

VERACYTE, INC.  
Form DEF 14A  
May 06, 2016

[QuickLinks](#) -- Click here to rapidly navigate through this document

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 (Amendment No.        )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Veracyte, Inc.**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (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:

Edgar Filing: VERACYTE, INC. - Form DEF 14A

- o Fee paid previously with preliminary materials.
  - o 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:
-

Veracyte, Inc.  
6000 Shoreline Court, Suite 300  
South San Francisco, CA 94080  
(650) 243-6300

May 6, 2016

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Veracyte, Inc. that will be held on Friday, June 17, 2016, at 10:00 a.m., Pacific Daylight Time, at 6000 Shoreline Court, Conference Room, 3rd Floor, South San Francisco, California 94080.

The formal notice of the Annual Meeting and the Proxy Statement have been made a part of this invitation.

After reading the Proxy Statement, please vote promptly to ensure that your shares will be represented. **Your shares cannot be voted unless you sign, date and return the proxy, submit your proxy by telephone or the internet, or attend the Annual Meeting in person.**

A copy of the Company's 2015 Annual Report on Form 10-K is also enclosed.

We look forward to seeing you at the annual meeting.

Sincerely yours,

Bonnie H. Anderson  
*President and Chief Executive Officer*

---

**Veracyte, Inc.**

---

**Notice of Annual Meeting of Stockholders  
to be held Friday, June 17, 2016**

---

To the Stockholders of Veracyte, Inc.:

The Annual Meeting of Stockholders of Veracyte, Inc., a Delaware corporation (the "Company"), will be held at 6000 Shoreline Court, Conference Room, 3rd Floor, South San Francisco, California 94080, on Friday, June 17, 2016, at 10:00 a.m., Pacific Daylight Time, for the following purposes:

1. To elect three Class III directors to serve until the 2019 Annual Meeting of Stockholders or until their successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2016; and
3. To transact such other business as may properly come before the Annual Meeting of Stockholders and any postponement or adjournment of the Annual Meeting.

Stockholders of record as of the close of business on April 21, 2016 are entitled to notice of and to vote at the Annual Meeting and any postponement or adjournment thereof.

**It is important that your shares be represented at this meeting. Even if you plan to attend the meeting, we hope that you will vote as soon as possible. Voting now will ensure your representation at the Annual Meeting regardless of whether you attend in person. You may vote on the internet, by telephone or by mailing the proxy card or voting instruction form. Please review the instructions on page 2 of the Proxy Statement and your proxy card or voting instruction form regarding each of these voting options.**

By Order of the Board of Directors

Julie A. Brooks  
*Executive Vice President, General Counsel and Secretary*

South San Francisco, California  
May 6, 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 17, 2016.**

**The Proxy Statement and Annual Report are available at <https://materials.proxyvote.com>.**

---

**Veracyte, Inc.**  
**6000 Shoreline Court, Suite 300**  
**South San Francisco, CA 94080**

---

**Proxy Statement**

---

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Veracyte, Inc., a Delaware corporation ("we," "us," "our," "Veracyte" or the "Company"), of proxies in the accompanying form to be used at the Annual Meeting of Stockholders of the Company to be held at 6000 Shoreline Court, Conference Room, 3rd Floor, South San Francisco, California 94080, on Friday, June 17, 2016, at 10:00 a.m., Pacific Daylight Time, and any postponement or adjournment thereof (the "Annual Meeting").

We are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. We expect to first provide notice and electronic delivery of this Proxy Statement and the enclosed proxy to stockholders on or about May 6, 2016. If you would prefer to receive a paper copy of our proxy materials, please follow the instructions included in the notice.

**Questions and Answers about  
the Proxy Materials and the Annual Meeting**

**What proposals will be voted on at the Annual Meeting?**

Two proposals will be voted on at the Annual Meeting:

The election of three Class III directors to serve until the 2019 Annual Meeting or until their successors are duly elected and qualified; and

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016.

**What are the Board's recommendations?**

Our board of directors recommends that you vote:

"FOR" election of each of the nominated Class III directors; and

"FOR" ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016.

**Will there be any other items of business on the agenda?**

We do not expect any other items of business because the deadline for stockholder proposals and nominations has already passed. Nonetheless, in case there is an unforeseen need, the accompanying proxy gives discretionary authority to the persons named on the proxy with respect to any other matters that might be brought before the meeting. Those persons intend to vote that proxy in accordance with their best judgment.

**Who is entitled to vote?**

Stockholders of record at the close of business on April 21, 2016 (the "Record Date") may vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of our common stock held as of the Record Date.

**What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

*Stockholder of Record.* If your shares are registered directly in your name with our transfer agent, Broadridge Corporate Issuer Solutions, Inc., you are considered, with respect to those shares, the "stockholder of record." The Proxy Statement, Annual Report and proxy card have been sent directly to you by Veracyte.

*Beneficial Owner.* If your shares are held in a brokerage account or by a bank or other nominee, you are considered the "beneficial owner" of shares held in street name. The Proxy Statement and Annual Report have been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the voting instruction form included in the mailing.

**How do I vote?**

You may vote using any of the following methods:

**By Mail** Stockholders of record may submit proxies by completing, signing and dating each proxy card received and returning it in the prepaid envelope. Sign your name exactly as it appears on the proxy. If you return your signed proxy but do not indicate your voting preferences, your shares will be voted on your behalf "FOR" the election of the nominees for Class III director and "FOR" the ratification of the independent registered public accounting firm for 2016. Stockholders who hold shares beneficially in street name may provide voting instructions by mail by completing, signing and dating the voting instruction forms provided by their brokers, banks or other nominees.

**By Telephone** Stockholders of record may submit proxies by following the telephone voting instructions on their proxy cards. Most stockholders who hold shares beneficially in street name may provide voting instructions by telephone by calling the number specified on the voting instruction form provided by their brokers, banks or nominees. Please check the voting instruction form for telephone voting availability. Please be aware that if you submit voting instructions by telephone, you may incur costs such as telephone access charges for which you will be responsible. The telephone voting facilities will close at 11:59 p.m., Eastern Daylight Time, the day before the meeting date.

**By Internet** Stockholders of record may submit proxies by following the internet voting instructions on their proxy cards. Most stockholders who hold shares beneficially in street name may provide voting instructions by accessing the website specified on the voting instruction form provided by their brokers, banks or nominees. Please check the voting instruction form for internet voting availability. Please be aware that if you vote over the internet, you may incur costs such as internet access charges for which you will be responsible. The internet voting facilities will close at 11:59 p.m., Eastern Daylight Time, the day before the meeting date.

**In Person at the Annual Meeting** Shares held in your name as the stockholder of record may be voted at the Annual Meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, bank or nominee that holds your shares giving you the right to vote the shares. *Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions or vote by telephone or the internet so that your vote will be counted if you later decide not to attend the meeting.*

**Can I change my vote or revoke my proxy?**

You may change your vote or revoke your proxy at any time prior to the vote at the Annual Meeting. If you are a stockholder of record and submitted your proxy by mail, you must file with the Secretary of the Company a written notice of revocation or deliver, prior to the vote at the Annual Meeting, a valid, later-dated proxy. If you submitted your proxy by telephone or the internet, you may change your vote or revoke your proxy with a later telephone or internet proxy, as the case may be. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting.

If you are a beneficial owner of shares held in street name and you wish to change or revoke your vote, please consult the voting instructions provided with this proxy statement or contact your broker, bank or nominee.

**How are votes counted?**

In the election of directors, you may vote "FOR" all of the Class III nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. For Proposal 2, the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016, you may vote "FOR," vote "AGAINST" or "ABSTAIN." An abstention has the same effect as a vote "AGAINST" the proposal.

If you provide specific instructions, your shares will be voted as you instruct. If you sign your proxy card or voting instruction form with no further instructions, your shares will be voted in accordance with the recommendations of the board of directors ("FOR" each of the Class III nominees to the board of directors, "FOR" the ratification of Ernst & Young LLP as our independent registered public accounting firm and in the discretion of the proxy holders on any other matters that may properly come before the meeting).

**What vote is required to approve each item?**

For Proposal 1, the election of directors, the three persons receiving the highest number of "FOR" votes at the Annual Meeting will be elected.

