	413,401	*
Philip H. Coelho (9)	303,287	*
Richard Daly (10)	36,666	*
Donald A. Denkhaus (11)	86,666	*
Steven R. Miller (12)	809,354	*
Alicia Grande (13)	543,012	*
Paul J. Merrigan (14)		*
Gary Ingenito (15)		*
All officers and directors as a group (12 persons) (16)	7,434,821	8.79

* Less than one percent

- (1) Unless otherwise indicated, each person named in the table has the sole voting and investment power with respect to the shares beneficially owned. Further, unless otherwise noted, the address for each person named in this table is c/o Catalyst Pharmaceuticals, Inc.
- (2) Reported in a Schedule 13G filed by BioMarin on December 11, 2012. According to the Schedule 13G, BioMarin's address is 105 Digital Drive, Novato, CA 94949.
- (3) Reported in a Schedule 13G filed by Broadfin on February 11, 2016. According to the Schedule 13G, Broadfin's address is 300 Park Avenue, 25th Floor, New York, New York 10022.
- (4) Reported in a Schedule 13G filed by Baker Bros. Advisors on February 16, 2016. According to the Schedule 13G, Baker Bros. address is 667 Madison Avenue, 21st Floor, New York, N.Y. 10065.
- (5) Reported in a Schedule 13G filed by Federated on February 11, 2016. According to the Schedule 13G, Federated's address is Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222.
- (6) Includes options to purchase 400,000 shares of our common stock, of which 100,000 shares are exercisable at a price of \$1.07 per share, 200,000 shares are exercisable at a price of \$0.47 per share, and 100,000 shares are exercisable at a price of \$3.12 per share. Also includes a five-year warrant to purchase 31,250 shares of our common stock at an exercise price of \$1.04 per share that expires on May 30, 2017. Excludes: (i) unvested stock options to purchase 200,000 shares of our common stock at an exercise price of \$3.12 per share that will vest

Edgar Filing: CATALYST PHARMACEUTICALS, INC. - Form DEF 14A

in two annual tranches beginning on August 28, 2016, (ii) 53,334 restricted stock units that will vest in two annual tranches beginning on November 13, 2016, (iii) unvested stock options to purchase 300,000 shares of our common stock at an exercise price of \$2.53 per share that will vest in three annual tranches beginning on December 30, 2016, and (iv) 145,921 shares of common stock owned by Mr. McEnany's spouse.

- (7) Includes options to purchase 150,000 shares of our common stock, of which 30,000 shares are exercisable at a price of \$1.07 per share, 50,000 shares are exercisable at a price of \$0.47 per share, 50,000 shares are

Table of Contents

exercisable at a price of \$3.12 per share, and 20,000 are exercisable at a price of \$2.53 per share. Also includes a five-year warrant to purchase 31,250 shares of our common stock at an exercise price of \$1.04 per share that expires on May 30, 2017. Excludes unvested stock options to purchase 20,000 shares of our common stock at an exercise price of \$2.53 per share that will vest on December 30, 2016.

