

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

ANAPTYSBIO, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(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.
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April 27, 2020

Dear Stockholder:

You are cordially invited to attend the 2020 Annual Meeting of Stockholders of AnaptysBio, Inc. to be held at AnaptysBio's corporate office at 10455 Pacific Center Court, Suite 200, San Diego, CA 92121, on Friday, June 19, 2020 at 9:00 a.m. (Pacific Daylight Time).

The Securities and Exchange Commission rules allow companies to furnish proxy materials to stockholders over the Internet. We have elected to do so, thus reducing the environmental impact and lowering the costs of printing and distributing proxy materials without impacting your timely access to this important information. On or about April 27, 2020, we expect to mail to stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement for our 2020 Annual Meeting of Stockholders and our 2019 annual report on Form 10-K to stockholders. The Notice of Internet Availability of Proxy Materials also provides instructions on how to vote through the Internet or by telephone and includes instructions on how to receive paper copies of the proxy materials by mail, if desired.

We are sensitive to the public health and travel concerns our stockholders may have and recommendations that public health officials may issue in light of the evolving coronavirus (COVID-19) situation. As a result, we may impose additional procedures or limitations on meeting attendees (beyond those described herein) or may decide to hold the meeting in a different location or solely by means of remote communication (i.e., a virtual-only meeting). We plan to announce any such updates on our proxy website www.proxydocs.com/ANAB and by press release, and we encourage you to check both prior to the meeting if you plan to attend. It is important that you retain a copy of the control number found on the proxy card, voting instruction form or Notice, as such number will be required in order for stockholders to gain access to any meeting held solely by means of remote communication.

The matters to be acted upon at the meeting are described in the accompanying notice of annual meeting and proxy statement.

Your vote is important.

Whether or not you plan to attend the meeting in person, please vote on the Internet or by telephone, or request, sign and return a proxy card to ensure that your shares are represented at the meeting.

Sincerely,



Hamza Suria, M.B.A.
President and Chief Executive Officer

ANAPTYSBIO, INC.
10421 Pacific Center Court, Suite 200
San Diego, California 92121

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held Friday, June 19, 2020

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2020 Annual Meeting of Stockholders of AnaptysBio, Inc. will be held at AnaptysBio's corporate office at 10455 Pacific Center Court, Suite 200, San Diego, California 92121, on Friday, June 19, 2020 at 9:00 a.m. (Pacific Daylight Time). We are sensitive to the public health and travel concerns our stockholders may have and recommendations that public health officials may issue in light of the evolving coronavirus (COVID-19) situation. As a result, we may impose additional procedures or limitations on meeting attendees (beyond those described herein) or may decide to hold the meeting in a different location or solely by means of remote communication (i.e., a virtual-only meeting). We plan to announce any such updates on our proxy website www.proxydocs.com/ANAB and by press release, and we encourage you to check both prior to the meeting if you plan to attend. It is important that you retain a copy of the control number found on the proxy card, voting instruction form or Notice, as such number will be required in order for stockholders to gain access to any meeting held solely by means of remote communication.

We are holding the meeting for the following purposes, which are more fully described in the accompanying proxy statement:

1. To elect two Class III directors, each to serve three-year terms through the third annual meeting of stockholders following this meeting and until a successor has been elected and qualified or until earlier resignation or removal.
2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020.
3. To conduct a non-binding advisory vote on the compensation of our named executive officers as disclosed in the accompanying materials.

In addition, stockholders may be asked to consider and vote upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 20, 2020 are entitled to notice of, and to vote at, the meeting and any adjournments thereof. For ten days prior to the meeting, a complete list of the stockholders entitled to vote at the meeting will be available for examination by any stockholder for any purpose relating to the meeting during ordinary business hours at our headquarters.

Your vote as an AnaptysBio, Inc. stockholder is very important. Each share of stock that you own represents one vote.

Whether or not you expect to attend the meeting, we encourage you to read the proxy statement and vote through the Internet or by telephone, or request, sign and return your proxy card as soon as possible, so that your shares may be represented at the meeting. For specific instructions on how to vote your shares, please refer to the section entitled "General Information About the Meeting" in the proxy statement and the instructions on the Notice of Internet Availability of Proxy Materials.

By Order of the Board of Directors,



Dr. James N. Topper, M.D., Ph.D.
Chairman of the Board of Directors

San Diego, California
April 27, 2020

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 19, 2020: The Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 are available at <http://ir.anaptysbio.com>.

ANAPTYSBIO, INC.
PROXY STATEMENT FOR 2020 ANNUAL MEETING OF STOCKHOLDERS
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PROXY STATEMENT FOR THE 2020 ANNUAL MEETING OF STOCKHOLDERS

June 19, 2020

INFORMATION ABOUT SOLICITATION AND VOTING

The accompanying proxy is solicited on behalf of AnaptysBio, Inc.'s board of directors for use at AnaptysBio's 2020 Annual Meeting of Stockholders ("Annual Meeting") to be held at AnaptysBio's corporate office at 10455 Pacific Center Court, Suite 200, San Diego, California 92121, on Friday, June 19, 2020 at 9:00 a.m. (Pacific Daylight Time), and any adjournment or postponement thereof. We are sensitive to the public health and travel concerns our stockholders may have and recommendations that public health officials may issue in light of the evolving coronavirus (COVID-19) situation. As a result, we may impose additional procedures or limitations on meeting attendees (beyond those described herein) or may decide to hold the meeting in a different location or solely by means of remote communication (i.e., a virtual-only meeting). We plan to announce any such updates on our proxy website www.proxydocs.com/ANAB and by press release, and we encourage you to check both prior to the meeting if you plan to attend. It is important that you retain a copy of the control number found on the proxy card, voting instruction form or Notice, as such number will be required in order for stockholders to gain access to any meeting held solely by means of remote communication.

INTERNET AVAILABILITY OF PROXY MATERIALS

Under rules adopted by the Securities and Exchange Commission ("**SEC**"), we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies to each stockholder. On or about April 27, 2020, we expect to send to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our proxy statement and our annual report on Form 10-K. The Notice of Internet Availability of Proxy Materials also provides instructions on how to vote through the Internet or by telephone and includes instructions on how to receive paper copies of the proxy materials by mail or an electronic copy of the proxy materials by email.

This process is designed to reduce our environmental impact and lower the costs of printing and distributing our proxy materials without impacting our stockholders' timely access to this important information. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability.

GENERAL INFORMATION ABOUT THE MEETING

Purpose of the Meeting

At the meeting, stockholders will act upon the proposals described in this proxy statement. In addition, we will consider any other matters that are properly presented for a vote at the meeting. We are not aware of any other matters to be submitted for consideration at the meeting. If any other matters are properly presented for a vote at the meeting, the persons named in the proxy, who are officers of the company, have the authority in their discretion to vote the shares represented by the proxy.

Record Date; Quorum

Only holders of record of common stock at the close of business on April 20, 2020, the record date, will be entitled to vote at the meeting. At the close of business on April 20, 2020, 27,277,115 shares of common stock were outstanding and entitled to vote.

The holders of a majority of the voting power of the shares of stock entitled to vote at the meeting as of the record date must be present or represented by proxy at the meeting in order to hold the meeting and conduct business. This presence is called a quorum. Your shares are counted as present at the meeting if you are present and vote in person at the meeting or if you have properly submitted a proxy.

GENERAL PROXY INFORMATION

Voting Rights

Each holder of shares of common stock is entitled to one vote for each share of common stock held as of the close of business on April 20, 2020, the record date. You may vote all shares owned by you at such date, including (i) shares held directly in your name as the stockholder of record and (ii) shares held for you as the beneficial owner in street name through a broker, bank, trustee or other nominee. Dissenters' rights are not applicable to any of the matters being voted on.

Stockholder of Record: Shares Registered in Your Name. If on April 20, 2020, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are considered the stockholder of record with respect to those shares. As a stockholder of record, you may vote at the meeting, or vote in advance through the Internet or by telephone, or if you request to receive paper proxy materials by mail, by filling out and returning the proxy card.

Beneficial Owner: Shares Registered in the Name of a Broker or Nominee. If on April 20, 2020, your shares were held in an account with a brokerage firm, bank or other nominee, then you are the beneficial owner of the shares held in street name. As a beneficial owner, you have the right to direct your broker on how to vote the shares held in your account, and your broker has enclosed or provided voting instructions for you to use in directing it on how to vote your shares. Because the brokerage firm, bank or other nominee that holds your shares is the stockholder of record, if you wish to attend the meeting and vote your shares you must obtain a valid proxy from the firm that holds your shares giving you the right to vote the shares at the meeting.

Required Vote

Proposal 1: Each director will be elected by a plurality of the votes cast at the meeting. This means that the two individuals nominated for election to the board of directors at the meeting receiving the highest number of votes cast "FOR" that nominee will be elected. You may either vote "FOR" one or two of the nominees or "WITHHOLD" your vote with respect to any or all of nominees. You may not cumulate votes in the election of directors.

Proposal 2: Approval of the ratification of the appointment of our independent registered public accounting firm will be obtained if the holders of a majority of the votes cast at the meeting vote "FOR" the proposal.

Proposal 3: The advisory vote on named executive officer compensation will be obtained if the number of votes cast "FOR" the proposal at the meeting exceeds the number of votes "AGAINST" the proposal. This vote is advisory and non-binding in nature.

A proxy submitted by a stockholder may indicate that the shares represented by the proxy are not being voted (stockholder withholding) with respect to a particular matter. In addition, a broker may not be permitted to vote on shares held in street name on a particular matter in the absence of instructions from the beneficial owner of the stock (broker non-vote). The shares subject to a proxy which are not being voted on a particular matter because of either stockholder withholding or broker non-votes will count for purposes of determining the presence of a quorum, but are not treated as votes cast and, therefore, will have no effect on the matters being voted upon, except for Proposal 2, which is considered a routine proposal and is subject to the discretionary vote of the broker.

Recommendations of the Board of Directors on Each of the Proposals Scheduled to be Voted on at the Meeting

The board of directors recommends that you vote "FOR" the election of each of the Class III directors named in this proxy statement (Proposal 1), "FOR" the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020 (Proposal 2), and "FOR" the non-binding advisory vote on named executive officer compensation (Proposal 3).

Voting Instructions; Voting of Proxies

If you are a stockholder of record, you may:

- vote in person – we will provide a ballot to stockholders who attend the meeting and wish to vote in person;
- vote through the Internet or by telephone – in order to do so, please follow the instructions shown on your Notice of Internet Availability or proxy card; or
- vote by mail – if you request or receive a paper proxy card and voting instructions by mail, simply complete, sign and date the proxy card and return it as soon as possible before the meeting in the envelope provided.

Votes submitted through the Internet or by telephone must be received by 11:59 p.m., Eastern Time, on June 18, 2020. Submitting your proxy, whether by telephone, through the Internet or by mail if you request or received a paper proxy card, will not affect your right to vote in person should you decide to attend the meeting. If you are not the stockholder of record, please refer to the voting instructions provided by your nominee to direct it how to vote your shares. For Proposal 1, you may vote "FOR" each of the nominees to the board of directors or you may withhold your vote from any nominee you specify. For Proposal 2 and Proposal 3, you may vote "FOR" or "AGAINST" or "ABSTAIN" from voting. Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure that your vote is counted.

All proxies will be voted in accordance with the instructions specified on the proxy card. If you sign a physical proxy card and return it without instructions as to how your shares should be voted on a particular proposal at the meeting, your shares will be voted in accordance with the recommendations of our board of directors stated above.

If you received a Notice of Internet Availability, please follow the instructions included on the notice on how to access your proxy card and vote by telephone or through the Internet. If you do not vote and you hold your shares in street name, and your broker does not have discretionary power to vote your shares, your shares may constitute "broker non-votes" (as described above) and will not be counted in determining the number of shares necessary for approval of the proposals. However, shares that constitute broker non-votes will be counted for the purpose of establishing a quorum for the meeting.

If you receive more than one proxy card or Notice of Internet Availability, your shares are registered in more than one name or are registered in different accounts. To make certain all of your shares are voted, please follow the instructions included on the Notice of Internet Availability on how to access each proxy card and vote each proxy card by telephone or through the Internet. If you requested or received paper proxy materials by mail, please complete, sign and return each proxy card to ensure that all of your shares are voted.

Expenses of Soliciting Proxies

We will pay the expenses associated with soliciting proxies. Following the original distribution and mailing of the solicitation materials, we or our agents may solicit proxies by mail, electronic mail, telephone, facsimile, by other similar means, or in person. Our directors, officers and other employees, without additional compensation, may solicit proxies personally or in writing, by telephone, e-mail or otherwise. Following the original distribution and mailing of the solicitation materials, we will request brokers, custodians, nominees and other record holders to forward copies of those materials to persons for whom they hold shares and to request authority for the exercise of proxies. In such cases, we, upon the request of the record holders, will reimburse such holders for their reasonable expenses. If you choose to access the proxy materials and/or vote through the Internet, you are responsible for any Internet access charges you may incur.

Revocability of Proxies

A stockholder of record who has given a proxy may revoke it at any time before the closing of the polls by the inspector of elections at the meeting by:

- delivering to our Corporate Secretary (by any means) a written notice stating that the proxy is revoked;
- signing and delivering a proxy bearing a later date;
- voting again through the Internet or by telephone; or
- attending and voting at the meeting (although attendance at the meeting will not, by itself, revoke a proxy).

Please note, however, that if your shares are held of record by a brokerage firm, bank or other nominee and you wish to revoke a proxy, you must contact that firm to revoke or change any prior voting instructions.

Electronic Access to the Proxy Materials

The Notice of Internet Availability will provide you with instructions regarding how to:

- view our proxy materials for the meeting through the Internet;
- instruct us to mail paper copies of our future proxy materials to you; and
- instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will reduce the impact of our annual meetings of stockholders on the environment and lower the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Voting Results

Voting results will be tabulated and certified by the inspector of elections appointed for the meeting. The preliminary voting results will be announced at the meeting and posted on our website at <http://ir.anaptybio.com>. The final results will be tallied by the inspector of elections and filed with the SEC in a current report on Form 8-K within four business days of the meeting.

CORPORATE GOVERNANCE STANDARDS AND DIRECTOR INDEPENDENCE

We are committed to good corporate governance practices. These practices provide an important framework within which our board of directors and management pursue our strategic objectives for the benefit of our stockholders.

Corporate Governance Guidelines

Our board of directors has adopted Corporate Governance Guidelines that set forth expectations for directors, director independence standards, board committee structure and functions and other policies for the governance of the company. Our Corporate Governance Guidelines are available without charge on the investor relations section of our website at <http://ir.anaptysbio.com>.

Board Composition and Leadership Structure

The positions of Chief Executive Officer and Chairman of our board of directors are held by two different individuals (Mr. Hamza Suria and Dr. James Topper, respectively). This structure allows our Chief Executive Officer to focus on our day-to-day business while our Chairman leads our board of directors in its fundamental role of providing advice to and independent oversight of, management. Our board of directors believes such separation is appropriate, as it enhances the accountability of the Chief Executive Officer to the board of directors and strengthens the independence of the board of directors from management. Our board of directors also has a Lead Independent Director, Mr. Hollings Renton.

Board's Role in Risk Oversight

Our board of directors believes that open communication between management and the board of directors is essential for effective risk management and oversight. Our board of directors meets with our Chief Executive Officer and other members of the senior management team at quarterly board of directors' meetings, where, among other topics, they discuss strategy and risks in the context of reports from the management team and evaluate the risks inherent in significant transactions. While our board of directors is ultimately responsible for risk oversight, our board committees assist the board of directors in fulfilling its oversight responsibilities in certain areas of risk. The audit committee assists our board of directors in fulfilling its oversight responsibilities with respect to risk management in the areas of cybersecurity assessment and internal control over financial reporting and disclosure controls and procedures. The compensation committee assists our board of directors in assessing risks created by the incentives inherent in our compensation policies. The nominating and corporate governance committee assists our board of directors in fulfilling its oversight responsibilities with respect to the management of corporate, legal and regulatory risk.

Director Independence

Our common stock is listed on The Nasdaq Global Select Market ("Nasdaq"). Under Nasdaq rules, independent directors must comprise a majority of a listed company's board of directors. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our board of directors determined that Dr. Fenton, Ms. Hamill, Mr. Renton, Mr. Schmid, Dr. Topper and Dr. Ware, representing six of our seven directors, are "independent directors" as defined under the applicable rules and regulations of the SEC, and the listing requirements and rules of Nasdaq. In making these determinations, our board of directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management, including the beneficial

ownership of our capital stock by each non-employee director and the transactions involving them described in the section entitled “Certain Relationships and Related-Party Transactions.”

