INTERCEPT PHARMACEUTICALS INC
Form 424B5
April 02, 2015

Filed pursuant to Rule 424(b)(5)
Registration No. 333-194974

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered[1]	Proposed maximum offering price per unit[2]	Proposed maximum aggregate offering price[1][2]	Amount of registration fee[3]
Common Stock, par value $0.001 per share	1,380,000	$ 262.60	$362,388,000	$42,109.49

(1) Assumes exercise in full of the underwriters option to purchase up to 180,000 additional shares of Common Stock.

(2) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, as amended, on the basis of the average of the high and low sale prices of the registrant as reported on The NASDAQ Global Select Market on March 25, 2015.

(3) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the registrant s Registration Statement on Form S-3 (File No. 333-194974) in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated April 1, 2014)

1,200,000 Shares

Common Stock

We are offering 1,200,000 shares of our common stock.

Our common stock is listed on The NASDAQ Global Select Market under the symbol ICPT. On March 30, 2015, the last sale price of our common stock was $295.91 per share, as reported on The NASDAQ Global Select Market.

Investing in our common stock involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters have agreed to purchase the common stock from us at a price of $276.00 per share, which will result in approximately $331.2 million of proceeds to us before estimated offering expenses. The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on The NASDAQ Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See Underwriting.

The underwriters have an option for a period of 30 days to purchase up to 180,000 additional shares of our common stock from us at a price of $276.00 per share.

The shares will be ready for delivery on or about April 6, 2015.

UBS Investment Bank **Citigroup**

The date of this prospectus supplement is March 31, 2015.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference herein. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus or any document incorporated by reference therein filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement; provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference herein were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Neither we nor the underwriters have authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus filed with the Securities and Exchange Commission by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement and the accompanying prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and in any free writing prospectus that we have authorized for use in connection with this offering is accurate only as of the date of those respective documents. It is important for you to read and consider all information contained in this prospectus supplement and in the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. You should also read and consider the information in the documents to which we have referred you in the sections entitled Where You Can Find More Information and Incorporation by Reference in this prospectus supplement and in the accompanying prospectus.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Unless the context otherwise indicates, references in this prospectus to we, our, us and the Company refer, collectively, to Intercept Pharmaceuticals, Inc., a Delaware corporation, and its consolidated subsidiaries.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements contained or incorporated by reference herein or therein regarding our strategy, future operations, financial position, future revenue, projected costs, prospects, plans and objectives of management and expected market growth, other than statements of historical facts, are forward-looking statements. The words anticipate, believe, estimate, expect, intend, may, plan, predict, project, potential, will, would, could similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. The forward-looking statements in this prospectus supplement, the accompany prospectus and the information incorporated by reference herein and therein include, among other things:

the initiation, cost, timing, progress and results of our development activities, preclinical studies and clinical trials;
the timing of and our ability to obtain and maintain regulatory approval of obeticholic acid, or OCA, and any other product candidates we may develop, particularly the possibility that regulatory authorities may require clinical outcomes data (and not just results based on achievement of a surrogate endpoint) as a condition to any marketing approval for OCA, and any related restrictions, limitations and/or warnings in the label of any approved product candidates;

our plans to research, develop and commercialize our product candidates;
our collaborators election to pursue research, development and commercialization activities;
our ability to attract collaborators with development, regulatory and commercialization expertise;
our ability to obtain and maintain intellectual property protection for our product candidates;
our ability to successfully commercialize our product candidates;
the size and growth of the markets for our product candidates and our ability to serve those markets;
the rate and degree of market acceptance of any future products;
the success of competing drugs that are or become available;
regulatory developments in the United States and other countries;
the performance of our third-party suppliers and manufacturers;
our need for and ability to obtain additional financing;
our estimates regarding expenses, future revenues and capital requirements and the accuracy thereof;
our use of the proceeds from our initial public offering in October 2012, our follow-on public offerings in June 2013, April 2014, and February 2015 and this offering; and
our ability to attract and retain key scientific or management personnel.

We cannot guarantee that we actually will achieve the plans, intentions or expectations expressed or implied in our forward-looking statements. There are a number of important factors that could cause actual results, levels of activity, performance or events to differ materially from those expressed or implied in the forward-looking statements we make. These important factors include our critical accounting estimates described in Part II, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates of our most recent Annual Report filed on Form 10-K and the factors set forth under the caption Risk Factors in this prospectus supplement.

Any forward-looking statement speaks only as of the date on which it is made. Although we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, even if our estimates change. As a result, you should not rely on those forward-looking statements as representing our views as of any date

subsequent to the date the statements were made.

