

ARROWHEAD PHARMACEUTICALS, INC.
Form DEF 14A
January 25, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant To §240.14a-12

ARROWHEAD 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.

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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:

ARROWHEAD PHARMACEUTICALS, INC.

225 SOUTH LAKE AVENUE, SUITE 1050

PASADENA, CALIFORNIA 91101

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON FRIDAY, MARCH 16, 2018

TO THE STOCKHOLDERS OF ARROWHEAD PHARMACEUTICALS, INC.:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders of Arrowhead Pharmaceuticals, Inc., a Delaware corporation (the Company), will be held on Friday, March 16, 2018, at 10:00 a.m., Pacific time (the Annual Meeting). This year's meeting will be a completely virtual meeting of stockholders. You can attend the Annual Meeting online, vote your shares electronically, and submit your questions during the Annual Meeting by visiting www.virtualshareholdermeeting.com/ARWR2018. Prior to the Annual Meeting, you will be able to vote at www.proxyvote.com for the purpose of considering and voting upon the following proposals:

1. To elect the six directors named in the Proxy Statement to serve as members of the Company's Board of Directors until the next Annual Meeting or until their successors are elected;
2. To conduct an advisory (non-binding) vote to approve executive compensation; and
3. To ratify the selection of Rose, Snyder & Jacobs LLP as independent auditors of the Company for the fiscal year ending September 30, 2018;

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Proposal No. 1 relates solely to the election of the six directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any stockholder of the Company.

All stockholders of record are cordially invited to attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/ARWR2018. We anticipate that on or about February 2, 2018, we will mail our stockholders a Notice Regarding the Availability of Proxy Materials (the Notice of Internet Availability) containing instructions on how to access our 2018 Proxy Statement and 2017 Annual Report on Form 10-K and to vote online. You will need to have your 16-digit Control Number included on your Notice of Internet Availability or your proxy card (if you received a printed copy of the proxy materials) to join the Annual Meeting.

If you prefer to receive paper copies of our proxy materials, please follow the instructions included in the Notice of Internet Availability. To ensure your representation at the meeting, you are urged to vote via the Internet or telephone as instructed in the Notice of Internet Availability, or to mark, sign, date and return the proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any stockholder of record attending the Annual Meeting may vote at the Annual Meeting even if such stockholder has previously returned a proxy. Each stockholder may appoint only one proxy holder to attend the Annual Meeting on his or her behalf. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

/s/ Jane Davidson

Jane Davidson
Secretary

Pasadena, California
January 25, 2018

Your vote is important, whether or not you expect to attend the Annual Meeting of Stockholders. Stockholders of record are urged to vote via the Internet or telephone as instructed, or if you are voting by mail, to mark, sign and date and promptly return the proxy in the postage-prepaid return envelope provided.

Voting promptly will help avoid the additional expense of further solicitation to assure a quorum at the meeting.

Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on Friday, March 16, 2018:

You may access the following proxy materials at www.virtualshareholdermeeting.com/ARWR2018

Notice of the 2018 Annual Meeting of Stockholders;

Company's 2018 Proxy Statement;

Company's Annual Report on Form 10-K for the year ended September 30, 2017; and

Form of Proxy Card

ARROWHEAD PHARMACEUTICALS, INC.

225 South Lake Avenue, Suite 1050

Pasadena, California 91101

(626) 304-3400

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON FRIDAY, MARCH 16, 2018

GENERAL INFORMATION CONCERNING SOLICITATION AND VOTING

The enclosed Proxy is solicited on behalf of Arrowhead Pharmaceuticals, Inc. (the **Company** or **Arrowhead**) for use at the 2018 Annual Meeting of Stockholders (the **Annual Meeting**) to be held on Friday, March 16, 2018 at 10:00 a.m., Pacific time, and at any adjournment(s) thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders (the **Notice**). This year's meeting will be a completely virtual meeting of stockholders. You can attend the Annual Meeting online, vote your shares electronically, and submit your questions during the Annual Meeting, by visiting www.virtualshareholdermeeting.com/ARWR2018. You will need to have your 16-digit Control Number included on your Notice Regarding the Availability of Proxy Materials (the Notice of Internet Availability) or your proxy card (if you received a printed copy of the proxy materials) to join the Annual Meeting.

The Company anticipates that the Notice of Internet Availability in connection with these proxy solicitation materials will first be mailed on or about February 2, 2018 to all stockholders entitled to vote at the Annual Meeting and we will post our proxy materials on the website referenced in the Notice of Internet Availability. As more fully described in the Notice of Internet Availability, all stockholders may choose to access our proxy materials on the website referred to in the Notice of Internet Availability or may request to receive a printed set of our proxy materials.

Record Date

Only holders of record of our common stock at the close of business on January 23, 2018 (the **Record Date**) are entitled to notice of the Annual Meeting and to vote at the Annual Meeting. On that date, the Company had outstanding 86,787,566 shares of common stock (**Common Stock**).

Revocability of Proxies

Any proxy given by a stockholder of record pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to the Secretary of the Company, at or before the taking of the vote at the Annual Meeting, a written notice of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Stockholders may also revoke their proxy by entering a new vote over the Internet or by telephone.

Voting and Solicitation

Each share of the Company's Common Stock is entitled to one vote on all matters presented at the Annual Meeting. Stockholders do not have the right to cumulate their votes in the election of directors. Shares of Common Stock represented by properly executed proxies will, unless such proxies have been previously revoked, be voted in accordance with the instructions indicated thereon. In the absence of specific instructions to the contrary, properly executed proxies will be voted FOR all matters submitted to a vote of stockholders at the Annual Meeting pursuant to this

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proxy statement. No business other than that set forth in the accompanying Notice of Annual Meeting of Stockholders is expected to come before the Annual Meeting. Should any other matter requiring a vote of stockholders properly arise, the persons named in the enclosed form of proxy will vote such proxy in accordance with the recommendation of the Board of Directors (the **Board**).

If you will not be able to attend the Annual Meeting to vote in person, you may vote your shares via the Internet or by telephone or by mail as set forth in the Notice.

The Company has engaged a proxy solicitor, Alliance Advisors, LLC, to encourage voting by our stockholders. It is estimated that the total cost for the solicitation campaign will be approximately \$10,000. Proxies may also be solicited by certain of the directors, officers and employees of the Company, without additional compensation. The Company will bear the costs of solicitation. In addition, the Company expects to reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners.

If your shares are held in street name, the voting instruction form sent to you by your broker, bank or other nominee should indicate whether the institution has a process for beneficial holders to provide voting instructions over the Internet or by telephone. A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote over the Internet or by telephone. If your bank or brokerage firm gives you this opportunity, the voting instructions from the bank or brokerage firm that accompany this proxy statement will tell you how to use the Internet or telephone to direct the vote of shares held in your account. If your voting instruction form does not include Internet or telephone information, please complete and return the voting instruction form in the self-addressed, postage-paid envelope provided by your broker. Stockholders who vote by proxy over the Internet or by telephone need not return a proxy card or voting instruction form by mail.

Quorum; Abstentions; Broker Non-Votes

The required quorum for the transaction of business at the Annual Meeting is a majority of the votes eligible to be cast by holders of shares of Common Stock issued and outstanding on the Record Date. Shares that are voted FOR, AGAINST or ABSTAIN on a matter are treated as being present at the meeting for purposes of establishing a quorum with respect to such matter. For certain proposals, brokers may not have discretionary authority to vote on a particular matter if they have not received specific instructions from the beneficial owner of the shares (**broker non-votes**). In accordance with the rules of Nasdaq, banks, brokerage firms and other nominees who hold Arrowhead shares in street name for their customers have authority to vote on routine proposals when they have not received instructions from beneficial owners. However, banks, brokerage firms and other nominees are precluded from exercising their voting discretion with respect to non-routine matters, such as Proposal Nos. 1 and 2 described in this proxy statement. Absent instruction from you, however, your broker can, using its voting discretion, vote on the proposal to ratify the selection of Rose, Snyder & Jacobs LLP as Arrowhead's independent auditor for the fiscal year ending September 30, 2018. Shares subject to a broker non-vote will be counted as present for the purpose of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting; the effect of abstentions and broker non-votes on the proposals presented herein is discussed below.

With regard to the election of directors, votes may be cast in favor of a director nominee or withheld. Because directors are elected by plurality, abstentions from voting and broker non-votes will be entirely excluded from the vote and will have no effect on its outcome. If a quorum is present at the meeting, the nominees receiving the greatest number of votes, up to six directors, will be elected. Because Proposal Nos. 2 and 3 must be approved by the affirmative vote of a majority of the shares of Common Stock entitled to vote thereon and present in person or by proxy at the Annual Meeting (the **Required Vote**), abstentions will be counted in tabulations of the votes cast on each such proposal and will have the same effect as a vote against the proposal, whereas broker non-votes (with respect to Proposal No. 2) will be excluded from the vote and will have no effect on its outcome.

Deadline for Receipt of Stockholder Proposals

Any stockholder who meets the requirements of the proxy rules under the Securities Exchange Act of 1934, as amended (the **Exchange Act**), who intends to present a proposal at the Company's 2019 Annual Meeting of Stockholders must ensure that the proposal is received by the Corporate Secretary at Arrowhead Pharmaceuticals, Inc., 225 South Lake Avenue, Suite 1050, Pasadena, CA 91101, not later than October 5, 2018, in order to be considered for inclusion in our proxy materials for that meeting; provided, however, that if the Company's 2019

Annual Meeting of Stockholders is held before February 20, 2019 or after April 15, 2019, you must provide specified information to us a reasonable time before we begin to print and send our proxy statement for our 2019 Annual Meeting. Proposals received after the specified dates may be excluded from the Company's proxy statement.

Additionally, our Bylaws provide for notice procedures to recommend a person for nomination as a director or to propose business to be considered by stockholders at a meeting. To be considered timely under these provisions, the stockholder's notice must be received by the Corporate Secretary at our principal executive offices at the address set forth above between 90 and 120 days prior to the one-year anniversary of the date of the 2018 Annual Meeting; *provided, however*, that if the 2019 Annual Meeting date is advanced by more than 30 days before or delayed by more than 60 days after the anniversary date of the 2018 Annual Meeting, then stockholders must provide notice within time periods specified in our Bylaws. Our Bylaws also specify requirements as to the form and content of a stockholder's notice.

PROPOSAL ONE

ELECTION OF DIRECTORS

The Board has nominated the following six persons as directors to serve until the 2019 Annual Meeting and until their successors have been duly elected. Each of the nominees is currently a director of Arrowhead. Except as set forth in the biographical information below, none of the nominees is related by blood, marriage or adoption to any other nominee or any executive officer of the Company. The six nominees receiving the greatest numbers of votes at the Annual Meeting will be elected to the six director positions. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the six nominees named below. If any nominee is unable or declines to serve as director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by our present Board to fill the vacancy. The table below sets forth, with respect to each nominee for election, his age and current position with Arrowhead.

Nominees for Election as Directors. The Board unanimously adopted a resolution proposing the nominees set forth below for election as Directors of the Company for the next year.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE NOMINEES LISTED BELOW.

Douglass Given, MD Chairman	Experience and Expertise
Age: 65	
Director since: 2010	<p>Dr. Given is Chief Executive Officer and Director of Health 2047, Inc., a San Francisco, CA based health information start up and is founder and Managing Partner of G5 Partners, LLC, a Menlo Park, CA based consulting firm that provides strategic advisory services, corporate development, and venture investment in innovative healthcare companies. Dr. Given is an internist and infectious diseases doctor with a PhD in virology, a serial entrepreneur and a venture capitalist. Over the course of his career, he has developed deep expertise in biotechnology, biopharmaceuticals, specialty medical products and healthcare innovation. Dr. Given has directly participated in the development of more than 15 top-selling drugs, biologics, diagnostics, imaging agents and medical devices. He was involved in R&D portfolio management at Lilly, was responsible for integrating the Searle acquisition at Monsanto, chaired one of six therapeutic area development teams at Schering Plough and led Mallinckrodt's corporate research and venture LP investments. Immediately prior to taking the leadership role at Health2047, from 2000 to 2014</p> <p>Dr. Given was a partner at life sciences investor Bay City Capital. Dr. Given was a Clinical and Research Fellow in Internal Medicine and Infectious Diseases at Massachusetts General Hospital and Harvard Medical School. He is also a noted philanthropist and mentor, advising and</p>

sponsoring entrepreneurial programs and innovation funds at leading institutions like the University of Chicago, Wharton, Johns Hopkins, USC, the University of Texas and Houston Methodist Research Institute. Additionally, he assists leading universities on the public health front and serves as an advisor to the Harvard School of Public Health, the Stanford Medicine Community Council and the Johns Hopkins Bloomberg School of Public Health. Dr. Given is the brother of Dr. Bruce Given, the Company's Chief Operating Officer.

Qualifications

Dr. Given's qualifications to serve on the Board include his extensive experience as a physician scientist, in finance and business transactions, particularly investments in the life sciences industry, as well as directorship roles in biopharmaceutical companies. Dr. Given also has had significant leadership roles, including CEO of several biotech companies and Senior Vice President, at several large pharmaceutical companies.

Michael S. Perry, DVM

Independent Lead Director

Experience and Expertise

Age: 58

Director since: 2011

Serves on:

Audit Committee

Compensation Committee (Chair)

Nominating Committee (Chair)

Dr. Perry is currently the Chief Executive Officer and President of Avita Medical Ltd., a regenerative medicine company based in Valencia, CA (ASX: AVH and OTCQX: AVMYX) and Managing Director of Bioscience Managers, a global Venture Capital firm. From 2014-2017, Dr. Perry served as Chief Scientific Officer of Novartis Cell and Gene Therapy Unit, and from 2012-2014 he served as Vice President and Global Head of Stem Cell Therapy for Novartis Pharmaceuticals Corp, a US affiliate of Switzerland-based Novartis AG, a global pharmaceutical company. Dr. Perry has previously served as the Global Head of R&D at Baxter Healthcare, President and CEO of Cell & Gene Therapy at Novartis affiliates Systemix Inc. and Genetic Therapy, Inc., VP Regulatory Affairs at Sandoz Pharmaceuticals Corp., Director of Regulatory Affairs at Schering-Plough Corporation, and Chairman, CEO or CMO at several early stage biotech companies. He also previously served as a Venture Partner with Bay City Capital, LLC, based in San Francisco, California. Dr. Perry holds a Doctor of Veterinary Medicine, a PhD in Biomedical Pharmacology, and a B.Sc. in Physics from the University of Guelph, Ontario, Canada. He is a graduate of the International Advanced Management Program at Harvard Business School.

Qualifications

Other Public Company Boards:

Avita Medical, Inc.

Amplphi Bioscience Corp.

Dr. Perry's qualifications to serve on the board include his medical expertise and his extensive experience in preclinical and clinical drug development, including executive level leadership roles and directorships in several publicly held biotech companies.

Christopher Anzalone, PhD

Experience & Expertise

Chief Executive Officer, President & Director

Dr. Anzalone has been President, Chief Executive Officer and Director of the Company since December 1, 2007 and has led the Company's business and technical development since then. Prior to joining Arrowhead, Dr. Anzalone formed and served as CEO of the Benet Group LLC, a private equity firm focused on creating and building new nano-biotechnology

Age: 48

companies from university-generated science. Prior to his tenure at the Benet Group, from 1999 until 2003, he was a partner at the Washington, DC-based

Director since: 2007

private equity firm Galway Partners, LLC, where he was responsible for sourcing, structuring and building new business ventures. Dr. Anzalone holds a Ph.D. in Biology from UCLA and a B.A. in Government from Lawrence University.

Qualifications

Dr. Anzalone's qualifications to serve on the Board include his deep understanding of the business through his role as Chief Executive Officer; in addition, Dr. Anzalone has extensive experience in business development, biotechnology, drug development, company-building and venture capital.

Mauro Ferrari, PhD

Experience & Expertise

Independent Director

Age: 58

Director since: 2010

Serves on:

Audit Committee

Compensation Committee

Nominating Committee

Since 2010, Dr. Ferrari has been the President and CEO of The Houston Methodist Hospital Research Institute (TMHRI), Executive Vice President of Houston Methodist Hospital and Senior Associate Dean of Weill Cornell Medical College in New York. He is also the President of The Alliance for NanoHealth. Dr. Ferrari is an internationally recognized expert in nanomedicine and biomedical nanotechnology. Prior to assuming leadership of TMHRI, Dr. Ferrari was Professor and Chairman of The Department of NanoMedicine and Biomedical Engineering at The University of Texas Health Science Center at Houston, Professor of Experimental Therapeutics at the MD Anderson Cancer Center, Adjunct Professor of Bioengineering at Rice University and Adjunct Professor of Biomedical Engineering at the University of Texas in Austin. His previous academic appointments include tenured professorships at UC Berkeley and The Ohio State University.

Qualifications:

We believe Dr. Ferrari's qualifications to serve on the Board include his extensive training and experience in the fields of nanotechnology, biotechnology and biomedical applications. Dr. Ferrari has significant technical training, several academic appointments, over 300 published articles, over 30 issued patents and is the recipient of most prestigious academic awards in nanomedicine and drug delivery technology. Additionally, Dr. Ferrari has extensive experience in developmental stage organizations having founded several startup companies.

Edward W. Frykman

Experience & Expertise

Independent Director

Age: 81

Director since: 2004

Mr. Frykman retired from Crowell, Weedon & Co. in 2008 as an account representative, a position he held since 1992. Before his service at Crowell, Weedon & Co., Mr. Frykman served as Senior Vice President of L.H. Friend & Co. Both Crowell Weedon & Co. and L.H. Friend & Co. are investment brokerage firms located in Southern California. In addition, Mr. Frykman was a Senior Account Executive with Shearson Lehman Hutton, where he served as the Manager of the Los Angeles Regional Retail Office of E. F. Hutton & Co. Mr. Frykman is also a director of Acacia Research Corporation, a publicly-held corporation based in Newport Beach, California.

Serves on:

Qualifications

Audit Committee (Chair)

Compensation Committee

Nominating Committee

Mr. Frykman's qualifications to serve on the Board include his long tenure as a member of the Board, which has enabled Mr. Frykman to gain a deep

Other Public Company Boards:

Acacia Research Corporation

understanding of the company's operations, strategy and finances. Mr. Frykman has over 20 years of Audit Committee leadership in his roles of Audit Committee Chairman at both Acacia and Arrowhead and an extensive knowledge and experience in financial statement analysis gained in his career in finance and management.

William Waddill

Independent Director

Age: 60

Director since: January 2018

Serves on:

Audit Committee

Other Public Company Boards:

Protagonist Therapeutics, Inc.

Experience & Expertise

William Waddill began his career 30 years ago in commercial banking and public accounting and has been in the biotechnology industry for over 25 years. Since 2016, he has served on the board of Protagonist Therapeutics, a Newark, CA clinical stage biopharmaceutical company and most recently was Senior Vice President and CFO of Calithera Bioscience, a South San Francisco clinical stage pharmaceutical company. Prior to Calithera, Mr. W