- (8) Includes options to purchase 150,000 shares of our common stock, of which 30,000 shares are exercisable at a price of \$1.07 per share, 50,000 shares are exercisable at a price of \$0.47 per share, 50,000 shares are exercisable at a price of \$3.12 per share, and 20,000 shares are exercisable at a price of \$2.53 per share. Excludes unvested stock options to purchase 20,000 shares of our common stock at an exercise price of \$3.12 per share that will vest on December 30, 2016.
- (9) Includes options to purchase 145,000 shares of our common stock, of which 25,000 shares are exercisable at a price of \$1.07 per share, 50,000 shares are exercisable at a price of \$0.47 per share, 50,000 shares are exercisable at a price of \$3.12 per share, and 20,000 shares are exercisable at a price of \$2.53 per share. Excludes unvested stock options to purchase 20,000 shares of our common stock at an exercise price of \$2.53 per share that will vest on December 30, 2016.
- (10) Includes options to purchase 36,666 shares of our common stock, of which 16,666 are exercisable at a price of \$3.35 per share and 20,000 shares are exercisable at a price of \$2.53 per share. Excludes unvested stock options to purchase 20,000 shares of our common stock at a price of \$2.53 per share that will vest on December 30, 2016 and 33,334 shares of our common stock at an exercise price of \$3.35 per share that will vest in two annual tranches beginning on February 19, 2017.
- (11) Includes options to purchase 36,666 shares of our common stock, of which 16,666 are exercisable at a price of \$3.35 per share and 20,000 shares are exercisable at a price of \$2.53 per share. Excludes unvested stock options to purchase 20,000 shares of our common stock at a price of \$2.53 per share that will vest on December 30, 2016 and 33,334 shares of our common stock at an exercise price of \$3.35 per share that will vest in two annual tranches beginning on February 19, 2017.
- (12) Includes options to purchase 351,667 shares of our common stock, of which options to purchase 90,000 shares are exercisable at a price of \$1.07 per share, options to purchase 200,000 shares are exercisable at a price of \$0.47 per share, and options to purchase 61,666 shares are exercisable at a price of \$3.12 per share. Excludes unvested stock options to purchase 123,333 shares of our common stock at an exercise price of \$3.12 per share that will vest in two annual tranches beginning on August 28, 2016 and 150,000 shares of our common stock at an exercise price of \$2.53 per share that will vest in three annual tranches beginning on December 30, 2016.
- (13) Includes options to purchase 346,666 shares of our common stock, of which options to purchase 90,000 shares are exercisable at a price of \$1.07 per share, options to purchase 200,000 shares are exercisable at a price of \$0.47 per share, and options to purchase 56,666 shares are exercisable at a price of \$3.12 per share. Excludes unvested stock options to purchase 113,334 shares of our common stock at an exercise price of \$3.12 per share that will vest in two annual tranches beginning on August 28, 2016 and 150,000 shares of our common stock at an exercise price of \$2.53 per share that will vest in three annual tranches beginning on December 30, 2016.
- (14) Excludes unvested stock options to purchase 150,000 shares of our common stock at an exercise price of \$4.20 per share, of which 50,000 will vest on September 8, 2016 and the remainder will vest in monthly tranches until October 8, 2018 and 150,000 shares of our common stock at an exercise price of \$2.53 per share that will vest in three annual tranches beginning on December 30, 2016.
- (15) Excludes unvested stock options to purchase 150,000 shares of our common stock at an exercise price of \$4.13 per share that will vest in three annual tranches beginning on June 30, 2016 and 150,000 shares of our common stock at an exercise price of \$2.53 per share that will vest in three annual tranches beginning on December 30, 2016.
- (16)

Edgar Filing: CATALYST PHARMACEUTICALS, INC. - Form DEF 14A

Includes options to purchase 1,679,165 shares of common stock. Excludes unvested options to purchase 1,803,335 shares of common stock and unvested restricted stock units for 53,334 shares.

Table of Contents**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Since 2014, we have had no transactions or proposed transactions in which we were or are to be participants and in which any related person had or will have a direct or indirect material interest.

PROPOSAL ONE**ELECTION OF DIRECTORS**

Our certificate of incorporation and bylaws provide for a board of directors elected annually for one-year terms. The Board of Directors has no reason to believe that any of the persons named will be unable to serve if elected. If any nominee is unable to serve as a director, the enclosed proxy will be voted for a substitute nominee selected by the Board of Directors.

Nominees for Director

The nominees for director are as follows:

Name	Age	Director Since
Patrick J. McEnany	68	January 2002
Philip H. Coelho	72	October 2002
Charles B. O'Keeffe	76	December 2004
David S. Tierney, M.D.	52	October 2002
Richard J. Daly	54	February 2015
Donald A. Denkhaus	70	February 2015

Biographical information about each of our candidates for director is contained above in Our Board of Directors.