Proposal 2 requires the affirmative "FOR" vote of the holders of a majority of the shares present at the Annual Meeting in person or by proxy and entitled to vote. Abstentions have the same effect as votes "AGAINST" this proposal.

If you hold shares beneficially in street name and do not provide your broker or nominee with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes

will not affect the outcome of any matter being voted on at the Annual Meeting, assuming that a quorum is obtained.

**Is cumulative voting permitted for the election of directors?**

Stockholders may not cumulate votes in the election of directors, which means that each stockholder may vote no more than the number of shares he or she owns for a single director candidate.

**What constitutes a quorum?**

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the Record Date will constitute a quorum. As of the close of business on the Record Date, there were 27,858,317 shares of our common stock outstanding. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

**How are proxies solicited?**

Our employees, officers and directors may solicit proxies. We will pay the cost of printing and mailing proxy materials, and will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy material to the owners of our common stock. At this time, we have not engaged a proxy solicitor. If we do engage a proxy solicitor, we will pay the customary costs associated with such engagement.

**PROPOSAL 1  
ELECTION OF DIRECTORS**

**Directors and Nominees**

The number of directors is currently set at nine. Our board of directors is divided into three classes, each serving staggered, three-year terms:

Our Class I directors are Bonnie H. Anderson, Robert S. Epstein, M.D., M.S., and Evan Jones and their terms will expire at the Annual Meeting of stockholders to be held in 2017;

Our Class II directors are John L. Bishop, Fred E. Cohen, M.D., D.Phil. and Tina S. Nova, Ph.D. and their terms will expire at the annual meeting of stockholders to be held in 2018; and

Our Class III directors are Brian G. Atwood, Karin Eastham and Jesse I. Treu, Ph.D. and their terms will expire at the Annual Meeting.

Three Class III directors will be elected at the Annual Meeting to serve until the Annual Meeting of stockholders to be held in 2019 or until their successors are duly elected and qualified, with the other classes of directors continuing to serve for the remainder of their respective terms. The three nominees receiving the highest number of affirmative votes will be elected as Class III directors. The nominating and corporate governance committee of the board of directors has recommended, and the board of directors has designated, Brian G. Atwood, Karin Eastham and Jesse I. Treu, Ph.D. as the nominees for Class III directors to serve until the 2019 annual meeting. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, an event that we do not currently anticipate, proxies will be voted for any nominees designated by the board of directors, taking into account any recommendations of the nominating and corporate governance committee, to fill the vacancies.



## Edgar Filing: VERACYTE, INC. - Form DEF 14A

Names of the Class III nominees and the other members of the board of directors and certain biographical information as of April 21, 2016 are set forth below:

Name	Age	Position with the Company	Director Since
		President and Chief Executive Officer and	
Bonnie H. Anderson	58	Director	2008
Brian G. Atwood	63	Chairman of the Board of Directors	2006
John L. Bishop	71	Director	2014
Fred E. Cohen, M.D., D.Phil.	59	Director	2007
Karin Eastham	66	Director	2012
Robert S. Epstein, M.D., M.S.	60	Director	2015
Evan Jones	58	Director	2008
Tina S. Nova, Ph.D.	62	Director	2015
Jesse I. Treu, Ph.D.	68	Director	2010

*Bonnie H. Anderson* has served as our Chief Executive Officer and as a member of our board of directors since February 2008. In August 2013, she was appointed as our President. Prior to joining us, Ms. Anderson was an independent strategic consultant from April 2006 to January 2008, including as a strategic consultant for us from July 2007 to January 2008. Ms. Anderson was a Vice President at Beckman Coulter, Inc., a manufacturer of biomedical testing instrument systems, tests and supplies, from September 2000 to March 2006. She currently serves as a director of Castle Biosciences Inc. and as a trustee emeritus of the Keck Graduate Institute of Applied Life Sciences. Ms. Anderson holds a B.S. in Medical Technology from Indiana University of Pennsylvania.

*Brian G. Atwood* has served as a Managing Director of Versant Ventures, a healthcare-focused venture capital firm that he co-founded, since 1999. Prior to founding Versant Ventures, Mr. Atwood served as a general partner of Brentwood Associates, a venture capital firm. He was also founder, President and Chief Executive Officer of Glycomed, Inc., a biopharmaceutical company. Mr. Atwood is currently a director of Clovis Oncology, Inc., Immune Design Corp. and OpGen Inc., and a number of privately held companies. Mr. Atwood served as a director of Five Prime Therapeutics, Inc. from 2002 until March 2016, Cadence Pharmaceuticals, Inc. from March 2006 until its acquisition in March 2014, Helicos BioSciences Corporation from 2003 until September 2011, Pharmion Corporation from January 2000 until its acquisition in March 2008, and Trius Therapeutics, Inc. from February 2007 until its acquisition in September 2013. Mr. Atwood holds a B.S. in Biological Sciences from the University of California, Irvine, an M.S. in Ecology from the University of California, Davis, and an M.B.A. from Harvard Business School.

*John L. Bishop* has served as Chief Executive Officer and as a director of Cepheid since April 2002 and became its Chairman of the Board in February 2013. Mr. Bishop served as President and a director of Vysis, Inc., a genomic disease management company that was acquired by Abbott Laboratories, from 1993 to 2002, and as Chief Executive Officer from 1996 to 2002. From 1991 until 1993, Mr. Bishop was Chairman and Chief Executive Officer of MicroProbe Corporation, a biotechnology company, and, from 1987 until 1991, of Source Scientific Systems, a biomedical instrument manufacturing company. From 1984 to 1986, Mr. Bishop was President and Chief Operating Officer of Gen-Probe, Inc. From 1968 to 1984, Mr. Bishop held various management positions with American Hospital Supply Company and its affiliates, including a three-year assignment in Japan as an Executive Vice President and Chief Executive Officer of International Reagents Corp., a joint venture between American Hospital Supply Company and Green Cross Corporation. He served as a director of Conceptus, Inc. and a member of its compensation committee until its acquisition by Bayer HealthCare LLC in June 2013 and is the chairman of the board of directors of AdvaMedDx, a medical diagnostics industry advocacy group. Mr. Bishop holds a B.S. from the University of Miami.

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

*Fred E. Cohen, M.D., D.Phil.*, is a partner at TPG, a private equity firm he joined in 2001, and serves as co-head of TPG's biotechnology group. From 1988 through December 2014, Dr. Cohen was an Adjunct Professor of Cellular and Molecular Pharmacology at the University of California, San Francisco. Dr. Cohen currently serves as a director of BioCryst Pharmaceuticals, Inc., CareDx, Inc., Five Prime Therapeutics, Inc., Genomic Health, Inc., Quintiles Transnational Holdings Inc. from May 2007 until November 2015, Roka Bioscience, Inc. and Tandem Diabetes Care, Inc., and a number of privately held companies. Dr. Cohen holds a B.S. in Molecular Biophysics and Biochemistry from Yale University, a D.Phil. in Molecular Biophysics from Oxford University, where he was a Rhodes Scholar, and an M.D. from Stanford University.

*Karin Eastham* serves on the boards of directors of several life sciences companies. From May 2004 to September 2008, Ms. Eastham served as Executive Vice President and Chief Operating Officer, and as a member of the Board of Trustees, of the Burnham Institute for Medical Research, a non-profit corporation engaged in biomedical research. From April 1999 to May 2004, Ms. Eastham served as Senior Vice President, Chief Financial Officer and Secretary of Diversa Corporation, a biotechnology company. She previously held similar positions with CombiChem, Inc., a computational chemistry company, and Cytel Corporation, a biopharmaceutical company. Ms. Eastham also held several positions, including Vice President, Finance, at Boehringer Mannheim Corporation, a diagnostics company, from 1976 to 1988. Ms. Eastham currently serves as a director of Geron Corporation, Illumina, Inc., and MorphoSys AG. Ms. Eastham served as a director of Amylin Pharmaceuticals, Inc. from September 2005 until its acquisition in August 2012, Genoptix, Inc. from August 2008 until its acquisition in March 2011, Tercica, Inc. from December 2003 until its acquisition in October 2008, and Trius Therapeutics, Inc. from February 2007 until its acquisition in September 2013. Ms. Eastham received a B.S. in Accounting and an M.B.A. from Indiana University and is a Certified Public Accountant.