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INDUSTRY AND MARKET DATA

This prospectus supplement contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. We obtained such industry and market data from our own research as well as from industry and general publications, surveys and studies conducted by third parties. This data involves a number of assumptions and limitations and contains projections and estimates of the future performance of the industries in which we operate that are subject to a high degree of uncertainty. We caution you not to give undue weight to such projections, assumptions and estimates. Further, industry and general publications, studies and surveys generally state that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that these industry and general publications, studies and surveys are reliable, we have not independently verified the data contained in them. In addition, while we believe that the results and estimates from our internal research are reliable, such results and estimates have not been verified by any independent source.

NON-GAAP FINANCIAL MEASURES

This prospectus supplement and the documents incorporated by reference herein present projected adjusted operating expense, which is a financial measure not calculated in accordance with U.S. generally accepted accounting principles, or GAAP, and should be considered in addition to, but not as a substitute for, operating expense that we prepare and announce in accordance with GAAP. We exclude certain items from adjusted operating expense, such as stock-based compensation and other non-cash items, that management does not believe affect our basic operations and that do not meet the GAAP definition of unusual or non-recurring items. We anticipate that stock based compensation expense will represent the most significant non-cash item that is excluded in adjusted operating expenses as compared to operating expenses under GAAP. A reconciliation of projected non-GAAP adjusted operating expense to operating expense calculated in accordance with GAAP is not available on a forward-looking basis without unreasonable effort due to an inability to make accurate projections and estimates related to certain information needed to calculate, for example, future stock-based compensation expense. Management also uses adjusted operating expense to establish budgets and operational goals and to manage our company s business. Other companies may define this measure in different ways. We believe this presentation provides investors and management with supplemental information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected information.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and in the documents we incorporate by reference. This summary does not contain all of the information you should consider before making an investment decision. You should read carefully this entire prospectus supplement, the accompanying prospectus and any related free writing prospectus, especially the risks of investing in our common stock discussed under Risk Factors contained in this prospectus supplement and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2014, along with our consolidated financial statements and notes to those consolidated financial statements and the other information incorporated by reference in this prospectus supplement and the accompanying prospectus.

Overview

We are a biopharmaceutical company focused on the development and commercialization of novel therapeutics to treat chronic liver diseases. Our product candidates have the potential to treat orphan and more prevalent liver diseases for which there currently are limited therapeutic solutions.

Our lead product candidate, obeticholic acid, or OCA, selectively binds to and activates the farnesoid X receptor, or FXR, which we believe has broad liver-protective properties. OCA has been tested in five placebo-controlled clinical trials, including a recently completed Phase 3 clinical trial in patients with primary biliary cirrhosis, or PBC, and two Phase 2 clinical trials in patients with nonalcoholic fatty liver disease, or NAFLD, and nonalcoholic steatohepatitis, or NASH. OCA met the primary efficacy endpoint in each of these trials with statistical significance.

In January 2015, OCA received breakthrough therapy designation from the U.S. Food and Drug Administration, or FDA, for the treatment of NASH patients with liver fibrosis. OCA has also been granted fast track designation by the FDA for the treatment of patients with PBC who have an inadequate response to or are intolerant of ursodiol. OCA has received orphan drug designation in the United States and the European Union for the treatment of PBC and primary sclerosing cholangitis, or PSC.

Recent Developments

In March 2015, we announced new subgroup analyses from the Phase 2b clinical trial for OCA in NASH, known as the FLINT trial. In the first analysis, the efficacy of OCA was evaluated in a high-risk subset of NASH patients in the FLINT trial more likely to experience liver-related clinical outcomes, defined as patients with a NAFLD activity score, or NAS, of 4 or more and (1) advanced fibrosis (stage 2 or 3), or (2) those with both early fibrosis (stage 1) and concomitant diabetes, obesity or elevated alanine transaminase, or ALT. In this post hoc analysis of the high-risk subgroup (n=160; OCA=84; placebo=76), OCA-treated patients experienced improvements in NASH resolution (18% OCA vs 5% placebo, p=0.014), NAS by two or more points (60% OCA vs 30% placebo, p=0.0004), and liver fibrosis by at least one stage (39% OCA vs 21% placebo, p=0.007). Based on a futher analysis of the observed fibrosis improvement in NASH patient subgroups with the greatest risk of progression, OCA treatment resulted in at least one stage fibrosis improvement in obese patients (39% OCA vs 18% placebo, p=0.003) and patients with diabetes (43% OCA vs 18% placebo, p=0.009). In addition, fewer OCA-treated patients experienced fibrosis progression (17% OCA vs 29% placebo, p=0.047). The histologic benefits observed in OCA-treated patients occurred across all baseline fibrosis stages, supporting the potential for long-term OCA treatment to prevent progression to cirrhosis.