Consideration of Future Nominees

The Nominating & Corporate Governance Committee will consider director candidates recommended by our stockholders. Any stockholder wishing to submit a recommendation with respect to the 2017 Annual Meeting of Stockholders should send a signed letter of recommendation to us at 355 Alhambra Circle, Suite 1250, Coral Gables, Florida 33134, Attention: Corporate Secretary. To be considered, recommendation letters must be received between February 6, 2017 and March 7, 2017, and must include: (i) all information about the nominee required to be disclosed in solicitations of proxies in an election contest; (ii) the written consent of the nominee to the nomination and such nominee's willingness to serve if elected; and (iii) the name and address of the stockholder making such recommendation, the class and number of shares of capital stock the stockholder owns, and a representation by the stockholder that such stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear, in person or by proxy, to propose such nomination.

Vote Required

The election of directors requires a plurality of the votes cast by the holders of our common stock. A plurality means the individuals who receive the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. Consequently, any shares not voted (whether by abstention, broker non-vote or otherwise) have no impact on the election of directors.

The Board of Directors recommends a vote in favor of the six persons listed above who have been nominated for election to the Board of Directors.

Table of Contents

PROPOSAL TWO

APPROVAL OF AN AMENDMENT TO OUR 2014 STOCK INCENTIVE PLAN

You are being asked to approve an amendment (the **Amendment**) to our 2014 Stock Incentive Plan (the **2014 Plan**), which is set forth as Annex I to this Proxy Statement. If approved, the amendment will become effective on June 6, 2016, the date of the annual meeting. As of April 8, 2016, there were options to purchase 3,195,000 shares with a weighted average exercise price of \$2.98 per share outstanding under the 2014 Plan and 870,000 shares remained available for future issuance.

Stock-based compensation is a fundamental component of our compensation program. Our equity compensation program is designed to attract and retain key employees, directors and consultants, many of whom view equity incentives as a key component of their compensation. Stock-based compensation encourages and rewards employee performance and helps align employee interests with those of our stockholders. We currently award stock options on an annual basis to our employees and to members of our Board of Directors as part of their overall compensation package for that year. The Amendment will add additional shares into the 2014 Plan so that we are able to continue to grant stock-based awards in order to continue to motivate existing key employees, consultants and members of our Board of Directors and align their financial interests with those of our stockholders.

Upon recommendation from the Compensation Committee, the Board of Directors approved the Amendment on February 25, 2016. The Board of Directors believes that the Amendment serves a critical role in attracting and retaining the high-caliber employees, consultants and directors that are essential to our success and in motivating these individuals to strive to reach our goals.

By approving the Amendment, stockholders will be approving the addition of 2,000,000 shares to the 2014 Plan, representing approximately 2.32% of our outstanding common stock as of April 8, 2016 on a fully diluted basis. The Plan as originally adopted reserved 4 million shares of common stock for issuance under the 2014 Plan, 870,000 of which remain available for future issuance under the 2014 Plan. This Amendment will increase the number of shares available for issuance under the Plan to 6 million shares, 2,870,000 of which will remain available for future issuance.

The primary features of the Plan which, except for the increase in shares set forth under the Amendment, will remain the same if the stockholders approve this proposal. Such terms are described in **2014 Stock Incentive Plan** beginning on page 18 of this proxy statement.

The Board of Directors recommends that stockholders approve the proposed amendment to our 2014 Stock Incentive Plan.

Table of Contents

PROPOSAL THREE

ADVISORY VOTE ON OUR NAMED EXECUTIVE OFFICERS' COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires that we include in our proxy statement no less often than every three (3) years a non-binding, advisory stockholder vote to approve the compensation of our named executive officers as described above under Compensation Disclosure and Analysis, including the compensation tables contained therein, which is set forth beginning on page 13 of this Proxy Statement. Our last advisory vote on our named executive officers' compensation was held at our 2013 Annual Meeting of Stockholders.

This proposal, commonly known as a "say-on-pay" proposal, is a non-binding vote, but it gives stockholders the opportunity to express their views on the compensation of the Company's named executive officers. This vote is not to address any specific item of compensation, but rather the overall compensation of our named executive officers.

Accordingly, the following resolution is submitted for stockholder vote at the Annual Meeting:

RESOLVED, that the stockholders of Catalyst Pharmaceuticals, Inc. approve, on an advisory basis, the compensation of its named executive officers as disclosed in the Proxy Statement for the Annual Meeting of Stockholders to be held on June 6, 2016, pursuant to Item 402 of Regulation S-K, including the narrative discussion of executive compensation, the accompanying tabular disclosure regarding named executive officer compensation and the corresponding narrative disclosure and footnotes.

