

TorreyPines Therapeutics, Inc.
Form DEF 14A
April 23, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

TORREYPINES THERAPEUTICS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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 - (3) Filing Party:
 - (4) Date Filed:

TORREYPINES THERAPEUTICS, INC.
11085 North Torrey Pines Road
Suite 300
La Jolla, California 92037

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 23, 2007

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of TorreyPines Therapeutics, Inc., a Delaware corporation. The annual meeting will be held on Wednesday, May 23, 2007 at 9:00 a.m. local time at the offices of Cooley Godward Kronish, LLP 4401 Eastgate Mall, San Diego, California 92121-1909 for the following purposes:

1. To elect seven directors to serve for the ensuing year and until their successors are elected.
2. To ratify the selection by the Audit Committee of our Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2007.
3. To conduct any other business properly brought before the meeting and any postponement or adjournment of the meeting.

These items of business are more fully described in the proxy statement accompanying this notice.

The record date for the Annual Meeting is April 3, 2007. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment of postponement thereof.

By Order of the Board of Directors

Craig Johnson

Chief Financial Officer and Secretary

La Jolla, California
April 23, 2007

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy, or vote over the telephone or the Internet as instructed in these materials, as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

TORREYPINES THERAPEUTICS, INC.
11085 North Torrey Pines Road
Suite 300
La Jolla, California 92037

PROXY STATEMENT
FOR THE 2007 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 23, 2007

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We have sent you this proxy statement and the enclosed proxy card because the Board of Directors of TorreyPines Therapeutics, Inc. (sometimes referred to as the Company or TorreyPines) is soliciting your proxy to vote at the 2007 Annual Meeting of Stockholders. You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or on the Internet.

We intend to mail this proxy statement and accompanying proxy card on or about April 23, 2007 to all stockholders of record entitled to vote at the annual meeting.

Who can vote at the annual meeting?

Only stockholders of record at the close of business on April 3, 2007, the record date of the annual meeting, will be entitled to vote at the annual meeting. At the close of business on this record date, there were 15,700,839 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If, at the close of business on April 3, 2007, your shares were registered directly in your name with our transfer agent, Nevada Agency and Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If, at the close of business on April 3, 2007, your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the annual meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are two matters scheduled for a vote:

- Election of seven directors to hold office for the ensuing year and until their successors are elected; and
- Ratification of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending, December 31, 2007.

Any other matter that is properly presented at the meeting will also be voted upon at that time.

How do I vote?

You may either vote For all the nominees to the Board of Directors or you may Withhold your vote for any nominee(s) you specify. For the ratification of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007, you may vote For or Against or abstain from voting.

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the annual meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone, or vote by proxy on the Internet. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the annual meeting and we will give you a ballot when you arrive.
- To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.
- To vote over the telephone, available only for stockholders in the USA, Canada and Puerto Rico stockholders only, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m., Eastern Time on May 22, 2007 to be counted.
- To vote on the Internet, go to www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m., Eastern Time on May 22, 2007 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or bank. To vote in person at the annual meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares on-line, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of the Company's common stock you own as of April 3, 2007.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted For the election of all seven nominees for director and For the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending, December 31, 2007. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return *each* proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy card with a later date.
- You may send a timely written notice that you are revoking your proxy to our corporate Secretary at 11085 North Torrey Pines Road, Suite 300, La Jolla, California 92037.
- You may attend the annual meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are stockholder proposals due for next year's annual meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by December 25, 2007, to our Corporate Secretary at 11085 North Torrey Pines Road, Suite 300, La Jolla, California 92037. If you wish to submit a proposal that is not to be included in next year's proxy materials or nominate a director, your proposal generally must be submitted in writing to the same address no later than February 23, 2008, but no earlier than January 24, 2008. You are also advised to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Withhold and, with respect to proposals other than the election of directors, Against votes, abstentions and broker non-votes. Abstentions will be counted towards the vote total for each proposal, and will have the same effect as Against votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

What are broker non-votes ?

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. Under the rules and interpretations of the New York Stock Exchange, non-routine matters are generally those involving a contest or a matter that may substantially affect the rights or privileges of shareholders, such as mergers or shareholder proposals.

How many votes are needed to approve each proposal?