Committees of Our Board of Directors

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee, each of which has the composition and responsibilities described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Each committee operates under a charter approved by our board of directors. Copies of each committee’s charter are posted on the investor relations section of our website at <http://ir.anaptybio.com>.

Audit Committee

Our audit committee is composed of Dr. Fenton, Mr. Schmid and Dr. Ware. Mr. Schmid is the chairperson of our audit committee. Dr. Fenton, Mr. Schmid and Dr. Ware each meet the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. Each member of our audit committee is financially literate. In addition, our board of directors has determined that each member of our audit committee is an “audit committee financial expert” as defined in Item 407(d)(5) (ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our board of directors. Our audit committee is responsible for, among other things:

- our accounting and financial reporting processes, including our financial statement audits and the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- reviewing and approving related person transactions;
- selecting and hiring our registered independent public accounting firm;
- the qualifications, independence and performance of our independent auditors; and
- the preparation of the audit committee report to be included in our annual proxy statement.

Compensation Committee

Our compensation committee is composed of Dr. Fenton, Ms. Hamill and Mr. Schmid. Dr. Fenton is the chairperson of our compensation committee. The composition of our compensation committee meets the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. Each member of this committee is (i) an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act. Our compensation committee is responsible for, among other things:

- evaluating, recommending, approving and reviewing executive officer and director compensation arrangements, plans, policies and programs;
- administering our cash-based and equity-based compensation plans;
- making recommendations to our board of directors regarding any other board of director responsibilities relating to executive compensation;
- reviewing our compensation policies for elements of risk;
- reviewing and discussing with management the disclosures contained under the caption “Compensation Discussion and Analysis” for use in our annual proxy statement; and
- performing the other responsibilities set forth in its charters as in effect from time to time.

Our compensation committee retained an independent compensation consultant, Compensia, Inc. (“Compensia”), a national compensation consulting firm, to assist in structuring our executive officer and director compensation for 2020. Compensia provided our compensation committee with market data and analyses from a peer group of biotechnology companies with product candidates in a similar stage of development and similar financial and size characteristics. Compensia has not provided our company or our compensation committee with any other services during 2019 that would compromise its independence or pose a conflict of interest.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is composed of Mr. Renton, Dr. Topper and Dr. Ware. Mr. Renton is the chairperson of our nominating and corporate governance committee. The composition of our nominating and corporate governance committee meets the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. Our nominating and corporate governance committee is responsible for, among other things:

- identifying, considering and recommending candidates for membership on our board of directors;
- developing and recommending corporate governance guidelines and policies;
- overseeing the process of evaluating the performance of our board of directors; and
- advising our board of directors on other corporate governance matters.

Codes of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our code of conduct is posted on the investor relations section of our website at <http://ir.anaptysbio.com> by clicking on “Governance.” Any amendments or waivers of our Code of Conduct for Directors or our Code of Conduct for Employees pertaining to a member of our board of directors or one of our executive officers will be disclosed on our website at the above-referenced address.

Hedging and Pledging Prohibitions

Under our Insider Trading Policy, our employees, executive officers, and members of our board of directors are prohibited from engaging in certain speculative transactions including, among other things: (i) acquiring, selling, or trading in any interest or position relating to the future price of our securities, such as a put option, a call option, or a short sale (including a short sale “against the box”); (ii) engaging in hedging or monetization transactions, [including prepaid variable forward contracts, equity swaps, collars and exchange funds] ²; or (iii) purchasing our securities on margin, borrowing against any account in which our securities are held, or pledging our securities as collateral for a loan.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our board of directors or compensation committee during the year ended December 31, 2019.

Board and Committee Meetings and Attendance

The board of directors and its committees meet regularly throughout the year and also hold special meetings and act by written consent from time to time. During 2019, the board of directors held five meetings, including telephonic meetings, the audit committee held four meetings, the compensation committee held four meetings and the nominating and corporate governance committee held two meetings. During 2019, none of the directors attended fewer than 75% of the aggregate of the total number of meetings held by the board of directors during his or her tenure and the total number of meetings held by all committees of the board of directors on which such director served during his or her tenure. The independent members of the board of directors also meet separately without management directors on a regular basis to discuss such matters as the independent directors consider appropriate.

Board Attendance at Annual Stockholders’ Meeting

Six directors were in attendance at our 2019 annual meeting of stockholders, which was held prior to Laura J. Hamill joining the Board of Directors in September 2019. We invite and encourage each member of our board of directors to attend our annual meetings of stockholders, however, we do not have a formal policy regarding attendance of annual meetings by the members of our board of directors.

Communication with Directors

Stockholders and interested parties who wish to communicate with our board of directors, non-management members of our board of directors as a group, a committee of the board of directors or a specific member of our board of directors (including our Chairman) may do so by letters addressed to the attention of our Corporate Secretary, AnaptysBio, Inc., 10421 Pacific Center Court, Suite 200, San Diego, CA 92121.

All communications by letter addressed to the attention of our Corporate Secretary will be reviewed by the Corporate Secretary and provided to the members of the board of directors unless such communications are unsolicited items, sales materials and other routine items and items unrelated to the duties and responsibilities of the board of directors.

Considerations in Evaluating Director Nominees

The nominating and corporate governance committee is responsible for identifying, evaluating and recommending candidates to the board of directors for board membership. A variety of methods are used to identify and evaluate director nominees, with the goal of maintaining and further developing a diverse, experienced and highly qualified board of directors. Candidates may come to our attention through current members of our board of directors, professional search firms, stockholders or other persons.

The nominating and corporate governance committee will recommend to the board of directors for selection all nominees to be proposed by the board of directors for election by the stockholders, including approval or recommendation of a slate of director nominees to be proposed by the board of directors for election at each annual meeting of stockholders, and will recommend all director nominees to be appointed by the board of directors to fill interim director vacancies.

Our board of directors encourages selection of directors who will contribute to the Company's overall corporate goals. The nominating and corporate governance committee may from time to time review and recommend to the board of directors the desired qualifications, expertise and characteristics of directors, including such factors as business experience, diversity and personal skills in life sciences and biotechnology, finance, marketing, financial reporting and other areas that are expected to contribute to an effective board of directors. Exceptional candidates who do not meet all of these criteria may still be considered. In evaluating potential candidates for the board of directors, the nominating and corporate governance committee considers these factors in the light of the specific needs of the board of directors at that time.

In addition, under our Corporate Governance Guidelines, a director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the board of directors and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. Thus, the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member, as well as his or her other professional responsibilities, will be considered. Under our Corporate Governance Guidelines, there are no limits on the number of three-year terms that may be served by a director. However, in connection with evaluating recommendations for nomination for reelection, the nominating and corporate governance committee considers director tenure. We value diversity on a company-wide basis, but have not adopted a specific policy regarding board diversity.

Stockholder Recommendations for Nominations to the Board of Directors

The nominating and corporate governance committee will consider properly submitted stockholder recommendations for candidates for our board of directors who meet the minimum qualifications as described above. The nominating and corporate governance committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. A stockholder of record can nominate a candidate for election to the board of directors by complying with the procedures in Article I, Section 1.11 of our Bylaws. Any eligible stockholder who wishes to submit a nomination should review the requirements in the Bylaws on nominations by stockholders. Any nomination should be sent in writing to our Corporate Secretary, AnaptysBio, Inc., 10421 Pacific Center Court, Suite 200, San Diego, CA 92121. Submissions must include the full name of the proposed nominee, complete biographical information, a description of the proposed nominee's qualifications as a director, other information specified in our Bylaws, and a representation that the nominating stockholder is a beneficial or record holder of our stock. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. These candidates are evaluated at meetings of the nominating and corporate governance committee, and may be considered at any point during the year. If any materials are provided by a stockholder in connection with the recommendation of a director candidate, such materials are forwarded to the nominating and corporate governance committee.

All proposals of stockholders that are intended to be presented by such stockholder at an annual meeting of stockholders must be in writing and notice must be delivered to the Corporate Secretary at our principal executive offices not later than the close of business on the 75th day nor earlier than the close of business on the 105th day prior to the first anniversary of the preceding year's annual meeting. Stockholders are also advised to review our Bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations.

**PROPOSAL NO. 1
ELECTION OF CLASS III DIRECTORS**

Our board of directors is divided into three classes. Each class serves for three years, with the terms of office of the respective classes expiring in successive years. Directors and director nominees in Class III will stand for election at this meeting. The terms of office of directors in Class I and Class II do not expire until the annual meetings of stockholders to be held in 2021 and 2022, respectively.

Our Class III directors, whose terms will expire at this Annual Meeting, are Mr. Renton and Mr. Schmid.

Our nominating and corporate governance committee recommended to our board of directors, and our board of directors nominated, Mr. Renton and Mr. Schmid, each an incumbent Class III director, for election as Class III directors at the Annual Meeting. At the recommendation of our nominating and corporate governance committee, our board of directors proposes that each of Mr. Renton and Mr. Schmid be elected as a Class III director for a three-year term expiring at the annual meeting of stockholders to be held in 2023 and until such director's successor is duly elected and qualified or until such director's earlier resignation or removal.

Each director will be elected by a plurality of the votes present in person or represented by proxy at the meeting and entitled to vote on the election of directors. This means that the two individuals nominated for election to the board of directors at the meeting receiving the highest number of "FOR" votes will be elected. You may either vote "FOR" one or two nominees or "WITHHOLD" your vote with respect to any or all of the individuals nominated for election to the board of directors. You may not cumulate votes in the election of directors. Shares represented by proxies will be voted "FOR" the election of each of the Class III nominees, unless the proxy is marked to withhold authority to so vote. If any nominee for any reason is unable to serve, the proxies may be voted for such substitute nominee as the proxy holders, who are officers of our company, determine. Each nominee has consented to being named in this proxy statement and to serve if elected. Proxies may not be voted for more than two directors.

Nominees to the Board of Directors

The nominees and their ages are provided in the table below. Additional biographical information for each nominee is set forth in the text below the table.

Name	Age	Position and Class
Hollings Renton, M.B.A. ⁽²⁾⁽⁴⁾	73	Director, Class III
John P. Schmid, M.B.A. ⁽¹⁾⁽³⁾	57	Director, Class III

- (1) Member of the Compensation Committee
- (2) Member of the Nominating and Corporate Governance Committee
- (3) Member of the Audit Committee
- (4) Lead Independent Director

Hollings Renton, M.B.A., has served as a member of our board of directors since June 2015. Mr. Renton previously served as the Chief Executive Officer and President of Onyx Pharmaceuticals, Inc. from 1993 to 2008 and as the chairperson of the board of directors from 2000 to 2008. Before joining Onyx Pharmaceuticals, Mr. Renton served as the President and Chief Operating Officer of Chiron Corporation, a pharmaceutical company, from 1991 to 1993, following its acquisition of Cetus Corporation. Before joining Onyx Pharmaceuticals, Mr. Renton served as the President of Cetus Corporation from 1990 to 1991, as Chief Operating Officer from 1987 to 1990, and as Chief Financial Officer from 1983 to 1987. Mr. Renton currently serves as chairperson of the board of directors of Portola Pharmaceuticals, Inc and serves on the board of Zymeworks, Inc. He previously served on the boards of directors of Cepheid, Inc., Kythera Biopharmaceuticals, Inc., Rigel Pharmaceuticals, Inc., Affymax Inc., Sangstat Medical Corporation, Special Olympics Northern California and the Biotechnology Industry Organization. Mr. Renton received his M.B.A. from the University of Michigan and his B.S. in Mathematics from Colorado State University. Our board of directors believes that Mr. Renton's extensive industry experience and board memberships provide him with the qualifications and skills to serve on our board of directors.

John P. Schmid, M.B.A., has served as a member of our board of directors since June 2015. Mr. Schmid served as Chief Financial Officer of Auspex Pharmaceuticals, Inc. from September 2013 to June 2015. Before joining Auspex Pharmaceuticals, Mr. Schmid co-founded Trius Therapeutics, a publicly traded biopharmaceutical company, where he served as the Chief Financial Officer from June 2004 until its merger with Cubist Pharmaceuticals, Inc., in September 2013. Before he joined Trius Therapeutics, Mr. Schmid served as the Chief Financial Officer at GeneFormatics, Inc., a private biotechnology company, from

1998 to 2003, and at Endonetics, a private medical device company, from 1995 to 1998. Mr. Schmid currently serves as a member of the board of directors of Neos Therapeutics, Poseida Therapeutics, Xeris Pharmaceuticals and Forge Therapeutics, all pharmaceutical companies, and as the chairman of the board of directors of Speak, Inc., a speakers bureau, which he helped found in 1989. Mr. Schmid received his M.B.A. from the University of San Diego and his B.A. from Wesleyan University. Our board of directors believes that Mr. Schmid's extensive industry experience and executive positions at multiple biopharmaceutical companies qualify him to serve on our board of directors.

Directors Not Standing for Election

The directors who are serving or who have been appointed for terms that end following the meeting, and their ages, occupations and length of board service are provided in the table below. Additional biographical information for each nominee is set forth in the text below the table.

Name	Age	Position and Class
Dennis Fenton, Ph.D. ⁽¹⁾⁽³⁾	68	Director, Class I
James N. Topper, M.D., Ph.D. ⁽²⁾	58	Chairman of the Board, Class I
Hamza Suria, M.B.A.	43	President, Chief Executive Officer and Director, Class II
J. Anthony Ware, M.D. ⁽²⁾⁽³⁾	67	Director, Class II
Laura J. Hamill ⁽¹⁾	55	Director, Class II

(1) Member of the Compensation Committee

(2) Member of the Nominating and Corporate Governance Committee

(3) Member of the Audit Committee

Dennis Fenton, Ph.D., has served as a member of our board of directors since March 2018. From 1981 to 2008, Dr. Fenton held numerous positions at Amgen, Inc., a biotechnology company, including Executive Vice President from 2000 until 2008, Senior Vice President of Operations from 1995 until 2000 and Senior Vice President of Sales, Marketing and Process Development from 1992 until 1995. Prior to his time at Amgen, Inc., Dr. Fenton served as Senior Research Scientist at Pfizer, Inc., and previously was a research associate and graduate student at Rutgers University. Dr. Fenton currently serves on the board of directors of Sienna Biopharmaceuticals, Portola Pharmaceuticals, and Pfenex Inc. He previously served on the boards of directors of XenoPort, Inc. and Kythera Biopharmaceuticals, Inc., as well as several private company boards. Dr. Fenton holds a B.S. in Biology from Manhattan College and a Ph.D. in Microbiology from Rutgers University. Our board of directors believes that Dr. Fenton's extensive experience in the life sciences industry provides him with the qualifications and skills to serve on our board of directors.

Laura J. Hamill has served as a member of our board of directors since September 2019. From August 2018 to July 2019, Ms. Hamill served as Executive Vice President, Worldwide Commercial Operations at Gilead Sciences, Inc., a biotechnology company, where she was responsible for leading the company's commercial operations. Prior to joining Gilead, Ms. Hamill held a number of U.S. and international executive positions at Amgen, Inc., a biopharmaceutical company, from July 2000 to July 2018, most recently as Senior Vice President, U.S. Commercial Operations. In addition, Ms. Hamill previously held a variety of roles in the biopharmaceutical industry, including positions at F. Hoffmann-La Roche Ltd., a biopharmaceutical company. Ms. Hamill holds a bachelor's degree in business administration from the University of Arizona. Our board believes that Ms. Hamill's extensive experience in the biopharmaceutical industry and leadership skills provides her with the qualifications and skills to serve our board of directors.

Hamza Suria, M.B.A., has served as our President and Chief Executive Officer and a member of our board of directors since July 2011. From January 2009 to June 2011 Mr. Suria served as Vice President of Corporate Development. Before joining our company in December 2008, Mr. Suria worked at Maxygen, Inc., a biopharmaceutical company, where he was responsible for partnering and alliance management of next-generation protein therapeutics in oncology supportive care, hematology and autoimmunity, including partnerships with healthcare and pharmaceutical companies, such as Roche, Sanofi S.A., Bayer Corporation and Astellas Pharma. Mr. Suria received his M.S. in immunology from the University of Western Ontario, his Executive M.B.A. from the Richard Ivey School of Business of the University of Western Ontario and his B.A. in biochemistry from Kalamazoo College. Our board of directors believes that Mr. Suria's executive and industry experience, as well as his leadership in the development of our product pipeline across key therapeutic areas, provide him with the qualifications and skills to serve on our board of directors.

J. Anthony Ware, M.D., has served as a member of our board of directors since August 2017. From 2001 to January 2018, Dr. Ware held numerous positions at Eli Lilly and Company, a global pharmaceutical company, including Senior Vice President of

Product Development of Lilly Bio-Medicines from October 2009 to January 2018 and Interim President of Lilly Bio-Medicines from January 2017 to April 2017. Before joining Eli Lilly and Company, Dr. Ware served as Professor of Medicine and Molecular Pharmacology at Albert Einstein College of Medicine in New York, where he was also Chief of Cardiology at Montefiore Medical Center from 1996 to 2001. Before joining Albert Einstein College of Medicine, Dr. Ware was on the faculty of Harvard Medical School from 1984 to 1996 and served as a senior physician and Director of the Coronary Care Unit at Beth Israel Hospital. Dr. Ware received his B.S. from Washburn University, his M.D. from the University of Kansas. He completed internships and residency at The University of Texas at Houston and Baylor College of Medicine, where he also served as Chief Resident. He completed fellowships both at Baylor and at Harvard Medical School, and is board certified both in internal medicine and cardiovascular disease. Our board of directors believes that Dr. Ware's extensive academic and industry experience and significant knowledge of scientific matters provide him with the qualifications and skills to serve on our board of directors.

James N. Topper, M.D., Ph.D., has served as a member of our board of directors since November 2007. Dr. Topper has been a partner with Frazier Healthcare since August 2003, serving as General Partner since 2005. Before joining Frazier Healthcare, Dr. Topper served as head of the Cardiovascular Research and Development Division of Millennium Pharmaceuticals, Inc. and ran Millennium San Francisco (formerly COR Therapeutics, Inc.) from 2002 until 2003. Before the merger of COR and Millennium in 2002, Dr. Topper served as the Vice President of Biology at COR from August 1999 to February 2002. Dr. Topper has served as a director at Sierra Oncology, Inc., a public drug development company, since April 2014. Dr. Topper has served on numerous boards of directors, including Amicus Therapeutics, Inc., Amunix Pharmaceuticals, Inc., Mavupharma, Inc., Phathom Pharmaceuticals, Inc., and Portola Pharmaceuticals, Inc. Dr. Topper received his M.D. and Ph.D. in biophysics from Stanford University and his B.S. in biology from the University of Michigan. Our board of directors believes that Dr. Topper's experience overseeing Frazier Healthcare investments in biotechnology, senior-management experience in our industry, significant knowledge of medical and scientific matters affecting our business, and understanding of our industry provide him with the qualifications and skills to serve on our board of directors.

There are no familial relationships among any of our directors and executive officers.

Non-Employee Director Compensation

The following table presents the total compensation for each person who served as a non-employee member of our board of directors in the year ended December 31, 2019. Mr. Suria, our Chief Executive Officer, received no compensation for his service as a director in the year ended December 31, 2019.

Name ⁽¹⁾	Fees Earned or Paid in Cash (\$)	Option Awards ⁽²⁾ (\$)	Total (\$)
Dennis Fenton, Ph.D.	67,500	251,486	318,986
Laura J. Hamill ⁽³⁾	11,114	193,132	204,246
Nicholas B. Lydon, Ph.D., FRS ⁽⁴⁾	24,629	251,486	276,115
Hollings Renton, M.B.A.	67,500	251,486	318,986
John P. Schmid, M.B.A.	59,472	251,486	310,958
James N. Topper, M.D., Ph.D.	68,750	251,486	320,236
J. Anthony Ware, M.D.	66,250	251,486	317,736

(1) As of December 31, 2019, Dr. Fenton held outstanding options to purchase 17,507 shares of common stock with a weighted-average exercise price of \$101.09 per share; Ms. Hamill held outstanding options to purchase 8,268 shares of common stock with a weighted-average exercise price of \$38.47 per share; Mr. Renton held outstanding options to purchase 78,156 shares of common stock with a weighted-average exercise price of \$21.99 per share; Mr. Schmid held outstanding options to purchase 69,337 shares of common stock with a weighted-average exercise price of \$23.67 per share; Dr. Topper held outstanding options to purchase 27,000 shares of common stock with a weighted-average exercise price of \$51.63 per share; and Dr. Ware held outstanding options to purchase 51,265 shares of common stock with a weighted-average exercise price of \$38.24 per share. All options accelerate in full upon a change in control of the company.

(2) The amounts reported in the Option Awards column represent the grant date fair value of the stock options granted to the directors during the year ended December 31, 2019 as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the

stock options reported in the Option Awards column are set forth in Note 8 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. Note that the amounts reported in this column reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by our directors from the options.

(3) Joined the board of directors in September 2019.

(4) Resigned from the board of directors in June 2019.

Pursuant to our non-employee director compensation policy each of our non-employee directors is provided with an annual retainer of \$40,000. Additionally, our lead director and the chairpersons of our board of directors, audit, compensation and nominating, corporate governance and research and development committees will receive an additional annual payment of \$20,000, \$15,000 (\$30,000 if no lead director is serving), \$15,000, \$10,000, \$7,500 and \$15,000, respectively; and the other members of our audit, compensation and nominating, corporate governance and research and development committees will receive an additional annual payment of \$7,500, \$5,000, \$3,750 and \$10,000, respectively.

Each of our non-employee directors will also receive an annual stock option grant in February to purchase 11,000 shares of common stock, which stock option will vest in equal monthly installments over one year, subject to the director's continued service. Additionally, new non-employee directors will receive a stock option to purchase 11,000 shares of common stock, which stock option will vest in equal monthly installments over three years, subject to the director's continued service. All stock options will accelerate in full upon a change in control.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE NOMINATED CLASS III DIRECTORS.

PROPOSAL NO. 2
RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit committee has selected KPMG LLP as our principal independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending December 31, 2020. KPMG LLP audited our financial statements for the fiscal years ended December 31, 2019 and 2018. We expect that representatives of KPMG LLP will be present at the Annual Meeting, will be able to make a statement if they so desire and will be available to respond to appropriate questions.

At the Annual Meeting, the stockholders are being asked to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020. Our audit committee is submitting the selection of KPMG LLP to our stockholders because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate governance. If this proposal does not receive the affirmative approval of a majority of the votes cast on the proposal, the audit committee would reconsider the appointment. Notwithstanding its selection and even if our stockholders ratify the selection, our audit committee, in its discretion, may appoint another independent registered public accounting firm at any time during the year if the audit committee believes that such a change would be in our best interests and the interests of our stockholders.

The following table presents fees for services rendered by KPMG LLP for the years ended December 31, 2019 and 2018 (in thousands).

Principal Accountant Fees and Services

Fees Billed to AnaptysBio	Fiscal Year 2019	Fiscal Year 2018
Audit fees ⁽¹⁾	\$ 573	\$ 562
Tax fees ⁽²⁾	57	36
Total fees	\$ 630	\$ 598

- (1) "Audit fees" include fees for professional services provided by KPMG LLP in connection with the audit of our consolidated financial statements, review of our quarterly consolidated financial statements, and related services that are typically provided in connection with registration statements, including the registration statements for our follow-on offerings.
- (2) "Tax fees" include fees related to tax compliance and advice. Tax advice fees encompass a variety of permissible services, including technical tax advice related to federal and state income tax matters; and assistance with tax audits.

The audit committee must pre-approve all services to be performed for us by KPMG LLP. Pre-approval is granted usually at regularly scheduled meetings of the audit committee. The audit committee also may approve the additional unanticipated services by either convening a special meeting of the audit committee or acting by unanimous written consent. During 2019, all services billed by KPMG LLP were pre-approved by the audit committee in accordance with this policy.

These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. Our audit committee may also pre-approve particular services on a case-by-case basis. All of the services relating to the fees described in the table above were approved by our audit committee.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" APPROVAL OF PROPOSAL NO. 2.

PROPOSAL NO. 3
NON-BINDING ADVISORY VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are seeking a non-binding, advisory stockholder vote on the compensation awarded to our named executive officers for the fiscal year ended December 31, 2019, known as a “Say on Pay” vote.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 enables our stockholders to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with Section 14A of the Exchange Act. At our 2019 annual meeting of stockholders, we asked our stockholders to express a preference for the frequency of our Say on Pay vote. The majority of our stockholders voted to hold the Say on Pay vote on an annual basis, and therefore, based on that vote, we present this vote every year.

As described in detail in the “Compensation Discussion and Analysis” and “Executive Compensation” sections of this proxy statement, our compensation program is designed to reward our executive officers at a level consistent with our overall strategic and financial performance and to provide remuneration sufficient to attract, retain and motivate them to exert their best efforts and create a successful company. Our philosophy is to tie a greater percentage of an executive officer’s compensation to stockholder returns and to keep cash compensation at a competitive level while providing the opportunity to be well-rewarded through equity if we perform well over time. We believe that our executive compensation program, with its balance of short-term incentives (including base salary and annual cash incentives tied to performance measures) and long-term incentives (including equity awards) reward sustained performance that is aligned with long-term stockholder interests. Stockholders are encouraged to read the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure for a comprehensive explanation and analysis of our executive compensation policies and practices.

Based on the above, we request that stockholders approve, on a non-binding advisory basis, the compensation of our named executive officers as described in this proxy statement pursuant to the following resolution:

RESOLVED, that the compensation paid to AnaptysBio’s named executive officers, as disclosed in this proxy statement, including the “Compensation Discussion and Analysis” and “Executive Compensation” sections, compensation tables and narrative discussion, is hereby APPROVED.

Vote Required

Approval of named executive officer compensation requires the approval of a majority of the votes present or represented by proxy and entitled to vote thereon.

As an advisory vote, this proposal is non-binding. Although the vote is non-binding, our board of directors and compensation committee value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” APPROVAL OF PROPOSAL NO. 3.

REPORT OF THE AUDIT COMMITTEE

The information contained in the following report of the Audit Committee is not considered to be “soliciting material,” “filed” or incorporated by reference in any past or future filing by us under the Securities Exchange Act of 1934 or the Securities Act of 1933 unless and only to the extent that we specifically incorporate it by reference.

The audit committee has reviewed and discussed with our management and KPMG LLP our audited consolidated financial statements as of and for the year ended December 31, 2019. The audit committee has also discussed with KPMG LLP the matters required to be discussed by applicable standards of the Public Company Accounting Oversight Board (United States).

The audit committee has received and reviewed the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence and has discussed with KPMG LLP its independence.

Based on the review and discussions referred to above, the audit committee recommended to our board of directors that the audited consolidated financial statements as of and for the year ended December 31, 2019 be included in our annual report on Form 10-K for the year ended December 31, 2019 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee

John P. Schmid, M.B.A. (Chair)
Dennis Fenton, Ph.D.
J. Anthony Ware, M.D.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 15, 2020 for:

- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially owned, subject to applicable community property laws.

Applicable percentage ownership is based on 27,275,262 shares of common stock issued and outstanding as of March 15, 2020. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options held by that person or entity that are currently exercisable or that will become exercisable within 60 days of March 15, 2020. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table on the following page is c/o AnaptysBio, Inc., 10421 Pacific Center Court, Suite 200, San Diego, CA 92121.

Beneficial Owner	Shares Beneficially Owned (#)	% Shares Beneficially Owned
<u>Executive Officers and Directors</u>		
Hamza Suria, M.B.A. ⁽¹⁾	757,412	2.7%
Marco Londei, M.D. ⁽²⁾	182,379	*
Eric Loumeau, J.D. ⁽³⁾	28,438	*
Dominic G. Piscitelli, M.B.A., C.P.A.	—	*
Dennis Fenton, Ph.D. ⁽⁴⁾	18,590	*
Laura J. Hamill ⁽⁵⁾	6,185	*
Hollings Renton, M.B.A. ⁽⁶⁾	80,906	*
John P. Schmid, M.B.A. ⁽⁷⁾	72,087	*
James N. Topper, M.D., Ph.D. ⁽⁸⁾	2,378,051	8.7%
Anthony Ware, M.D. ⁽⁹⁾	54,440	*
Total Executive Officers and Directors as a Group (10 people) ⁽¹⁰⁾	3,578,488	13.0%
<u>5% Stockholders</u>		
EcoR1 Capital LLC ⁽¹¹⁾	3,602,666	13.2%
State Street Corporation ⁽¹²⁾	3,438,085	12.6%
Federated Hermes, Inc. ⁽¹³⁾	2,378,300	8.7%
Frazier Healthcare Entities ⁽¹⁴⁾	2,378,051	8.7%
The Vanguard Group ⁽¹⁵⁾	2,194,661	8.0%
BlackRock, Inc. ⁽¹⁶⁾	2,048,614	7.5%
Tang Capital Partners, LP ⁽¹⁷⁾	1,843,814	6.8%
Biotechnology Value Fund, L.P. ⁽¹⁸⁾	1,441,565	5.3%
TOTAL	20,526,193	75.2%

* Represents beneficial ownership of less than one percent.

- (1) Consists of (a) 47,636 shares of common stock held directly by Mr. Suria and (b) 709,776 shares of common stock issuable to Mr. Suria upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (2) Consists of (a) 68,579 shares of common stock held directly by Dr. Londei and (b) 113,800 shares of common stock issuable to Dr. Londei upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (3) Represents 28,438 shares of common stock issuable to Mr. Loumeau upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (4) Represents 18,590 shares of common stock issuable to Dr. Fenton upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (5) Represents 6,185 shares of common stock issuable to Ms. Hamill upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (6) Represents 80,906 shares of common stock issuable to Mr. Renton upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (7) Represents 72,087 shares of common stock issuable to Mr. Schmid upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (8) Represents (a) 2,316,447 shares of common stock as set forth in footnote 1 above; (b) 31,854 shares of common stock held directly by Dr. Topper and (c) 29,750 shares of common stock issuable to Dr. Topper upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (9) Consists of (a) 3,600 shares of common stock held directly by Dr. Ware and (b) 50,840 shares of common stock issuable to Dr. Ware upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (10) Includes shares beneficially owned by our executive officers and directors. Consists of (a) 2,468,116 shares of common stock and (b) 1,110,372 shares of common stock issuable upon the exercise of stock options that are exercisable within 60 days of March 15, 2020.
- (11) Based on Schedule 13-G/A filed by EcoR1 Capital, LLC on February 14, 2020. Consists of 3,602,666 shares of common stock held directly by EcoR1 Capital Fund Qualified, L.P., EcoR1 Capital, LLC and Oleg Nodelman. The address of EcoR1 Capital, LLC is 357 Tehama Street #3, San Francisco, California 94103.
- (12) Based on Schedule 13-G filed by State Street Corporation on February 13, 2020. Consists of 3,438,085 shares of common stock held directly by State Street Corporation and SSGA Funds Management, Inc. The address of State Street Corporation is One Lincoln Street, Boston, Massachusetts 02111.
- (13) Based on Schedule 13-G filed by Federated Hermes, Inc. on February 13, 2020. Consists of 2,378,300 shares of common stock held by Federated Hermes, Inc. (the "Parent") parent holding company of Federated Equity Management Company of Pennsylvania and Federated Global Investment Management Corp., (the "Investment Advisers"), which act as investment advisers to registered investment companies and separate accounts that own shares of common stock in the Company. The Investment Advisers are wholly owned subsidiaries of FII Holdings, Inc., which is wholly owned subsidiary of Federated Hermes, Inc., the Parent. All of the Parent's outstanding voting stock is held in the Voting Shares Irrevocable Trust for which Thomas R. Donahue, Rhodora J. Donahue and J. Christopher Donahue act as trustees. The address of Federated Hermes, Inc. is 1001 Liberty Avenue, Pittsburgh, Pennsylvania 15222.
- (14) Based on Schedule 13-D/A filed by Frazier Healthcare V, L.P. on February 14, 2019. Consists of (a) 973,612 shares of common stock held directly by Frazier Healthcare V, L.P., (b) 1,045,031 shares of common stock held directly by Frazier Healthcare VII, L.P., (c) 297,804 shares of common stock held directly by Frazier Healthcare VII-A, L.P., (d) 31,854 shares of common stock held directly by Dr. Topper, and (e) 29,750 shares of common stock issuable to Dr. Topper upon the exercise of stock options that are exercisable within 60 days of March 15, 2020. The general partner of Frazier Healthcare V, L.P. is FHM V, L.P., a Delaware limited partnership. The general partner of FHM V, L.P. is FHM V, LLC, a Delaware limited liability company. The general partner of Frazier Healthcare VII, L.P. and Frazier Healthcare VII-A, L.P. is FHM VII, L.P., a Delaware limited partnership. The general partner of FHM VII, L.P. is FHM VII, LLC, a Delaware limited liability company. Dr. Topper, a member of our Board of Directors, Alan Frazier, Nader Naini, Nathan Every and Patrick Heron are members of FHM V, LLC and FHM VII, LLC and may be deemed to share voting and investment power with respect to the shares held by FHM V, LLC and FHM VII, LLC. The address of Frazier Healthcare is 601 Union, Two Union Square, Suite 3200, Seattle, Washington 98101.
- (15) Based on Schedule 13-G/A filed by The Vanguard Group on February 10, 2020. Consists of 2,194,661 shares of common stock held directly by The Vanguard Group. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 44,340 shares of the Common Stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 6,248 shares of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings. The address of The Vanguard Group is 100 Vanguard Blvd. Malvern, Pennsylvania 19355.

- (16) Based on Schedule 13-G/A filed by BlackRock, Inc. (“Blackrock”) on February 5, 2020. Consists of 2,048,614 shares of common stock held by the following subsidiaries of BlackRock, Inc, or BlackRock: BlackRock Advisors, LLC, BlackRock Investment Management (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock Investment Management (Australia) Limited, BlackRock (Netherlands) B.V., BlackRock Fund Advisors, BlackRock Asset Management Ireland Limited, BlackRock Institutional Trust Company, National Association, BlackRock Financial Management, Inc., BlackRock Asset Management Schweiz AG, BlackRock Investment Management, LLC. Blackrock’s address is 55 East 52nd Street, New York, New York 10055.
- (17) Based on Schedule 13-G filed by Tang Capital Partners, LP on November 22, 2019. Consists of 1,843,814 shares of common stock held directly by Tang Capital Partners, LP, Tang Capital Management, LLC and Kevin Tang. The address of Tang Capital Partners is 4747 Executive Drive, Suite 510, San Diego, California 92121.
- (18) Based on Schedule 13-G filed jointly by Biotechnology Value Fund, L.P. (“BVF”), BVF I GP LLC (“BVF GP”), Biotechnology Value Fund II, L.P. (“BVF2”), BVF II GP LLC. (“BVF2 GP”), Biotechnology Value Trading Fund OS LP (“Trading Fund OS”), BVF Partners OS Ltd. (“Partners OS”), BVF GP Holdings LLC (“BVF GPH”), BVF Partners L.P. (“Partners”), BVF Inc. and Mark N. Lampert (“Mr. Lampert”) on January 23, 2020. As of the close of business on February 3, 2020 (i) BVF beneficially owned 733,882 Shares, (ii) BVF2 beneficially owned 564,092 Shares, and (iii) Trading Fund OS beneficially owned 99,383 Shares. BVF GP, as the general partner of BVF, may be deemed to beneficially own the 733,882 Shares beneficially owned by BVF. BVF2 GP, as the general partner of BVF2, may be deemed to beneficially own the 564,092 Shares beneficially owned by BVF2. Partners OS, as the general partner of Trading Fund OS, may be deemed to beneficially own the 99,383 Shares beneficially owned by Trading Fund OS. BVF GPH, as the sole member of each of BVF GP and BVF2 GP, may be deemed to beneficially own the 1,297,974 Shares beneficially owned in the aggregate by BVF and BVF2. Partners, as the investment manager of BVF, BVF2 and Trading Fund OS, and the sole member of Partners OS, may be deemed to beneficially own the 1,441,565 Shares beneficially owned in the aggregate by BVF, BVF2, Trading Fund OS, and a certain Partners Managed account (the “Partners Managed Account”), including 44,208 Shares held in the Partners Managed Account. BVF Inc., as the general partner of Partners, may be deemed to beneficially own the 1,441,565 Shares beneficially owned by Partners. Mr. Lampert, as a director and officer of BVF Inc., may be deemed to beneficially own the 1,441,565 Shares beneficially owned by BVF Inc. The address of BVF, BVF GP, BVF2, BVF2 GP, BVF GPH, Partners, BVF Inc. and Mr. Lampert is 44 Montgomery St., 40th Floor, San Francisco, California 94104. The address of Trading Fund OS and Partners OS is PO Box 309 Ugland House, Grand Cayman, KY1-1104.

EXECUTIVE OFFICERS

The following table provides information regarding our executive officers as of April 27, 2020:

Name	Age	Position
Executive Officers:		
Hamza Suria, M.B.A.	43	President, Chief Executive Officer and Director
Eric Loumeau, J.D.	57	Interim Chief Financial Officer and General Counsel

Hamza Suria, M.B.A., has served as our President and Chief Executive Officer and a member of our board of directors since July 2011. From January 2009 to June 2011 Mr. Suria served as Vice President of Corporate Development. Before joining our company in December 2008, Mr. Suria was at Maxygen, where he was responsible for partnering and alliance management of next-generation protein therapeutics in oncology supportive care, hematology and autoimmunity, including partnerships with Roche, Sanofi, Aventis, Bayer and Astellas. Mr. Suria holds a B.A. in biochemistry from Kalamazoo College, an M.S. in immunology from the University of Western Ontario and an Executive MBA from the Richard Ivey School of Business. Mr. Suria is a graduate of The Mercersburg Academy.

Eric Loumeau has served as our General Counsel since August 2018 and as our interim Chief Financial Officer since September 2019. Mr. Loumeau previously served as General Counsel and Chief Compliance Officer of Otonomy, Inc. from May 2015 through March 2018. Before joining Otonomy, Mr. Loumeau served as Chief Financial Officer of Rempex Pharmaceuticals, Inc. from June 2011 to December 2013 and continued as Vice President of Legal Affairs from December 2013 until May 2015 following Rempex's acquisition by The Medicines Company. He also previously functioned as General Counsel at Hollis-Eden Pharmaceuticals, Inc. for over seven years. Mr. Loumeau's experience as outside corporate counsel at national law firms includes tenures at Skadden, Arps, Slate, Meagher & Flom LLP, Cooley LLP, Mintz Levin Cohn Ferris Glovsky and Popeo PC, and Bass, Berry & Sims PLC. Mr. Loumeau received his J.D. from Boalt Hall School of Law at the University of California, Berkeley, and his B.S. in Finance from Brigham Young University.

Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis provides an overview of the material components of our executive compensation program during 2019 for our chief executive officer, chief financial officer(s) and up to three other most highly compensated executive officers (collectively referred to as our “named executive officers”). For 2019, our named executive officers were as follows:

- Hamza Suria, M.B.A., President, Chief Executive Officer and Director;
- Dominic G. Piscitelli, M.B.A., C.P.A., Former Chief Financial Officer;
- Marco Londei, M.D., Former Chief Medical Officer; and
- Eric Loumeau, J.D., Interim Chief Financial Officer and General Counsel.

Mr. Piscitelli resigned from the office of Chief Financial Officer effective September 9, 2019 and Mr. Loumeau was appointed as Interim Chief Financial Officer. We mutually determined with Dr. Londei that his employment as Chief Medical Officer would be terminated effective March 25, 2020.

This Compensation Discussion and Analysis describes the material elements of our executive compensation program during 2019. It also provides an overview of our executive compensation philosophy, including our principal compensation policies and practices. Finally, it analyzes how and why our compensation committee arrived at specific compensation decisions for our Named Executive Officers in 2019, and discusses the key factors that our compensation committee considered in such decision-making.

Executive Summary

Business Overview

We are a clinical stage biotechnology company developing first-in-class immunology therapeutic product candidates to patients. We are focused on emerging immune control mechanisms applicable to inflammation and immuno-oncology indications. We develop our product candidates using our proprietary antibody discovery technology platform, which is based upon a breakthrough understanding of the natural process of antibody generation, known as somatic hypermutation, or SHM, and replicates this natural process of antibody generation *in vitro*. Our strategy is to advance the development of our proprietary product candidates, and where applicable, establish partnerships with leading biopharmaceutical companies where we retain certain development and commercialization rights. Our most advanced wholly-owned antibody programs, etokimab, ANB019, ANB030 and ANB032, are designed to modulate therapeutic targets that are genetically associated with human inflammatory disorders.

2019 Corporate Performance Summary

We made progress on several program and corporate milestones during 2019, including the following:

- In September 2019, we announced positive topline data from an interim analysis of Phase 2 clinical trial of ANB019 monotherapy in moderate-to-severe generalized pustular psoriasis, or GPP, also known as the GALLOP trial. We continued to enroll additional patients in the GALLOP trial and our Phase 2 clinical trial of ANB019 in palmo-plantar pustulosis, or PPP, known as the POPLAR trial.
- We continued to enroll approximately 100 adult patients with chronic rhinosinusitis with nasal polyps in our randomized, placebo-controlled Phase 2 trial, also referred to as the ECLIPSE trial.
- In November 2019, we announced that topline data from our Phase 2b clinical trial of etokimab in moderate-to-severe atopic dermatitis did not meet statistical significance, and we have subsequently decided to suspend further development of etokimab in that indication.
- In the fourth quarter of 2019, we submitted an Investigational New Drug Application (IND) for ANB030, a wholly-owned antibody that binds PD-1 in an agonistic manner, leading to reduced T cell activity and anti-inflammatory effects *in vivo*. We plan to initiate a Phase 1 clinical trial with ANB030 in the first half of 2020.
- Our partner GlaxoSmithKline plc (GSK) announced that a first BLA filing for dostarlimab, an AnaptysBio-generated PD-1 antagonist antibody under partnership with TESARO, a GSK company, was submitted, in December 2019, for the treatment of endometrial cancer, for which we anticipate receiving a \$10.0 million

cash milestone payment upon acceptance of the BLA filing and a \$20.0 million cash milestone upon first FDA approval of dostarlimab.

Executive Compensation Highlights

Based on our overall operating environment and these results, our compensation committee took the following key actions with respect to the compensation of our Named Executive Officers for and during 2019:

- **Base Salaries** - In February 2019, increased the annual base salaries of our named executive officers (other than our CEO) by 3.9% to 4.4%, in addition to increasing the annual base salary of our CEO by 3.7%, following each such individual's annual performance evaluation and to better align the salaries of our named executive officers with market competitive salaries. We determined not to increase the base salaries of any of our named executive officers for 2020.
- **Annual Cash Incentive Program** - In February 2020, approved payment of annual cash bonuses with respect to 2019 performance in the amount of \$108,720 for Dr. Londei and \$91,440 for Mr. Loumeau, and determined not to pay an annual cash bonus to our CEO.
- **2019 Annual Long-Term Incentive Compensation Awards** - In February 2019, as part of its annual executive compensation review, granted options to purchase 35,000 shares of our common stock to each of our named executive officers (other than our CEO), as well as an option to purchase 94,000 shares of our common stock to our CEO, subject to vesting over a four-year period based on continued service to us as of each vesting date.
- **Additional Long-Term Incentive Compensation Awards** - In December 2019, after taking into consideration the sharp decline in the market price of our common stock following the results from our Phase 2b ATLAS trial of etokimab in moderate-to-severe atopic dermatitis, accelerated the time at which the 2020 "refresh" equity awards were granted to our employees, including our named executive officers, and as part of this action granted options to purchase 98,000 shares of our common stock to each of Dr. Londei and Mr. Loumeau, as well as an option to purchase 280,000 shares of our common stock to our CEO, all subject to vesting over a four-year period based on continued service to us as of each vesting date.
- **Additional Equity Award for Mr. Loumeau** - In connection with his appointment as our interim Chief Financial Officer in August 2019, our Board of Directors granted Mr. Loumeau an option to purchase 17,500 shares of our common stock, eligible to vest with respect to 25% of the total number of underlying shares on August 18, 2020, the first anniversary of the vesting commencement date, and with respect to 1/48th of the total number of underlying shares each month thereafter, subject to Mr. Loumeau's continued service on each applicable vesting date.

Executive Compensation Policies and Practices

We endeavor to maintain sound compensation governance standards consistent with our executive compensation policies and practices. Our compensation committee evaluates our executive compensation program on a regular basis (and no less than annually) to ensure that it is consistent with our short-term and long-term goals given the dynamic nature of our business and the market in which we compete for executive talent. The following summarizes our executive compensation and related policies and practices:

What We Do

- **Maintain an Independent Compensation Committee.** Our compensation committee consists solely of independent directors who establish our compensation practices.
- **Retain an Independent Compensation Advisor.** Our compensation committee has engaged its own compensation consultant to provide information, analysis, and other advice on executive compensation independent of management. This consultant performed no other consulting or other services for us in 2019.
- **Annual Executive Compensation Review.** Our compensation committee conducts an annual review and approval of our compensation strategy, including a review and determination of our compensation peer group used for comparative purposes and a review of our compensation-related risk profile to ensure that our compensation programs do not encourage excessive or inappropriate risk-taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us.

- **Compensation At-Risk.** Our executive compensation program is designed so that a significant portion of each of our Named Executive Officer's compensation is "at-risk" based on corporate performance, as well as equity-based, to align the interests of our executive officers and stockholders.
- **Use a "Pay-for-Performance" Philosophy.** The majority of our Named Executive Officers' compensation is directly linked to corporate performance through short-term performance-based annual bonuses and long-term equity awards; we also structure their target total direct compensation opportunities with a strong emphasis on the long-term equity component, thereby making a substantial portion of each Named Executive Officer's target total direct compensation dependent upon our stock price performance.
- **Succession Planning.** On an as-needed basis, we review the risks associated with our Named Executive Officer positions to ensure adequate succession plans are in place.

What We Do Not Do

- **No Guaranteed Bonuses.** We do not provide guaranteed bonuses to our Named Executive Officers.
- **No Executive Retirement Plans.** We do not currently offer defined benefit pension plans or any non-qualified deferred compensation plans or arrangements to our Named Executive Officers other than the plans and arrangements that are available to employees generally.
- **No Hedging or Pledging.** We prohibit our employees (including our Named Executive Officers) and the non-employee members of our board of directors from hedging or pledging our securities.
- **No Gross-Ups on Executive Perquisites.** We do not provide any tax reimbursement payments (including "gross-ups") to Named Executive Officers on any perquisites or other personal benefits.
- **No Excise Tax Gross-Ups.** We do not provide any contractual rights to excise tax reimbursement payments (including "gross-ups") on payments or benefits contingent upon a change in control of the Company.
- **No Special Welfare or Health Benefits.** We do not provide our Named Executive Officers with any welfare or health benefit programs, other than participation in our broad-based employee programs.

Stockholder Advisory Vote to Approve Named Executive Officer Compensation

At our 2019 Annual Meeting of Stockholders, we conducted our first non-binding stockholder advisory vote on the compensation of our named executive officers (commonly known as a "Say-on-Pay" vote). Approximately 99.3% of the votes cast approved our executive compensation program for 2018. Our board of directors and our compensation committee consider the result of the Say-on-Pay vote in determining the compensation of our executive officers, including our named executive officers. Based on the strong level of support for our executive compensation program demonstrated by the result of last year's Say-on-Pay vote, among other factors, our board of directors and our compensation committee determined not to implement significant changes to our executive compensation program for 2019.

We value the opinion of our stockholders. Our board of directors and our compensation committee will continue to consider the result of the Say-on-Pay vote, as well as feedback received throughout the year, when making compensation decisions for our executive officers.

In addition, consistent with the recommendation of our board of directors and the preference of our stockholders as reflected in the non-binding stockholder advisory vote on the frequency of future Say-on-Pay votes held at our 2019 Annual Meeting of Stockholders, we intend to hold future Say-on-Pay votes on an annual basis. Accordingly, after the vote at the Annual Meeting to which this Proxy Statement relates, our next Say-on-Pay vote will be conducted at our 2021 Annual Meeting of Stockholders.

Executive Compensation Objectives

The principal objectives of our executive compensation program, policies, and practices are to:

- offer competitive compensation which enables us to attract and retain high-caliber executives;
- reward the achievement of our business objectives by directly linking annual bonuses to the achievement of objectives that build long-term stockholder value;
- recognize both corporate and individual performance by providing opportunities for career advancement and opportunities for above-median short-term and long-term compensation based on measurable corporate and individual performance; and

- aligning the interests of our executives with those of our stockholders by incentivizing and rewarding the creation of stockholder value.

Our executive compensation program has reflected, and we expect that it will continue to reflect, our industry and life-cycle stage, including the fact that we are a biotechnology company whose product candidates are in pre-clinical and clinical development and remain subject to regulatory approval. As a result, our revenues have been and will continue to be limited, and we expect to continue to incur net losses for at least the next several years. In an effort to preserve cash resources, our historical compensation programs have focused on long-term incentive compensation in the form of equity awards relative to cash compensation. This approach seeks to place a substantial portion of executive compensation at risk by rewarding our Named Executive Officers, in a manner comparable to our stockholders, for achieving our business and financial objectives.

In addition to long-term incentive compensation, we have also implemented an annual performance-based cash bonus plan for our Named Executive Officers. Payments under this cash bonus plan are based primarily on our level of achievement of pre-established corporate performance goals to reflect the fact that our Named Executive Officers make the key strategic decisions influencing our Company as a whole.

When considering the total variable pay-mix for our executive officers, we seek to design and implement a competitive executive compensation program that combines both cash and incentive elements based on annual performance objectives and long-term equity elements that will be flexible and complementary to meet our compensation objectives. Our compensation committee has not adopted any formal policies or guidelines for allocating compensation between current and long-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation. The factors taken into account by our compensation committee in setting the level of fixed and variable cash compensation and non-cash compensation are described in greater detail below in “*Compensation Setting Process-Setting Target Total Direct Compensation*” and “*Compensation Elements*.”

Compensation-Setting Process

Role of Compensation Committee

Our compensation committee has overall responsibility for overseeing our compensation and benefits policies generally, and overseeing and evaluating the compensation plans, policies and practices applicable to our CEO and other Named Executive Officers.

In carrying out its responsibilities, our compensation committee evaluates our compensation policies and practices with a focus on the degree to which these policies and practices reflect our executive compensation philosophy, develops strategies and makes decisions that it believes further our philosophy or align with developments in best compensation practices, and reviews the performance of our Named Executive Officers when making decisions with respect to their compensation.

Our compensation committee’s authority, duties, and responsibilities are further described in its charter, which is reviewed annually and revised and updated as warranted. The charter is available on our company website. Our compensation committee also retains an independent compensation consultant (as described below) to provide support in its review and assessment of our executive compensation program.

Setting Target Total Direct Compensation

Our compensation committee reviews the base salary levels, annual cash bonus opportunities, and long-term incentive compensation opportunities of our Named Executive Officers and all related performance criteria at the beginning of each year, or more frequently as it deems appropriate. Adjustments are generally effective at the beginning of the fiscal year.

Our compensation committee does not generally establish a specific target or benchmark relative to peer data for formulating the target total direct compensation opportunities of our Named Executive Officers. Rather, in making decisions about the compensation of our Named Executive Officers, the members of our compensation committee take a holistic approach that considers a number of factors, including:

- our performance against the financial, operational, and strategic objectives established by our compensation committee and our board of directors;
- each individual executive’s knowledge, skills, experience, qualifications, and tenure relative to other similarly-situated executives at the companies in our compensation peer group;
- the scope of each executive’s role and responsibilities compared to other similarly-situated executives at the companies in our compensation peer group;

- the prior performance of each individual executive, based on a subjective assessment of his or her contributions to our overall performance, ability to lead his or her business unit or function, and work as part of a team, all of which reflect our core values;
- the potential of each individual executive to contribute to our long-term financial, operational, and strategic objectives;
- our CEO's compensation relative to that of our executives, and compensation parity among our executives;
- our operational performance relative to our compensation and performance peers;
- the compensation practices of our compensation peer group and the positioning of each executive's compensation in a ranking of peer company compensation levels based on an analysis of competitive market data; and
- the recommendations of our CEO with respect to the compensation of our other executives.

These factors provide the framework for compensation decision-making and final decisions regarding the compensation opportunity for each Named Executive Officer.

The members of our compensation committee consider all of this information, without placing any particular weighting on any single factor, in light of their individual experience, knowledge of the Company, knowledge of the competitive market, knowledge of each Named Executive Officer, and business judgment in making their decisions.

Our compensation committee also considers the potential risks in our business when designing and administering our executive compensation program, and we believe our balanced approach to performance measurement and pay delivery works to avoid misaligned incentives for individuals to undertake excessive or inappropriate risk.

In making its determinations, our compensation committee reviews information summarizing the compensation paid at a representative group of peer companies, described in greater detail below in "*Competitive Positioning*," to the extent that the executive positions at these companies are considered comparable to our positions and informative of the competitive environment and more broad-based compensation surveys to gain a general understanding of market compensation levels.

Role of Management

In discharging its responsibilities, our compensation committee considers input from our management team, including our CEO. Our management team assists our compensation committee by providing information based their direct knowledge of corporate and individual performance, competitive market data reports, and input on compensation policies and programs or talent needs that might require increased attention by our compensation committee. Our compensation committee solicits and reviews our CEO's proposals with respect to program structures, as well as his recommendations for adjustments to annual cash compensation, long-term incentive compensation opportunities and other compensation-related matters for our Named Executive Officers (except with respect to his own compensation) based on his evaluation of their performance for the prior year.

At the beginning of each year, our CEO reviews the performance of our other Named Executive Officers based on such individual's level of success in accomplishing the business objectives established for him or her for the prior year and his or her overall performance during that year, and then shares these evaluations with, and makes recommendations to, our compensation committee for each element of compensation as described above. The annual business objectives for each of such Named Executive Officers are developed through mutual discussion and agreement between our CEO and the Named Executive Officers and are reviewed with our compensation committee.

Our compensation committee reviews and discusses with our CEO his proposals and recommendations and considers them as one factor in determining and approving the compensation of our other Named Executive Officers. Our CEO also attends meetings of our board of directors and our compensation committee at which executive compensation matters are addressed, except with respect to discussions involving his own compensation.

Role of Compensation Consultant

Our compensation committee engages an external compensation consultant to assist it by providing information, analysis, and other advice relating to our executive compensation program and the decisions resulting from its annual executive compensation review. The compensation consultant reports directly to our compensation committee and its chair, and serves at the discretion of our compensation committee, which reviews the engagement annually.

For 2019, our compensation committee retained Compensia to serve as its compensation advisor to advise on executive compensation matters, including competitive market pay practices for our executive officers, and with the data analysis and selection of the compensation peer group.

During 2019, Compensia attended the meetings of our compensation committee (both with and without management present) as requested and provided the following services:

- consulting with our compensation committee chair and other members between compensation committee meetings;
- reviewing, researching, and updating our compensation peer group, including an additional refresh in November 2019 to reassess the composition of the compensation peer group in light of the significant change in our market capitalization;
- providing competitive market data based on the compensation peer group for our executive positions and evaluating how the compensation we pay our executives compares both to our performance and to how the companies in our compensation peer group compensate their executives;
- review and analysis of the base salary levels, annual incentive bonus opportunities, and long-term incentive compensation opportunities of our executives;
- analyzing a competitive market strategy and developing equity award guidelines for our broad-based employee population;
- assessing the risk profile of our executive and other employee compensation programs to determine whether the Company's compensation policies and practices are reasonably likely to have a material adverse impact on the Company;
- assessment of executive compensation trends within our industry, and updating on corporate governance and regulatory issues and developments;
- reviewing and discussing our disclosures contained under the caption "Compensation Discussion and Analysis" included in our annual proxy statement; and
- support on other *ad hoc* matters throughout the year.

The terms of Compensia's engagement includes reporting directly to our compensation committee chair. Compensia also coordinated with our management for data collection and job matching for our Named Executive Officers. In 2019, Compensia did not provide any other services to us other than the consulting services to our compensation committee.

Our compensation committee regularly reviews the objectivity and independence of the advice provided by its compensation consultant on executive compensation matters. Based on the six factors for assessing independence and identifying potential conflicts of interest that are set forth in Exchange Act Rule 10C-1(b)(4), Rule 5605(d)(3)(D) of the NASDAQ Marketplace Rules, and such other factors as were deemed relevant under the circumstances, our compensation committee determined that its relationship with Compensia and the work of Compensia on behalf of our compensation committee did not raise any conflict of interest.

Competitive Positioning

For purposes of assessing our executive compensation against the competitive market, our compensation committee reviews and considers the compensation levels and practices of a select group of peer companies. The competitive data drawn from this compensation peer group is only one of several factors that our compensation committee considers, however, in making its decisions with respect to the compensation of our Named Executive Officers.

In August 2018, our compensation committee approved the companies in the compensation peer group to be used as a reference for purposes of its 2019 executive compensation review, as determined using the following criteria: (i) biotechnology and pharmaceutical companies with therapeutic similarity in inflammation, immunology, and other antibody-based therapies; (ii) with lead drugs in phase II or III; (iii) 50 - 200 employees; and (iv) a market capitalization of 0.4x to 2.5x our market capitalization of approximately \$1.75 billion. This compensation peer group, referred to as the August 2018 peer group, was comprised of the following companies:

Accelaron Pharma	CytomX Therapeutics	Iovance Biotherapeutics
Aimmune Therapeutics	Epizyme	MacroGenics
Atara Biotherapeutics	Esperion Therapeutics	Myokardia
Audentes Therapeutics	Five Prime Therapeutics	REGENXBIO
Biohaven Pharmaceutica	Global Blood Therapeutics	Sangamo Therapeutics
Blueprint Medicines	Immunomedics	Xencor

This compensation peer group was used by our compensation committee for the remainder of 2018 and until September 2019 as a reference for understanding the competitive market for executive positions in our industry sector.

In September 2019, our compensation committee, with the assistance of Compensia, reviewed and updated our then-current compensation peer group to reflect our decreased market capitalization and to account for changes in the qualification criteria of peer companies. In evaluating the companies comprising the compensation peer group at that time, Compensia considered the following criteria: (i) biotechnology and pharmaceutical companies with therapeutic similarity in inflammation, immune-oncology, and other antibody-based therapies; (ii) with lead drugs in phase II or III or pending approval; (iii) 25 - 230 employees; and (iv) a market capitalization of 0.4x to 2.5x our market capitalization of approximately \$1.40 billion.

Based on a review of the analysis prepared by Compensia, our compensation committee approved a revised compensation peer group consisting of the following companies. No compensation decisions were made utilizing the compensation peer group below.

Accelaron Pharma	CytomX Therapeutics	MacroGenics
Aimmune Therapeutics	Epizyme	Momenta Pharmaceuticals
Allokos	Esperion Therapeutics	Myokardia
Appelis Pharmaceuticals	Fate Therapeutics	Sangamo Therapeutics
Atara Biotherapeutics	Five Prime Therapeutics	Xencor
Audentes Therapeutics	Global Blood Therapeutics	ZIOPHARM Oncology
Biohaven Pharmaceuticals	Iovance Biotherapeutics	

Subsequently, as the result of a significant decline in the market price of our common stock, in November 2019 our compensation committee directed Compensia to again refresh our compensation peer group in light of our adjusted market capitalization. In evaluating the companies to comprise the compensation peer group at that time, Compensia considered the following criteria: (i) biotechnology and pharmaceutical companies with therapeutic similarity in inflammation, immune-oncology, and other antibody-based therapies; (ii) with lead drugs in phase II or III or pending approval; (iii) 25 - 230 employees; and (iv) a market capitalization of 0.33x to 3.0x our market capitalization of approximately \$300 million.

Based on a review of the analysis prepared by Compensia, in December 2019 our compensation committee approved an updated compensation peer group, referred to as the December 2019 peer group, consisting of the following companies:

Aeglea BioTherapeutics	CytomX Therapeutics	Pieris Pharmaceuticals
Arcus Biosciences	Five Prime Therapeutics	Prothena
Atara Biotherapeutics	Forty Seven	Seres Therapeutics
Calithera Biosciences	GlycoMimetics	Syndax Pharmaceuticals
ChemoCentryx	Jounce Therapeutics	Voyager Therapeutics
Corbus Pharmaceuticals	Kura Oncology	ZIOPHARM Oncology
CymaBay Therapeutics	MacroGenics	

Our compensation committee used this compensation peer group as a reference for its compensation decisions in December 2019.

The compensation practices of the applicable compensation peer group was the primary guide used by our compensation committee in 2019 to compare the competitiveness of each compensation element and overall compensation levels (base salary, target annual cash bonus opportunities, and long-term incentive compensation) for purposes of decisions relating to 2019 compensation.

Our compensation committee reviews our compensation peer group each year (unless there have been significant changes to either our business model or market capitalization) and makes adjustments to its composition if warranted, taking into account changes in both our business and the businesses of the companies in the peer group.

Compensation Elements

In 2019, the principal elements of our executive compensation program, and the objective for each element, were as follows:

Element	Type	Objective
Base Salary	Fixed	Provide a secure, fixed compensation amount that reflects executive's scope of responsibility, skill-level and performance and is competitive with the market.
Annual Cash Bonus Awards	Variable	Designed to motivate our executives to achieve annual business objectives and provide financial incentives when we meet or exceed these annual objectives.
Long-Term Incentive Compensation	Variable	Designed to align the interests of our executives with those of our stockholders by motivating them to create sustainable long-term stockholder value.

Base Salary

Base salary represents the fixed portion of the compensation of our Named Executive Officers and is an important element of compensation intended to attract and retain highly-talented individuals by providing an amount of fixed pay that compensates executives for their scope of responsibility, skill-level and performance.

Generally, we establish the initial base salaries of our Named Executive Officers through arm's-length negotiation at the time we hire the individual, taking into account his or her position, qualifications, experience, prior salary level, and the base salaries of our other Named Executive Officers. Thereafter, our compensation committee reviews the base salaries of our Named Executive Officers each year as part of its annual compensation review and makes adjustments as it determines to be reasonable and necessary to reflect the scope of a Named Executive Officer's performance, individual contributions and responsibilities, position in the case of a promotion, and market conditions.

In February 2019, our compensation committee reviewed the base salaries of our Named Executive Officers, taking into consideration a competitive market analysis prepared by its compensation consultant using the August 2018 peer group and the other factors described in "*-Compensation-Setting Process - Setting Target Total Direct Compensation*" above. Following this review, our compensation committee approved base salary increases for each of our Named Executive Officers, effective January 1, 2019, to bring their base salaries to levels that were comparable to those of similarly-situated executives at the companies in our compensation peer group. The base salaries of our Named Executive Officers for 2019 were as follows:

Name	2018 Base Salary (\$)	2019 Base Salary (\$)	Percentage Increase
Hamza Suria, M.B.A.	547,000	567,000	3.7%
Marco Londei, M.D.	436,000	453,000	3.9%
Dominic G. Piscitelli, M.B.A., C.P.A. ⁽¹⁾	397,000	413,000	4.0%
Eric Loumeau, J.D.	365,000	381,000	4.4%

(1) On August 16, 2019, Mr. Piscitelli announced his intention to resign as our Chief Financial Officer effective September 9, 2019.

The base salaries paid to our Named Executive Officers during 2019 are set forth in the "*—2019 Summary Compensation Table*" below. We determined not to increase the base salaries of any of our named executive officers for 2020.

Annual Performance-Based Cash Bonuses

We use an annual performance-based cash bonus plan to motivate our employees, including our Named Executive Officers, to achieve our key annual business objectives. In February 2019, our compensation committee adopted an annual cash bonus plan for 2019 (the "2019 Cash Bonus Plan") to provide financial incentives related to the achievement of principal goals set forth in our 2019 annual operating plan. The 2019 Cash Bonus Plan provided for bonus payments to be funded based on our level of achievement with respect to both corporate performance goals and individual performance goals (as described below).

For purposes of the 2019 Cash Bonus Plan, cash bonus payments were based upon a specific percentage of each participant's base salary. In February 2019, our compensation committee reviewed the target annual cash bonus opportunities of our Named Executive Officers, taking into consideration the factors described in "Compensation-Setting Process - Setting Target Total Direct Compensation" above and approved the target annual cash bonus opportunities for each of the Named Executive Officers.

The table below shows the 2019 target annual cash bonus opportunities for our Named Executive Officers, expressed as a percentage of base salary:

Named Executive Officer	2019 Target Annual Cash Bonus Opportunity (as a percentage of base salary)
Hamza Suria, M.B.A.	55%
Marco Londei, M.D.	40%
Dominic G. Piscitelli, M.B.A., C.P.A. ⁽¹⁾	40%
Eric Loumeau, J.D.	40%

(1) On August 16, 2019, Mr. Piscitelli announced his intention to resign as our Chief Financial Officer effective September 9, 2019.

Corporate Performance Goals

Participants in the 2019 Cash Bonus Plan were eligible to receive a bonus payment based upon the attainment of one or more corporate performance goals that were selected and approved by our compensation committee and which related to financial and operational metrics that were important to us. The corporate performance component of the 2019 Cash Bonus Plan was to be funded based on our actual results for the year as evaluated against these performance goals and account for 100% of the CEO's total bonus opportunity and 75% of the total bonus opportunity for our other Named Executive Officers (with the remaining 25% for such named executive officers to be funded based on the achievement of personal performance goals).

In December 2018, our compensation committee approved corporate performance goals in each of the following categories for purposes of the 2019 Cash Bonus Plan:

- (i) **Anti-IL-33 (Etokimab) Program** - advance our etokimab development program by announcing top-line atopic dermatitis Phase 2b data, announcing top-line CRSwNP Phase 2 data, initiating Phase 2b trial in eosinophilic asthma and progress Phase 3 manufacturing (weighted 40%);
- (ii) **Anti-IL-36R (ANB019) Program** - advance our ANB019 development program by announcing top-line GPP Phase 2 data and announcing top-line PPP Phase 2 trial data (weighted 30%);
- (iii) **New Programs** - expand our product pipeline by advancing a new program for IND filing or equivalent (weighted 10%);
- (iv) **Finance and Corporate Development** - manage operating expenses within approved budget and evaluate corporate development opportunities (weighted 10%); and
- (v) **Organizational Talent** - expand organizational talent by recruiting and developing leadership to support future expectations and enhance company culture consistent with Company's vision and mission (weighted 10%).

Each corporate performance goal was evaluated and selected according to our compensation committee's assessment of its relative importance to the execution of our annual business plan. Our primary focus was on our development and discovery programs, as they are key drivers of our business, and accordingly accounted for 80% of the total bonus opportunity with respect to the corporate performance goals. We allocated the remainder of the bonus opportunity to managing operations such as finance, corporate development and recruitment, which are also necessary for the execution of our business plan.

For purposes of the 2019 Cash Bonus Plan, our compensation committee reserved the discretion to consider the level of achievement of a particular performance goal, or other corporate achievements during 2019 when determining the actual funding level for this component of the plan. This discretion enables our executive officers to focus on the pre-established corporate goals, while also providing flexibility for our executive officers to be nimble in responding to new developments and setbacks, which is necessary for the execution of our business plan.

Individual Performance Goals

In addition, at the beginning of each year, our CEO, in consultation with each of the other Named Executive Officers, establishes individual performance goals for each of our other Named Executive Officers. The individual performance goals are generally designed to align the goals of our Named Executive Officers and his or her department with the corporate goals. Our compensation committee weights annual cash bonuses for each of our Named Executive Officers between the achievement of corporate and individual goals. This weighting is the same for each of our Named Executive Officers who are at the same level. Our CEO does not have individual goals and his annual cash bonus is based 100% on achievement of our corporate goals in recognition of his overall responsibility for our corporate performance. Individual goals for our other Named Executive Officers are weighted as 25% of the total bonus opportunity.

2019 Annual Cash Bonus Decisions

In December 2019, our compensation committee reviewed our performance with respect to each of the corporate performance goals and determined the extent to which each goal had been achieved during the year. Our compensation committee determined that we met our goals with respect to expanding our product pipeline, managing our financial operating expenses, evaluating corporate development opportunities and our organizational talent build. Our compensation committee also determined that we partially achieved our goals with respect to our etokimab program and we did not accomplish our goals with respect to our ANB019 development program. Based on the limited progress we made on our 2019 goals with respect to the etokimab program and our ANB019 development program and after considering our other achievements throughout the course of 2019, our compensation committee determined that we had achieved the corporate performance goals at a 60% achievement level.

In evaluating our achievement level for our corporate performance goals, our compensation committee determined that we had not achieved the key objectives set forth in our 2019 operating plan at a level that met the expectations of our board of directors. Accordingly, our compensation committee determined that it was not appropriate to fund bonuses for our Named Executive Officers under the formula set forth in the 2019 Cash Bonus Plan. Based on our results for the year, and after considering the recommendation of our CEO, our compensation committee determined that our CEO would not receive a cash bonus payment for 2019. However, after reviewing the individual performance of each of our other incumbent Named Executive Officers based on an evaluation conducted by our CEO of their performance against their individual performance goals, and after considering the recommendations of our CEO, our compensation committee determined to award Dr. Londei and Mr. Loumeau cash bonus payments in amounts equal to 60% of their target annual cash bonus opportunities, thereby recognizing their individual contributions to our 60% achievement level of our corporate performance objectives, but not including a component based on individual performance goals.

The following table sets forth the target annual cash bonus opportunities and the actual cash bonus payments made to our incumbent Named Executive Officers for 2019:

Named Executive Officer	Target Annual Cash Bonus Opportunity (\$)	Actual 2019 Bonus Earned (\$)
Hamza Suria, M.B.A.	311,850	—
Marco Londei, M.D.	181,200	108,720
Dominic G. Piscitelli, M.B.A., C.P.A. ⁽¹⁾	—	—
Eric Loumeau, J.D.	152,400	91,440

(1) Mr. Piscitelli resigned his position as our Chief Financial Officer in August 2019 and, therefore, did not receive an annual cash bonus payment for 2019.

The annual cash bonus payments made to our Named Executive Officers for 2019 are set forth in the “2019 Summary Compensation Table” below.

Long-Term Incentive Compensation

We view long-term incentive compensation in the form of equity awards as a critical element of our executive compensation program. We use equity awards to incentivize and reward our Named Executive Officers for long-term corporate performance based on the value of our common stock and, thereby, to align the interests of our Named Executive Officers with those of our stockholders. Typically, these equity awards are granted in the form of options to purchase shares of our common stock, which

we believe in a company like ours is performance-related. We believe that stock options, which are granted with exercise prices equal to the fair market value of our common stock on the date of grant and vest over a four-year period, provide an appropriate long-term incentive for our Named Executive Officers, since the stock options reward them only to the extent that our stock price increases.

Typically, we have granted options to purchase shares of our common stock to our Named Executive Officers as part of our compensation committee's annual review of executive compensation. To date, our compensation committee has not applied a rigid formula in determining the size of these equity awards. Instead, our compensation committee determines the amount of the equity award for each Named Executive Officer after taking into consideration a compensation analysis performed by its compensation consultant, the equity award recommendations of our CEO (except with respect to his own award), the amount of equity compensation held by the Named Executive Officer (including the current economic value of his or her unvested equity and the ability of these unvested holdings to satisfy our retention objectives), and the factors described in "Compensation Setting Process - Setting Target Total Direct Compensation" above.

February 2019 "Refresh" Equity Awards

In February 2019, after considering an equity analysis prepared by its compensation consultant using the August 2018 peer group and the value and amount of vesting in our existing equity awards, as well as the factors described in "Compensation Setting Process - Setting Target Total Direct Compensation" above, our compensation committee determined to grant options to purchase shares of our common stock to our named executive officers in amounts that it considered to be consistent with our compensation philosophy and its desired market positioning and which also recognized the performance of each of our named executive officers. The stock options granted to our named executive officers in February 2019 were as follows:

Named Executive Officer	Number of Shares Underlying Stock Options⁽¹⁾ (#)	Grant Date Fair Value (\$)
Hamza Suria, M.B.A.	94,000	4,131,234
Marco Londei, M.D.	35,000	1,538,226
Dominic G. Piscitelli, M.B.A., C.P.A. ⁽²⁾	35,000	1,538,226
Eric Loumeau, J.D.	35,000	1,538,226

(1) The options to purchase shares of our common stock vest and become exercisable over a four-year period, with 25% of the shares of our common stock subject to the options vesting on the first anniversary of the date of grant and 1/48th of the shares of our common stock subject to the options vesting in equal monthly installments thereafter, contingent upon the Named Executive Officer remaining continuously employed by us through each applicable vesting date.

(2) On August 16, 2019, Mr. Piscitelli announced his intention to resign as our Chief Financial Officer effective September 9, 2019.

December 2019 "Refresh" Equity Awards

Subsequently, in response to the sharp reduction in the market value of our common stock in November and the subsequent loss of the incentive value of our employees' outstanding stock options, our compensation committee determined to move up the date for the annual grant of the "refresh" equity awards to our employees from the first quarter of 2020 to December 2019. At that time, our compensation committee decided to grant options to purchase shares of our common stock to all of our employees, including our named executive officers, in lieu of waiting to make such grants in 2020 as the best means to retain and incentivize our talent during an uncertain period to better position us for success going forward. With respect to the options to be granted to our named executive officers, our compensation committee considered an equity analysis prepared by its compensation consultant using the December 2019 peer group, and determined to grant the options in amounts equal to the 50th percentile of the competitive market as reflected by our compensation peer group. The stock options granted to our incumbent named executive officers in December 2019 were as follows:

Named Executive Officer	Number of Shares Underlying Stock Options⁽¹⁾ (#)	Grant Date Fair Value (\$)
Hamza Suria, M.B.A.	280,000	3,170,412
Marco Londei, M.D.	98,000	989,016
Eric Loumeau, J.D.	98,000	989,016

- (1) The options to purchase shares of our common stock vest and become exercisable over a four-year period, with 25% of the shares of our common stock subject to the options vesting on the first anniversary of the date of grant and 1/48th of the shares of our common stock subject to the options vesting in equal monthly installments thereafter, contingent upon the Named Executive Officer remaining continuously employed by us through each applicable vesting date.

Additional Equity Award for Mr. Loumeau

In connection with his appointment as our interim Chief Financial Officer effective August 19, 2019, our board of directors granted Mr. Loumeau an option to purchase 17,500 shares of our common stock with a grant date fair value of \$533,562. The number of shares of our common stock subject to this award was determined by our board of directors after taking into consideration a competitive market analysis prepared by our compensation committee's compensation consultant, the recommendation of our CEO, and the other factors described in "Compensation-Setting Process - Setting Target Total Direct Compensation" above. This stock option vests over a four-year period, with 25% of the total number of shares underlying the option vesting on August 18, 2020, the first anniversary of the vesting commencement date, and with 1/48th of the total number of shares underlying the option vesting each month thereafter, subject to Mr. Loumeau's continued service on each applicable vesting date.

The equity awards granted to our Named Executive Officers during 2019 are set forth in the "*—2019 Summary Compensation Table*" and the "*—2019 Grants of Plan-Based Awards Table*" below.

Welfare and Health Benefits

Our Named Executive Officers participate in our company-sponsored benefit programs on generally the same basis as other salaried employees, including with respect to our 401(k) plan and health and welfare benefits.

Perquisites and Other Personal Benefits

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide significant perquisites or other personal benefits to our Named Executive Officers, except as generally made available to our employees, or in situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make him or her more efficient and effective, and for recruitment and retention purposes. During 2019, none of our Named Executive Officers received perquisites or other personal benefits that were, in the aggregate, \$10,000 or more for each individual.

In the future, we may provide perquisites or other personal benefits in limited circumstances, such as those described in the preceding paragraph. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by our compensation committee.

Employment Agreements

We have entered into written employment agreements with our CEO and each of our other Named Executive Officers. Each of these arrangements was approved on our behalf by our board of directors at the recommendation of our compensation committee. Each of our employment agreements provides for "at-will" employment (meaning that either we or the Named Executive Officer may terminate the employment relationship at any time without cause) and sets forth the initial compensation arrangements for the Named Executive Officer, including an initial base salary, eligibility for a discretionary bonus in an amount up to a specified percentage of the Named Executive Officer's base salary, participation in our employee benefit programs, eligibility for future equity awards pursuant to our equity incentive plans, and, in some cases, reimbursement or payment of relocation expenses. These employment agreements also contain standard confidential information and invention assignment terms. In addition, these employment agreements include certain post-employment arrangements that are discussed below under "Severance and Change in Control Arrangements."

Severance and Change in Control Arrangements

We believe that reasonable and competitive post-employment compensation arrangements are essential to attracting and retaining highly-qualified executives. We further believe that when recruiting executive talent these arrangements are necessary to offer compensation packages that are competitive.

The provisions for post-employment compensation in the employment agreements of our Named Executive Officers were amended in January 2018 to increase the level of payments and benefits to be received by our Named Executive Officers in the event of a qualifying termination of employment in connection with a change in control of the Company and to revise the definition of a “good reason” resignation by a Named Executive Officer as a qualifying termination of employment.

The amended employment agreements of our Named Executive Officers contain certain protections in the event of certain qualifying terminations of employment, including a qualifying termination of employment in connection with a change in control of the Company. These arrangements are designed to provide reasonable compensation to our Named Executive Officers if their employment is terminated under certain circumstances to facilitate their transition to new employment. We also believe that these arrangements help maintain our Named Executive Officers’ continued focus and dedication to their assigned duties to maximize stockholder value if there is a potential transaction that could involve a change in control of the Company.

We believe these arrangements align the interests of our Named Executive Officers and our stockholders when considering the long-term future. The primary purpose of these arrangements in the case of a change in control of the Company is to keep our most senior executives focused on pursuing all corporate transaction activity in the best interests of our stockholders regardless of whether those transactions may result in their own job loss. Reasonable post-acquisition payments and benefits should serve the interests of both the executive and our stockholders.

In determining payment and benefit levels under the various circumstances triggering post-employment compensation provisions under the employment agreements of our Named Executive Officers, our compensation committee has drawn a distinction between (i) voluntary terminations of employment without good reason or terminations of employment for cause and (ii) terminations of employment without cause or voluntary terminations of employment for good reason. Payment in the latter circumstances has been deemed appropriate in light of the benefits described in the prior paragraph, as well as the likelihood that the Named Executive Officer’s departure is due, at least in part, to circumstances not within his or her control.

Under the amended employment agreements, all payments and benefits in the event of a change in control of the Company are payable only if there is a subsequent loss of employment by a Named Executive Officer (a so-called “double-trigger” arrangement). In the case of the acceleration of vesting of outstanding equity awards, we use this double-trigger arrangement to protect against the loss of retention value following a change in control of the Company and to avoid potential windfalls, both of which could occur if vesting of either equity or cash-based awards accelerated automatically as a result of the transaction.

For a summary of the material terms and conditions of the post-employment compensation arrangements we maintained with our named executive officers during 2019, as well as an estimate of the potential payments and benefits that they would have been eligible to receive if a hypothetical change in control or other trigger event had occurred on December 31, 2019, see “Potential Payments Upon Termination or Change in Control” below.

Other Compensation Policies

Equity Award Grant Policy

Our general policy is to grant stock options on regular, fixed dates determined in advance. Grants of equity awards in connection with the hiring of new employees or the promotion of existing employees may be made by our Equity Award Committee, consisting of our CEO and Chief Financial Officer, in accordance with the parameters established by the compensation committee. However, all equity grants to executive officers must be made by our compensation committee and grants to non-employee members of our board of directors may only be made by our board of directors. The exercise price of all stock options must be equal to or greater than the closing price of our common stock as reported on the Nasdaq Global Select Market on the date of grant.

Hedging and Pledging Prohibitions

Under our Insider Trading Policy, our employees, executive officers, and members of our board of directors are prohibited from engaging in certain speculative transactions including, among other things: (i) acquiring, selling, or trading in any interest or position relating to the future price of our securities, such as a put option, a call option, or a short sale (including a short sale “against the box”); (ii) engaging in hedging or monetization transactions, including prepaid variable forward contracts, equity swaps, collars and exchange funds⁸ or (iii) purchasing our securities on margin, borrowing against any account in which our securities are held, or pledging our securities as collateral for a loan.

Tax and Accounting Considerations

We take the applicable tax and accounting requirements into consideration in designing and operating our executive compensation program.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows the deductibility by any publicly held corporation of individual compensation expenses in excess of \$1 million paid to certain executive officers within a taxable year. Changes to Section 162(m) in connection with the passage of the Tax Cuts and Jobs Act repealed exceptions to the deductibility limit that were previously available for “qualified performance-based compensation,” including stock option grants, effective for taxable years after December 31, 2017. As a result, all cash and equity compensation paid to certain of our executive officers in excess of \$1 million will be non-deductible unless it qualifies for transition relief afforded to certain binding arrangements in effect on November 2, 2017 or special rules applicable to newly public companies. Because of uncertainties in the interpretation and implementation of the changes to Section 162(m) in the Tax Cuts and Jobs Act, including the scope of the transition relief and the special rules for newly public companies, we can offer no assurance of such deductibility. Our compensation committee seeks to balance the cost and benefit of tax deductibility with our executive compensation goals designed to promote long-term stockholder interests, and continues to reserve discretion to approve new compensation that is not deductible or modify existing compensation arrangements that may result in a loss of deductibility when it believes that such payments are appropriate to attract and retain executive talent.

Accounting for Stock-Based Compensation

Our compensation committee takes accounting considerations into account in designing compensation plans and arrangements for our executive officers and other employees. Chief among these is Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“ASC Topic 718”), the standard which governs the accounting treatment of certain stock-based compensation. Among other things, ASC Topic 718 requires us to record a compensation expense in our income statement for all equity awards granted to our executive officers and other employees. This compensation expense is based on the grant date “fair value” of the equity award and, in most cases, will be recognized ratably over the award’s requisite service period (which, generally, will correspond to the award’s vesting schedule). This compensation expense is also reported in the compensation tables below, even though recipients may never realize any value from their equity awards.

Compensation Risk Assessment

Our compensation committee, with the support of management and its compensation consultant have reviewed the compensation policies and practices for all employees as they relate to risk management and, based upon these reviews, believes that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on us. Our compensation committee monitors our compensation programs on an annual basis and expects to make modifications as necessary to address any changes in our business or risk profile.

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table presents summary information regarding the total compensation that was awarded to, earned by or paid to our Named Executive Officers for services rendered during the years ended December 31, 2019, 2018 and 2017.

Name and Principal Position	Year	Salary (\$)	Bonus⁽¹⁾ (\$)	Option Award⁽²⁾ (\$)	Non-Equity Incentive Plan (\$)	All Other Compensation (\$)	Total (\$)
Hamza Suria, M.B.A. <i>President, Chief Executive Officer and Director</i>	2019	567,000	—	7,301,646	—	6,540 ⁽³⁾	7,875,186
	2018	547,000	—	4,303,927	270,765	540 ⁽⁴⁾	5,122,232
	2017	465,000	—	3,341,588	209,250	600 ⁽⁴⁾	4,016,438
Dominic G. Piscitelli, M.B.A., C.P.A. <i>Former Chief Financial Officer</i>	2019 ⁽⁵⁾	310,858	—	1,538,226	—	6,574 ⁽⁶⁾	1,855,658
	2018	397,000	—	1,571,275	146,890	540 ⁽⁷⁾	2,115,705
	2017 ⁽⁸⁾	356,811	100,000 ⁽⁹⁾	2,290,041	111,143	13,253 ⁽¹⁰⁾	2,871,248
Marco Londei, M.D. <i>Former Chief Medical Officer⁽¹²⁾</i>	2019	453,000	—	2,527,242	108,720	9,564 ⁽¹¹⁾	3,098,526
	2018	436,000	—	1,912,856	161,320	3,564 ⁽¹³⁾	2,513,740
	2017	395,250	—	1,633,665	117,982	3,960 ⁽¹³⁾	2,150,857
Eric Loumeau, J.D. <i>Interim Chief Financial Officer and General Counsel</i>	2019	381,000	—	3,060,804	91,440	8,322 ⁽¹⁴⁾	3,541,566
	2018 ⁽¹⁵⁾	148,106	—	1,961,388	54,763	774 ⁽¹⁶⁾	2,165,031

- (1) The amounts reported in this column represent bonuses awarded at the discretion of our board of directors or compensation committee.
- (2) The amounts reported in the Option Awards column represent the grant date fair value of the stock options granted to the Named Executive Officers during the years ended December 31, 2019, 2018, and 2017 as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 8 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. Note that the amounts reported in this column reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by our Named Executive Officers from the options.
- (3) Reflects 401(k) matching contributions and group term life insurance premiums paid by us on behalf of Mr. Suria.
- (4) Reflects group term life insurance premiums paid by us on behalf of Mr. Suria.
- (5) Reflects Mr. Piscitelli's salary and bonus from January 1, 2019 through September 9, 2019, the date on which Mr. Piscitelli resigned from the company.
- (6) Reflects 401(k) matching contributions and group term life insurance premiums paid by us on behalf of Mr. Piscitelli.
- (7) Reflects group term life insurance premiums paid by us on behalf of Mr. Piscitelli.
- (8) Reflects Mr. Piscitelli's salary from the commencement of his employment on January 11, 2017 through December 31, 2017.
- (9) Reflects a sign-on bonus of \$100,000 paid to Mr. Piscitelli upon joining the company.
- (10) Reflects reimbursements paid to, or on behalf of Mr. Piscitelli during the year ended December 31, 2017 consisting of \$12,703 for moving expenses and \$550 for group term life insurance premiums paid.
- (11) Reflects 401(k) matching contributions and group term life insurance premiums paid by us on behalf of Dr. Londei.
- (12) In March 2020 we mutually determined with Dr. Londei that his employment would be terminated, and Dr. Londei is no longer employed by us.
- (13) Reflects group term life insurance premiums paid by us on behalf of Dr. Londei.
- (14) Reflects 401(k) matching contributions and group term life insurance premiums paid by us on behalf of Mr. Loumeau.

(15) Reflects Mr. Loumeau’s salary and bonus from the commencement of his employment on August 6, 2018 through December 31, 2018.

(16) Reflects group term life insurance premiums paid by us on behalf of Mr. Loumeau.

Grant of Plan-Based Awards

The following table provides information with regard to potential cash bonuses paid or payable in 2019 under our performance-based, non-equity incentive plan, referred to as our 2019 Cash Bonus Plan, and with regard to each equity award granted to each named executive officer during fiscal 2019.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Number of Securities Underlying Options (#) ⁽²⁾	Exercise or Base Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (\$) ⁽²⁾
		Threshold (\$)	Target (\$)	Maximum (\$)			
Hamza Suria, M.B.A.	2/8/2019	N/A	311,850	N/A	N/A	N/A	N/A
	2/8/2019	N/A	N/A	N/A	94,000	68.89	4,131,234
	12/13/2019	N/A	N/A	N/A	280,000	15.73	3,170,412
Dominic G. Piscitelli, M.B.A., C.P.A.	2/8/2019	N/A	165,200	N/A	N/A	N/A	N/A
	2/8/2019	N/A	N/A	N/A	35,000	68.89	1,538,226
Marco Londei, M.D.	2/8/2019	N/A	181,200	N/A	N/A	N/A	N/A
	2/8/2019	N/A	N/A	N/A	35,000	68.89	1,538,226
	12/6/2019	N/A	N/A	N/A	98,000	14.02	989,016
Eric Loumeau, J.D.	2/8/2019	N/A	152,400	N/A	N/A	N/A	N/A
	2/8/2019	N/A	N/A	N/A	35,000	68.89	1,538,226
	8/18/2019	N/A	N/A	N/A	17,500	49.20	533,562
	12/6/2019	N/A	N/A	N/A	98,000	14.02	989,016

(1) These amounts consist of the target cash award levels set in 2019 under the company’s executive incentive cash bonus plan, referred to as the 2019 Cash Bonus Plan. The amount actually earned by each named executive officer is included in the Non-Equity Incentive Plan Compensation column in the 2019 Summary Compensation Table. For more information about the 2019 executive bonus plan compensation for our named executive officers, see “*Executive Compensation - Annual Performance-Based Cash Bonuses*” under the Compensation Discussion and Analysis section above.

(2) The awards of options were granted under our 2017 Equity Incentive Plan. The options vest as to one-fourth of the shares subject to the options on the first anniversary of the date of grant, with the remainder vesting monthly thereafter over the following three years. The amounts reported in the “Grant Date Fair Value of Stock and Option Awards” column represent the grant date fair value of the stock options granted during the year ended December 31, 2019 as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 8 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. Note that the amounts reported in this column reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by our Named Executive Officers from the options.

Outstanding Equity Awards at Fiscal Year-End Table

The following table presents, for each of the Named Executive Officers, information regarding outstanding stock options held as of December 31, 2019.

Name	Grant Date ⁽¹⁾	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Hamza Suria, M.B.A. ⁽²⁾	Dec. 9, 2011	60,361	—	1.12	Dec. 8, 2021
	Feb. 1, 2012	15,993	—	1.12	Jan. 31, 2022
	Feb. 1, 2012	73,291	—	1.12	Jan. 31, 2022
	Dec. 17, 2012	19,425	—	0.91	Dec. 16, 2022
	Sep. 16, 2014	51,840	—	0.70	Sep. 16, 2024
	Aug. 14, 2015	265,928	—	6.93	Aug. 14, 2025
	Feb. 24, 2017	159,375	65,625	24.60	Feb. 24, 2027
	Jan. 26, 2018	30,188	32,812	106.84	Jan 26, 2028
	Feb. 8, 2019	—	94,000	68.89	Feb. 7, 2029
	Dec. 13, 2019	—	280,000	14.02	Dec. 12, 2029
Marco Londei, M.D. ⁽³⁾	Aug. 14, 2015	4,946	—	6.93	Aug. 14, 2025
	Feb. 24, 2017	77,917	32,083	24.60	Feb. 24, 2027
	Jan. 26, 2018	13,417	14,583	106.84	Jan 26, 2028
	Feb. 8, 2019	—	35,000	68.89	Feb. 7, 2029
	Dec. 6, 2019	—	98,000	14.02	Dec. 5, 2029
Eric Loumeau, J.D. ⁽⁴⁾	Aug. 6, 2018	13,333	26,667	78.18	Aug. 5, 2028
	Feb. 8, 2019	—	35,000	68.89	Feb. 7, 2029
	Aug. 18, 2019	—	17,500	49.20	Aug. 17, 2029
	Dec. 6, 2019	—	98,000	14.02	Dec. 5, 2029

- (1) All stock-option awards granted prior to our IPO in January 2017 were granted under our Amended and Restated 2006 Equity Incentive Plan, and all stock-option awards granted subsequent to our IPO were granted under our 2017 Equity Incentive Plan. Except where otherwise noted, the underlying shares of each option vest over four years, with 1/4 of the underlying shares vesting on the first calendar anniversary of the grant date and, thereafter, 1/48 of the underlying shares vest on the same day of each succeeding calendar month, subject to the optionee's employment through each applicable vesting date, such that 100% of the underlying shares will have vested on the fourth calendar anniversary of the grant date.
- (2) The options vested as to their underlying shares as follows: (i) the shares underlying the options granted on December 9, 2011, February 1, 2012, December 17, 2012, September 16, 2014 and August 14, 2015, have fully vested; (ii) of the 225,000 shares underlying the option granted on February 24, 2017, 1/4 vested on February 24, 2018, and 1/48 vest on the twenty-fourth day of each succeeding calendar month, starting March 24, 2018; (iii) of the 63,000 shares underlying the option granted on January 26, 2018, 1/4 vested on January 26, 2019, and 1/48 vest on the twenty-sixth day of each succeeding calendar month, starting February 26, 2019; (iv) of the 94,000 shares underlying the option granted on February 8, 2019, 1/4 vest on February 8, 2020, and 1/48 vest on the eighth day of each succeeding calendar month, starting March 8, 2020; and (v) of the 280,000 shares underlying the option granted on December 13, 2019, 1/4 vest on December 13, 2020, and 1/48 vest on the thirteenth day of each succeeding calendar month, starting January 13, 2021. If we experience a change of control and Mr. Suria is terminated without "cause" or resigns for "good reason" (each as defined in the employment agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Mr. Suria delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, then each of Mr. Suria's then currently outstanding stock options will vest in full.

- (3) The options vest as to their underlying shares as follows: (i) the shares underlying the options granted on August 14, 2015 have fully vested; (ii) of the 110,000 shares underlying the option granted on February 24, 2017, 1/4 vested on February 24, 2018, and 1/48 vest on the twenty-fourth day of each succeeding calendar month, starting March 24, 2018; (iii) of the 28,000 shares underlying the option granted on January 26, 2018, 1/4 vested on January 26, 2019, and 1/48 vest on the twenty-sixth day of each succeeding calendar month, starting February 26, 2019; (iv) of the 35,000 shares underlying the option granted on February 8, 2019, 1/4 vest on February 8, 2020, and 1/48 vest on the eighth day of each succeeding calendar month, starting March 8, 2020; and (v) of the 98,000 shares underlying the option granted on December 6, 2019, 1/4 vest on December 6, 2020, and 1/48 vest on the sixth day of each succeeding calendar month, starting January 6, 2021. If we experience a change in control and Dr. Londei is terminated without “cause” or resigns for “good reason” (each as defined in the Londei Employment Agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Dr. Londei delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, then each of Dr. Londei’s then currently outstanding stock options will vest in full.
- (4) The options vest as to their underlying shares as follows: (i) of the 40,000 shares underlying the option granted on August 6, 2018, 1/4 vested on August 6, 2019, and 1/48 vest on the sixth day of each succeeding calendar month, starting September 6, 2019; (ii) of the 35,000 shares underlying the option granted on February 8, 2019, 1/4 vest on February 8, 2020, and 1/48 vest on the eighth day of each succeeding calendar month, starting March 8, 2020; (iii) of the 17,500 shares underlying the option granted on August 18, 2019, 1/4 vest on August 18, 2020, and 1/48 vest on the eighteenth day of each succeeding calendar month, starting September 18, 2020; and (iv) of the 98,000 shares underlying the option granted on December 6, 2019, 1/4 vest on December 6, 2020, and 1/48 vest on the sixth day of each succeeding calendar month, starting January 6, 2021. If we experience a change in control and Mr. Loumeau is terminated without “cause” or resigns for “good reason” (each as defined in the Loumeau Employment Agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Mr. Loumeau delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, then each of Mr. Loumeau’s then currently outstanding stock options will vest in full.

2019 Option Exercises

The following table shows stock options exercised by our named executive officers during the fiscal year ended December 31, 2019:

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾
Hamza Suria, M.B.A.	60,000	3,567,600
Dominic G. Piscitelli, M.B.A., C.P.A.	98,989	1,270,088
Marco Londei, M.D.	75,337	2,243,970
Eric Loumeau, J.D.	—	—

- (1) The value realized on exercise is calculated as the difference between the fair market value of our common stock on the date of exercise and the applicable exercise price of those options.

Employment Agreements

The terms and conditions of employment of each of Mr. Suria, Dr. Londei and Mr. Loumeau are set forth in written employment agreements. Each of these arrangements was approved by our board of directors. We believed these employment agreements were necessary to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization. Mr. Piscitelli resigned in September 2019 and his employment agreement terminated at the time of his resignation. He did not receive any severance benefits in connection with his resignation.

Mr. Suria’s Employment Agreement

Pursuant to an employment agreement effective as of January 26, 2018, or the Suria Employment Agreement, Mr. Suria serves as our President and Chief Executive Officer. The Suria Employment Agreement sets forth the principal terms and conditions of his employment, including his current annual base salary of \$567,000 and an annual target cash bonus opportunity of up to 55% of his base salary, which bonus is earned based on our achievement of specified performance goals established by our board of directors, the achievement of which is evaluated by our board of directors. Mr. Suria’s employment is at will and may be terminated at any time, with or without cause. However, pursuant to the terms of the Suria Employment Agreement, Mr. Suria

will be entitled to severance benefits upon a qualifying termination of employment as described in “—Potential Payments upon Termination or Change in Control” below.

Dr. Londei’s Employment Agreement

Pursuant to an employment agreement effective as of January 26, 2018, or the Londei Employment Agreement, Dr. Londei served as our Chief Medical Officer during our fiscal year ended December 31, 2019. The Londei Employment Agreement set forth the principal terms and conditions of his employment, including his annual base salary (\$453,000 in 2019) and an annual target cash bonus opportunity of up to 40% of his base salary, which bonus is earned based on our achievement of performance goals established by our chief executive officer, the achievement of which is evaluated by our chief executive officer and board of directors. Dr. Londei’s employment was at will and may be terminated at any time, with or without cause. However, pursuant to the terms of the Londei Employment Agreement, Dr. Londei will be entitled to severance benefits upon a qualifying termination of employment as described in “—Potential Payments upon Termination or Change in Control” below.

As noted above, in March 2020 we mutually decided with Dr. Londei that his employment would be terminated, and he did not receive any severance benefits under his employment agreement in connection with this termination of employment with us.

Mr. Loumeau’s Employment Agreement

Pursuant to an employment agreement effective as of August 6, 2018, or the Loumeau Employment Agreement, Mr. Loumeau serves as our General Counsel. The Loumeau Employment Agreement sets forth the principal terms and conditions of his employment, including his current annual base salary of \$381,000 and an annual target cash bonus opportunity of up to 40% of his base salary, which bonus is earned based on our achievement of performance goals established by our chief executive officer, the achievement of which is evaluated by our chief executive officer and board of directors. Mr. Loumeau’s employment is at will and may be terminated at any time, with or without cause. However, pursuant to the terms of the Loumeau Employment Agreement, Mr. Loumeau will be entitled to severance benefits upon a qualifying termination of employment as described in “—Potential Payments upon Termination or Change in Control” below.

Potential Payments upon Termination or Change in Control

Termination

Pursuant to the Suria Employment Agreement, the Londei Employment Agreement and the Loumeau Employment Agreement, in the event that Mr. Suria, Dr. Londei or Mr. Loumeau is terminated without “cause” or resigns for “good reason” (each as defined in the applicable employment agreement), provided that each delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) in the case of Mr. Suria, he will receive continued severance payments for twelve months, and in the case of Dr. Londei and Mr. Loumeau, nine months, and (ii) and if each elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), we will pay directly to the insurance provider of our group health plans, the monthly premium for such continuation coverage for each officer and his family, for twelve months, in the case of Mr. Suria, and nine months, in the case of Dr. Londei and Mr. Loumeau, or such earlier date on which coverage with a new employer is obtained.

Change in Control

Pursuant to the Suria Employment Agreement and certain of his outstanding stock option agreements, if we experience a change of control and Mr. Suria is terminated without “cause” or resigns for “good reason” (each as defined in the Suria Employment Agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Mr. Suria delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) Mr. Suria will receive the continued severance payments and COBRA premiums described above for eighteen months and (ii) his then-current outstanding stock options will vest in full.

Pursuant to the Londei Employment Agreement, if we experience a change in control and Dr. Londei is terminated without “cause” or resigns for “good reason” (each as defined in the Londei Employment Agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Dr. Londei delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) Dr. Londei will receive the severance payments and COBRA premiums described above for twelve months and (ii) his currently outstanding stock options will vest in full.

Pursuant to the Loumeau Employment Agreement, if we experience a change in control and Mr. Loumeau is terminated without “cause” or resigns for “good reason” (each as defined in the Loumeau Employment Agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Mr. Loumeau delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) Mr. Loumeau will receive the severance

payments and COBRA premiums described above for twelve months and (ii) his currently outstanding stock options will vest in full.

Each employment agreement contains a “better after-tax” provision, which provides that if any of the payments to Mr. Suria, Dr. Londei or Mr. Loumeau, respectively, constitutes a parachute payment under Section 280G of the Code, the payments will either be (i) reduced or (ii) provided in full to the executive, whichever results in the executive receiving the greater amount after taking into consideration the payment of all taxes, including the excise tax under Section 4999 of the Code, in each case based upon the highest marginal rate for the applicable tax.

The following table sets forth quantitative estimates of the benefits that would have accrued to our named executive officers pursuant to the terms of each of their respective severance agreements, assuming that such executive officer’s employment terminated on December 31, 2019 and the conditions for such benefits were satisfied. Mr. Piscitelli is not included in the table below as he resigned prior to December 31, 2019 and did not receive any severance or other benefits in connection with his resignation:

Name	Cash Severance (\$)	Benefit Continuation (\$)	Value of Accelerated Equity Awards		Total (\$)
			Stock Awards ⁽¹⁾ (\$)	Option Awards (\$)	
Hamza Suria, M.B.A.					
Termination	567,000	22,362	—	—	589,362
Within Change of Control Period	850,500	33,544	—	624,400	1,508,444
Marco Londei, M.D.⁽²⁾					
Termination	339,750	18,357	—	—	358,107
Within Change of Control Period	453,000	24,476	—	218,540	696,016
Eric Loumeau					
Termination	285,750	23,639	—	—	309,389
Within Change of Control Period	381,000	31,519	—	218,540	631,059

(1) The value of accelerated restricted stock units is calculated by multiplying the number of shares being accelerated by the closing price of our common stock on December 31, 2019, the last trading day of our fiscal year, which was \$16.25.

(2) Because Dr. Londei’s employment terminated in March 2020, and no severance was paid, these numbers are by way of example only.

Executive Benefits

Our named executive officers are eligible to participate in our employee benefit plans on the same basis as our other employees, including our health and welfare plans.

CHIEF EXECUTIVE OFFICER PAY RATIO

In accordance with Item 402(u) of Regulation S-K, we are providing disclosure relating to the ratio of the median of the annual total compensation of all of our employees (other than our Chief Executive Officer) and the annual total compensation of our Chief Executive Officer, Hamza Suria.

For 2019:

- The median of the annual total compensation of all our employees was \$234,460;
- The annual total compensation of our Chief Executive Officer, Mr. Suria, was \$8,145,411; and
- The ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of our employees was 35 to 1.

This ratio is a reasonable estimate calculated in a manner consistent with SEC rules.

To identify our median employee, we took the following steps:

- We selected December 31, 2019 as the determination date for identifying our median employee. As of December 31, 2019, our employee population consisted of approximately 95 individuals (excluding our CEO) all located within the

United States, which included all employees whether employed on a full-time, part-time, temporary or seasonal basis. We did not include any contractors or other non-employee workers in our employee population.

- In determining the median employee, we used a consistently applied compensation measure of actual base salary paid for 2019, actual 2019 bonus earned, and the grant-date fair value of all equity awards granted during the full 12-month period of 2019. Cash compensation for new hire employees that commenced employment in 2019 was annualized to reflect a full year.

Once the median employee was identified, we determined this employee's annual total compensation in the same manner that we calculated the total compensation of our Chief Executive Officer for purposes of the Summary Compensation Table.

This annual total compensation amount for our median employee was then compared to the annual total compensation of our Chief Executive Officer as reported in the "Total" column of our 2019 Summary Compensation Table in this Proxy Statement to determine the pay ratio.

Because the SEC rules for identifying the median compensated employee allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices, the pay ratio reported by other companies may not be comparable to ours.

EQUITY COMPENSATION PLAN INFORMATION

The following table presents information as of December 31, 2019 with respect to compensation plans under which shares of our common stock may be issued.

Plan category	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 future issuance under equity compensation plans (excluding securities reflected in column(a)) (#)
	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽¹⁾⁽²⁾	3,039,880	29.40	2,602,343
Equity compensation plans not approved by security holders	—	—	—
Total	3,039,880	29.40	2,602,343

(1) Includes our 2006 Equity Incentive Plan, 2017 Equity Incentive Plan and our 2017 Employee Stock Purchase Plan.

(2) We have ceased issuing awards under our Amended and Restated 2006 Equity Incentive Plan as of the effective date of our 2017 Equity Incentive Plan. Any shares of common stock that are subject to outstanding awards under the 2006 Equity Incentive Plan that are issuable upon the exercise of stock options that expire or become unexercisable for any reason without having been exercised in full will generally be available for future grant and issuance under our 2017 Equity Incentive Plan. In addition, the number of shares reserved for issuance under our 2017 Equity Incentive Plan increased automatically by 4% on January 1, 2020 and will increase automatically on the first day of January of each of 2021 through 2028 by the number of shares equal to 4% of the total outstanding shares of our common stock as of the immediately preceding December 31 or a lower number approved by our board of directors or compensation committee. There are 997,682 shares of common stock available for issuance under the 2017 Employee Stock Purchase Plan and will increase automatically on the first day of January of each of 2021 through 2028 by the number of shares equal to 1% of the total outstanding shares of our common stock as of the immediately preceding December 31 or a lower number approved by our board of directors or compensation committee.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

From January 1, 2019 to the present, there have been no transactions, and there are currently no proposed transactions, in which the amount involved exceeds \$120,000 to which we or any of our subsidiaries was (or is to be) a party and in which any director, director nominee, executive officer, holder of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had (or will have) a direct or indirect material interest, except for payments set forth under “Proposal One” and “Executive Compensation” above.

Policies and Procedures for Related Party Transactions

We adopted a written related person transactions policy providing that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of our common stock, and any members of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a transaction with us in which the amount involved exceeds \$120,000 without the review and approval of our audit committee, or a committee composed solely of independent directors in the event it is inappropriate for our audit committee to review such transaction due to a conflict of interest. In approving or rejecting any such proposal, our audit committee will consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

ADDITIONAL INFORMATION

Stockholder Proposals to be presented at Next Annual Meeting

Requirements for Stockholder Proposals to be Brought Before an Annual Meeting. Our bylaws provide that for stockholder nominations to our board of directors or other proposals to be considered at an annual meeting, the stockholder must give timely notice thereof in writing to the Corporate Secretary at AnaptysBio, Inc., 10421 Pacific Center Court, Suite 200, San Diego, CA 92121.

To be timely for our company's 2021 annual meeting of stockholders, a stockholder's notice must be delivered to or mailed and received by our Corporate Secretary at our principal executive offices not earlier than the close of business on March 6, 2021 and not later than the close of business on April 5, 2021. A stockholder's notice to the Corporate Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting the information required by applicable law and our bylaws. In no event will the public announcement of an adjournment or a postponement of our annual meeting commence a new time period for the giving of a stockholder's notice as provided above.

Requirements for Stockholder Proposals to be Considered for Inclusion in our Proxy Materials. Stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act and intended to be presented at our 2021 annual meeting of stockholders must be received by us not later than December 28, 2020 in order to be considered for inclusion in our proxy materials for that meeting. A stockholder's notice to the Corporate Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting the information required by applicable law and our bylaws.

Delinquent Section 16(a) Reports

Section 16 of the Exchange Act requires our directors, executive officers and any persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file. Based solely on our review of the copies of such forms furnished to us and written representations from the directors and executive officers, we believe that all Section 16(a) filing requirements were timely met in 2019 except for a Form 4 filed late by Dr. Ware relating to an open market purchase.

Available Information

We will mail without charge, upon written request, a copy of our annual report on Form 10-K for the year ended December 31, 2019, including the financial statements and list of exhibits, and any exhibit specifically requested. Requests should be sent to:

**10421 Pacific Center Court, Suite 200
San Diego, CA 92121
Attn: Corporate Secretary**

The annual report on Form 10-K is also available at <http://ir.anaptysbio.com>.

“Householding” – Stockholders Sharing the Same Address

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to implement a delivery procedure called “householding.” Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our annual report on Form 10-K and proxy materials, including the Notice of Internet Availability, unless the affected stockholder has provided other instructions. This procedure reduces printing costs and postage fees and helps protect the environment as well.

We expect that a number of brokers with account holders who are our stockholders will be “householding” our annual report on Form 10-K and proxy materials, including the Notice of Internet Availability. A single Notice of Internet Availability and, if applicable, a single set of annual report on Form 10-K and other proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from one or more of the affected stockholders. Once you have received notice from your broker that it will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. You may revoke your consent at any time by contacting your broker.

Upon written or oral request, we will undertake to promptly deliver a separate copy of the Notice of Internet Availability and, if applicable, annual report on Form 10-K and other proxy materials to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice of Internet Availability and, if applicable, annual report on Form 10-K and other proxy materials, you may write our Corporate Secretary at 10421 Pacific Center Court, Suite 200, San Diego, CA 92121, or call 1 (858) 362-6348.

Any stockholders who share the same address and currently receive multiple copies of our Notice of Internet Availability or annual report on Form 10-K and other proxy materials who wish to receive only one copy in the future can contact their bank, broker or other holder of record to request information about “householding” or our Corporate Secretary at the address or telephone number listed above.

OTHER MATTERS

Our board of directors does not presently intend to bring any other business before the meeting and, so far as is known to the board of directors, no matters are to be brought before the meeting except as specified in the notice of the meeting. As to any business that may arise and properly come before the meeting, however, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.



ANNUAL MEETING OF ANAPTYSBIO, INC.

Date: June 19, 2020
Time: 9:00 a.m. (PDT)
Place: 10455 Pacific Center Court, Suite 200 San Diego, CA 92121

As further described in the proxy statement, we will provide any update to the meeting location on our proxy website and by press release.

Please make your marks like this: Use dark black pencil or pen only

Board of Directors Recommends a Vote **FOR** proposals 1, 2, and 3.

1: Election of Class III Directors with Terms Expiring in 2023

Nominees:	For	Withhold
01 Hollings Renton	<input type="checkbox"/>	<input type="checkbox"/>
02 John P. Schmid	<input type="checkbox"/>	<input type="checkbox"/>

2: To ratify the appointment of KPMG LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020.

	For	Against	Abstain
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3: Non-binding advisory vote on compensation of our named executive officers.

	For	Against	Abstain
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Directors Recommend
↓

For
For

For

For

↑ Please separate carefully at the perforation and return just this portion in the envelope provided. ↓



**Annual Meeting of AnaptysBio, Inc.
to be held on Friday, June 19, 2020
for Holders as of April 20, 2020**

This proxy is being solicited on behalf of the Board of Directors



INTERNET

VOTE BY:



TELEPHONE

Go To
www.proxypush.com/ANAB
• Cast your vote online.
• View Meeting Documents.

OR



MAIL

OR

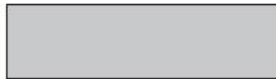
• Mark, sign and date your Proxy Card/Voting Instruction Form.
• Detach your Proxy Card/Voting Instruction Form.
• Return your Proxy Card/Voting Instruction Form in the postage-paid envelope provided.

866-813-1246
• Use any touch-tone telephone.
• **Have your Proxy Card/Voting Instruction Form ready.**
• Follow the simple recorded instructions.

The undersigned hereby appoints Hamza Suria and Eric Loumeau, and each or either of them, as the true and lawful attorneys of the undersigned, with full power of substitution and revocation, and authorizes them, and each of them, to vote all the shares of capital stock of AnaptysBio, Inc. which the undersigned is entitled to vote at said meeting and any adjournment thereof upon the matters specified and upon such other matters as may be properly brought before the meeting or any adjournment thereof, conferring authority upon such true and lawful attorneys to vote in their discretion on such other matters as may properly come before the meeting and revoking any proxy heretofore given.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, SHARES WILL BE VOTED FOR THE ELECTION OF THE DIRECTORS IN ITEM 1 AND FOR THE PROPOSALS IN ITEMS 2 AND 3.

**PROXY TABULATOR FOR
ANAPTYSBIO, INC.
P.O. BOX 8016
CARY, NC 27512-9903**



Authorized Signatures - This section must be completed for your Instructions to be executed.

Please Sign Here

Please Date Above

Please Sign Here

Please Date Above

Please sign exactly as your name(s) appears on your stock certificate. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.



Proxy — AnaptysBio, Inc.
Annual Meeting of Stockholders
June 19, 2020, 9:00 a.m. (Pacific Daylight Time)
This Proxy is Solicited on Behalf of the Board of Directors

The undersigned appoints Hamza Suria and Eric Loumeau (the "Named Proxies") and each of them as proxies for the undersigned, with full power of substitution, to vote the shares of common stock of AnaptysBio, Inc., a Delaware corporation ("the Company"), which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held at 10455 Pacific Center Court, Suite 200 San Diego, CA 92121 on Friday, June 19, 2020 at 9:00 a.m. (PDT) and all adjournments thereof. As further described in the proxy statement, we will provide any update to the meeting location on our proxy website and by press release.

The purpose of the Annual Meeting is to take action on the following:

1. Election of Class III Directors with Terms Expiring in 2023
Nominees:
 - 1) Hollings Renton
 - 2) John P. Schmid
2. To ratify the appointment of KPMG LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020.
3. Non-binding advisory vote on compensation of our named executive officers.

NOTE: Transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

The Board of Directors of the Company recommends a vote "FOR" all nominees for director and "FOR" proposals 2 and 3.

This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, shares will be voted "FOR" the election of Directors in Item 1, and "FOR" the proposals in Items 2 and 3. In their discretion, the Named Proxies are authorized to vote upon such other matters that may properly come before the Annual Meeting or any adjournment or postponement thereof.

You are encouraged to specify your choice by marking the appropriate box (SEE REVERSE SIDE) but you need not mark any box if you wish to vote in accordance with the Board of Directors' recommendation. The Named Proxies cannot vote your shares unless you sign and return this card.

To attend the meeting and vote your shares
in person, please mark this box.

← Please separate carefully at the perforation and return just this portion in the envelope provided. →