*Robert S. Epstein, M.D., M.S.* has served as a strategic consultant to life sciences companies since 2013. From 2010 to 2012, Dr. Epstein served as President of the Medco-UBC Division and as Chief Research and Development Officer of Medco Health Solutions, Inc., a managed healthcare company. Prior to that, Dr. Epstein served as Medco's Chief Medical Officer from 1997 to 2010. Dr. Epstein currently serves as a director of Fate Therapeutics, Inc. and Illumina, Inc. Dr. Epstein is the former president of the International Society of Pharmacoeconomics and Outcomes Research, and served on the board of directors of the Drug Information Association and the International Society of Quality of Life. He has also served on the federal CDC EGAPP (Evaluation of Genomic Applications in Practice & Prevention) Stakeholder Committee and the AHRQ CERTs (Centers for Education and Research on Therapeutics) Committee. Dr. Epstein holds a B.S. in Biomedical Science and an M.D. from the University of Michigan, and an M.S. in Preventive Medicine from the University of Maryland.

*Evan Jones* has served since 2007 as Managing Member of jVen Capital, LLC, a life sciences investment company. He also serves as Chairman and Chief Executive Officer of Opgen, Inc., a privately held genetic analysis company. He was a co-founder of Digene Corporation, a publicly-traded biotechnology company focused on women's health and molecular diagnostic testing, serving as Chairman of the Board from 1995 until its acquisition in 2007 and serving as Chief Executive Officer from 1990 to 2006 and as President from 1990 to 1999. Mr. Jones also serves as a director of Fluidigm Corporation and Foundation Medicine, Inc. Mr. Jones served as a director of CAS Medical Systems, Inc. from May 2008 until its acquisition in October 2013. Mr. Jones received a B.A. in Biotechnology from the University of Colorado and an M.B.A. from The Wharton School at the University of Pennsylvania.

*Tina S. Nova, Ph.D.* has served since October 1 2015 as president and chief executive officer of Molecular Stethoscope, Inc., a molecular diagnostics company. From July 2014 to August 2015, Dr. Nova was senior vice president and general manager of Illumina Inc.'s oncology business unit. From March 2000 to April 2014, Dr. Nova was a director, president and chief executive officer of Genoptix, Inc., a medical

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

laboratory she co-founded, which was purchased by Novartis Pharmaceuticals Corporation in 2011. She has also held senior positions with Nanogen, Inc., Ligand Pharmaceuticals, Inc. and Hybritech, Inc. Dr. Nova currently serves on the board of directors of Arena Pharmaceuticals, Inc. and is vice chairman of the board of directors of the Rady Pediatric Genomics and Systems Medicine Institute, which is part of Rady Children's Hospital-San Diego. Dr. Nova received a B.S. degree in Biological Sciences from the University of California, Irvine and a Ph.D. in Biochemistry from the University of California, Riverside.

*Jesse I. Treu, Ph.D.*, has been a partner at Domain Associates, a venture capital firm, since its inception in 1985. Dr. Treu has been a director of 38 early-stage healthcare companies, of which 23 have been public companies. Dr. Treu currently serves as a director of Aldeyra Therapeutics, Inc. and Tandem Diabetes Care, Inc., and a number of privately held life sciences and biopharmaceutical companies. Prior to the formation of Domain Associates, Dr. Treu was vice president of the predecessor organization to The Wilkerson Group, and its venture capital arm, CW Ventures. While at CW Ventures, he served as president and CEO of Microsonics, a pioneer in computer image processing for cardiology. Previous to that, Dr. Treu held executive positions at Technicon Instruments and General Electric Company. Dr. Treu holds a B.S. in Physics from Rensselaer Polytechnic Institute and an M.A. and a Ph.D. in Physics from Princeton University.

**The Board of Directors Recommends a Vote "FOR" Election as Director for Each of the Class III Nominees Set Forth Above.**

### **Director Nominations**

The board of directors nominates directors whose term is scheduled to expire at the next Annual Meeting of stockholders and elects new directors to fill vacancies when they arise. The board of directors has as an objective that its membership be composed of experienced and dedicated individuals with diversity of backgrounds, perspectives and skills. The nominating and corporate governance committee has the responsibility to identify, evaluate, recruit and recommend qualified candidates to the board for nomination or election.

The nominating and corporate governance committee evaluates and selects candidates for director based on their character, judgment, diversity of experience, business acumen, and ability to act on behalf of all stockholders. The nominating and corporate governance committee believes that nominees for director should have experience, such as experience in management, accounting, finance, or marketing, or industry and technology knowledge, that may be useful to the company and the board of directors, high personal and professional ethics, and the willingness and ability to devote sufficient time to effectively carry out his or her duties as a director. The nominating and corporate governance committee also believes that service as a director of other public companies provides experience and perspective that may be useful to the Company and the board of directors. Each of our non-employee directors has served on the board of a public company. Although the Company has no formal diversity policy for board members, the board and the nominating and corporate governance committee consider diversity of backgrounds and experiences and other forms of diversity when selecting nominees.

The nominating and corporate governance committee believes it appropriate for at least one, and, preferably, multiple, members of the board of directors to meet the criteria for an "audit committee financial expert" as defined by Securities and Exchange Commission, or SEC, rules, and that a majority of the members of the board meet the definition of "independent director" under the rules of The NASDAQ Stock Market. The nominating and corporate governance committee believes it appropriate for certain key members of our management currently, the president and chief executive officer to participate as members of the board of directors.

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

Prior to each annual meeting of stockholders, the nominating and corporate governance committee identifies nominees first by evaluating the current directors whose term will expire at the annual meeting and who are willing to continue in service. These candidates are evaluated based on the criteria described above, including as demonstrated by the candidate's prior service as a director, and the needs of the board of directors with respect to the particular talents and experience of its directors. In the event that a director does not wish to continue in service, the nominating and corporate governance committee determines not to re-nominate the director, or if a vacancy is created on the board as a result of a resignation, an increase in the size of the board or other event, then the nominating and corporate governance committee will consider various candidates for board membership, including those suggested by the committee members, by other board members, by any search firm engaged by the nominating and corporate governance committee and by stockholders. Each of the Class III nominees is a member of the board of directors standing for re-election as a director.

A stockholder who wishes to suggest a prospective nominee for the board of directors should notify the Secretary of the Company or any member of the nominating and corporate governance committee in writing with any supporting material the stockholder considers appropriate. In addition, our Bylaws contain provisions that address the process by which a stockholder may nominate an individual to stand for election to the board of directors at our annual meeting of stockholders. In order to nominate a candidate for director, a stockholder must give timely notice in writing to the Secretary of the Company and otherwise comply with the provisions of our Bylaws. To be timely, our Bylaws provide that we must have received the stockholder's notice not more than 120 days nor less than 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders. However, in the event that no annual meeting was held in the preceding year or the annual meeting is called for a date that is more than 30 days before or more than 60 days after the first anniversary date of the preceding year's annual meeting of stockholders, notice by the stockholder to be timely must be so received by our Secretary not later than the close of business on the later of (1) the 90th day prior to the date of the scheduled annual meeting and (2) the 10th day following the earlier to occur of the day on which notice of the date of the scheduled annual meeting was mailed or the day on which public announcement of the date of such scheduled annual meeting was first made. An adjournment or postponement of an annual meeting will not commence a new time period or extend any time period for the giving of the stockholder's notice described above. Information required by the Bylaws to be in the notice include the name and contact information for the candidate and the person making the nomination and other information about the nominee that must be disclosed in proxy solicitations under Section 14 of the Securities Exchange Act of 1934 and the related rules and regulations under that Section.

Stockholder nominations must be made in accordance with the procedures outlined in, and include the information required by, our Bylaws and must be addressed to: Secretary, Veracyte, Inc., 6000 Shoreline Court, Suite 300, South San Francisco, California 94080. You may obtain a copy of the full text of this provision of the Bylaws by writing to our Secretary at the above address.

### **Director Qualifications**

Set forth below is a summary of the specific experience, qualifications, attributes or skills of the nominees for the board of directors that, in addition to the experience of those individuals described in their biographies above, led our nominating and corporate governance committee and board to conclude that the director should serve as a member of the board of directors.

Our board of directors has concluded that Ms. Anderson should serve on our board of directors due to her extensive industry experience, strategic perspective of our development, historic knowledge of our company and key leadership position as our President and Chief Executive Officer.