- For the election of directors, the seven nominees receiving the most For votes (among votes properly cast in person or by proxy) will be elected.
- To be approved, the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm must receive For votes from the holders of a majority of shares present and entitled to vote either in person or by proxy. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have no effect.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares are present at the meeting in person or represented by proxy. At the close of business on the record date, there were 15,700,839 shares outstanding and entitled to vote. Thus, the holders of 7,850,420 shares must be present in person or represented by proxy at the meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in our quarterly report on Form 10-Q for the second quarter of 2007.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Certificate of Incorporation permits the Board of Directors to fix the number of members comprising the Board of Directors. Currently, our Board of Directors consists of ten members. Three of our current directors, William T. Comer, Ph.D., Louis G. Cornacchia and Marvin Hausman, M.D., have informed our Board of Directors that they will retire upon the expiration of their current terms. Our Board of Directors and management extend their gratitude to Drs. Comer and Hausman and Mr. Cornacchia for their many years of contributions to our Company. In recognition of Dr. Comer's years of service to the Company, the Board of Directors will recognize Dr. Comer as Chairman Emeritus following his retirement from the Board of Directors. It is the intention of our Board of Directors to reduce the total number of directors from ten to seven following this year's annual meeting of the stockholders. Therefore, there are seven nominees for director this year. Each director to be elected will hold office until the next annual meeting of stockholders and until his or her successor is elected, or, if sooner, until the director's death, resignation or removal. Each of the nominees listed below is currently a director of TorreyPines Therapeutics, Inc. Dr. Ferris and Mr. Ratoff were previously elected by the stockholders. Drs. Davis, Deleage, Fisherman and Kurtz and Mr. Van Beneden were appointed to the Board of Directors following our business combination with TPTX, Inc. completed on October 3, 2006, referred to as the Merger. We do not currently have a policy regarding director attendance at the annual meeting of stockholders. Four of our directors then in office attended the 2006 annual meeting of stockholders.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The seven nominees receiving the highest number of affirmative votes (among votes properly cast in person or by proxy) will be elected.

Nominees

Below is the name, age and biographical information of each nominee for director as of April 23, 2007.

Name	Age	Position
Peter Davis, Ph.D.	62	Director
Jean Deleage, Ph.D.	66	Chairman of the Board and Director
Steven H. Ferris, Ph.D.	63	Director
Jason Fisherman, M.D.	50	Director
Neil M. Kurtz, M.D.	56	President, Chief Executive Officer and Director
Steven B. Ratoff	64	Director
Patrick Van Beneden	44	Director

Peter Davis, Ph.D., has served as a director of our Company since October 2006 and previously served as a director of TPTX, Inc., our subsidiary, from August 2005 to February 2007. Since 2002, Dr. Davis has worked as an independent consultant to a number of companies. Dr. Davis served as president of DNA Plant Technologies Corp., an agriculture biotechnology company, from 2001 to 2002. Dr. Davis was a member of the Executive Committee of Pulsar International, S.A., a management consultant company and an affiliate of A.G. Biotech Capital, from 1993 to 2001. From 1975 to 1993, Dr. Davis was a faculty and staff member of the Wharton School of the University of Pennsylvania. His primary appointments included Director of the Applied Research Center and Director of Executive Education. He is a member of the board of directors of several private companies as well chairman of the board of directors of Kosan Biosciences Incorporated. Dr. Davis received a B.A. in physics from Cambridge University, a Masters Degree in operations research from the London School of Economics and a Ph.D. in operations research from the Wharton School of the University of Pennsylvania.

Jean Deleage, Ph.D. has served as a director and the chairman of our Board of Directors since October 2006 and previously served as a director of TPTX, Inc., our subsidiary, from May 2000 to February 2007. Dr. Deleage is a founder and managing director of Alta Partners, a venture capital firm investing in information technologies and life science companies, since founding the firm in February 1996. From 1979 to 1996, Dr. Deleage was a founder and a managing partner of Burr, Egan, Deleage & Co., a venture capital firm of which he was a founder. In 1971, Dr. Deleage was the founder of Sofinnova, a venture capital organization in France, and in 1976 formed Sofinnova, Inc., Sofinnova's U.S. subsidiary. Dr. Deleage currently serves as a director of IDM Pharma, Inc., Innate Pharma SA, Kosan Biosciences Incorporated, LifeCycle Pharma A/S, Rigel Pharmaceuticals, Inc. and several privately held companies. Dr. Deleage received a Baccalaureate in France, a M.A. in electrical engineering from Ecole Supérieure d'Electricité, and a Ph.D. in economics from the Sorbonne.

Steven H. Ferris, Ph.D. has served as a director of our Company since January 2003. Dr. Ferris is a neuropsychologist, psychopharmacologist, and gerontologist who has been studying brain aging and Alzheimer's disease for over 30 years. Dr. Ferris is the Friedman Professor and Director of the Alzheimer's Disease Center in the Department of Psychiatry at New York University (NYU) School of Medicine, and Executive Director of the NYU Silberstein Institute for Aging and Dementia Research Center. Dr. Ferris has been at the NYU School of Medicine since 1973, where he has conducted a major research program focusing on cognitive assessment, early diagnosis and treatment of brain aging and Alzheimer's disease. He has served as the Associate Editor in Chief of *Alzheimer Disease and Associated Disorders*, is a member of the Medical and Scientific Affairs Council of the national *Alzheimer's Association*, has served on several National Institutes of Health peer review panels, and has been a member of the U.S. Food and Drug Administration Advisory Committee which reviews new drugs for Alzheimer's disease. He has conducted more than 50 clinical trials in aging and dementia and has been a consultant to numerous pharmaceutical companies who are developing new treatments for Alzheimer's disease.