The second analysis evaluated the effect of OCA treatment on certain cardiometabolic parameters. Patients with NASH generally experience cardiometabolic abnormalities that correspond to a relatively high cardiovascular disease risk and mortality. In the FLINT trial, OCA treatment for 72 weeks resulted in improvements in liver fibrosis (the hepatic feature most correlated with both cardiovascular and liver-related mortality) and other markers of cardiovascular risk, such as body weight (median: -1.7 kg OCA vs +0.6 kg placebo, p=0.001) systolic blood pressure (mean: -4.0 mmHg OCA vs -0.8 mmHg placebo, p=0.0331) and triglyceride/high-density lipoprotein ratio, a marker of cardiovascular risk and mortality (mean: -0.6 OCA vs 0.1 placebo, not significant). OCA treatment was not associated with changes in the Framingham Risk Score, a long-term measure of cardiovascular risk.

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This post hoc analysis also evaluated the effect of statin use during the FLINT trial. OCA-treated patients who initiated statins during the FLINT trial (n=26) experienced a rapid reversal of their observed mean low-density lipoprotein, or LDL, increase to below baseline levels, with a mean decrease after 72 weeks of treatment of -18.9 mg/dL. In contrast, other OCA-treated patients with no reported initiation or change in statin therapy experienced an increase in LDL that peaked at week 12 and was sustained over the 72-week treatment period. Patients treated with statins at baseline who maintained statin treatment over the duration of the study (n=50) experienced a mean LDL increase of 8.7 mg/dL at 72 weeks. Patients not treated with statins during the study (n=65) experienced a mean LDL increase of 16.0 mg/dL. Treatment related LDL increases in all groups reversed with treatment discontinuation. This post hoc analysis suggests that the OCA associated LDL increase reaches a maximum peak and plateaus soon after initiation of therapy and that concomitant statin use in NASH patients receiving OCA may ameliorate any treatment-related LDL increases. Further, another new finding in this analysis was that statin use appeared to have an additive effect to OCA-related improvements in liver biochemistry parameters, while not impacting liver histology.

Company Information

We were incorporated in the State of Delaware on September 4, 2002. Our principal executive offices are located at 450 W. 15th Street, Suite 505, New York, New York 10011, and our telephone number is (646) 747-1000. We also have offices in San Diego, California and London, United Kingdom. Our website address is *www.interceptpharma.com*. The information contained on or accessible through our website is not incorporated by reference into, and should not be considered part of, this prospectus supplement. We have included our website address in this prospectus supplement as an inactive textual reference only.

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THE OFFERING

Common Stock Offered

1,200,000 shares

Option to Purchase Additional Shares of Common Stock

The underwriters have an option to purchase up to an additional 180,000 shares of our common stock from us. The underwriters can exercise this option at any time within 30 days from the date of this prospectus supplement.

Common Stock to be Outstanding After This Offering

23,887,763 shares

Use of Proceeds

We estimate that the net proceeds to us from the shares sold by us to the underwriters in this offering, after deducting estimated offering expenses payable by us, will be approximately $330.7 million (or approximately $380.4 million if the underwriters exercise in full their option to purchase additional shares).

We intend to use the net proceeds from this offering, together with our existing cash, cash equivalents and short-term investments, to fund:

expansion of our clinical, regulatory, medical affairs and commercial infrastructure in the United States and Europe;

continued clinical development of OCA in PBC, NASH and PSC;

expansion of OCA manufacturing activities;

advancement of INT-767 and other preclinical pipeline programs; and

preparation for and potential initiation of the commercial launch of OCA in PBC in the United States and certain European countries in 2016.

The balance, if any, will be used for general corporate purposes, including general and administrative expenses, capital expenditures, working capital and prosecution and maintenance of our intellectual property. See Use of Proceeds for more information.

Risk Factors

You should read the Risk Factors section of this prospectus supplement, as well as those risk factors that are incorporated by reference in this prospectus supplement and the accompanying prospectus, for a discussion of factors to consider carefully before deciding to purchase shares of our common stock.

