

INTERCEPT PHARMACEUTICALS INC  
Form DEF 14A  
October 29, 2015

**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  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

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

**Intercept Pharmaceuticals, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

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

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing party:

4) Date Filed:

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October 29, 2015

To Our Stockholders:

We are pleased to invite you to attend the 2015 Annual Meeting of Stockholders of Intercept Pharmaceuticals, Inc., which will be held on Tuesday, November 24, 2015, at 9:00 a.m. Eastern Time, at Intercept's corporate headquarters, located at 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011.

Details regarding the meeting, the business to be conducted at the meeting and information about Intercept that you should consider when you vote your shares are described in this proxy statement.

The board of directors recommends the approval of each of Proposals 1, 2, 3 and 4 as set forth in the proxy statement.

We hope you will be able to attend the annual meeting. Whether you plan to attend the annual meeting or not, it is important that you cast your vote either in person or by proxy. You may vote over the Internet as well as by mail. After you have finished reading the proxy statement, we urge you to vote in accordance with the instructions set forth in this proxy statement. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting, whether or not you can attend.

Thank you for your continued support of Intercept. We look forward to seeing you at the annual meeting.

Sincerely,

Mark Pruzanski, M.D.  
President and Chief Executive Officer

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**Intercept Pharmaceuticals, Inc.  
450 West 15<sup>th</sup> Street, Suite 505  
New York, NY 10011**

October 29, 2015

**NOTICE OF 2015 ANNUAL MEETING OF  
STOCKHOLDERS**

TIME: 9:00 a.m. Eastern Time

DATE: Tuesday, November 24, 2015

PLACE: Intercept's Corporate Headquarters, 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011

PURPOSES:

1. To elect nine directors, to serve one-year terms, expiring at the next annual meeting of stockholders in 2016;
2. To approve on a non-binding advisory basis, the compensation of our named executive officers;
3. To vote, on a non-binding advisory basis, on the frequency of future stockholder advisory votes on executive compensation;
4. To ratify the appointment of KPMG LLP as Intercept's independent registered public accounting firm for the fiscal year ending December 31, 2015; and
5. To transact such other business that is properly presented at the annual meeting and any adjournments or postponements thereof.

WHO MAY VOTE:

You may vote if you were the record holder of Intercept common stock at the close of business on October 9, 2015. A list of stockholders of record will be available at the annual meeting and, during the ten days prior to the annual meeting, at our principal executive offices located at 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011.

All stockholders of record on the record date are cordially invited to attend the annual meeting. **Whether you plan to attend the annual meeting or not, we urge you to vote and submit your proxy via the Internet or by mail in order to ensure that your shares are represented and voted at the annual meeting.** You may change or revoke your proxy at any time before it is voted at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Bryan Yoon  
Corporate Secretary

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**Intercept Pharmaceuticals, Inc.  
450 West 15<sup>th</sup> Street, Suite 505  
New York, NY 10011**

**PROXY STATEMENT FOR THE INTERCEPT  
PHARMACEUTICALS, INC.  
2015 ANNUAL MEETING OF STOCKHOLDERS TO BE  
HELD ON NOVEMBER 24, 2015**

This proxy statement, along with the accompanying notice of 2015 annual meeting of stockholders, contains information about the 2015 annual meeting of stockholders of Intercept Pharmaceuticals, Inc., including any adjournments or postponements of the annual meeting. We are holding the annual meeting at 9:00 a.m., Eastern Time, on Tuesday, November 24, 2015, at our corporate headquarters located at 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011.

In this proxy statement, we refer to Intercept Pharmaceuticals, Inc. as Intercept, the Company, we and us.

This proxy statement relates to the solicitation of proxies by our board of directors for use at the annual meeting.

On or about October 29, 2015, we began sending this proxy statement, the attached Notice of Annual Meeting of Stockholders and the enclosed proxy card to all stockholders entitled to vote at the annual meeting.

Although not part of this proxy statement, we are also sending, along with this proxy statement, our 2014 annual report on Form 10-K, which includes our financial statements for the fiscal year ended December 31, 2014, along with the amendment to our annual report on Form 10-K/A.

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# **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON NOVEMBER 24, 2015**

This proxy statement and our 2014 annual report on Form 10-K, together with the amendment to our 2014 annual report on Form 10-K/A, are available for viewing, printing and downloading at <http://www.interceptpharma.com/proxy.html>. On this website, record holders can also elect to receive future distributions of our proxy statements and annual reports to stockholders by electronic delivery.

Additionally, you can find a copy of our annual report on Form 10-K, which includes our financial statements, for the fiscal year ended December 31, 2014, along with the amendment to our annual report on Form 10-K/A, on the website of the Securities and Exchange Commission, or the SEC, at [www.sec.gov](http://www.sec.gov), or in the Financial Information section of the Investors section of our website at [www.interceptpharma.com](http://www.interceptpharma.com). You may also obtain a printed copy of our annual report on Form 10-K, including our financial statements, along with the amendment to our annual report on Form 10-K/A, free of charge, from us by sending a written request to: Intercept Pharmaceuticals, Inc., 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011, Attn: Corporate Secretary. Exhibits will be provided upon written request and payment of an appropriate processing fee.

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# IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

## Why is the Company Soliciting My Proxy?

The board of directors of Intercept is soliciting your proxy to vote at the 2015 annual meeting of stockholders to be held at our corporate headquarters, located at 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011, on Tuesday, November 24, 2015, at 9:00 a.m. Eastern Time and any adjournments of the meeting, which we refer to as the annual meeting. The proxy statement along with the accompanying Notice of Annual Meeting of Stockholders summarizes the purposes of the meeting and the information you need to know to vote at the annual meeting.

We have made available to you on the Internet or have sent you this proxy statement, the Notice of Annual Meeting of Stockholders, the proxy card and a copy of our annual report on Form 10-K for the fiscal year ended December 31, 2014, along with a copy of the amendment to our annual report on Form 10-K/A, because you owned shares of Intercept common stock on the record date. The Company intends to commence distribution of the proxy materials to stockholders on or about October 29, 2015.

## Who Can Vote?

Only stockholders who owned our common stock at the close of business on October 9, 2015 are entitled to vote at the annual meeting. On this record date, there were 24,329,036 shares of our common stock outstanding and entitled to vote. Our common stock is our only class of voting stock.

## How Many Votes Do I Have?

Each share of our common stock that you own entitles you to one vote.

## How Do I Vote?

Whether you plan to attend the annual meeting or not, we urge you to vote by proxy. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via Internet. If you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the board's recommendations as noted below. Voting by proxy will not affect your right to attend the annual meeting. For instructions on how to change or revoke your proxy, see *May I Change or Revoke My Proxy?* below. If your shares are registered directly in your name through our stock transfer agent, VStock Transfer, LLC, or if you have stock certificates registered in your name, you may vote by any of the following methods:

**By Internet.** Go to <http://www.interceptpharma.com/proxy.html>. Follow the instructions included in the proxy card to vote by Internet.

**By mail.** You can vote by mail by completing, signing, dating and returning the proxy card as instructed on the card. If you sign the proxy card but do not specify how you want your shares voted, they will be voted in accordance with the board's recommendations as noted below.



**In person at the meeting.** If you attend the meeting, you may deliver a completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

**Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. Eastern Time on November 23, 2015.**

If your shares are held in street name (held in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the annual meeting, you should contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the annual meeting in order to vote.

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## How Does the Board of Directors Recommend That I Vote on the Proposals?

The board of directors recommends that you vote as follows:

**FOR** the election of the listed nominees for directors;

**FOR** approval, on a non-binding advisory basis, of the executive compensation of our Named Executive Officers as described in this proxy statement;

**FOR** the option of every ONE YEAR with respect to the non-binding advisory vote on the frequency of stockholder advisory votes on executive compensation; and

**FOR** the ratification of the selection of KPMG LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015.

If any other matter is presented at the annual meeting, your proxy provides that your shares will be voted by the proxy holder listed in the proxy in accordance with his or her best judgment.

## May I Change or Revoke My Proxy?

If you give us your proxy, you may change or revoke it at any time before the annual meeting. You may change or revoke your proxy in any one of the following ways:

if you received a proxy card, by signing a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;

by re-voting by Internet as instructed above;

by notifying Intercept's Corporate Secretary in writing before the annual meeting that you have revoked your proxy; or by attending the annual meeting in person and voting in person. Attending the annual meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the annual meeting that it be revoked.

Your most current vote, whether by Internet or proxy card is the one that will be counted.

## What if I Receive More Than One Proxy Card?

You may receive more than one proxy card if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described above under How Do I Vote? for each account to ensure that all of your shares are voted.

## Will My Shares be Voted if I Do Not Vote?

If your shares are registered in your name or if you have stock certificates, they will not be counted if you do not vote as described above under How Do I Vote?

Generally, broker non-votes occur when shares held by a broker in street name for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote those shares. Under applicable stock exchange rules, if you do not give instructions to your brokerage firm subject to these rules, it will still be able to vote your shares with respect to certain discretionary items, but will not be allowed to vote your shares with respect to certain

non-discretionary items. A broker is entitled to vote shares held for a beneficial owner on routine matters, such as the adoption of an amendment to the certificate of incorporation to increase the number of authorized shares of common stock and the ratification of the appointment of independent auditors, without instructions from the beneficial owner of those shares. On the other hand, a broker may not be entitled to vote shares held for a beneficial owner on certain non-routine items, such as the election of directors, absent instructions from the beneficial owner of such shares. Broker non-votes count for purposes of determining whether a quorum exists but do not count as entitled to vote with respect to individual proposals.

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The election of directors (Proposal 1), the non-binding advisory vote on executive compensation, or say-on-pay vote (Proposal 2), and the non-binding, advisory vote on the frequency of future say-on-pay votes (Proposal 3) are all non-discretionary items, meaning that if you do not instruct your brokerage firm on how to vote with respect to any of these proposals, your brokerage firm will not vote with respect to that proposal and your shares will be counted as broker non-votes. If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above, the bank, broker or other nominee that holds your shares has the authority to vote your unvoted shares only on the ratification of the appointment of our independent registered public accounting firm (Proposal 4) without receiving instructions from you, because this is considered a discretionary item.

For any proposals requiring the affirmative vote of those shares present and entitled to vote, broker non-votes will not affect the outcome of the vote.

Therefore, we encourage you to provide voting instructions to your bank, broker or other designee. This ensures your shares will be voted at the annual meeting and in the manner you desire.

## **What Vote is Required to Approve Each Proposal and How are Votes Counted?**

Proposal 1: Elect Directors	<p>The nominees for director who receive the most votes (also known as a plurality of the votes cast) will be elected. You may vote FOR all of the nominees, to WITHHOLD your vote from all of the nominees or to WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of the directors.</p> <p>The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to approve, on an advisory basis, the compensation of our named executive officers, as described in this proxy statement. Abstentions will have no effect on the results of this vote. Although the advisory vote is non-binding, the compensation committee and the board of directors will review the voting results and take them into consideration when making future decisions regarding executive compensation.</p>
Proposal 2: Advisory Vote on Executive Compensation, or Say-on-Pay	<p>The frequency of holding an advisory vote on compensation of our named executive officers receiving the greatest number of votes will be the frequency of that vote that has been approved by our stockholders. Although the advisory vote is non-binding, the compensation committee and the board of directors will review the voting results and take them into consideration when making future decisions regarding the frequency of holding an advisory vote on executive compensation.</p>
Proposal 3: Advisory Vote on the Frequency of Say-on-Pay Votes	<p>The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to ratify the selection of our independent registered public accounting firm. Abstentions will have no effect on the results of this vote. Brokerage firms have authority to vote customers unvoted shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have</p>
Proposal 4: Ratify Appointment of Independent Registered Public Accounting Firm	

no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent registered public accounting firm. However, if our stockholders do not ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2015, our audit committee of our board of directors will reconsider its appointment.

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## **Is Voting Confidential?**

We will keep all the proxies, ballots and voting tabulations private. We only let our Inspector of Election, VStock Transfer, LLC, examine these documents. Management will not know how you voted on a specific proposal unless it is necessary to meet legal requirements. We will, however, forward to management any written comments you provide on the proxy card or through other means.

## **Where can I find the voting results of the Annual Meeting?**

The preliminary voting results will be announced at the annual meeting, and we will publish preliminary, or final results if available, in a Current Report on Form 8-K within four business days of the annual meeting. If final results are unavailable at the time we file the Form 8-K, then we will file an amended report on Form 8-K to disclose the final voting results within four business days after the final voting results are known.

## **What Are the Costs of Soliciting these Proxies?**

We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their expenses.

## **What Constitutes a Quorum for the Annual Meeting?**

The presence, in person or by proxy, of the holders of a majority of the voting power of all outstanding shares of our common stock entitled to vote at the annual meeting is necessary to constitute a quorum at the annual meeting. Votes of stockholders of record who are present at the annual meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

## **Attending the Annual Meeting**

The annual meeting will be held at 9:00 a.m. Eastern Time on Tuesday, November 24, 2015 at our corporate headquarters, located at 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011. You need not attend the annual meeting in order to vote.

## **Householding of Annual Disclosure Documents**

SEC rules concerning the delivery of annual disclosure documents allow us or your broker to send a single set of our proxy materials to any household at which two or more of our stockholders reside, if we or your broker believe that the stockholders are members of the same family. This practice, referred to as householding, benefits both you and us. It reduces the volume of duplicate information received at your household and helps to reduce our expenses. The rule applies to our annual reports, proxy statements and information statements. Once you receive notice from your broker or from us that communications to your address will be household, the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

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If your household received a single set of proxy materials this year, but you would prefer to receive your own copy, please contact our transfer agent, VStock Transfer, LLC, by calling their toll free number, 1-855-9VSTOCK.

If you do not wish to participate in householding and would like to receive your own set of Intercept's proxy materials in future years, follow the instructions described below. Conversely, if you share an address with another Intercept stockholder and together both of you would like to receive only a single set of proxy materials, follow these instructions:

If your Intercept shares are registered in your own name, please contact our transfer agent, VStock Transfer, LLC, and inform them of your request by calling them at 1-855-9VSTOCK or writing them at 18 Lafayette Place, Woodmere, New York 11598.

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If a broker or other nominee holds your Intercept shares, please contact the broker or other nominee directly and inform them of your request. Be sure to include your name, the name of your brokerage firm and your account number.

## **Electronic Delivery of Company Stockholder Communications**

Most stockholders can elect to view or receive copies of future proxy materials over the Internet instead of receiving paper copies in the mail.

You can choose this option and save us the cost of producing and mailing these documents by going to <http://www.interceptpharma.com/proxy.html> and following the instructions relating to the electronic delivery of proxy materials.

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The following table sets forth certain information regarding the beneficial ownership of our common stock as of October 9, 2015, by:

our executive officers named in the Summary Compensation Table;

each of our directors and director nominees;

all of our current directors and executive officers as a group; and

each stockholder known by us to own beneficially more than five percent of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Shares of common stock that may be acquired by an individual or group within 60 days of October 9, 2015, pursuant to derivative securities, such as options, warrants or restricted stock units, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Percentage of ownership is based on an aggregate of 24,329,036 shares of common stock outstanding as of October 9, 2015.

Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them, based on information provided to us by such stockholders. Unless otherwise indicated, the address for each director, director nominee and executive officer is: c/o Intercept Pharmaceuticals, Inc., 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011.

Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned	
Directors, Director Nominees and Executive Officers			
Mark Pruzanski, M.D. <sup>(1)</sup>	792,652	3.2	%
David Shapiro, M.D. <sup>(2)</sup>	78,924		*
Barbara Duncan <sup>(3)</sup>	80,735		*
Rachel McMinn, Ph.D. <sup>(4)</sup>	10,720		*
Lisa Bright <sup>(5)</sup>	16,136		*
Srinivas Akkaraju, M.D., Ph.D. <sup>(6)</sup>	16,146		*
Luca Benatti, Ph.D. <sup>(7)</sup>	1,476		*
Paolo Fundaro <sup>(8)</sup>	17,225		*
Sanj K. Patel <sup>(9)</sup>	636		*
Glen Sblendorio <sup>(10)</sup>	636		*
Jonathan Silverstein <sup>(11)</sup>	1,134,486	4.7	%
Klaus Veitinger, M.D., Ph.D. <sup>(12)</sup>	11,393		*
Nicole Williams <sup>(13)</sup>	25,953		*
Gino Santini			
Daniel Welch			

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All current executive officers, directors and director nominees as a group (16 persons) <sup>(14)</sup>	2,205,954	9.1	%
Five Percent Stockholders			
Genextra S.p.A. <sup>(15)</sup>	6,454,953	26.5	%
FMR LLC <sup>(16)</sup>	3,203,951	13.2	%
Carmignac Gestion <sup>(17)</sup>	1,324,607	5.4	%

\* Represents beneficial ownership of less than 1% of the shares of common stock.

Consists of 524,408 shares of common stock (including 17,743 shares underlying unvested restricted stock awards (1) with voting rights) and options to purchase 268,244 shares of common stock that are exercisable within 60 days of October 9, 2015.

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Consists of 28,222 shares of common stock (including 5,996 shares underlying unvested restricted stock awards (2) with voting rights) and options to purchase 50,702 shares of common stock that are exercisable within 60 days of October 9, 2015.

Consists of 23,125 shares of common stock (including 5,742 shares underlying unvested restricted stock awards (3) with voting rights) and options to purchase 57,610 shares of common stock that are exercisable within 60 days of October 9, 2015.

Consists of 8,343 shares of common stock (including 7,435 shares underlying unvested restricted stock awards (4) with voting rights) and options to purchase 2,377 shares of common stock that are exercisable within 60 days of October 9, 2015.

Consists of 13,578 shares underlying unvested restricted stock awards with voting rights and options to purchase (5) 2,558 shares of common stock that are exercisable within 60 days of October 9, 2015.

Consists of 8,642 shares of common stock and options to purchase 7,504 shares of common stock that are (6) exercisable within 60 days of October 9, 2015.

Consists of 1,292 shares of common stock (including 301 shares underlying unvested restricted stock awards with (7) voting rights) and options to purchase 184 shares of common stock that are exercisable within 60 days of October 9, 2015.

Consists of 8,221 shares of common stock and options to purchase 9,004 shares of common stock that are (8) exercisable within 60 days of October 9, 2015.

Consists of 452 shares of common stock (including 301 shares underlying unvested restricted stock awards with (9) voting rights) and options to purchase 184 shares of common stock that are exercisable within 60 days of October 9, 2015.

Consists of 452 shares of common stock (including 301 shares underlying unvested restricted stock awards with (10) voting rights) and options to purchase 184 shares of common stock that are exercisable within 60 days of October 9, 2015.

Consists of (a) 1,120,324 shares of common stock owned by OrbiMed Private Investments IV, LP and (b) 609 (11) shares underlying unvested restricted stock awards with voting rights and options to purchase 13,557 shares of common stock that are exercisable within 60 days of October 9, 2015 that are held directly by Mr. Silverstein. Mr. Silverstein disclaims beneficial ownership of the shares owned by OrbiMed Private Investments IV, LP, except to the extent of his pecuniary interest therein, if any. OrbiMed Capital GP IV LLC is the general partner of OrbiMed Private Investments IV, LP and OrbiMed Advisors LLC is the managing member of OrbiMed Capital GP IV LLC. Samuel D. Isaly is the managing member of and owner of a controlling interest in OrbiMed Advisors LLC and may be deemed to have voting and investment power over the shares held by OrbiMed Private Investments IV, LP noted above. Each of OrbiMed Capital GP IV LLC, OrbiMed Advisors LLC and Mr. Isaly disclaims beneficial ownership of such shares, except to the extent of its or his pecuniary interest therein, if any. Mr. Silverstein is a member of OrbiMed Advisors LLC and is obligated to transfer any shares issued under any equity grants made to him to OrbiMed Advisors LLC and certain of its related entities. The address for OrbiMed Private Investments IV, LP is c/o OrbiMed Advisors LLC, 601 Lexington Avenue, 54<sup>th</sup> Floor, New York, NY 10022.

Consists of 2,166 shares of common stock and options to purchase 9,227 shares of common stock that are (12) exercisable within 60 days of October 9, 2015.

Consists of 962 shares of common stock and options to purchase 24,991 shares of common stock that are (13) exercisable within 60 days of October 9, 2015.

Consists of (a) 1,753,029 shares of common stock beneficially owned by our officers, directors and director (14) nominees as of, or will vest within 60 days of, October 9, 2015 (including 52,048 shares underlying unvested restricted stock awards with voting rights) and (b) options to purchase 452,925 shares of common stock beneficially owned by our officers, directors and director nominees which are exercisable within 60 days of October 9, 2015.



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- Represents shares of common stock owned by Genextra S.p.A. Francesco Micheli is the executive director of Genextra S.p.A. and, in such capacity, Mr. Micheli exercises voting control over the shares of common stock owned by Genextra S.p.A. and investment control over such shares as authorized by the board of directors of
- (15) Genextra S.p.A. Mr. Micheli disclaims beneficial ownership with respect to any such shares, except to the extent of his pecuniary interest therein, if any. The address of each of Genextra S.p.A. and its affiliates is Via G. De Grassi, 11, 20123 Milan, Italy. Information relating to Mr. Micheli is based on Amendment No. 2 to Schedule 13G of Genextra S.p.A. filed with the SEC on February 17, 2015.
- Based on information supplied by FMR LLC on Schedule 13G/A filed with the SEC on February 13, 2015. Edward C. Johnson 3d is a Director and the Chairman of FMR LLC and Abigail P. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR LLC. Members of the family of Edward C. Johnson 3d, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ( Fidelity Funds ) advised by Fidelity Management & Research Company ( FMR Co ), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address of FMR LLC and its affiliates is 245 Summer Street, Boston, Massachusetts 02210.
- (16) Carmignac Gestion is an investment adviser organized under the laws of France with its address at 24 Place Vendome, Paris, France 75001. Information relating to Carmignac Gestion is based on its Form 13F filed with the SEC on August 7, 2015.
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Each of our directors are elected annually and hold office until their successors are duly elected and qualified or until the earlier of their death, resignation or removal. Our board of directors currently consists of nine members, all of whom were elected as directors at our 2014 Annual Meeting of Stockholders. Sanj K. Patel and Nicole Williams will not stand for re-election to our board of directors. The board of directors, upon the recommendation of the nominating and governance committee, has nominated Gino Santini and Daniel Welch to be newly elected as a members of our board at the 2015 Annual Meeting of Stockholders.

Our restated certificate of incorporation and our restated bylaws provide that the authorized number of directors may be changed only by resolution of the board of directors. Our restated bylaws also provide that our directors may be removed only for cause by the affirmative vote of the holders of at least 80% of the votes that all our stockholders would be entitled to cast in an annual election of directors, and our restated certificate of incorporation and amended and restated bylaws provide that any vacancy on our board of directors, including a vacancy resulting from an increase in the size of our board, may be filled only by vote of a majority of our directors then in office.

Each of the nominees listed below has been nominated by the board, upon the recommendation of the nominating and governance committee, for election or re-election as a director until the Annual Meeting of Stockholders to be held in 2016 and until their respective successors are elected, or until their earlier death, resignation or removal. Each of the nominees, other than Gino Santini and Daniel Welch, presently serve on the Board.

Set forth below are the names of the persons nominated as directors, their ages, their offices in the Company, if any, their principal occupations or employment for at least the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold or have held directorships during the past five years. Additionally, information about the specific experience, qualifications, attributes or skills that led to our board of directors conclusion at the time of filing of this proxy statement that each person listed below should serve as a director is set forth below:

Name	Age	Position(s) with the Company
Jonathan T. Silverstein <sup>(3)</sup>	48	Chairman of the Board
Mark Pruzanski, M.D.	47	President, Chief Executive Officer and Director
Srinivas Akkaraju, M.D., Ph.D. <sup>(2)(3)(4)</sup>	47	Director
Luca Benatti, Ph.D. <sup>(1)(4)</sup>	55	Director
Paolo Fundaro <sup>(2)(3)</sup>	41	Director
Glenn Sblendorio <sup>(1)</sup>	59	Director
Klaus Veitinger, M.D., Ph.D. <sup>(2)(3)(4)</sup>	53	Director
Gino Santini	59	Director Nominee
Daniel Welch	57	Director Nominee

(1) Member of our audit committee

(2) Member of our compensation committee

(3) Member of our nominating and governance committee

(4) Member of our science committee formed in September 2015

**Jonathan T. Silverstein** has served as a member of our board of directors since August 2012 and is our chairman. Since 1998, Mr. Silverstein has been a member of OrbiMed Advisors LLC, an asset management firm solely focused in healthcare with several billion dollars in assets under management. Prior to OrbiMed, Mr. Silverstein was a director of life sciences in the investment banking department at Sumitomo Bank. Mr. Silverstein currently serves on the board of directors of a number of private companies. From 2008 until 2011, Mr. Silverstein was a director of NxStage Medical, Inc. Since 2008, Mr. Silverstein has been a member of the board of directors of Glaukos Corporation, and since 2009, he has been a member of the board of directors of Roka Biosciences, Inc., which went public in 2014. From 2010 to 2014, Mr. Silverstein served as

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a director of Relypsa, Inc. and since 2014, he has been a member of the board of directors of Ascendis Pharma AS. Mr. Silverstein has a B.A. in economics from Denison University and a J.D. and M.B.A. from the University of San Diego.

We believe that Mr. Silverstein brings leadership, strategic, company build-up and capital markets experience, particularly within the life science sector, to our board of directors.

**Mark Pruzanski, M.D.** is a co-founder of our company and has served as our chief executive officer and president, and has been a member of our board of directors, since our inception in 2002. He has over 15 years of experience in life sciences company management, venture capital and strategic consulting. Dr. Pruzanski was previously a venture partner at Apple Tree Partners, an early stage life sciences venture capital firm he co-founded in 1999. Prior to that, he was an entrepreneur-in-residence at Oak Investment Partners. Dr. Pruzanski received his M.D. from McMaster University in Ontario, a M.A. degree in International Affairs from the Johns Hopkins University School of Advanced International Studies in Bologna, Italy and Washington, D.C., and a bachelor's degree from McGill University in Montreal, Quebec. He currently also serves on the boards of the Emerging Company Section of the Biotechnology Industry Association (BIO) and the Foundation for the Defense of Democracies, a think tank in Washington, D.C. Dr. Pruzanski is a co-author of a number of scientific publications and an inventor of several patents relating to our product candidates and scientific discoveries.

We believe that Dr. Pruzanski's perspective and the experience he brings as our chief executive officer and president and as one of our company's founders, together with his historic knowledge of our company and our product candidates, operational expertise and continuity to our board of directors, and his experience in managing and investing in companies within the life sciences industry, qualify him to serve as a member of our board of directors.

**Srinivas Akkaraju, M.D., Ph.D.** has served as a member of our board of directors since October 2012. Dr. Akkaraju has been a general partner of Sofinnova Ventures since April 2013. From January 2009 until April 2013, Dr. Akkaraju was a managing director of New Leaf Venture Partners, L.L.C. From 2006 to 2008, Dr. Akkaraju served as a managing director at Panorama Capital, LLC, a private equity firm founded by the former venture capital investment team of J.P. Morgan Partners, LLC, a private equity division of JPMorgan Chase & Co. Prior to co-founding Panorama Capital, he was with J.P. Morgan Partners, which he joined in 2001 and of which he became a partner in 2005. From 1998 to 2001, he was in business and corporate development at Genentech, Inc. (a wholly owned member of the Roche Group), a biotechnology company, most recently as senior manager. Dr. Akkaraju received his M.D. and a Ph.D. in Immunology from Stanford University. He received his undergraduate degrees in Biochemistry and Computer Science from Rice University. Dr. Akkaraju serves and has served on the boards of directors and board committees of numerous public and private companies. Dr. Akkaraju serves as a director of Seattle Genetics, Inc., Versartis Inc., ZS Pharma, Inc. and aTyr Pharma, Inc. Previously, Dr. Akkaraju served as a director on the boards of Barrier Therapeutics, Inc., Eyetech Pharmaceuticals, Inc. and Synageva Biopharma Corp., all publicly traded biotechnology companies, and Amarin Corporation plc, a foreign publicly traded biotechnology company.

We believe that Dr. Akkaraju's scientific background, coupled with experience in private equity and venture capital investing, qualify him to serve as a member of our board of directors.

**Luca Benatti, Ph.D.** has served as a member of our board of directors since July 2014. Dr. Benatti has over 25 years of experience in the biopharmaceutical industry and has been serving as the chief executive officer and a director of EryDel S.p.A., a drug delivery company focused on rare diseases, since June 2012. From 1999 until May 2012, Dr. Benatti was the founder and chief executive officer of Newron Pharmaceuticals S.p.A., a company listed on the Swiss Exchange. Under his guidance, Newron developed a pipeline of potential therapies, with its most advanced compound, Xadago, recently approved in Europe and under regulatory review in the United States for the treatment of



Parkinson's disease. He also was instrumental in finalizing multimillion licensing deals with Merck Serono, Meiji Seika and Zambon, and in the acquisition of Hunter Fleming, a U.K.-based biotechnology company. From 1985 to 1998, he held various R&D positions at Farmitalia, Pharmacia and Pharmacia & Upjohn. Dr. Benatti graduated from and performed his post-doctoral training at Milano Genetics Institute. He serves as director on the board of Newron (SIX: NWRN), as chairman of the strategic advisory board of Zambon Pharma S.p.A, as chairman of the

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Italian Angels for Biotech association, as vice President and member of the board of Assobiotech, the Italian Biotech Association, and member of the jury of the European Biotechnica Award. He has authored several scientific publications and holds a number of patents.

We believe that Dr. Benatti's scientific background, together with his significant experience in drug development, financing, business development and regulatory matters at other biopharmaceutical companies, qualify him to serve on our board of directors.

**Paolo Fundaro** has served as a member of our board of directors since 2006. Mr. Fundaro has been Genextra's chief financial officer since its inception in 2004. Before joining Genextra, Mr. Fundaro was director of finance and strategic planning for the Fastweb Group from 2000 to 2004. Previously, he worked for investment banks, including Salomon Smith Barney (now Citigroup) and Donaldson Lufkin & Jenrette (now Credit Suisse). Mr. Fundaro has a degree in Business Management from Bocconi University in Milan, Italy.

We believe that Mr. Fundaro possesses specific attributes that qualify him to serve as a member of our board of directors, including his significant experience in corporate finance and his experience building, investing in and growing companies in diverse industries, including the biopharmaceutical industry.

**Gino Santini** has been nominated for election to our board of directors at our 2015 annual meeting. From 1983 to December 2010, Mr. Santini held a variety of commercial and operational roles at Eli Lilly and Company, a public global pharmaceutical company, serving most recently from April 2007 to December 2010 as Senior Vice President, Corporate Strategy and Business Development, where he led corporate strategy and long-range planning, mergers and acquisitions, new product licensing and the expansion of Lilly Ventures in the United States and China. During his tenure at Eli Lilly, Mr. Santini held various leadership positions of increasing responsibility, including manager of various international regions and Senior Vice President of Corporate Strategy and Policy from 2004 to 2007. Mr.

Santini serves on the boards of directors of the following public biopharmaceutical companies: AMAG Pharmaceuticals, Inc., since 2012; Collegium Pharmaceuticals, Inc., since 2012; Horizon Pharma plc (and its predecessor company), since 2012; and Vitae Pharmaceuticals, Inc., since 2014. Mr. Santini was previously a director of Sorin, S.p.A., a global public medical device company, until its acquisition in October 2015. Mr. Santini also serves as a director for a number of private biopharmaceutical companies such as Intarcia Therapeutics, Inc., Allena Pharmaceuticals, Inc. and Artax Biopharma Inc. Mr. Santini is a past chairman of the board of the National Pharmaceutical Council and of Noble of Indiana, a non-profit agency serving individuals with developmental disabilities. He also served on the board of directors for United Way and the executive committee and the board of directors of the Indianapolis Chamber of Commerce. He holds an undergraduate degree in mechanical engineering from the University of Bologna and an M.B.A. from the Simon School of Business, University of Rochester.

We believe that Mr. Santini's experience in a variety of operational and leadership roles at Eli Lilly, including his domestic and international commercial, corporate strategy, business development and transaction experience, qualify him to serve as a member of our board of directors.

**Glenn Sblendorio** has served as a member of our board of directors since 2014. Mr. Sblendorio is the president and chief financial officer and a director of The Medicines Company. From March 2006 to February 2012, he served as chief financial officer and executive vice president of The Medicines Company. From November 2005 until he joined

The Medicines Company, Mr. Sblendorio served as a consultant to a company in the pharmaceutical industry. Previously, Mr. Sblendorio was executive vice president and chief financial officer of Eyetech Pharmaceuticals, Inc. from February 2002 until it was acquired by OSI Pharmaceuticals, Inc. in November 2005. Mr. Sblendorio also held the position of Chief Executive Officer and Managing Director of MPM Capital Advisors. His other pharmaceutical experience also includes 12 years at Hoffmann-LaRoche, Inc., a pharmaceutical company, in a variety of senior

financial positions, including vice president, finance of Roche Molecular Systems and head of finance-controller for Amgen/Roche Europe. Mr. Sblendorio currently serves as a director of Amicus Therapeutics, Inc. and Ophthotech Corporation, both of which are public biopharmaceutical companies. Mr. Sblendorio received his B.B.A. from Pace University and his M.B.A. from Fairleigh Dickinson University and is a graduate of the Harvard Business School, Advanced Management Program.

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We believe that Mr. Sblendorio's financial expertise, his experience as a member of the leadership of numerous life sciences companies, together with his experience as chief financial officer and board member with numerous companies, qualify him to serve as a member of our board of directors. In addition, Mr. Sblendorio brings expertise to our company in the areas of financial analysis and reporting, internal auditing and controls and risk management oversight.

**Klaus Veitinger, M.D., Ph.D.**, has served as a member of our board of directors since August 2012. Since October 2007, Dr. Veitinger has been a venture partner at OrbiMed Advisors LLC. Most recently, Dr. Veitinger was a member of the executive board of Schwarz Pharma AG and the chief executive officer of Schwarz Pharma, Inc. with responsibility for the U.S. and Asia businesses culminating in the ultimate sale of Schwarz Group in 2006. Dr. Veitinger has served and currently serves on the boards of directors of several private and public companies in the life sciences sector. Dr. Veitinger was a director of Relypsa, Inc. through June 2015. Previously, Dr. Veitinger was also a director of PhRMA for seven years. Dr. Veitinger earned his medical degree and doctorate (Ph.D.) in pathophysiology from the University of Heidelberg. He earned his M.B.A. at INSEAD in France.

We believe that Dr. Veitinger possesses specific attributes that qualify him to serve as a member of our board of directors, including his significant experience in corporate strategy, drug development, regulatory and commercial matters, as well as his experience in general management of biopharmaceutical companies.

**Daniel Welch** has been nominated for election to our board of directors at our 2015 annual meeting. Mr. Welch has been an Executive Partner at Sofinnova Ventures since 2015. From 2003 until October 2014, Mr. Welch was the Chairman, Chief Executive Officer and President of InterMune, Inc., which was listed on the Nasdaq Stock Market until the acquisition of the company by Roche. During his tenure, InterMune secured registration of Esbriet, the first medicine approved for idiopathic pulmonary fibrosis in Europe and the United States. Mr. Welch built the InterMune development and commercial teams that delivered the successful approval and launches of Esbriet in Europe and the United States. From August 2002 to January 2003, Mr. Welch served as Chairman and Chief Executive Officer of Triangle Pharmaceuticals, Inc., a pharmaceutical company which was acquired by Gilead Sciences. From October 2000 to June 2002, he served as president of the pharmaceutical division of Elan Corporation, PLC (later acquired by Perrigo Company plc). From September 1987 to August 2000, Mr. Welch served in various senior management roles at Sanofi-Synthelabo (now Sanofi S.A.) and its predecessor companies, Sanofi and Sterling Winthrop. During his time at Sanofi, he led the worldwide launches of Plavix®, Eloxatin® and Avapro® as Vice President of Worldwide Marketing and served as Chief Operating Officer of the U.S. business. From November 1980 to September 1987, Mr. Welch was with American Critical Care, a division of American Hospital Supply. He currently serves on the board of directors of Ultragenyx Pharmaceutical Inc. (where he serves as the Chairman of the board) and Seattle Genetics, Inc. Mr. Welch holds a B.S. from the University of Miami and an M.B.A. from the University of North Carolina.

We believe that Mr. Welch's knowledge and experience in leading companies from clinical stage drug development through to large-scale commercialization, as well as his track record of building operations and international businesses, qualify him to serve as a member of our board of directors.

There are no family relationships between or among any of our directors or nominees. The principal occupation and employment during the past five years of each of our directors and nominees was carried on, in each case except as specifically identified above, with a corporation or organization that is not a parent, subsidiary or other affiliate of us. There is no arrangement or understanding between any of our directors or nominees and any other person or persons pursuant to which he or she is to be selected as a director or nominee.

There are no legal proceedings to which any of our directors is a party adverse to us or any of our subsidiaries or in which any such person has a material interest adverse to us or any of our subsidiaries.



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## Director Nominations

No material changes have been made to the procedures by which stockholders may recommend nominees to our board of directors.

### Board Determination of Director Independence

Our board of directors has reviewed the materiality of any relationship that each of our directors and the director nominees has with Intercept, either directly or indirectly. Based upon this review, our board has determined that Messrs. Santini and Welch, our director nominees, and all of our directors other than Dr. Pruzanski, our chief executive officer and president, are independent directors as defined by NASDAQ. Our board of directors also determined that Messrs. Fundaro and Silverstein and Drs. Akkaraju and Veitinger, who comprise our nominating and governance committee, all satisfy the independence standards for such committees established by the SEC and the NASDAQ Marketplace Rules, as applicable. With respect to our audit committee, our board of directors has determined that Ms. Williams, Dr. Benatti and Mr. Sblendorio satisfy the independence standards for such committee established by Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, the SEC and the NASDAQ Marketplace Rules, as applicable. With respect to our compensation committee, our board of directors has determined that Drs. Akkaraju and Veitinger and Messrs. Fundaro, and Patel satisfy the independence standards for such committee established by Rule 10C-1 under the Exchange Act, the SEC and the NASDAQ Marketplace Rules, as applicable.

In making such determinations, the board of directors considered the relationships that each such non-employee director or director nominee has with our company and all other facts and circumstances the board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. In considering the independence of our directors and director nominees, our board of directors considered the association of each such non-employee director and director nominee has with us and all other facts and circumstances our board of directors deemed relevant in determining independence.

### Committees of the Board of Directors and Meetings

**Meeting Attendance.** During the fiscal year ended 2014 there were eight meetings of our board of directors, and the various committees of the board met a total of 13 times. No director attended fewer than 75% of the total number of meetings of the board and of committees of the board on which he or she served during fiscal 2014. The board has adopted a policy under which each member of the board is strongly encouraged but not required to attend each annual meeting of our stockholders either in person or via teleconference.

Our board of directors intends to make new committee designations after our directors commence their new terms in office upon the completion of our annual meeting of stockholders.

**Audit Committee.** Our audit committee met eight times during fiscal 2014. This committee currently has three members: Ms. Williams (Chairperson), Dr. Benatti and Mr. Sblendorio. Our board of directors determined that Ms. Williams is an audit committee financial expert, as defined by the rules of the SEC, and satisfies the financial sophistication requirements of applicable NASDAQ rules. Our board of directors has determined that each of Ms. Williams, Dr. Benatti and Mr. Sblendorio is an independent director under the NASDAQ Marketplace Rules and Rule 10A-3 of the Exchange Act.

Ms. Williams, who will not stand for re-election, will also cease to be a member of the audit committee after our 2015 Annual Stockholders Meeting, until which time she will serve as our audit committee chairperson and audit committee financial expert. Mr. Sblendorio will serve as the audit committee financial expert upon Ms. Williams' departure from our board of directors. Our board of directors intends to designate a third member to our audit committee upon the completion of our annual meeting of stockholders.

Our audit committee's role and responsibilities are set forth in the audit committee's written charter and include the authority to retain and terminate the services of our independent registered public accounting firm. In addition, the audit committee reviews our annual and quarterly financial statements, considers matters relating to accounting policy and internal controls and reviews the scope of annual audits.

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Our audit committee is authorized to:

approve and retain the independent auditors to conduct the annual audit of our financial statements;  
review the proposed scope and results of the audit;  
review and pre-approve audit and non-audit fees and services;  
review accounting and financial controls with the independent auditors and our financial and accounting staff;  
review and approve transactions between us and our directors, officers and affiliates;  
recognize and prevent prohibited non-audit services;  
establish procedures for complaints received by us regarding accounting matters;  
oversee internal audit functions, if any; and  
prepare the report of the audit committee that the rules of the SEC require to be included in our annual meeting proxy statement.

Please also see the report of the audit committee set forth elsewhere in this proxy statement.

A copy of the audit committee's written charter is publicly available in the Investors section of our website at [www.interceptpharma.com](http://www.interceptpharma.com).

**Compensation Committee.** Our compensation committee met four times during fiscal 2014. Until Dr. Tallarigo's retirement from our board of directors in July 2014 after our annual meeting, our compensation committee was composed of Drs. Veitinger and Tallarigo, Mr. Patel and Ms. Williams. Since September 2014, our compensation committee has been composed of Drs. Akkaraju and Veitinger and Messrs. Fundaro and Patel. Mr. Patel, who will not stand for re-election, will also cease to be a member of the compensation committee after our 2015 Annual Stockholders Meeting. All members of the compensation committee qualify as independent under the definition promulgated by The NASDAQ Stock Market and Rule 10C-1 of the Exchange Act.

Our compensation committee's role and responsibilities are set forth in the compensation committee's written charter and include:

reviewing and recommending the compensation arrangements for management, including the compensation for our president and chief executive officer;  
establishing and reviewing general compensation policies with the objective to attract and retain superior talent, to reward individual performance and to achieve our financial goals;  
administering our equity incentive plans; and  
preparing the report of the compensation committee that the rules of the SEC require to be included in our annual meeting proxy statement.

In respect of the determination of the compensation of our president and chief executive officer, the compensation committee conducts its decision making process without the president and chief executive officer present.

Our compensation committee makes all compensation decisions regarding our executive officers, after which it makes a recommendation to our full board of directors. Our board of directors then approves the compensation for our executive officers.

During the first calendar quarter of each year, we evaluate each executive's performance for the prior year. In connection with each annual review cycle, Dr. Pruzanski, our president and chief executive officer, meets with our executive officers to discuss our accomplishments during the year and the individual's performance and contributions over the prior year. Based on these discussions, Dr. Pruzanski, with respect to each executive other than himself, prepares an evaluation of the executive's performance. Dr. Pruzanski also prepares his own self-assessment as well as a detailed review of company performance against stated





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corporate goals. This process leads to a recommendation by Dr. Pruzanski to the compensation committee with respect to each executive officer, including himself, as to:

the achievement of stated corporate and individual performance goals;  
the level of contributions made to the general management and guidance of our company;  
the need for salary increases;  
the amount of bonuses to be paid; and  
whether or not stock option and/or other equity awards should be made.

These recommendations are reviewed and taken into account by the compensation committee. The compensation committee makes a recommendation regarding executive compensation to the full board of directors, which then approves the compensation of our executive officers.

In designing our executive compensation program, our compensation committee considers publicly available compensation data for U.S. companies in the biopharmaceutical industry to help guide its executive compensation decisions at the time of hiring and for subsequent adjustments in compensation. Our compensation committee also retained Pearl Meyer & Partners, or PM&P, an independent compensation consultant, to assist the committee in determining a peer group of companies to use for executive and director compensation based on our company's current stage of development, to provide comparative data on executive and director compensation practices in our industry and to generally advise us on our executive and director compensation programs, including the terms of our employment agreements. For 2014, PM&P provided advice and data to the compensation committee on executive and director compensation matters, including the selection of our peer group, comparative market pay levels, equity dilution and annual share utilization practices, incentive plan design and emerging market trends.

Although the compensation committee considered PM&P's advice and recommendations about our executive compensation program, the compensation committee ultimately makes its own decisions about these matters. Our compensation committee may engage other independent compensation consultants to provide additional guidance for executive compensation and conduct further competitive benchmarking against a peer group of publicly traded companies. In June 2015, our compensation committee retained Radford, an independent compensation consultant and a division of Aon Hewitt, which is a subsidiary of Aon plc, to provide compensation and consulting services for 2015.

The compensation committee regularly reviews the services provided by its outside consultants and performs an annual assessment on the independence of its compensation consultant to determine whether the compensation consultant is independent. The compensation committee conducted a specific review of its relationship with PM&P in 2014, and determined that PM&P is independent in providing Intercept with executive and director compensation consulting services and that PM&P's work for the compensation committee did not raise any conflicts of interest, consistent with SEC rules and NASDAQ listing standards.

Our compensation committee will also review and discuss annually with management our Compensation Discussion and Analysis disclosure to the extent such disclosure is required by SEC rules.

A copy of the compensation committee's written charter is publicly available in the Investors section of our website at [www.interceptpharma.com](http://www.interceptpharma.com).

***Nominating and Governance Committee.*** Our nominating and governance committee met one time during fiscal 2014 and currently has four members, Messrs. Fundaro (Chairman), Mr. Silverstein, Dr. Akkaraju and Dr. Veitinger. All members of the nominating and governance committee qualify as independent under the definition promulgated by The NASDAQ Stock Market.

The nominating and governance committee's role and responsibilities are set forth in the nominating and governance committee's written charter and include:

evaluating and making recommendations to the full board as to the size and composition of the board and its committees;

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identifying and nominating members of the board of directors;  
developing and recommending to the board of directors a set of corporate governance principles applicable to our company; and

overseeing the evaluation of our board of directors.

Our nominating and governance committee recommended to the board of directors that Messrs. Santini and Welch join the board and upon such endorsement, the board recommended that Messrs. Santini and Welch be nominated as directors at our 2015 Annual Stockholder Meeting.

If a stockholder wishes to nominate a candidate for director who is not to be included in our proxy statement, it must follow the procedures described in our restated by-laws and in *Stockholder Proposals and Nominations for Director* at the end of this proxy statement.

Under our current corporate governance policies, the nominating and governance committee may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. The process followed by our nominating and governance committee to identify and evaluate director candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the committee and our board. For all potential candidates, the nominating and governance committee may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the board, and concern for the long-term interests of the stockholders. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. If a stockholder wishes to propose a candidate for consideration as a nominee by the nominating and governance committee under our corporate governance policies, it should submit such recommendation in writing c/o Corporate Secretary, Intercept Pharmaceuticals, Inc., 450 West 15<sup>th</sup> Street, Suite 505, New York, NY 10011.

A copy of the nominating and governance committee's written charter is publicly available in the *Investors* section of our website at [www.interceptpharma.com](http://www.interceptpharma.com).

**Science Committee.** In September 2015, the board of directors resolved to form a standing science committee initially consisting of Drs. Akkaraju, Benatti and Veitinger. This committee was created to assist the board of directors in its oversight of our strategic direction and investment in research and development, technology and manufacturing activities. The science committee is also responsible for identifying and discussing significant emerging trends and issues in science and technology and considering their potential impact on our company. Due to its recent formation, the standing charter of the committee has not yet been finalized and the committee has not yet held any formal meetings.

## **Board Diversity**

Our nominating and governance committee is responsible for reviewing with the board of directors, on an annual basis, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members), the nominating and corporate governance committee, in recommending candidates for election, and the board of directors, in approving (and, in the case of vacancies, appointing) such candidates, will take into account many factors, including the following:

diversity of personal and professional background, perspective, experience, age, gender, ethnicity and country of citizenship;

personal and professional integrity and ethical values;

experience in one or more fields of business, professional, governmental, scientific or educational endeavors, and a general appreciation of major issues facing public companies similar in scope and size to us;

experience relevant to our industry or with relevant social policy concerns;

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