This vote is advisory, which means that it is not binding on the Company, our Board of Directors or the Compensation Committee of the Board of Directors. The Company recognizes that stockholders may have different views as to the best approach for the Company, and therefore we look forward to hearing from our stockholders as to their preferences on the compensation of our named executive officers. The Board of Directors and the Compensation Committee will take into account the outcome of the vote; however, when considering the compensation of our named executive officers, the Board of Directors may decide that it is in the best interest of stockholders and the Company to continue its current compensation practices regardless of the result of the votes on this proposal.

We have previously determined that our stockholders should cast an advisory vote on the compensation of our named executive officers on a triennial (every three years) basis. Unless this policy changes, the next advisory vote on the compensation of our named executive officers will be held at the 2019 Annual Meeting of Stockholders. Further, unless our policy changes, our next vote on the frequency of say on pay advisory votes will be required to occur at our 2019 Annual Meeting of Stockholders.

The Board of Directors recommends a vote in favor of the approval, on an advisory basis, of the compensation paid to our named executive officers, as disclosed in this proxy statement.

Table of Contents

PROPOSAL FOUR

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

The purpose of this proposal is the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2016. Grant Thornton has served as our independent registered public accounting firm since 2006. The Audit Committee may direct the appointment of new independent auditors at any time during the year without notice to, or the consent of, the stockholders, and the Audit Committee would do so if it were in our best interest and the best interest of our stockholders. Grant Thornton provided services in connection with the audit of our financial statements for the year ended December 31, 2015. Representatives of Grant Thornton are expected to be present at the Annual Meeting and will be given an opportunity to make a statement if so desired and to respond to appropriate questions.

Audit Fees

Information about fees paid to Grant Thornton in fiscal years 2015 and 2014 are contained above in Independent Auditor's Fees

Pre-Approval of Audit Functions

Pursuant to its written charter, the Audit Committee is responsible for pre-approving all audit and permitted non-audit services to be performed for us by our independent registered public accounting firm or any other auditing or accounting firm. 100% of the services provided to us by Grant Thornton in 2015 and 2014 were pre-approved by the Audit Committee.

The Board of Directors recommends that stockholders approve the proposal to ratify the appointment of Grant Thornton LLP as our Independent Registered Public Accounting Firm for the year ending December 31, 2016.

OTHER MATTERS

The Board is not aware of any other business that may come before the meeting. However, if additional matters properly come before the meeting, proxies will be voted at the discretion of proxy holders.

Table of Contents

CONTACTING THE BOARD OF DIRECTORS

Stockholders may communicate with the board of directors by directing their communications in a hard copy (i.e. non-electronic) written form to the attention of one or more members of the Board of Directors, or to the Board of Directors collectively, at our principal executive office located at 355 Alhambra Circle, Suite 1250, Coral Gables, Florida 33134, Attention: Corporate Secretary. A stockholder communication must include a statement that the author of such communication is a beneficial or record owner of shares of our common stock. Our corporate secretary will review all communications meeting the requirements discussed above and will remove any communications relating to (i) the purchase or sale of our products or services; (ii) communications from suppliers or vendors relating to our obligations to such supplier or vendor; (iii) communications from pending or threatened opposing parties in legal or administrative proceedings regarding matters not related to securities law matters or fiduciary duty matters, and (iv) any other communications that the corporate secretary deems, in his reasonable discretion, to be unrelated to our business. The corporate secretary will compile all communications not removed in accordance with the procedure described above and will distribute such qualifying communications to the intended recipient(s). A copy of any qualifying communications that relate to our accounting and auditing practices will also be automatically sent directly to the chair of the Audit Committee, whether or not it was directed to such person.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the 2017 Annual Meeting of Stockholders must be received by our corporate secretary not later than January 7, 2017 at our principal executive offices, 355 Alhambra Circle, Suite 1250, Coral Gables, Florida 33134, Attention: Corporate Secretary, for inclusion in the proxy statement and proxy relating to the 2017 Annual Meeting of Stockholders. Additionally, we must receive notice of any stockholder proposal to be submitted at the 2017 Annual Meeting of Stockholders (but not required to be in our proxy statement) by February 6, 2017, or such proposal will be considered untimely pursuant to Rule 14a-5(e) and 14a-8 under the Exchange Act. The persons named in the proxies solicited by management may exercise discretionary voting authority with respect to such proposal.