NASDAQ Global Select Market Symbol

ICPT

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The number of shares of our common stock to be outstanding after this offering is based on 22,687,763 shares outstanding as of March 15, 2015, including 68,925 shares of restricted stock awards granted under our 2012 Equity Incentive Plan, or the 2012 Plan, that were unvested as of March 15, 2015. The number of outstanding shares of common stock excludes:

1,352,727 shares of common stock issuable upon the exercise of outstanding stock options as of March 15, 2015 at a weighted-average exercise price of $80.58 per share;

restricted stock units for 48,180 shares of our common stock that were unvested as of March 15, 2015; and

1,561,223 shares of common stock reserved for future issuance as of March 15, 2015 under our 2012 Plan.

Except as otherwise noted, we have presented the information in this prospectus supplement assuming:

no exercise by the underwriters in this offering of their option to purchase up to an additional 180,000 shares of our common stock from us; and

no exercise of outstanding stock options.

Our board of directors has not yet finalized the equity award program for our executive officers for 2015.

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RISK FACTORS

Investing in our common stock involves significant risks. In deciding whether to invest, and in consultation with your own financial and legal advisors, you should carefully consider the risks and uncertainties described below and under the heading Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the Securities and Exchange Commission, or SEC, on March 2, 2015, which is incorporated by reference into this prospectus supplement in its entirety, together with the other information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein and any free writing prospectus that we may authorize for use in connection with this offering. Any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects and cause the value of our stock to decline, which could cause you to lose all or part of your investment. The risks and uncertainties we have described are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations.

Risks Related to this Offering

An active trading market in our common stock may not be maintained.

The trading market in our common stock has been extremely volatile. The quotation of our common stock on The NASDAQ Global Select Market does not assure that a meaningful, consistent and liquid trading market will exist. We cannot predict whether an active market for our common stock will be maintained in the future. An absence of an active trading market could adversely affect our stockholders ability to sell our common stock at current market prices in short time periods, or possibly at all. Additionally, market visibility for our common stock may be limited and such lack of visibility may have a depressive effect on the market price for our common stock. As of March 15, 2015, approximately 37.5% of our outstanding shares of common stock was held by our officers, directors, beneficial owners of 5% or more of our securities (other than FMR LLC, Carmignac Gestion and their respective affiliates) and their respective affiliates, which adversely affects the liquidity of the trading market for our common stock, in as much as federal securities laws restrict sales of our shares by these stockholders. If our affiliates continue to hold their shares of common stock, there will be limited trading volume in our common stock, which may make it more difficult for investors to sell their shares or increase the volatility of our stock price.

Our stock price has been and may in the future be volatile, which could cause purchasers of our common stock to incur substantial losses.

The trading price of our stock price has been, and is likely to continue to be, highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. Since our initial public offering which occurred in October 2012, the price of our common stock on The NASDAQ Global Select Market has ranged from $17.96 per share to $497.00 per share. In addition to the other factors discussed in this Risk Factors section, these factors include:

adverse results or delays in our clinical trials;

inability to obtain additional funding;

any delay in filing an investigational new drug application, new drug application, marketing authorization application, or comparable submission for any of our product candidates and any adverse development or perceived adverse development with respect to the regulatory review of such submission;

failure to successfully develop and commercialize OCA and any of our other product candidates;

failure to maintain our existing strategic alliances or enter into new alliances;

inability to obtain adequate product supply for OCA and our future product candidates or the inability to do so at acceptable prices;

results of clinical trials of our competitors products;

regulatory actions with respect to our products or our competitors products;

Our stock price has been and may in the future be volatile, which could causepurchasers of our common stock to in

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changes in laws or regulations applicable to our future products;
failure to meet or exceed financial projections we may provide to the public;
failure to meet or exceed the estimates and projections of the investment community;
actual or anticipated fluctuations in our financial condition and operating results;
actual or anticipated changes in our growth rate relative to our competitors;
actual or anticipated fluctuations in our competitors operating results or changes in their growth rate;
competition from existing products or new products that may emerge;
announcements by us, our collaborators or our competitors of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
issuance of new or updated research or reports by securities analysts;
fluctuations in the valuation of companies perceived by investors to be comparable to us;
share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
additions or departures of key management or scientific personnel;
disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
announcement or expectation of additional financing efforts;
significant lawsuits, including patent or stockholder litigation, involving us;
sales of our common stock by us, our insiders or our other stockholders;
failure to adopt appropriate information security systems, including any systems that may be required to support our growing and changing business requirements;
market conditions for biopharmaceutical stocks in general; and
general economic, industry and market conditions.