Jason Fisherman, M.D. has served as a director of our Company since October 2006 and previously served as a director of TPTX, Inc., our subsidiary, from May 2000 to February 2007. He is a managing director of Advent International, a global private equity firm where he specializes in biotechnology and emerging pharmaceutical investments, which he joined in 1994. From 1991 to 1994, Dr. Fisherman served as Senior Director of Medical Research for Enzon, Inc., a biopharmaceutical company, and previously managed the clinical development of a number of oncology drugs at the National Cancer Institute. Dr. Fisherman is currently a director of Achillion Pharmaceuticals Inc., and a number of private healthcare companies. Dr. Fisherman received his B.A. in molecular biophysics and biochemistry from Yale University, his M.D. from the University of Pennsylvania and his M.B.A. from the Wharton School of the University of Pennsylvania.

Neil M. Kurtz, M.D. has served as our President and Chief Executive Officer and a director of our Company since October 2006. He has served as President and Chief Executive Officer as well as a director of TPTX, Inc., our subsidiary, since 2002. Prior to joining TPTX, Inc., Dr. Kurtz co-founded Worldwide Clinical Trials, a contract research organization, where he held the positions of President and Chief Executive Officer until its acquisition by United Health Group, or UHG, in September 1999. After the acquisition, Dr. Kurtz became President of Ingenix Pharmaceutical Services, a division of UHG, and also served as a member of the UHG Executive Board until joining TPTX, Inc. Dr. Kurtz's career includes senior positions with Boots Pharmaceuticals, Bayer Corporation, Bristol-Myers Squibb, and Merck. He currently serves on the boards of two private companies, NeurogesX, a specialty pharmaceutical company, and Medidata Solutions, a global provider of data management services. In addition, Dr. Kurtz has consulted for more than a dozen pharmaceutical companies and was a member of the faculty in the Department of Psychiatry at the University of Connecticut from 1984 to 1988 and the University of California, Los Angeles from July 1980 to 1981. Dr. Kurtz holds a B.A. in psychology from New York University and an M.D. from the Medical College of Wisconsin.

Steven B. Ratoff has served as a director of our Company since May 2005. From September 2005 to October 2006, Mr. Ratoff was Chairman of our Board of Directors. Mr. Ratoff is currently a private investor and has been a Venture Partner with Proquest Investments, a biopharmaceutical venture firm, since 2004. He most recently served as Chairman and Interim Chief Executive Officer of Cima Labs, Inc., a public specialty pharmaceutical company, from May 2003 through its sale to Cephalon, Inc. in August 2004. He was the President and Chief Executive Officer of MacroMed, Inc., a privately owned drug delivery company, from February 2001 to December 2001, and also as director of that company from 1998 to 2001. Mr. Ratoff's experience includes serving as Executive Vice President and Chief Financial Officer of Brown-Forman Corporation, a public diversified manufacturer of consumer products, as well as 15 years in a variety of senior financial positions with Bristol-Myers Squibb. Mr. Ratoff is currently Chairman of the Board of Novadel Pharma Inc., a publicly traded specialty pharmaceutical company.

Patrick Van Beneden has served as a director of our Company since October 2006 and previously served as a director of TPTX, Inc., our subsidiary, from 2003 to February 2007. Since 2001, Mr. Van Beneden has been Executive Vice President Life Sciences of GIMV N.V., a Belgian investment company, and he has held various positions with GIMV since 1985. Mr. Van Beneden has served as a member of the board of directors for Avalon Pharmaceuticals since October 2001. Mr. Van Beneden holds a Masters Degree in applied economics from VLEKHO-Brussels.

Directors Retiring in 2007

William T. Comer, Ph.D., age 71, has served as a director of our Company since October 2006 and previously served as a director of TPTX, Inc., our subsidiary, from April 2000 to February 2007. From 1991 to 1999, Dr. Comer served as President, Chief Executive Officer and a Director of SIBIA Neurosciences, Inc., a company focusing on drug discovery and the development of neurodegenerative disease therapeutics, which was acquired by Merck & Co. From 1961 to 1981, he was a scientist at Mead Johnson & Co., including Vice President of Research. From 1982 to 1990, Dr. Comer served in various capacities at Bristol-Myers including President of Research and Licensing. From 1990 to 1991, he was Senior Vice President, Strategic Management for Bristol-Myers Squibb. Dr. Comer served as a director for Epimmune (formerly Cytel Corporation) from 1994 to 2005 and as the Chairman of the Board for Prescient Neuropharma from 2000 to 2002. He has served as a director for Tetragenex (formerly Innapharma) since 2001 and began serving as a director for TRACON Pharmaceuticals, a private company, in 2007. Dr. Comer has served on the board of the University of California San Diego Foundation since 1993 and the board of the La Jolla Institute of Molecular Medicine since 2000. Dr. Comer received a B.A. in chemistry from Carleton College, and a Ph.D. in organic chemistry and pharmacology from the University of Iowa.