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

Our board of directors has concluded that Mr. Atwood should serve on our board of directors due to his experience in the venture capital industry, his experience as a director of numerous publicly traded and privately held companies, as well as his experience founding and serving as President and Chief Executive Officer of a publicly traded biopharmaceutical company.

Our board of directors has concluded that Mr. Bishop should serve on our board of directors due his significant experience as the chief executive officer of a publicly traded molecular diagnostics company, his experience in senior management positions in life sciences companies, his experience as a director of publicly traded life sciences companies and his extensive experience in the clinical diagnostics, life science and biotechnology industries.

Our board of directors has concluded that Dr. Cohen should serve on our board of directors due to his significant leadership experience in the medical and finance fields through his background as an M.D. and a venture capitalist, his extensive technical expertise relevant to our business, and his experience as an investor in and on the boards of numerous life sciences and healthcare companies.

Our board of directors has concluded the Dr. Epstein should serve on our board of directors due to his extensive experience in senior and strategic roles in healthcare companies, his expertise in reimbursement and FDA regulation, and his experience as a director of publicly traded companies in the life sciences industry.

Our board of directors has concluded that Ms. Eastham should serve on our board of directors due to her experience as a director of numerous life sciences companies, as well as her extensive senior management experience in the biopharmaceutical industry, particularly in key corporate finance and accounting positions.

Our board of directors has concluded that Mr. Jones's knowledge of the life sciences industry and his experience as a chief executive officer and as a board member of other publicly traded and privately held life sciences companies qualifies him to serve on our board of directors.

Our board of directors has concluded that Dr. Nova's knowledge of the life sciences industry and her experience as a chief executive officer and as a board member of other publicly traded and privately held life sciences companies qualifies her to serve on our board of directors.

Our board of directors has concluded that Dr. Treu should serve on our board of directors due to his extensive management experience in the healthcare industry, and his experience as an investor in and director of numerous publicly traded and private life sciences and healthcare companies.

### **Director Independence**

The board of directors has determined that, except for Ms. Anderson, each individual who currently serves as a member of the board is, and each individual who served as a member of the board in 2015 was, an "independent director" within the meaning of Rule 5605 of The NASDAQ Stock Market. Ms. Anderson is not considered independent as she is employed as our President and Chief Executive Officer. For Mr. Atwood, Mr. Bishop, Dr. Cohen, Ms. Eastham, Dr. Epstein, Mr. Jones, Dr. Nova and Dr. Treu, the board of directors considered their relationship and transactions with the Company as directors and security holders of the Company.

## **Board Meetings**

The board of directors held seven meetings during 2015. Each director attended at least 71% of the aggregate number of meetings held by the board of directors and of the committees on which such director served. During 2015, Robert S. Epstein attended five of the seven meetings held by the board of directors and all remaining directors attended more than 75% of the aggregate meetings held by the board of directors. The independent directors meet in executive sessions at regularly scheduled meetings of the board of directors without the participation of the President and Chief Executive Officer or other members of management. We do not have a policy that requires the attendance of directors at the Annual Meeting. Two directors attended the 2015 annual meeting.

## **Board Committees**

Below is a description of each committee of the board of directors. The board of directors has determined that each director who serves on the audit, compensation and nominating and corporate governance committees is "independent," as that term is defined for such committee by applicable listing standards of The NASDAQ Stock Market and rules of the SEC, and has adopted written charters for each of these committees. The charters of the audit, compensation and nominating and corporate governance committees are available on the investor section of our website ([www.veracyte.com](http://www.veracyte.com)) under the corporate governance tab.

### ***Audit Committee and Financial Expert***

The current members of the audit committee are Karin Eastham (Chair), Brian G. Atwood and Fred E. Cohen. The audit committee held seven meetings during 2015. Our audit committee oversees our corporate accounting and financial reporting process and assists our board of directors in oversight of the integrity of our financial statements, our compliance with certain legal and regulatory requirements, our independent auditor's qualifications, independence and performance, and our internal accounting and financial controls. Our audit committee is responsible for the appointment, compensation, retention and oversight of our independent auditor. The board of directors has determined that Ms. Eastham is qualified as an "audit committee financial expert" under the definition outlined by the SEC.

### ***Compensation Committee***

The current members of the compensation committee are Evan Jones (Chair), John L. Bishop and Karin Eastham. The compensation committee held five meetings during 2015. Our compensation committee oversees our compensation policies, plans and benefits programs and assists our board of directors in meeting its responsibilities with regard to oversight and determination of executive compensation. In addition, our compensation committee reviews and makes recommendations to our board of directors with respect to our major compensation plans, policies and programs and assesses whether our compensation structure establishes appropriate incentives for officers and employees. The compensation committee also reviews and recommends directors' compensation to the full board of directors. The compensation committee has the sole authority to select, retain, terminate and approve the fees and other retention terms of consultants as it deems appropriate to perform its duties.

### ***Nominating and Corporate Governance Committee***

The current members of the nominating and corporate governance committee are Jesse I. Treu (Chair), Fred E. Cohen, and Robert S. Epstein. The nominating and corporate governance committee held five meetings in 2015. Our nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

composition of the board of directors and its committees. In addition, our nominating and corporate governance committee is responsible for reviewing and making recommendations to our board of directors on matters concerning corporate governance and conflicts of interest.

### ***Regulatory and Compliance Committee***

The current members of the regulatory and compliance committee are Tina S. Nova (Chair), Brian G. Atwood, Robert S. Epstein, Evan Jones and Jesse I. Treu. The regulatory and compliance committee held one meeting in 2015. Our regulatory and compliance committee assists our board in meeting its responsibilities with regard to oversight of our compliance with healthcare legal and regulatory requirements applicable to our business.

### ***Non-management Equity Award Committee***

The board of directors has established a non-management equity award committee, the members of which are Bonnie H. Anderson and Shelly D. Guyer. The non-management equity award committee is a secondary committee responsible for granting and issuing awards of options under our 2013 Stock Incentive Plan to eligible new employees, other than to members of the board of directors, to individuals designated by the board of directors as "Section 16 officers," and to employees who hold the title of vice president or above. In addition, the non-management equity award committee may not make any awards or grants to any new employee that total more than 50,000 shares of common stock.

## **Corporate Governance**

### ***Board Leadership Structure and Role in Risk Oversight***

We have an independent chairman of the board of directors separate from our chief executive officer. Ms. Anderson is our chief executive officer and Mr. Atwood is the chairman of the board. The board of directors believes that this leadership structure reflects the role and responsibilities of the chief executive officer in our business and operations with significant involvement and authority vested in a separate independent chairman of the board. The board of directors retains the authority to modify this structure as it deems appropriate.

Our board of directors is responsible for overseeing the overall risk management process at our company. The responsibility for managing risk rests with executive management while the committees of the board and the board of directors as a whole participate in the oversight process. The board's risk oversight process builds upon management's risk assessment and mitigation processes, which include reviews of long-term strategic and operational planning, executive development and evaluation, regulatory and legal compliance, and financial reporting and internal controls. The board of directors considers strategic risks and opportunities and regularly receives reports from executive management regarding specific aspects of risk management.

### ***Communications with the Board of Directors***

If you wish to communicate with the board of directors, you may send your communication in writing to: Secretary, Veracyte, Inc., 6000 Shoreline Court, Suite 300, South San Francisco, California 94080. You must include your name and address in the written communication and indicate whether you are a stockholder of the Company. The Secretary will review any communications received from a stockholder and all material communications from stockholders will be forwarded to the appropriate director or directors or committee of the board based on the subject matter.

### **Certain Relationships and Related Transactions**

In addition to the compensation arrangements of our directors and named executive officers discussed elsewhere in this Proxy Statement, the following is a description of transactions since January 1, 2015, to which we have been or will be a party, and in which the amount involved exceeded or will exceed \$120,000 and in which any of our directors, executive officers, beneficial holders of more than 5% of our capital stock, or entities affiliated with, or immediate family members of, any of the foregoing, had or will have a direct or indirect material interest.

#### ***Indemnification Agreements***

We have entered into indemnification agreements with our directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

#### ***Related Party Transaction Approval***

In October 2013, our board of directors adopted a formal policy that our executive officers, directors, holders of more than 5% of any class of our voting securities, and any member of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a related party transaction with us without the prior consent of the disinterested and independent members of our board of directors. Any request for us to enter into a transaction with an executive officer, director, principal stockholder, or any of their immediate family members or affiliates, in which the amount involved exceeds \$120,000 must first be presented to the disinterested and independent members of our board of directors for review, consideration and approval. In approving or rejecting any such proposal, the disinterested and independent members of our board of directors will consider all relevant facts and circumstances reasonably available to them.

Although we did not have a written policy for the review and approval of transactions with related persons prior to October 2013, our board of directors has historically reviewed and approved any transaction where a director or officer had a financial interest. Prior to approving such a transaction, the material facts as to a director's or officer's relationship or interest as to the agreement or transaction were disclosed to our board of directors. Our board of directors would take this information into account when evaluating the transaction and in determining whether such a transaction was fair to the company and in the best interests of all of our stockholders. In addition, for each related party transaction, the disinterested directors in the context of each such transaction approved the applicable agreement and transaction.



**2015 Director Compensation**

The following table sets forth cash amounts and the value of other compensation earned by our outside directors for their service in 2015:

Name	Fees Earned or Paid in		Total (\$)
	Cash (\$)	Option Awards \$(1)(2)	
Brian G. Atwood	67,000	55,615	122,615
John L. Bishop	41,000		41,000
Fred E. Cohen	42,500	55,615	98,115
Karin Eastham	53,025	55,615	108,640
Robert S. Epstein(3)	38,310	175,095	213,405
Evan Jones	45,000	55,615	100,615
Tina S. Nova(4)	6,164	115,609	121,773
Jesse I. Treu	42,500	55,615	98,115

- (1) Amounts represent the aggregate fair value of the option awards computed as of the grant date of each award in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (ASC 718) for financial reporting purposes, rather than amounts paid to or realized by the named individual. Our assumptions with respect to the calculation of these values are set forth in the Notes to Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015. There can be no assurance that option awards will be exercised (in which case no value will be realized by the individual) or that the value on exercise will approximate the fair value as computed in accordance with ASC 718.
- (2) The following sets forth the number of shares of common stock subject to outstanding options held by non-employee directors at December 31, 2015:

Name	Number of Shares
Brian G. Atwood	20,000
John L. Bishop	35,000
Fred E. Cohen	20,000
Karin Eastham	60,000
Robert S. Epstein	35,000
Evan Jones	55,000
Tina S. Nova	35,000
Jesse I. Treu	20,000

- (3) Robert S. Epstein joined our board on January 12, 2015.
- (4) Tina S. Nova joined our board on November 12, 2015.

Directors who are employees do not receive any fees for their service on the board of directors or any committee. Our non-employee directors receive an annual cash retainer of \$35,000 for their service on our board of directors. Members of our audit committee, compensation committee and nominating and corporate governance committee, other than the chair of each such committee, receive an additional annual cash retainer of \$7,500, \$6,000 and \$4,500, respectively. The chair of our audit committee, compensation committee and nominating and corporate governance committee each receive an additional annual cash retainer of \$15,000, \$10,000 and \$7,500, respectively. Additionally, the individual acting as

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

chairman of the board of directors receives an additional annual cash retainer of \$20,000. All annual cash retainers are payable quarterly in arrears and are pro-rated for partial service in any year. We also reimburse our non-employee directors for their reasonable out-of-pocket costs and travel expenses in connection with their attendance at board of directors and committee meetings in accordance with our travel policy.

After our initial public offering in October 2013, any non-employee director who first joins our board of directors will be automatically granted an initial stock option to purchase 35,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the date of grant. The option will vest and become exercisable as to 25% of those shares on the first anniversary of the date of grant, and the remaining shares vest and become exercisable in equal monthly installments over the following three years. On the first business day after each annual meeting of stockholders, each non-employee director who continues to serve on our board of directors will be automatically granted an option to purchase 10,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the date of grant. Each of these options will vest in full on the first anniversary of the date of grant or, if earlier, the date of the next annual meeting of stockholders. The vesting of the options described above will accelerate in full upon a "change in control" as defined in our 2013 Stock Incentive Plan.

### Executive Compensation

The following table sets forth information concerning the total compensation our president and chief executive officer and two other highest paid executive officers, who we refer to as our named executive officers, earned for services rendered to us in all capacities during the year ended December 31, 2015.

#### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Total (\$)
Bonnie H. Anderson	2015	457,000	1,212,413	200,000	1,869,413
<i>President and Chief Executive Officer</i>	2014	425,000	1,193,094	127,500	1,745,594
Shelly D. Guyer	2015	321,000	404,138	91,500	816,638
<i>Chief Financial Officer</i>	2014	300,000	596,547	54,000	950,547
Christopher M. Hall(2)	2015	383,000	431,080	115,000	929,080
<i>Chief Operating Officer</i>	2014	341,181	819,539	61,413	1,222,133

(1) Amounts represent the aggregate fair value of the option awards computed as of the grant date of each option award in accordance with Topic 718 for financial reporting purposes, rather than amounts paid to or realized by the named individual. Our assumptions with respect to the calculation of these values are set forth in the Notes to Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015. There can be no assurance that option awards will be exercised (in which case no value will be realized by the individual) or that the value on exercise will approximate the fair value as computed in accordance with Topic 718.

(2) Mr. Hall was our chief commercial officer until he was appointed our chief operating officer in September 2014.

***Salary***

In March 2016, the independent members of the board, on the recommendation of the compensation committee, approved increases in the base salaries of the named executive officers to the following amounts: Ms. Anderson, \$500,000; Ms. Guyer, \$332,000; and Mr. Hall, \$395,000. The increases were effective as of January 1, 2016.

***Stock Option Awards***

In March 2016, the compensation committee, after determination of overall executive compensation by the independent members of the board, approved grants of options to purchase shares of our common stock to the named executive officers in the following amounts: Ms. Anderson, 225,000 shares; Ms. Guyer, 50,000 shares; and Mr. Hall, 85,000 shares. All of the options become exercisable as to 25% of the shares on the first anniversary of the grant date, and the remaining shares vest at a rate of 1/48th of the total number of shares subject to the options each month thereafter. The options have a term of ten years, subject to earlier termination in certain events relating to termination of employment. If an option holder is terminated without "cause" or resigns for "good reason" (each as defined in the applicable option agreement) within 12 months of a change in control, 100% of the shares subject to the option shall vest immediately prior to such termination or resignation.

***Bonus Plans***

For 2014, the independent members of the board of directors, on the recommendation of the compensation committee, approved corporate goals relating to a corporate bonus plan. Such bonuses may be paid in cash, fully vested stock options or restricted stock, or any combination thereof, at the discretion of the independent members of our board. The potential for actual awards could either exceed or be less than the targets established, as determined by the independent members of our board in their discretion based on the recommendation of the compensation committee and based on corporate and individual performance. Funding of the 2014 plan was dependent upon achieving a minimum level of annual revenue, which we achieved. The size of the 2014 bonus pool could have been reduced to the extent that specified corporate performance goals were not achieved. After reviewing our achievement of the corporate performance goals, the independent members of the board determined that, although the corporate performance goals had been achieved at a lower level, other achievements during 2014, including our planned entry into the pulmonary market through our acquisition of Allegro Diagnostics, our success in increasing the number of covered lives for Afirma and our reimbursement progress, warranted payouts to our executive officers of 60% of their target bonus levels. In 2014, target bonus levels for Ms. Anderson, Ms. Guyer and Mr. Hall were 50%, 30% and 30% of base salary, respectively.

In March 2015, the independent members of the board of directors, on the recommendation of the compensation committee, approved a corporate bonus plan for the 2015 fiscal year. Under the plan, eligible executive officers and employees were eligible to receive annual incentive compensation if the company achieved the corporate goals approved by the board. Such bonuses may be paid in cash, fully vested stock options or restricted stock, or any combination thereof, at the discretion of the independent members of the board. Actual awards under the 2015 bonus plan could either exceed or be less than the targets established, as determined by the independent members of the board in their discretion based on the recommendation of the compensation committee and based on corporate and individual performance. Bonus target levels under the 2015 bonus plan for Ms. Anderson, Ms. Guyer and Mr. Hall were 60%, 40% and 40% of base salary, respectively. Funding of the bonus pool for the 2015 plan was dependent upon achieving a minimum level of annual revenue, and achievement in excess of such minimum threshold could have resulted in funding of the bonus pool up to a maximum level of 150%. The size of the bonus pool could also be reduced to the extent that corporate performance goals were not achieved.

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

In March 2016, the independent members of the board, on the recommendation of the compensation committee, approved funding the bonus pool at 75% based upon the revenue achieved by the Company plus 100% achievement of all milestones set forth in the plan that affected the total funding and payout. At that time the independent members of the board approved awards to our named executive officers, based upon the corporate goal achievements in addition to each executive officer's achievement of their individual goals as follows: Ms. Anderson, \$200,000; Ms. Guyer, \$91,500; and Mr. Hall, \$115,000.

Performance goals for 2015 included commercializing Percepta, representing 40% of the overall objectives, reporting a minimum number of GECs, representing 20% of the overall objectives, financial objectives including end of year cash balance, representing 20% of the overall objectives, and product development objectives including a milestone related to performance of a classifier in our lung disease product, representing 20% of the overall objectives.

In March 2016, the independent members of the board of directors, on the recommendation of the compensation committee, approved a corporate bonus plan for the 2016 fiscal year. Under the plan, eligible executive officers and employees are eligible to receive annual incentive compensation if the company achieves the corporate goals approved by the board. Such bonuses may be paid in cash, fully vested stock options or restricted stock, or any combination thereof, at the discretion of the independent members of the Board. Actual awards under the 2016 bonus plan could either exceed or be less than the targets established, as determined by the independent members of the board in their discretion based on the recommendation of the compensation committee and based on corporate and individual performance. Bonus target levels under the 2016 bonus plan for Ms. Anderson, Ms. Guyer and Mr. Hall are 65%, 40% and 50% of base salary, respectively.

Funding of the 2016 bonus pool for the plan is dependent upon achieving a minimum level of annual revenue, and achievement in excess of such minimum threshold can result in funding of the bonus pool up to a maximum level of 150%. The size of the bonus pool could be reduced to the extent that corporate performance goals are not achieved. These performance goals include commercial objectives, representing 70% of the overall objectives, product development objectives, representing 20% of the overall objectives and financial objectives, representing 10% of the overall objectives.

### ***Termination-based Compensation***

On May 15, 2015, we entered into Amended and Restated Change of Control and Severance agreements with each of our named executive officers. Each of these agreements has an initial term of four years, which term automatically renews for additional one-year periods unless either party provides written notice of non-renewal at least 60 days prior to the date of automatic renewal and which term extends for one year from a "change of control," as defined in the agreement, if such change of control occurs within the final 12 months of the initial term or the term as extended through automatic renewal. Pursuant to the agreement, if the named executive officer is terminated by us without "cause" (as defined in the agreement), or terminates his or her employment for "good reason" (as defined in the agreement), each during a period not within two months prior to and ending 12 months following a change of control, or the "change of control period" (as defined in the agreement), he or she is entitled to the following benefits:

Ms. Anderson (i) 12 months of salary continuation from the termination date, (ii) a lump sum payment equal to her pro-rated annual bonus for performance up to the end of the applicable performance period and (iii) accelerated vesting equal to 50% of any outstanding equity awards along with the extension of the post-termination exercise period of such awards to 24 months after the termination date.

Ms. Guyer and Mr. Hall six months of salary continuation from the termination date.

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

If Ms. Anderson is terminated by us without cause, or Ms. Anderson terminates her employment for good reason each during the change of control period, Ms. Anderson is entitled to (i) a lump sum severance payment equal to 24 months of salary from the termination date, (ii) a lump sum payment equal to 100% of the higher of her (A) annual target bonus for the year in which the change of control occurs, (B) annual target bonus for the year in which the termination occurs, or (C) actual bonus for the year prior to the year in which the termination occurs and (iii) accelerated vesting equal to 100% of any outstanding equity awards.

If Ms. Guyer or Mr. Hall is terminated by us without cause, or Ms. Guyer or Mr. Hall terminates their employment for good reason, each during the change of control period, Ms. Guyer and Mr. Hall are entitled to (i) a lump sum severance payment equal to 12 months of salary from the termination date, (ii) a lump sum payment equal to 100% the highest of his or her (A) annual target bonus for the year in which the change of control occurs, (B) annual target bonus for the year in which the termination occurs, or (C) actual bonus for the year prior to the year in which the termination occurs and (iii) accelerated vesting equal to 100% of any outstanding equity awards.

The receipt of the above-described benefits are subject to the named executive officer executing a release of certain claims against us. Further, in either of the above situations the named executive officer will also be reimbursed (or receive payments in lieu of such reimbursements) if he or she elects and pays to continue health insurance under the Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA, for any premiums paid for continued health benefits for the executive and his or her eligible dependents until the earlier of (i) the end of the salary continuation period date or (ii) the date upon which the executive and his or her eligible dependents become covered under similar plans.

From time to time, our executive officers and directors may enter into written trading plans pursuant to Rule 10b5-1 of the Securities and Exchange Act of 1934.

## 2015 Outstanding Equity Awards at Fiscal Year-End

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards(1)		
		Number of Securities Underlying Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Bonnie H. Anderson	11,153(2)(3)		\$0.80	02/02/2020
	97,000(2)(4)		\$2.36	09/27/2020
	18,125(5)		\$2.36	02/22/2021
	32,782(5)		\$2.68	03/09/2022
	143,750(2)(6)		\$2.68	03/09/2022
	112,500(2)(7)		\$4.00	02/05/2023
	24,112(5)		\$4.00	02/05/2023
	12,500(8)		\$4.00	02/05/2023
	64,164	75,836	\$14.34	02/19/2024
	225,000	\$8.86	03/02/2025	
Shelly D. Guyer	146,750(2)(9)		\$6.04	06/20/2023
	32,081	37,919	\$14.34	02/19/2024
		75,000	\$8.86	03/02/2025
Christopher M. Hall	100,000(2)(10)		\$0.80	03/29/2020
	12,500(2)(4)		\$2.36	09/27/2020
	11,000(5)		\$2.36	02/22/2021
	37,500(2)(6)		\$2.68	03/09/2022
	16,927(5)		\$2.68	03/09/2022
	31,250(2)(7)		\$4.00	02/05/2023
	11,767(5)		\$4.00	02/05/2023
	32,081	37,919	\$14.34	02/19/2024
	12,498	27,502	\$10.45	09/16/2024
	80,000	\$8.86	03/02/2025	

- (1) Except as otherwise noted, options become exercisable as to 25% of the shares on the first anniversary of the grant date, and the remaining shares vest at a rate of 1/48th of the total number of shares subject to the options each month thereafter. The options have a term of ten years, subject to earlier termination in certain events relating to termination of employment. If an option holder is terminated without "cause" or resigns for "good reason" (each as defined in the applicable option agreement) within 12 months of a change in control, 100% of the shares subject to the option shall vest immediately prior to such termination or resignation.
- (2) The option may be exercised in full prior to the vesting of the shares underlying the option. Vesting is subject to continued service on the applicable vesting date.
- (3) The option vested at a rate of 1/24th of the total number of shares subject to the option each month following the vesting commencement date. The vesting commencement date is January 1, 2010.
- (4) The vesting commencement date is September 28, 2010.
- (5) The option was fully vested on the date of grant.

- (6) The vesting commencement date is March 10, 2012.
- (7) The vesting commencement date is February 5, 2013.
- (8) The option vested in full upon the closing of our initial public offering.
- (9) The vesting commencement date is April 8, 2013.
- (10) The vesting commencement date is March 15, 2010.

**Equity Compensation Plan Information**

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

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b> (a)	<b>Weighted-average exercise price of outstanding options, warrants and rights</b> (b)	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b> (c)
Equity compensation plans approved by security holders	4,179,521	\$8.03	1,058,359
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>4,179,521</b>	<b>\$8.03</b>	<b>1,058,359</b>

**Report of the Audit Committee of the Board of Directors**

The Audit Committee acts pursuant to a written charter that was adopted by the Board of Directors in October 2013 and became effective in November 2013. Each member of the Audit Committee qualifies as "independent" under the current listing requirements of The NASDAQ Stock Market.

In performing its functions, the Audit Committee acts in an oversight capacity and necessarily relies on the work and assurances of the Company's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accounting firm, who, in their report, express an opinion on the conformity of the Company's annual financial statements with accounting principles generally accepted in the United States. It is not the duty of the Audit Committee to plan or conduct audits, to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or to assess or determine the effectiveness of the Company's internal control over financial reporting.

Within this framework, the Audit Committee has reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2015. The Audit Committee has also discussed with the independent registered public accounting firm, Ernst & Young LLP, the matters required to be discussed by AICPA, *Professional Standards*, Vol. 1, AU Section 380, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

**Audit Committee**

Brian G. Atwood  
Fred E. Cohen, M.D., D.Phil.  
Karin Eastham (Chair)

20

---



### Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the number of shares of common stock beneficially owned on April 21, 2016, by:

each person who is known by us to beneficially own 5% or more of our common stock;

each of our named executive officers and directors; and

all of our executive officers and directors as a group.

We have determined beneficial ownership in accordance with SEC rules. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and dispositive power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 27,858,317 shares of common stock outstanding at April 21, 2016.

Except as otherwise set forth below, the address of each beneficial owner is 6000 Shoreline Court, Suite 300, South San Francisco, California 94080.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage of Shares Beneficially Owned
<b>5% Stockholders:</b>		
Entities affiliated with Domain Partners(2)	2,831,269	9.7%
KPCB Holdings, Inc.(3)	3,551,929	12.2%
TPG Biotechnology Partners II, L.P.(4)	3,551,929	12.2%
Entities affiliated with Versant Ventures(5)	3,636,221	12.4%
Eventide Asset Management, LLC(6)	2,252,000	7.7%
Acuta Capital Partners LLC(7)	1,716,000	5.9%
<b>Directors and Executive Officers:</b>		
Bonnie H. Anderson(8)	702,982	2.4%
Brian G. Atwood(5)	3,636,221	12.4%
John L. Bishop(9)	13,125	*
Fred E. Cohen, M.D., D.Phil.(10)	20,000	*
Karin Eastham(11)	73,227	*
Robert S. Epstein, M.D., M.S.(12)	12,395	*
Evan Jones(13)	426,603	1.5%
Tina S. Nova		
Jesse I. Treu, Ph.D.(2)	2,831,269	9.7%
Shelly D. Guyer(14)	211,017	*
Christopher M. Hall(15)	304,272	1.0%
All directors and executive officers as a group (12 persons)(16)	8,300,134	28.4%

\*

Less than 1%

(1)

Unless otherwise indicated, includes shares owned by a spouse, minor children and relatives sharing the same home, as well as entities owned or controlled by the named person. Also includes

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

options to purchase shares of common stock exercisable within 60 days of April 21, 2016. Unless otherwise indicated, shares are owned of record and beneficially by the named person.

- (2) Based on a Schedule 13G/A filed on February 2, 2015, includes 2,763,294 shares held by Domain Partners VIII, L.P., 22,730 shares held by DP VIII Associates, L.P. and 25,245 shares held by One Palmer Square Associates VIII, L.L.C. The managing members of One Palmer Square Associates VIII, L.L.C., the general partner of Domain Partner VIII, L.P. and DP VIII Associates, L.P., share voting and dispositive power with respect to the shares held by Domain Partners VIII, L.P., DP VIII Associates, L.P. and One Palmer Square Associates VIII, L.L.C. The managing members of One Palmer Square Associates VIII, L.L.C. are Jesse I. Treu, a member of our board of directors, James C. Blair, Brian H. Dovey, Brian K. Halak and Nicole Vitullo. Each of Jesse I. Treu, James C. Blair, Brian H. Dovey, Brian K. Halak and Nicole Vitullo disclaims beneficial ownership of these shares except to the extent of his or her pecuniary interest therein. Also includes options to purchase 20,000 shares of our common stock which is exercisable within 60 days of April 21, 2016 by Jesse I. Treu. The address for the entities and individuals affiliated with Domain Partners is One Palmer Square, Suite 515, Princeton, New Jersey 08542.
- (3) Based on a Schedule 13G filed on February 14, 2014, includes 3,174,484 shares of common stock beneficially owned by Kleiner Perkins Caufield & Byers XII, LLC, or KPCB XII; 45,695 shares of common stock beneficially owned by KPCB XII Founders Fund, LLC, or KPCB XII FF; 61,435 shares of common stock beneficially owned by Brook H. Byers; and 270,315 shares of common stock beneficially owned by individuals and entities associated with Kleiner Perkins Caufield & Byers. All shares are held for convenience in the name of "KPCB Holdings, Inc. as nominee," for the accounts of such individuals and entities who each exercise their own voting and dispositive power over such shares. The managing member of KPCB XII and KPCB XII FF is KPCB XII Associates, LLC ("KPCB XII Associates"). Brook H. Byers, L. John Doerr, Joseph Lacob, Raymond J. Lane and Theodore E. Schlein, the managers of KPCB XII Associates, exercise shared voting and dispositive power over the shares directly held by KPCB XII and KPCB XII FF. The address of the entities and individuals affiliated with Kleiner Perkins Caufield & Byers is 2750 Sand Hill Road, Menlo Park, California 94025.
- (4) Based on a Schedule 13G filed on February 13, 2014, consists of 3,551,929 shares held by TPG Biotechnology Partners II, L.P., a Delaware limited partnership whose general partner is TPG Biotechnology GenPar II, L.P., a Delaware limited partnership, whose general partner is TPG Biotechnology GenPar II Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, whose general partner is TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, whose general partner is TPG Group Holdings (SBS) Advisors, Inc., a Delaware corporation. David Bonderman and James G. Coulter are officers and sole shareholders of TPG Group Holdings (SBS) Advisors, Inc. and may therefore be deemed to be the beneficial owners of the shares held by TPG Biotechnology Partners II, L.P. Messrs. Bonderman and Coulter disclaim beneficial ownership of the shares held by TPG Biotechnology Partners II, L.P. except to the extent of their pecuniary interest therein. The address of TPG Group Holdings (SBS) Advisors, Inc. and Messrs. Bonderman and Coulter is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (5) Based on a Schedule 13G/A filed on February 9, 2016, includes 3,594,989 shares held by Versant Venture Capital III, L.P. and 21,232 shares held by Versant Side Fund III, L.P. Versant Ventures III, LLC, the sole general partner of Versant Venture Capital III, L.P. and Versant Side Fund III, L.P., has voting and dispositive power with respect to these shares. The individual managing directors and/or members of Versant Ventures III, LLC are Brian G. Atwood, Bradley J.

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

Bolzon, Samuel D. Colella, Ross A. Jaffe, William J. Link, Barbara N. Lubash, Donald B. Milder, Robin L. Praeger, Rebecca B. Robertson and Charles M. Warden, all of whom share voting and dispositive power with respect to these shares. Mr. Atwood is a member of our board of directors. Each individual managing member disclaims beneficial ownership of these shares, except to the extent of their pecuniary interest in such shares. Also includes options to purchase 20,000 shares of our common stock which is exercisable within 60 days of April 21, 2016 held by Brian G. Atwood. The address of the entities and individuals affiliated with Versant Ventures is One Sansome Street, Suite 3630, San Francisco, California 95104.

- (6) Based on a Schedule 13G filed on February 12, 2016, Eventide Asset Management, LLC has sole voting and dispositive power with respect to the shares of common stock held by registered investment companies, for which Eventide Asset Management LLC acts as investment adviser. The address of Eventide Asset Management LLC is One International Place, 35<sup>th</sup> Floor, Boston, Massachusetts, 02110.
- (7) Based on a Schedule 13G filed on February 12, 2016, Acuta Capital Partners LLC has sole voting and dispositive power with respect to the shares. The address of Acuta Capital Partners LLC is 1301 Shoreway Road, Suite 350, Belmont, California, 94002.
- (8) Consists of options to purchase 702,982 shares of our common stock which are exercisable within 60 days of April 21, 2016, 18,751 of which are subject to the right of repurchase, which right lapses over time.
- (9) Consists of options to purchase 13,125 shares of our common stock which are exercisable within 60 days of April 21, 2016.
- (10) Consists of options to purchase 20,000 shares of our common stock which are exercisable within 60 days of April 21, 2016. Does not include 3,551,929 shares held by TPG Biotechnology Partners II, L.P. Dr. Cohen is a TPG partner. Dr. Cohen does not have voting or dispositive power with respect to the shares held by TPG Biotechnology Partners II, L.P. and disclaims beneficial ownership of such shares. The address of Dr. Cohen is c/o TPG Global, LLC, 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102.
- (11) Includes options to purchase 60,000 shares of our common stock which are exercisable within 60 days of April 21, 2016, 11,251 of which are subject to the right of repurchase, which right lapses over time. Also includes 13,227 shares held by the Karin Eastham Defined Benefit Plan.
- (12) Consists of options to purchase 12,395 shares of our common stock which are exercisable within 60 days of April 21, 2016.
- (13) Includes options to purchase 55,000 shares of our common stock which are exercisable within 60 days of April 21, 2016. Also includes 371,603 shares held by jVen Capital, LLC, of which Mr. Jones is Managing Member.
- (14) Consists of options to purchase 211,017 shares of our common stock which are exercisable within 60 days of April 21, 2016, 31,251 of which are subject to the right of repurchase, which right lapses over time.
- (15) Consists of options to purchase 304,272 shares of our common stock which are exercisable within 60 days of April 21, 2016, 5,209 of which are subject to the right of repurchase, which right lapses over time.

- (16) Includes options to purchase 1,385,326 shares of our common stock which are exercisable within 60 days of April 21, 2016, 66,462 of which are subject to the right of repurchase, which right lapses over time.

**PROPOSAL 2**  
**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. Ernst & Young LLP audited our financial statements in 2015. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions.

**Principal Accountant Fees and Services**

The following table sets forth the fees billed by Ernst & Young LLP for audit and other services rendered:

	Year Ended December 31,	
	2015	2014
Audit Fees(1)	\$804,400	\$798,180
Audit-related Fees		
Tax Fees(2)	36,200	
All Other Fees(3)		66,995
	<b>\$840,600</b>	<b>\$865,175</b>

- 
- (1) Audit fees include fees and out-of-pocket expenses, whether or not yet invoiced, for professional services provided in connection with the audit of our annual financial statements and review of our quarterly financial statements.
- (2) Tax fees consist of federal and state tax compliance and planning, tax advice and preparation of tax returns.
- (3) All other fees consist of fees for professional services provided in connection with our acquisition of Allegro Diagnostics Corp. and other accounting consultations.

**Pre-approval Policies and Procedures**

In connection with our initial public offering, our audit committee established a policy to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. All of the services provided were pre-approved to the extent required. During the approval process, the audit committee considers the impact of the types of services and the related fees on the independence of the independent registered public accounting firm. The services and fees must be deemed compatible with the maintenance of that firm's independence, including compliance with rules and regulations of the SEC. Throughout the year, the audit committee will review any revisions to the estimates of audit and non-audit fees initially approved.

### **Change in Independent Registered Public Accounting Firm**

On June 4, 2014, our audit committee approved the dismissal of PricewaterhouseCoopers LLP ("PwC") as our independent registered public accounting firm. The reports of PwC on our financial statements for the fiscal years ended December 31, 2013 and 2012 did not contain an adverse opinion or a disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope, or accounting principles, except that the PwC report on our financial statements as of December 31, 2011 and 2012 and for each of the two years in the period ended December 31, 2012, included in our registration statement on Form S-1 (File No. 333-191282) and related prospectus dated October 29, 2013, contained an emphasis of matter paragraph relating to our experience of recurring operating losses and negative cash flows from operations as described in Note 2 to such financial statements.

During the fiscal years ended December 31, 2013 and 2012, and through June 4, 2014, we did not have any disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure or auditing scope, or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreements in connection with its reports on the financial statements for such periods. During the fiscal years ended December 31, 2013 and 2012, and through June 4, 2014, there were no "reportable events" as defined in Item 304(a)(1)(v) of Regulation S-K.

On June 4, 2014, our audit committee approved the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. During the fiscal years ended December 31, 2013 and 2012 and in the subsequent interim period through June 4, 2014, neither we nor anyone acting on our behalf has consulted with Ernst & Young LLP on any of the matters or events set forth in Item 304(a)(2) of Regulation S-K.

### **Required Vote**

Ratification will require the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting. Stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the board of directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in the best interests of our company and our stockholders.

**The Board of Directors Recommends a Vote "FOR" Ratification of Ernst & Young LLP as our Independent Registered Public Accounting Firm.**

### **Section 16(A) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership on Forms 3, 4 and 5 with the SEC. Officers, directors and greater than 10% stockholders are required to furnish us with copies of all Forms 3, 4 and 5 they file. Based solely on our review of the copies of such forms we have received and written representations from certain reporting persons that they filed all required reports, we believe that all of our officers, directors and greater than 10% stockholders complied on a timely basis with all Section 16(a) filing requirements applicable to them with respect to transactions during 2015, except that Forms 4 that were due on March 4, 2015 were filed on March 5, 2015

## Edgar Filing: VERACYTE, INC. - Form DEF 14A

for Bonnie Anderson, Shelly Guyer, Christopher Hall and Julie Brooks and on March 6, 2015 for Duncan Powell.

### **Stockholder Proposals for the 2017 Annual Meeting**

If a stockholder wishes to present a proposal to be considered for inclusion in our proxy statement for the 2017 Annual Meeting of Stockholders, the proponent and the proposal must comply with the proxy proposal submission rules of the SEC. One of the requirements is that the proposal be received by our Secretary no later than December 9, 2016. Proposals we receive after that date will not be included in the proxy statement. We urge stockholders to submit proposals by Certified Mail Return Receipt Requested.

A stockholder proposal not included in our proxy statement for the 2017 Annual Meeting will not be eligible for presentation at the meeting unless the stockholder gives timely notice of the proposal in writing to our Secretary at our principal executive offices and otherwise complies with the provisions of our Bylaws. To be timely, our Bylaws provide that we must have received the stockholder's notice not more than 120 days nor less than 90 days prior to the first anniversary date of the preceding year's annual meeting; however, if we have not held an annual meeting in the previous year or the date of the annual meeting is called for a date that is more than 30 days before or more than 60 days after the first anniversary date of the preceding year's annual meeting, we must have received the stockholder's notice not later than the close of business on the later of the 90th day prior to the date of the scheduled annual meeting or the 10th day following the earlier of the day on which notice of the annual meeting date was mailed or the day of the first public announcement of the annual meeting date. An adjournment or postponement of an annual meeting will not commence a new time period or extend any time period for the giving of the stockholder's notice described above. The stockholder's notice must set forth, as to each proposed matter, the information required by our Bylaws. The presiding officer of the meeting may refuse to acknowledge any matter not made in compliance with the foregoing procedure.

### **Other Matters**

Your board of directors does not know of any other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, the proxy holders will vote in accordance with their judgment unless you direct them otherwise. Whether or not you intend to attend the Annual Meeting, we urge you to vote by telephone, the internet, or by signing and mailing the proxy or voting instruction form promptly.

By Order of the Board of Directors

Julie A. Brooks  
*Executive Vice President, General Counsel and Secretary*

South San Francisco, California

May 6, 2016

Our Annual Report on Form 10-K for the year ended December 31, 2015 has been provided with this Proxy Statement. We will furnish without charge, upon written request of any person who was a stockholder or beneficial owner of our common stock on the close of business on the Record Date, copies of exhibits to our Annual Report on Form 10-K, but will charge a reasonable per page fee. Written requests should be sent to: Investor Relations, Veracyte, Inc., 6000 Shoreline Court, Suite 300, South San Francisco, California 94080. Our Annual Report on Form 10-K and exhibits are also available at [www.veracyte.com](http://www.veracyte.com).













QuickLinks

[Veracyte, Inc. 6000 Shoreline Court, Suite 300 South San Francisco, CA 94080 \(650\) 243-6300](#)

[Questions and Answers about the Proxy Materials and the Annual Meeting](#)

[PROPOSAL 1 ELECTION OF DIRECTORS](#)

[Executive Compensation](#)

[Report of the Audit Committee of the Board of Directors](#)

[Security Ownership of Certain Beneficial Owners and Management](#)

[PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

[Section 16\(A\) Beneficial Ownership Reporting Compliance](#)

[Stockholder Proposals for the 2017 Annual Meeting](#)

[Other Matters](#)