ADDITIONAL INFORMATION

We are delivering our Annual Report to our stockholders with this Proxy Statement. We will furnish without charge to any stockholder submitting a written request, our 2015 Annual Report on Form 10-K as filed with the Securities and Exchange Commission, including the financial statements and any schedules thereto. Such written requests should be directed to our Corporate Secretary at the address set forth above.

BY ORDER OF THE BOARD OF DIRECTORS

Patrick J. McEnany

Chairman of the Board

Coral Gables, Florida

April 29, 2016

Table of Contents

ANNEX A

AMENDMENT NO. 1

TO THE CATALYST PHARMACEUTICALS, INC.

2014 STOCK INCENTIVE PLAN

WHEREAS, the Board of Directors of Catalyst Pharmaceuticals, Inc. (the "Company") has determined that it is in the Company's best interests to amend the Company's 2014 Stock Incentive Plan (the "2014 Plan").

NOW, THEREFORE, the 2014 Plan is to be amended as follows:

1. Section 5(a) of the 2014 Plan is to be amended in its entirety and restated as follows:

(a) Shares Available for Awards. The Common Stock that may be issued pursuant to Awards granted under the 2014 Plan shall be treasury shares or authorized but unissued shares of the Common Stock. The total number of shares of Common Stock that may be issued pursuant to Awards granted under the 2014 Plan shall be Six Million (6,000,000) shares.

2. In all other respects the 2014 Plan shall remain in full force and effect.

Table of Contents

CATALYST PHARMACEUTICALS, INC.

355 Alhambra Circle, Suite 1250

Coral Gables, Florida 33134

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Patrick J. McEnany and Alicia Grande, and each of them, with full power of substitution, proxies of the undersigned, to attend and vote all the shares of common stock, \$0.001 par value per share, of Catalyst Pharmaceuticals, Inc., a Delaware corporation (the Company) which the undersigned would be entitled to vote at the 2016 Annual Meeting of Stockholders to be held at 9:00 a.m. local time, on Monday, June 6, 2016 or any adjournment thereof, according to the number of votes the undersigned would be entitled to vote if personally present upon the matters referred to in this proxy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE PROPOSALS.

1. PROPOSAL ONE Election of Directors

To elect the following persons as Directors of the Company:

For a one year term

Patrick J. McEnany

Philip H. Coelho

Charles B. O'Keefe

David S. Tierney, M.D.

Richard J. Daly

Donald A. Denkhaus

.. FOR ALL NOMINEES except as indicated

.. WITHHOLD AUTHORITY to vote for all nominees (INSTRUCTION: To withhold authority for an individual nominee, strike a line through that nominee's name in the list above.)

2. PROPOSAL TWO

To approve an amendment to our 2014 Stock Incentive Plan to increase the shares of common stock available for future issuance under the plan by 2 million shares.

“ FOR

“ AGAINST

“ ABSTAIN

3. PROPOSAL THREE

To approve, on an advisory basis, the compensation of our named executive officers.

“ FOR

“ AGAINST

“ ABSTAIN

Table of Contents

4. PROPOSAL FOUR To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

“ FOR

“ AGAINST

“ ABSTAIN

5. PROPOSAL FIVE To transact such other business as may properly come before the meeting.

“ FOR

“ AGAINST

“ ABSTAIN

This Proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR the proposals as set forth herein.

The undersigned acknowledges receipt of Notice of Annual Meeting of Stockholders dated April 25, 2016, and the accompanying Proxy Statement.

Date: , 2016.

Signature

Name(s) (typed or printed)

Address(es)

Please sign exactly as name appears on this Proxy. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by the President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED.