

CATALYST PHARMACEUTICALS, INC.
Form DEF 14A
April 17, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Catalyst Pharmaceuticals, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

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

- (1) Amount Previously Paid:

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

- (3) Filing Party:

- (4) Date Filed:

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Catalyst Pharmaceuticals, Inc.

355 Alhambra Circle, Suite 1250

Coral Gables, Florida 33134

(305) 420-3200

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders (the Annual Meeting) of Catalyst Pharmaceuticals, Inc., a Delaware corporation, will be held on Thursday, May 24, 2018, at 9:00 a.m., local time, at the Hyatt Regency Coral Gables, located at 50 Alhambra Plaza, Coral Gables, Florida, 33134, for the following purposes, all of which are set forth more completely in the accompanying Proxy Statement:

- (1) To elect six directors to serve a term of one year or until their successors are duly elected and qualified, or until their earlier death, resignation, or removal;
- (2) To approve the Company's 2018 Stock Incentive Plan;
- (3) To approve, on an advisory basis, the 2017 compensation of our named executive officers as set forth herein;
- (4) To ratify Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and
- (5) To transact such other business as may properly come before the meeting.

Pursuant to our bylaws, our Board of Directors has fixed the close of business on Thursday, March 29, 2018 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting.

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 24, 2018: The 2018 Proxy Statement and our 2017 Annual Report are available at: <http://ir.catalystpharma.com/annual-proxy.cfm> .

BY ORDER OF THE BOARD OF DIRECTORS

Philip B. Schwartz

Corporate Secretary

April 17, 2018

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Catalyst Pharmaceuticals, Inc.

355 Alhambra Circle, Suite 1250

Coral Gables, Florida 33134

(305) 420-3200

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors (Board) of Catalyst Pharmaceuticals, Inc., a Delaware corporation (we or the Company), for use at the 2018 Annual Meeting of Stockholders (the Annual Meeting) to be held on Thursday, May 24, 2018, at 9:00 a.m., local time, at the Hyatt Regency Coral Gables, located at 50 Alhambra Plaza, Coral Gables, Florida 33134. The approximate date on which this statement and the enclosed proxy will be sent to stockholders will be April 17, 2018. The form of proxy indicates a space for you to withhold your vote for any proposal. You are urged to indicate your vote on each matter in the space provided. If signed but no space is marked, it will be voted upon by the persons named at the meeting: (i) for the election of six persons to our Board of Directors to serve until the 2019 annual meeting of stockholders or until their respective successors are duly elected and qualified or until their earlier death, resignation, or removal; (ii) for the approval of the Company s 2018 Stock Incentive Plan; (iii) for the approval, on an advisory basis, of the 2017 compensation of our named executive officers as set forth herein; (iv) for the ratification of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and (v) in their discretion, upon such other business as may properly come before the meeting.

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

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

At the close of business on Thursday, March 29, 2018 (the Record Date), we had outstanding 102,556,164 shares of our common stock, par value \$0.001 per share. Each share of our common stock entitles the holder thereof on the Record Date to one vote on each matter submitted to a vote of stockholders at the Annual Meeting. Only stockholders at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. The quorum necessary to conduct business at the Annual Meeting consists of a majority of the outstanding shares of our common stock. In the event that there are not sufficient proxies for approval of any of the matters to be voted upon at the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

Shares represented by proxies that are marked abstain or which are marked to deny discretionary authority will only be counted for determining the presence of a quorum. Votes withheld in connection with the election of one or more of the nominees for director will not be counted as votes cast for such individuals. In addition, where brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions (commonly referred to as broker non-

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votes), those shares will not be included in the vote totals. Directors shall be elected based on a plurality of the votes cast at the meeting. All other matters to be considered for approval at the Annual Meeting will be approved by a majority of the votes cast for and against such matter at the meeting.

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

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

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

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

| Name | Age | Position(s) |
|-------------------------------|-----|---|
| Patrick J. McEnany | 70 | Chairman, President and Chief Executive Officer |
| Philip H. Coelho (1)(3) | 74 | Director |
| Richard Daly (2)(3) | 56 | Director |
| Donald A. Denkhaus (1)(3) | 72 | Director |
| Charles B. O'Keefe (1)(2)(3) | 78 | Lead Independent Director |
| David S. Tierney, M.D. (2)(3) | 54 | Director |

- (1) Member of the audit committee
- (2) Member of the compensation committee
- (3) Member of the nominating and corporate governance committee

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

Philip H. Coelho has been a member of our Board since October 2002 and currently chairs the Nominating & Corporate Governance Committee of our Board. Mr. Coelho is currently Chief Technology Officer of ThermoGenesis Corp., a wholly owned subsidiary of Cesca Therapeutics, a leading regenerative medicine company that develops, commercializes and markets a range of automated technologies for cell-based therapeutics. ThermoGenesis Corp., provides a full suite of solutions for automated clinical biobanking, point-of-care applications, and automation for immuno-oncology. Until July 2017, Mr. Coelho served as Co-Founder and Chief Technology Officer of SynGen, Inc. a company enabling regenerative cures through the application of innovative engineering and President of PHC Medical, Inc., a company providing consulting services for enterprises in the medical device related cell therapy field. Previously, from October 1986 until 2008, Mr. Coelho founded and was employed by ThermoGenesis Corp., at the time a company focused on the blood processing and hospital/woundcare markets. Mr. Coelho was Chairman and Chief Executive Officer of ThermoGenesis from December 1989 until May 2007 and served as its Chief Technology Architect from June 2007 until May 2008. From October 1986 to September 1989, Mr. Coelho held the position of Vice President and Director of Research, Development and Manufacturing with ThermoGenesis. Prior to his association with ThermoGenesis, from October 1983 to October 1986 Mr. Coelho was President of Castleton, Inc., a company that developed and licensed ultra-rapid heat transfer technology to ThermoGenesis. Mr. Coelho

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currently serves on the board of directors of Mediware Information Systems, Inc. and Ampio Pharmaceuticals, Inc. Mr. Coelho holds a Bachelor of Science degree in Mechanical Engineering from the University of California, Davis. The Board believes the characteristics that qualify Mr. Coelho for election to the Board include his long-term experience in the pharmaceutical industry and his business leadership experience.

Richard J. Daly joined our Board in February 2015. Mr. Daly currently serves as Chairman and CEO of Neuralstem, Inc.(NASDAQ: CUR), a biopharmaceutical company focused on the development of central nervous system therapies based on its neuronal stem cell technology. Until October 2014, Mr. Daly served as President of AstraZeneca US Diabetes, where he led all commercial and medical plans and objectives for a \$1.2 billion, 3,000-employee division, including the successful launch of an orphan/rare disorder drug, Myalept, for Lipodystrophy. From 2011 through 2013, Mr. Daly served as a Co-Founder of and an investor in Sagepath Partners, a company providing the pharmaceutical industry with outsourced commercial services. From 2008 to 2011, Mr. Daly was employed by Takeda N.A., the North American subsidiary of Takeda Pharmaceuticals, serving first as Vice President, Integration, leading a 6,500 person commercial/R&D merger between TAP Pharmaceuticals and Takeda N.A., and then as Executive Vice President of Takeda N.A., with commercial responsibility for all businesses in the Americas. From 2006 to 2008, Mr. Daly served as the Vice President, Commercial Strategy for TAP Pharmaceuticals, a joint venture between Takeda Pharmaceuticals and Abbott Labs. In 1998, Mr. Daly was a founding member of the leadership team of Takeda Pharmaceuticals N.A., serving initially as the Senior Director of Marketing. Between 1998 and 2006, Mr. Daly took on roles of increasing responsibility culminating in his appointment as Senior Vice President, Marketing (2001-2006). Mr. Daly currently serves on the board of directors of Synergy Pharmaceuticals, Inc., where he serves on the Compensation, Commercial and Nomination/Governance Committees of the board of directors (Chair of the Nomination/Governance Committee). Mr. Daly received his Bachelor of Science in Microbiology from the University of Notre Dame in 1983 and his MBA from the Kellogg School of Management, Northwestern University in 1998. The Board believes that the characteristics that qualify Mr. Daly for election to the Board include his significant pharmaceutical industry experience and his experience in launching and managing sales of numerous pharmaceutical products, including several products that are used to treat orphan/rare diseases.

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

Charles B. O'Keeffe has served as a member of our Board since December 2004 and became our lead independent director in July 2011. Mr. O'Keeffe also served as a consultant to us from December 2004 until June 2011. Mr. O'Keeffe is a Professor in the Departments of Pharmacology, Epidemiology

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

David S. Tierney, M.D. has served as a member of our Board since October 2002 and currently chairs the Compensation Committee of our Board. Dr. Tierney currently serves as CEO of Icon Bioscience, Inc., a privately held ophthalmic drug delivery company. Dr. Tierney served as President and Chief Operating Officer (and a member of the board of directors) of Oceana Therapeutics, Inc., a private specialty pharmaceutical company between the organization of that company in 2008 and the sale of that company to Salix Pharmaceuticals, Ltd. in December 2011. Dr. Tierney also served as the President and CEO (and as a member of the board of directors) of Valera Pharmaceuticals, Inc. a specialty pharmaceutical company, between August 2000 and April 2007, when Valera completed a merger with Indevus Pharmaceuticals, Inc. Further, from January 2000 to August 2000, Dr. Tierney served as President of Biovail Technologies, a division of Biovail Corporation, a Canadian drug delivery company, where he was responsible for all of Biovail s research and development, regulatory and clinical activities. Finally, from March 1997 to January 2000, Dr. Tierney was Senior Vice President of Drug Development at Roberts Pharmaceutical Corporation, where he was responsible for all research and development activities, and for drug development, medical affairs, worldwide regulatory affairs and chemical process development, as well as being part of the executive management team, and from December 1989 to March 1997, Dr. Tierney was employed by Élan Corporation, a pharmaceutical company, in a variety of management positions. Dr. Tierney is also a director of Kempharm, Inc. Dr. Tierney received his medical degree from the Royal College of Surgeons in Dublin, Ireland and was subsequently trained in internal medicine. The Board believes the characteristics that qualify Dr. Tierney for election to the Board include his business leadership experience and his pharmaceutical industry experience.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires our officers and directors and persons who own more than 10% of our outstanding common stock to file with the Securities and Exchange Commission reports of changes in their ownership of common stock. Officers, directors, and greater than 10% stockholders are also required to furnish us with copies of all forms they file under this regulation. To our knowledge, based solely on a review of the copies of such reports furnished to us and representations made to us that no other reports were required, during the year ended December 31, 2017 all Section 16(a) filings required to be filed by our officers, directors, and greater than 10% stockholders were timely filed.

Independent Directors

As required under applicable NASDAQ listing standards, a majority of the members of a listed company s board of directors must qualify as independent, as affirmatively determined by the board of directors. The Board consults with our counsel to ensure that its determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including

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those set forth in pertinent NASDAQ listing standards, as in effect from time to time. Consistent with these considerations, the Board has affirmatively determined that all of our directors (other than Mr. McEnany, who serves as our CEO) are independent directors within the meaning of the applicable NASDAQ listing standards.

Corporate Governance

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

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

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

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

disclosure control policies and procedures.

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

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

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

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

Board Diversity

In carrying out its function to nominate candidates for election to our Board, the Nominating & Corporate Governance Committee considers the mix of skills, experience, character, commitment and diversity. The committee construes

diversity as meaning a variety of opinions, perspectives and backgrounds, including gender, race and ethnicity differences, as well as other differentiating characteristics, all in the context of the requirements of our Board at that point in time.

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Leadership Structure

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

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

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

Each of our directors is elected annually by our stockholders.

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

Lead Independent Director

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

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

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

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

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

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

calling meetings of independent directors.

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Board Meetings and Attendance at Board and Board Committee Meetings

During 2017, our Board held seven meetings and took two actions by unanimous written consent. For 2017, all of our directors attended at least 75% or more of the aggregate number of meetings held by our Board and the Board committees on which they served. All of the members of our Board attended the 2017 Annual Meeting of Stockholders which was held on May 25, 2017. Directors are encouraged, but not required, to attend the Annual Meeting in person.

Audit Committee

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

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

The Audit Committee held four meetings in 2017 and took one action by written consent. The Audit Committee operates under a written charter which describes the role, responsibilities, and functioning of the Audit Committee. The Audit Committee's charter can be found at <http://ir.catalystpharma.com/governance.cfm>.

Compensation Committee

The role of the Compensation Committee is to discharge the Board's responsibilities related to compensation of our executive officers, to produce an annual report on executive compensation for inclusion in our Proxy Statement, and to oversee and advise the Board on the adoption of policies that govern our compensation programs, including our stock incentive plans and our benefit plans. The Compensation Committee held two meetings in 2017 and took three actions by unanimous written consent. The Compensation Committee operates under a written charter which describes the role, responsibilities, and functioning of the Compensation Committee. A copy of this charter can be viewed on our website at <http://ir.catalystpharma.com/governance.cfm>. Pursuant to its charter, the Compensation Committee has authority to retain compensation consultants to assist in its evaluation of executive and director compensation.

Nominating & Corporate Governance Committee

The role of the Nominating & Corporate Governance Committee is to appoint nominees for election to our Board, to identify and recommend candidates to fill vacancies between annual stockholder meetings, to review, evaluate and recommend changes to our corporate governance policies, and to review our policies and programs that relate to matters of corporate responsibility, including public issues of significance to our company and our stockholders. The Nominating & Corporate Governance Committee (N&CG Committee) held one meeting in 2017. The N&CG Committee operates under a

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written charter which describes the role, responsibilities, and functioning of the N&CG Committee. A copy of the N&CG Committee's charter can be found on our website at <http://ir.catalystpharma.com/governance.cfm>.

Risk Oversight

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

AUDIT COMMITTEE REPORT

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

The Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that our financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee reviewed and discussed the audited financial statements with management and the independent auditors. In fulfilling its responsibilities, the Audit Committee discussed with the independent auditors the matters that are required to be discussed by Auditing Standard No. 1301 (Communication with Audit Committees). In addition, the Audit Committee received from the independent auditors the written disclosures and letter required by PCAOB Ethics and Independence Rule 3526, Communications with Audit Committees Concerning Independence, and the Audit Committee discussed with the independent auditors that firm's independence. In connection with this discussion, the Audit Committee also considered whether the provision of services by the independent auditors not related to the audit of our financial statements is compatible with maintaining the independent auditors' independence. During such discussions, the independent auditors confirmed that, as of December 31, 2017, they were independent accountants with respect to our company within the meaning of applicable federal securities laws and the requirements of the PCAOB.

Based upon the Audit Committee's discussions with management and the independent auditors and the Audit Committee's review of the representations of management and the reports and letter of the independent auditors provided to the Audit Committee, the Audit Committee recommended to the Board that our audited financial statements for fiscal 2017 be included in our Annual Report on Form 10-K for the year ended December 31, 2017.

The Audit Committee has also reviewed all non-audit services being provided by the independent auditors and has concluded that the provision of such services has been compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee has discussed these matters with representatives of the independent auditors and our management and will monitor our compliance with any new restrictions as they are put in place to continue to ensure that the services provided by our independent accountants are compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

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Donald A. Denkhaus (Chair)

Philip H. Coelho

Charles B. O Keefe

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

INDEPENDENT AUDITOR FEES

The following table represents fees for professional audit and other services rendered by Grant Thornton LLP for the fiscal years ended December 31, 2017 and 2016.

| | 2017 | 2016 |
|-------------------------|-------------------|-------------------|
| Audit fees (1) | \$ 262,930 | \$ 212,742 |
| Audit-related fees | | |
| Total audit fees | 262,930 | 212,742 |
| Tax fees | | |
| All other fees | | |
| Total fees | \$ 262,930 | \$ 212,742 |

- (1) Represents aggregate fees billed for professional services rendered by Grant Thornton LLP for the audit of our financial statements included in our Annual Report on Form 10-K, for their reviews of our quarterly reports during 2017 and 2016, and for their report on the effectiveness of our internal control over financial reporting as of December 31, 2017 and December 31, 2016. Also includes, for 2017, aggregate fees of \$40,300 in connection with our registration statement on Form S-3 (Registration No. 333-219259). Also includes, for 2016, aggregate fees of \$10,600 in connection with our post-effective registration statement on Form S-3 (Registration No. 333-193699) and our registration statement on Form S-3 (Registration No. 333-215315).

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

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

| Name | Position(s) | Age | Officer Since |
|----------------------------|---|------------|----------------------|
| Patrick J. McEnany | Chairman, President and Chief Executive Officer | 70 | January 2002 |
| Steven R. Miller, Ph.D. | Chief Operating Officer and Chief Scientific Officer | 56 | April 2007 |
| Alicia Grande, CPA, CMA | Vice President, Treasurer and Chief Financial Officer | 47 | January 2007 |
| Gary Ingenito, M.D., Ph.D. | Chief Medical Officer and Head of Regulatory Affairs | 62 | June 2015 |
| David J. Caponera | Vice President, Patient Engagement and Access Support | 61 | October 2014 |
| Brian Elsbernd, J.D. | Sr. Vice President of Legal and Compliance | 54 | February 2016 |

Officers Business Experience

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

Steven R. Miller, Ph.D., has served as Chief Operating Officer since January 2011 and as our Chief Scientific Officer since October 2009. Previously, commencing in April 2007, Dr. Miller was our Vice President of Pharmaceutical Development and Project Management. Dr. Miller has worked in the healthcare industry for over 30 years. Prior to joining us, Dr. Miller spent 15 years with various divisions of Watson Laboratories, a subsidiary of Watson Pharmaceuticals, Inc., most recently as Executive Director of R&D Operations. In this capacity, Dr. Miller managed a team of 75 in the testing of all R&D products for clinical trials, including method valuation, stability testing, operation of the R&D pilot plant, and assembly of the CMC section of drug applications, in addition to other responsibilities. Prior to holding this position, Dr. Miller was Director of Technology Transfer for Watson Laboratories, and Vice President of Research and Product Development for Royce Laboratories, which was subsequently acquired by Watson Laboratories. Prior to joining Royce Laboratories, Dr. Miller was Group Leader and Senior Scientist at Dade Behring. Prior to that, he served as an Analytical Chemist at the U.S. Food & Drug Administration. Dr. Miller received his Bachelor of Science Degree in Chemistry from the University of Maryland and his Ph.D. from the University of Miami.

Alicia Grande, CPA, CMA, has served as our Vice President, Treasurer and Chief Financial Officer since December 2011 and as our Chief Accounting Officer since January 2007. Prior to joining Catalyst, since 2003 Ms. Grande was employed by The Hackett Group, Inc. (formerly known as Answerthink, Inc.), a publicly traded information technology consulting services company. Ms. Grande

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served in various capacities with The Hackett Group, most recently as Senior Director of Finance, and was responsible for all external and SEC financial reporting. Ms. Grande also served as head of The Hackett Group's Sarbanes-Oxley Act compliance team. Prior to joining The Hackett Group, Ms. Grande was employed in public accounting, and she began her career with Arthur Andersen LLP. Ms. Grande earned a Bachelor of Science degree in business administration, with majors in accounting and finance, from Syracuse University and a master of accounting degree from Florida International University.

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

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

Brian Elsbernd, J.D. joined us in February 2016 as our Sr. Vice President of Legal and Compliance. Prior to joining Catalyst, Mr. Elsbernd was, from 2004 until February 2016, employed in various capacities with Mallinckrodt Pharmaceuticals and its predecessors, including as Senior Director of US Healthcare Compliance. At Mallinckrodt, he was involved in the building of their formal compliance program including providing leadership and vision on ethics and business conduct while also managing multiple other legal and business functions. Before joining Mallinckrodt, Mr. Elsbernd was an associate at Proskauer Rose LLP, within its Health Care practice group, representing health care providers nationwide in matters pertaining to regulatory and administrative law, transactional matters, litigation, and reimbursement issues. Mr. Elsbernd holds a Bachelor of Arts degree in history from the University of Illinois-Urbana and a law degree from the Saint Louis University School of Law.

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Family Relationships

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

COMPENSATION DISCLOSURE AND ANALYSIS

The role of the compensation committee in setting executive officer compensation

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

Executive officers

During 2017, our Board designated that our executive officers (as that term is defined in the rules and regulations under the Exchange Act) are our Chief Executive Officer (Patrick J. McEnany), our Chief Operating and Chief Scientific Officer (Dr. Steven Miller), our Chief Financial Officer (Alicia Grande), and our Chief Medical Officer (Dr. Gary Ingenito). Mr. McEnany, Dr. Miller, Ms. Grande, and Dr. Ingenito were employed by us for all of fiscal 2017.

Overview of executive officer compensation

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

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Our Compensation Committee believes that our executive officers are instrumental to our success. To that end, our compensation program is designed around the following:

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

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

Process of setting 2017 executive officer compensation

In February 2016, we received a refusal to file (RTF) letter from the U.S. Food and Drug Administration (FDA) with respect to our new drug application (NDA) for our principal product, amifampridine phosphate (Firdapse®). We spent most of 2016 working through the issues raised in the RTF letter, including determining what additional studies would be required before the FDA would accept an NDA submission for Firdapse® and the parameters of those studies. Most of 2017 was then spent executing on the required studies and preparing an NDA for resubmission. We also executed on a number of other clinical trials for additional indications for Firdapse®. Finally, in late 2017, we reported positive results from our additional studies, and, after a successful Type C meeting with the FDA in early 2018, we resubmitted an NDA to the FDA for Firdapse® in March 2018.

Throughout 2016 and into 2017, we put on hold significant further compensation discussions of the Compensation Committee while we dealt with our business challenges. In late 2016, while in the middle of executing on our efforts to reset our business, the Compensation Committee determined to increase for 2017 the base compensation of all of our employees, including our named executive officers, by a 3% cost of living adjustment. We also paid discretionary cash bonuses to our employees, including our named executive officers, and made discretionary stock option grants to all Company employees, including our named executive officers.