Furthermore, the stock markets in general and the market for biotechnology companies in particular have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may negatively impact the market price of shares of our common stock, regardless of our actual operating performance. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We are currently subject to class action securities lawsuits and may be the target of this type of litigation in the future, which could result in substantial costs and divert our management s attention from other business concerns, which could seriously harm our business. As a result of this volatility, our stockholders could incur substantial losses.

We have a significant stockholder, which will limit your ability to influence corporate matters and may give rise to conflicts of interest.

Genextra S.p.A., together with its affiliates, whom we refer to collectively as Genextra, is our largest stockholder. As of March 15 2015, Genextra owned 6,454,953 shares of our common stock. The shares of common stock owned by Genextra represented approximately 28.5% of our outstanding common stock as of March 15, 2015. Following this offering, the shares of common stock owned by Genextra will represent approximately 27.0% of our outstanding common stock (assuming no exercise by the underwriters of their option to purchase additional shares). Accordingly, Genextra exerts and will continue to exert significant influence over us and any action requiring the approval of the holders of our common stock, including the election of directors and amendments to our organizational documents, such as increases in our authorized

We have a significant stockholder, which will limit your ability to influence corporate matters and may give rise to co

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shares of common stock and approval of significant corporate transactions. This concentration of voting power makes it less likely that any other holder of common stock or directors of our business will be able to affect the way we are managed and could delay or prevent an acquisition of us on terms that other stockholders may desire.

In addition, if Genextra obtains a majority of our common stock, Genextra would be able to control all matters submitted to our stockholders for approval, as well as our management and affairs. For example, Genextra would be able to control the election of directors, amendments to our organizational documents and approval of any merger, consolidation, sale of all or substantially all of our assets or other business combination or reorganization. In addition, if Genextra obtains a majority of our common stock, we would be deemed a controlled company within the meaning of the NASDAQ Listing Rules. Under the NASDAQ Listing Rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain NASDAQ Listing Rules regarding corporate governance, including: (1) the requirement that a majority of our board of directors consist of independent directors, (2) the requirement that the compensation of our officers be determined or recommended to the board by a compensation committee that is composed entirely of independent directors, and (3) the requirement that director nominees be selected or recommended to the board by a majority of independent directors or a nominating committee that is composed entirely of independent directors.

Furthermore, the interests of Genextra may not always coincide with your interests or the interests of other stockholders, and Genextra may act in a manner that advances its best interests and not necessarily those of other stockholders, including seeking a premium value for its common stock, and might affect the prevailing market price for our common stock. Our board of directors, which consists of nine directors, including two affiliated with Genextra, has the power to set the number of directors on our board from time to time.

Future sales of shares of our common stock, including by us or our directors, executive officers and beneficial owners of 5% or more of our securities (other than FMR LLC and Carmignac Gestion) and their respective affiliates following expiration or early release of the lock-up or shares issued upon the exercise of currently outstanding options could cause the market price of our common stock to drop significantly, even if our business is doing well.

A substantial portion of our outstanding common stock can be traded without restriction at any time. Some of these shares are currently restricted from resale as a result of securities laws, but will be able to be sold, subject to any applicable volume limitations under federal securities laws with respect to affiliate sales, in the near future. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, by us or others, could reduce the market price of our common stock. In addition, we have a significant number of shares that are subject to outstanding options. The exercise of these options and the subsequent sale of the underlying common stock could cause a further decline in our stock price. These sales also might make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. In connection with this offering, we and our directors, executive officers and beneficial owners of 5% or more of our securities (other than FMR LLC and Carmignac Gestion) and their respective affiliates have entered into lock-up agreements for a period of 30-days following this offering. We and our directors, executive officers and beneficial owners of 5% or more of our securities (other than FMR LLC and Carmignac Gestion) and their respective affiliates may be released from lock-up prior to the expiration of the lock-up period at the sole discretion of the underwriters. Upon expiration or earlier release of the lock-up agreements described in the Underwriting section of this prospectus supplement, we and our directors, executive officers and beneficial owners of 5% or more of our securities (other than FMR LLC and Carmignac Gestion) and

their respective affiliates may sell securities into the market, which could adversely affect the market price of shares of our common stock. In addition, during the lock-up period and thereafter, sales of shares of common stock held by our directors and executive officers are permitted under trading plans, as in effect as of the date of the applicable lock-up agreement, established pursuant to Rule 10b5-1 of the Exchange Act. We cannot predict the size of future issuances or the effect, if any, that this offering or any future issuances may have on the market price for our common stock.

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In addition, as of March 15, 2015, holders of an aggregate of 8,427,459 shares of our common stock have rights, subject to certain conditions and the lock-up described above, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. See the section entitled Description of Capital Stock Registration Rights contained in the accompanying prospectus.

Our management will have broad discretion over the use of the proceeds we receive from this offering and may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a significant return, if any.

Our management will have broad discretion over the use of the net proceeds from this offering and could use them for purposes other than those contemplated at the time of this offering. You may not agree with the manner in which our management chooses to allocate and spend these net proceeds. You will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce significant income or investments that lose value.

Because we do not anticipate paying cash dividends on our common stock for the foreseeable future, investors in this offering may never receive a return on their investment.

You should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations.

Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not invest in our common stock.

Our management will have broad discretion over the use of the proceeds we receive from this offering and may inv

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LEGAL PROCEEDINGS

From time to time we are party to legal proceedings in the course of our business in addition to those described below. We do not, however, expect such other legal proceedings to have a material adverse effect on our business, financial condition or results of operations.

On February 21, 2014 and February 28, 2014, purported shareholder class actions, styled Scot H. Atwood v. Intercept Pharmaceuticals, Inc. et al. and George Burton v. Intercept Pharmaceuticals, Inc. et al., respectively, were filed in the United States District Court for the Southern District of New York, naming us and certain of our officers as defendants. These lawsuits were filed by stockholders who claim to be suing on behalf of anyone who purchased or otherwise acquired our securities between January 9, 2014 and January 10, 2014. The plaintiffs seek unspecified monetary damages on behalf of the putative class and an award of costs and expenses, including attorney s fees. The lawsuits allege that we made material misrepresentations and/or omissions of material fact in our public disclosures during the period from January 9, 2014 to January 10, 2014, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The alleged improper disclosures relate to our January 9, 2014 announcement that the FLINT trial had been stopped early based on a pre-defined interim efficacy analysis. Specifically, the lawsuits claim that our January 9, 2014 announcement was misleading because it did not contain information regarding certain lipid abnormalities seen in the FLINT trial in OCA-treated patients compared to placebo. On April 22, 2014, two individuals each moved to consolidate the cases and a lead plaintiff was subsequently appointed by the Court. On June 27, 2014, the lead plaintiff filed an amended complaint on behalf of the putative class as contemplated by the order of the Court. On August 14, 2014, the defendants filed a motion to dismiss the complaint, which was opposed by the lead plaintiff. Oral arguments on the motion to dismiss were held on February 24, 2015. On March 4, 2015, the defendants motion to dismiss was denied by the Court. The lead plaintiff seeks unspecified monetary damages on behalf of the putative class and an award of costs and expenses, including attorneys fees.

We believe that we have valid defenses to the claims in the lawsuit and intend to deny liability and defend ourselves vigorously. At this time, no assessment can be made as to the likely outcome of these lawsuits or whether the outcome will be material to us. Therefore, we have not accrued for any loss contingencies related to these lawsuits.

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USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of 1,200,000 shares of our common stock to the underwriters in this offering will be approximately $330.7 million, after deducting estimated offering expenses payable by us. If the underwriters exercise in full their option to purchase additional shares from us, we estimate that the net proceeds to us will be approximately $380.4 million, after deducting estimated offering expenses payable by us.

We intend to use the net proceeds from this offering, together with our existing cash, cash equivalents and short-term investments, to fund:

expansion of our clinical, regulatory, medical affairs and commercial infrastructure in the United States and Europe;
continued clinical development of OCA in PBC, NASH and PSC;
expansion of OCA manufacturing activities;
advancement of INT-767 and other preclinical pipeline programs; and
preparation for and potential initiation of the commercial launch of OCA in PBC in the United States and certain European countries in 2016.

The balance, if any, will be used for general corporate purposes, including general and administrative expenses, capital expenditures, working capital and prosecution and maintenance of our intellectual property.

We have not determined the exact amounts we plan to spend on any of the items listed above or the timing of these expenditures. Our expected use of the net proceeds from the sale of our common stock to the underwriters represents our current intentions based upon our present plans and business conditions. We currently project adjusted operating expenses in the range of $180 million to $200 million in the fiscal year ending December 31, 2015, which excludes stock-based compensation and other non-cash items. Adjusted operating expense is a financial measure not calculated in accordance with GAAP. See Non-GAAP Financial Measures for more information.