In late 2017, having successfully completed the clinical studies required to resubmit an NDA for Firdapse®, our Compensation Committee decided that it was time to once again focus on the compensation payable by peer companies as we (once again) moved towards the potential commercialization of Firdapse®. To assist the Compensation Committee in its deliberations, the committee once again engaged Radford (an Aon Hewitt Company), an independent compensation consultant, to provide advice and recommendations relating to our executive and non-executive compensation arrangements. Radford had previously provided the committee with guidance on the topic of executive officer compensation in 2014 (for 2015 services) and in 2015 (for 2016 services), but the Compensation Committee had suspended implementation of the compensation policies that had previously been

adopted by the committee in early 2016 following the receipt of the RTF letter until we resolved the challenges facing our business.

Following their reengagement in late 2017, Radford assisted the Compensation Committee in determining an appropriate peer group to evaluate the Company's executive compensation group for alignment with governance and market best practices, and to provide recommendations as to an

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appropriate compensation philosophy to guide the Compensation Committee in determining executive officer cash bonus compensation for 2017 and determining base, bonus and equity compensation for 2018 and future years.

In December 2017, after discussions with Radford, our Compensation Committee revised our peer group. The revised peer group was selected based on the following criteria: (i) publicly traded, pre-commercial therapeutics/biotechnology companies; (ii) companies in the late stage of development of a product (Phase 3) and companies that were currently in the regulatory approval process; (iii) companies with market capitalization of between \$200 million and \$1 billion; and (iv) companies with less than 100 employees.

The following table presents the peer group selected in late 2017 by the Compensation Committee following its discussions with Radford for setting executive officer compensation. The Compensation Committee believed when it selected this peer group that this peer group was appropriate from a strategic/stage of development and market capitalization prospective based on the above-defined criteria.

| | | |
|--------------------------|--------------------------|----------------------------|
| Achaogen | Adamas Pharmaceuticals | Akebia Therapeutics |
| Alder BioPharmaceuticals | Ardelyx | AVEO Pharmaceuticals |
| Cara Therapeutics | ChemoCentryx | Dermira |
| Endocyte | Flexion Therapeutics | Geron |
| Idera Pharmaceuticals | Intra-Cellular Therapies | La Jolla Pharmaceutical |
| Omeros | SIGA Technologies | Tetraphase Pharmaceuticals |

Based on the selected peer group, in December 2017, Radford made recommendations to the Compensation Committee regarding cash (base salary and targeted bonus) for each executive officer position for 2018. Further, based on that guidance, and in recognition of the fact that our employees had successfully executed on a strategy to reset our business following the receipt of the RTF letter, the Compensation Committee granted discretionary cash bonuses to our employees, including our named executive officers. The compensation payable in 2017 to our CEO, CFO, and our three other most highly compensated employees is set forth in the Summary Compensation Table below.

Table of Contents**Summary Compensation Table**

The following table sets forth information about the compensation earned during 2017, 2016 and 2015 by our Chief Executive Officer, our Chief Financial Officer, and our three most highly compensated officers during the fiscal year ended December 31, 2017.

| Name and Principal Position | Year | Salary (\$) | Awards (\$) | | | All Other Compensat- ion (\$) | Totals (\$) |
|---|------|----------------|-----------------------|----------------------------|--------------------------------|--|-------------|
| | | | Cash Bonus (\$) | Option Stock (1) (2) | Non-Equity Compensation (3) | | |
| Patrick J. McEnany Chairman, President and CEO | 2017 | 484,983 | 206,233 | 209,288 | | 900,504 | |
| | 2016 | 473,000 | 23,556 | 111,163 | | 607,719 | |
| | 2015 | 453,000 | 169,875 | 532,776 | | 1,155,651 | |
| Steven R. Miller, COO and CSO | 2017 | 374,710 | 95,605 | 125,429 | 10,800 | 606,544 | |
| | 2016 | 365,400 | 18,200 | 55,582 | 10,600 | 449,782 | |
| | 2015 | 350,000 | 78,750 | 274,400 | 10,600 | 713,750 | |
| Gary Ingenito, CMO and Head of Regulatory Affairs | 2017 | 367,195 | 93,687 | 125,429 | 8,838 | 595,149 | |
| | 2016 | 358,000 | 17,835 | 55,582 | | 431,417 | |
| | 2015 | 166,212 | 75,375 | 726,574 | | 968,161 | |
| Alicia Grande, Vice President, Treasurer and CFO | 2017 | 308,827 | 78,795 | 125,429 | 10,800 | 523,851 | |
| | 2016 | 301,000 | 15,000 | 55,582 | 10,600 | 382,182 | |
| | 2015 | 288,000 | 64,800 | 274,400 | 10,600 | 637,800 | |
| Brian Elsbernd, Vice President, Legal and Compliance | 2017 | 283,091 | 28,325 | 41,858 | | 353,274 | |
| | 2016 | 242,000 | 13,750 | 108,646 | 17,043 | 381,439 | |

- (1) The amounts reported in this column are based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for restricted stock unit grants to the executive officers in the listed fiscal year.
- (2) The amounts reported in this column represent the grant date fair value of stock option awards granted in accordance with FASB ASC Topic 718 for the listed year. For additional information on the valuation assumptions used in the calculation of these amounts, refer to Note 12 to the Notes to Financial Statements contained in our 2017 Annual Report on Form 10-K.
- (3)

Includes, for 2016, relocation expenses for Mr. Elsbernd and, for 2017, a housing allowance for Dr. Ingenito. All other compensation consists of 401(k) employer match.

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Employment Agreements and Potential Payments upon Termination or Change in Control

We have an employment agreement with Patrick J. McEnany, our Chairman, President and Chief Executive Officer, which provides for the payment of a base salary plus bonus compensation based on performance. Mr. McEnany's employment agreement also contains a change of control severance arrangement if the employee is not retained in our employment after a change of control. The employment agreement for Mr. McEnany expires on November 8, 2018. After the expiration of his employment agreement, Mr. McEnany becomes an employee-at-will, and he will still be entitled to payments for termination without cause or in the event of a change in control, as set forth below.

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

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

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

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

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

the liquidation or dissolution of the company.

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

We also have a severance and change of control plan in place that provides for severance if those of our executives designated to participate in the benefits under the Plan are terminated for other than cause or if they terminate their employment with us for good reason, and for severance compensation in the event of such executive's termination in connection with a change of control (as all of those terms are defined in the plan).

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Under our severance and change of control plan, on a termination without cause or a termination for good reason of a designated executive, the executive will receive one year's base salary, any accrued bonus prior to termination, 12 month accelerated vesting of stock options, and benefits continuation for one year; provided that the terminated executive agrees to not compete with the company during the period in which severance is paid. Further, under our severance and change of control plan, on termination of a designated executive within one year of a change of control, the terminated executive will receive one year's base salary, full vesting acceleration of stock options, payment in full of any target bonus previously granted for the severance period, and benefits continuation for the severance period, again subject to the terminated executive agreeing not to compete with the company during the period in which severance is paid.

To date, the Compensation Committee has designated that Ms. Grande, and Drs. Ingenito and Miller, will receive benefits under the severance and change of control plan. Pursuant to the terms of the plan, once an executive has been designated to participate in the severance benefits afforded by the plan, the Compensation Committee cannot modify the plan as to that designated executive to eliminate any benefits or to modify the definitions used in the plan to the detriment of the designated executive, unless otherwise agreed to by the designated executive.

The following chart sets forth the amounts payable under these circumstances assuming the event had occurred on December 31, 2017:

| Name | Payment Due Upon Termination either by company without Cause or Officer for Good Reason (1) | | Payment Due Upon a Termination by company with Cause or Resignation or Retirement | |
|--------------------|---|--|---|--|
| | Payment Due Upon Death or Permanent Disability | Payment Due upon a Change of Control (1) | Payment Due Upon a Termination by company with Cause or Resignation or Retirement | Payment Due upon a Change of Control (1) |
| Patrick J. McEnany | \$ 484,983 | \$ 969,996 | \$ 484,983 | \$ 969,996 |
| Steven R. Miller | \$ 374,710 | \$ 374,710 | | \$ 374,710 |
| Alicia Grande | \$ 308,827 | \$ 308,827 | | \$ 308,827 |
| Gary Ingenito | \$ 367,195 | \$ 367,195 | \$ 367,195(2) | \$ 367,195 |
| Brian Elsbernd | | | | |

(1) Excludes the value of any bonus due for services prior to termination, the value of health benefits for the term of the severance and the value of any accelerated vesting of stock options.

(2) Payable under a letter agreement between us and Dr. Ingenito.

Table of Contents**Grants of Plan-Based Awards for 2017**

The following table provides information relating to options granted during the fiscal year ended December 31, 2017:

| Name | Grant Date (1) | Number of Securities Underlying Options (#) (2) | Exercise Price of Option Awards (\$/share) | Grant Date Fair Value of Option Awards |
|--------------------|----------------|---|--|--|
| Patrick J. McEnany | 1/3/2017 | 250,000 | \$ 1.13 | \$ 209,288 |
| Steven R. Miller | 1/3/2017 | 150,000 | \$ 1.13 | \$ 125,429 |
| Alicia Grande | 1/3/2017 | 150,000 | \$ 1.13 | \$ 125,429 |
| Gary Ingenito | 1/3/2017 | 150,000 | \$ 1.13 | \$ 125,429 |
| Brian Elsbernd | 1/3/2017 | 50,000 | \$ 1.13 | \$ 41,858 |

- (1) Options were granted at a meeting of the Compensation Committee held prior to the grant date at which the grant date for these option grants was established.
- (2) Options vest one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date, and one-third on the third anniversary of the grant date, and expire on the seventh anniversary of the grant date.

Securities Authorized for Issuance under Equity Compensation Plans

The following table gives information about our common stock that may be issued upon the exercise of options as of December 31, 2017:

| Plan Category | Equity Compensation Plan Information | | |
|---|---|--|--|
| | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants, and rights | Number of securities remaining available for equity compensation plans |
| Securities issued under the 2006 and 2014 Plans | 5,191,666 | \$ 1.97 | 3,646,668 |

2014 Stock Incentive Plan

In February 2014, our Board adopted the 2014 Plan, which became effective in May 2014 when the 2014 Plan was approved by our stockholders at the 2014 annual meeting of stockholders. Amendments adding additional shares to the 2014 Plan were approved by our stockholders at the 2016 annual meeting of stockholders and the 2017 annual meeting of stockholders. Including these additional shares, we have reserved an aggregate of 9,000,000 shares for issuance under the 2014 Plan, as amended to date.

As of March 29, 2018, stock options to purchase 7,647,500 shares of our common stock, at exercise prices ranging from \$0.79 to \$4.64 per share, and 80,000 restricted stock units have been granted under the 2014 Plan, and 1,874,168

shares remain eligible for grant under the 2014 Plan. If the proposal set forth in Proposal 2 below is adopted, the 2014 Plan will be replaced by the 2018 Stock Incentive Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2018 Stock Incentive Plan

On April 16, 2018, our Board adopted the Catalyst Pharmaceuticals, Inc. 2018 Stock Incentive Plan (the "2018 Plan"). Our stockholders are being asked to approve the 2018 Plan at the 2018 Annual Meeting of Stockholders. Proposal Two "Approval of the Catalyst Pharmaceuticals, Inc. 2018 Stock Incentive Plan" below, which begins on page 29 of this Proxy Statement, describes the terms of the 2018 Plan. If the 2018 Plan is approved, no further equity grants will be made under the 2014 Plan.

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

The following table sets forth certain information regarding equity-based awards held by our CEO, our CFO and our three other most highly compensated employees as of December 31, 2017.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2017

| Name | Option Awards | | | | | Stock Awards | | | | |
|--------------------|---|---|---|---------------------|------------------------|--|---|---|---|--|
| | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Exercise Price (\$) | Option Expiration Date | Number of Shares or Units that Have Not Vested | Value of Shares or Units that Have Not Vested | Number of Shares, Units, or Other Rights that Have Not Vested | Value of Unearned Shares, Units, or Other Rights that Have Not Vested | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested |
| Patrick J. McEnany | 300,000 | | | 3.12 | 08/28/21 | | | | | |
| | 200,000 | 100,000 | | 2.53 | 12/30/22 | | | | | |
| | 100,000 | 100,000 | | 0.79 | 06/15/23 | | | | | |
| | | 250,000 | | 1.13 | 01/03/24 | | | | | |
| Steven R. Miller | 185,000 | | | 3.12 | 08/28/21 | | | | | |
| | 100,000 | 50,000 | | 2.53 | 12/30/22 | | | | | |
| | 50,000 | 50,000 | | 0.79 | 06/15/23 | | | | | |
| | | 150,000 | | 1.13 | 01/03/24 | | | | | |
| Gary Ingenito | 100,000 | 50,000 | | 4.13 | 06/30/22 | | | | | |
| | 100,000 | 50,000 | | 2.53 | 12/30/22 | | | | | |
| | 50,000 | 50,000 | | 0.79 | 06/15/23 | | | | | |
| | | 150,000 | | 1.13 | 01/03/24 | | | | | |
| Alicia Grande | 170,000 | | | 3.12 | 08/28/21 | | | | | |

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| | | | | |
|----------------|---------|---------|------|----------|
| | 100,000 | 50,000 | 2.53 | 12/30/22 |
| | 50,000 | 50,000 | 0.79 | 06/15/23 |
| | | 150,000 | 1.13 | 01/03/24 |
| Brian Elsbernd | 21,666 | 43,334 | 1.85 | 02/16/23 |
| | 20,000 | 20,000 | 0.79 | 06/15/23 |
| | | 50,000 | 1.13 | 01/03/24 |