Due to the many variables inherent to the development and commercialization of novel therapies, such as the risks described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2014, and our rapid growth and expansion, we currently cannot accurately or precisely predict the duration beyond 2015 over which we expect our cash and cash equivalents, including the net proceeds from our February 2015 underwritten follow-on public offering, together with the net proceeds from this offering, to be sufficient to fund our operating expenses and capital expenditure requirements. The amounts and timing of our actual use of net proceeds will vary depending on numerous factors, including the relative success and cost of our clinical development programs, the willingness of the FDA and European Medicines Agency, or EMA, to accept our data from our Phase 3 clinical trial for OCA for PBC, as well as our other completed and planned clinical trials and preclinical studies and other work, as the basis for review and marketing approval of OCA for PBC; the outcome of our discussions with the FDA and EMA regarding the clinical and regulatory requirements to advance OCA for the treatment of NASH; the pre-commercialization activities in which we engage for OCA in PBC and the timing of such activities; the amount and timing of additional revenues, if any, received from our collaborations with Sumitomo Dainippon Pharma Co. Ltd., and Les Laboratoires Servier and Institut de Recherches Servier, whether we are able to enter into future collaborations; and any unforeseen cash needs.

Our management will have broad discretion in the application of the net proceeds, and investors will be relying on our judgment regarding the application of the net proceeds of this offering. In addition, we might decide to postpone or not pursue clinical trials or preclinical activities if the net proceeds from this offering and the other sources of cash are less than expected. We have no current understandings, agreements or commitments for any material acquisitions or licenses of any products, businesses or technologies.

Pending our use of the net proceeds from the sale of our common stock to the underwriters, we expect to invest the proceeds in short-term, interest-bearing, investment-grade securities.

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PRICE RANGE OF COMMON STOCK

Our common stock is listed on The NASDAQ Global Select Market and trades under the symbol ICPT. The following table sets forth, for the quarterly periods indicated, the high and low sale price per share of our common stock as reported on The NASDAQ Global Select Market:

	High	Low
Year ended December 31, 2013		
First Quarter	$ 42.67	$ 33.45
Second Quarter	$ 45.00	$ 30.38
Third Quarter	$ 72.64	$ 42.41
Fourth Quarter	$ 77.53	$ 46.81
Year ended December 31, 2014		
First Quarter	$ 497.00	$ 65.22
Second Quarter	$ 339.67	$ 209.00
Third Quarter	$ 349.08	$ 208.00
Fourth Quarter	$ 264.92	$ 128.50
Year ended December 31, 2015		
First Quarter (through March 30, 2015)	$ 308.28	$ 144.79

On March 30, 2015, the last sale price of our common stock, as reported on The NASDAQ Global Select Market, was $295.91 per share.

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DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon a number of factors, including our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant.

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CAPITALIZATION

The following table shows our cash, cash equivalents and investment securities as well as capitalization as of December 31, 2014:

on an actual basis;
on an as adjusted basis to give effect to the sale by us of 1,150,000 shares of our common stock in an underwritten follow-on public offering which closed on February 10, 2015; and
on an as further adjusted basis to give further effect to the sale by us of 1,200,000 shares of our common stock to the underwriters in this offering and our receipt of estimated net proceeds, after deducting estimated offering expenses payable by us.

You should read this table together with the information contained in our consolidated financial statements and condensed consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of December 31, 2014		
	Actual	As Adjusted	As Further Adjusted
	(in thousands, except par value data)		
Cash, cash equivalents and investment securities	$239,724	$430,973	$761,673
Stockholders equity:			
Preferred stock, par value $0.001 per share; 5,000,000 shares authorized, no shares issued and outstanding, actual, as adjusted and as further adjusted			
Common stock, par value $0.001 per share; 35,000,000 shares authorized, 21,415,243 shares issued and outstanding, respectively, actual; 35,000,000 shares authorized, 22,565,243 shares issued and outstanding, respectively, as adjusted; 35,000,000 shares authorized, 23,765,243 shares issued and outstanding, respectively, as further adjusted	21	23	24
Additional paid-in capital	700,355	891,603	1,222,301
Accumulated other comprehensive income (loss), net	(284)	(284)	(284)
Accumulated deficit	(469,202)	(469,202)	(469,202)
Total stockholders equity	230,891	422,140	752,840
Total capitalization	$230,891	$422,140	$752,840

The number of shares of common stock reflected in the table above is based on 21,415,243 shares of our common stock outstanding of December 31, 2014, and excludes as of such date:

1,436,055 shares of common stock issuable upon the exercise of outstanding stock options at a weighted-average exercise price of $75.81 per share;
restricted stock units for 59,199 shares of our common stock that were unvested; and
745,275 shares of common stock reserved for future issuance under our 2012 Plan.

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MATERIAL U.S. TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of material U.S. federal income and estate tax considerations relating to the ownership and disposition of our common stock issued pursuant to this offering by a non-U.S. holder. For purposes of this discussion, the term non-U.S. holder means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;
a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision of the United States;
an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or if the trust has a valid election to be treated as a U.S. person under applicable U.S. Treasury regulations.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, existing and proposed U.S. Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all as in effect as of the date of this prospectus and all of which are subject to change or to differing interpretation, possibly with retroactive effect. Any change could alter the tax consequences to non-U.S. holders described in this prospectus. In addition, the Internal Revenue Service, or the IRS, could challenge one or more of the tax consequences described in this prospectus.

We assume in this discussion that each non-U.S. holder holds shares of our common stock as a capital asset (generally, property held for investment). This discussion does not address all aspects of U.S. federal income and estate taxation, including the alternative minimum tax and the Medicare contribution tax, that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder s individual circumstances nor does it address any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as:

insurance companies;
tax-exempt organizations;
financial institutions;
brokers or dealers in securities;
regulated investment companies;
pension plans;
controlled foreign corporations;
passive foreign investment companies;
owners that have a functional currency other than the U.S. dollar;
owners deemed to sell our common stock under the constructive sale provisions of the Code;
owners that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment; and
certain U.S. expatriates.

In addition, this discussion does not address the tax treatment of partnerships or other entities that are pass-through entities for U.S. federal income tax purposes or persons who hold their common stock through partnerships or other pass-through entities. A partner in a partnership or other pass-through entity that will

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hold our common stock should consult his, her or its own tax advisor regarding the tax consequences of the acquisition, ownership and disposition of our common stock through a partnership or other pass-through entity, as applicable.

This discussion is for general information only and it is not tax advice. Prospective investors should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of our common stock.

Dividends

If we pay distributions on our common stock, those distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder s investment, up to such holder s tax basis in the common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below under the heading Gain on Disposition of Common Stock. Any such distribution would also be subject to the discussion below under the section titled The Foreign Account Tax Compliance Act.

As discussed in the Dividend Policy section of this prospectus, we do not expect to pay cash dividends to holders of our common stock in the foreseeable future. In the event we pay dividends, dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder s country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States, and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30% withholding tax if the non-U.S. holder provides a properly executed IRS Form W-8ECI and satisfies applicable certification and disclosure requirements. However, such U.S. effectively connected income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder s country of residence.

A non-U.S. holder of our common stock who claims the benefit of an applicable income tax treaty between the United States and such holder s country of residence generally will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E (or successor form) and satisfy applicable certification and other requirements. Non-U.S. holders are urged to consult their own tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim with the IRS.

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Gain on Disposition of Common Stock

A non-U.S. holder generally will not be subject to U.S. federal income tax on gain recognized on a sale, exchange or other disposition of our common stock unless:

the gain is effectively connected with the non-U.S. holder s conduct of a trade or business in the United States, and, if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States; in these cases, the non-U.S. holder will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons (as defined in the Code), and if the non-U.S. holder is a foreign corporation, an additional branch profits tax at a rate of 30%, or a lower rate as may be specified by an applicable income tax treaty, may also apply;
the non-U.S. holder is a non-resident alien present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met, in which case the non-U.S. holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder s country of residence) on the net gain derived from the disposition, which may be offset by U.S.-source capital losses of the non-U.S. holder, if any (even though the individual is not considered a resident of the United States, provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses); or
we are or have been, at any time during the five-year period preceding such disposition (or the non-U.S. holder s holding period, if shorter) a U.S. real property holding corporation unless our common stock is regularly traded on an established securities market and the non-U.S. holder held no more than 5% of our outstanding common stock, directly or indirectly, during the shorter of the 5-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance, we believe that we are not currently, and we do not anticipate becoming, a U.S. real property holding corporation for U.S. federal income tax purposes. No assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rule described above.

Information Reporting and Backup Withholding Tax

We must report annually to the IRS and to each non-U.S. holder the gross amount of the distributions on our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. Non-U.S. holders may have to comply with specific certification procedures to establish that the holder is not a U.S. person (as defined in the Code) in order to avoid backup withholding at the applicable rate, currently 28%, with respect to dividends on our common stock. Generally, a holder will comply with such procedures if it provides a properly executed IRS Form W-8BEN or W-8-BEN-E (or other applicable Form W-8) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. holder, or otherwise establishes an exemption. Dividends paid to non-U.S. holders subject to withholding of U.S. federal income tax, as described above under Dividends, will generally be exempt U.S. backup withholding.

Information reporting and backup withholding generally will apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through

a U.S. office of a broker. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.