Louis G. Cornacchia, age 74, has served as a director of our Company since February 2003. Mr. Cornacchia has extensive experience in managing several engineering consultancy companies. Mr. Cornacchia received a bachelor's degree in electrical engineering from Manhattan College in 1955. Between 1955 and 1963, Mr. Cornacchia was employed as an RF engineer at Hazeltine Electronics Corp., at the Loral Systems Design Team where he worked on design of countermeasures/reconnaissance systems, and subsequently was employed as Chief Engineer at Victory Electronics developing light imaging scopes for the U.S. Army. In 1963, Mr. Cornacchia joined Norden Systems where he worked as a Test Equipment Manager for the F111D avionics program. In 1969, Mr. Cornacchia formed Collins Consultants International, Ltd., an engineering consultancy providing services to Norden Systems and multiple defense engineering companies. In 1974, Mr. Cornacchia formed Charger Tech Services, another engineering services company. In 1987, Mr. Cornacchia formed Scinetics, an engineering consultancy that provides microwave wireless engineering services. Scinetics provides engineering services for mobile cellular and PCS wireless companies, assisting them in obtaining approvals for seamless wireless networks. Mr. Cornacchia is presently the President of Scinetics. Mr. Cornacchia has also served as Chairman of the

board of directors of Reliance Bank, White Plains, New York from 1992 to 1995 and as a member of the Advisory Board of Patriot National Bank, Stamford, Connecticut from 1995 to 2000.

Marvin S. Hausman, M.D., age 65 has served as a director of our Company since its founding in 1996. He served as our President from 1997 until 2003 and as our Chief Executive Officer from 1997 until 2005. Dr. Hausman served as Chairman of our board of directors from 2003 until September 2005. Dr. Hausman was a co-founder of Medco Research Inc., a pharmaceutical biotechnology company specializing in adenosine products. He has thirty years of experience in drug development and clinical care. Dr. Hausman received his medical degree from New York University School of Medicine in 1967 and completed residencies in General Surgery at Mt. Sinai Hospital in New York, and in Urological Surgery at U.C.L.A. Medical Center in Los Angeles. He also worked as a Research Associate at the National Institutes of Health, Bethesda, Maryland. He has been a Lecturer, Clinical Instructor and Attending Surgeon at the U.C.L.A. Medical Center Division of Urology and Cedars-Sinai Medical Center, Los Angeles. He has been a Consultant on Clinical/Pharmaceutical Research to various pharmaceutical companies, including Bristol-Myers International, Mead-Johnson Pharmaceutical Company, Medco Research, Inc., and E.R. Squibb. Since October 1995, Dr. Hausman has been the President of Northwest Medical Research Partners, Inc., a medical technology and transfer company. He was a member of the board of directors of Medco Research, Inc. from its inception in 1978 through 1992 and from May 1996 to July 1998. Dr. Hausman was a member of the board of directors of Regent Assisted Living, Inc., a company specializing in building assisted living centers including care of senile dementia residents, from March 1996 to April 2001. Dr. Hausman served on the board of directors of OXIS International, Inc. (OXIS) from March 2002 to November 2003. Dr. Hausman currently serves as President, Chief Executive Officer and Chairman of the board of directors of OXIS, in which we hold a 31% interest.

**The Board Of Directors Recommends
A Vote In Favor Of Each Named Nominee.**

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence of the Board of Directors

As required under the Nasdaq Stock Market (Nasdaq) listing standards, a majority of the members of a listed company's Board of Directors must qualify as independent, as affirmatively determined by the Board of Directors. The Board consults with our counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent listing standards of the Nasdaq, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and us, our senior management and our independent registered public accounting firm, the Board has affirmatively determined that the following six directors are independent directors within the meaning of the applicable Nasdaq listing standards: Dr. Davis, Dr. Deleage, Dr. Ferris, Dr. Fisherman, Mr. Ratoff and Mr. Van Beneden. In making this determination, the Board found that none of these directors or nominees for director had a material or other disqualifying relationship with us. Dr. Kurtz, our President and Chief Executive Officer is not an independent director by virtue of his employment with us.

Meetings of the Board of Directors

During the year ended December 31, 2006, the Board of Directors held a total of 16 meetings. Prior to the Merger, the Board, which was comprised of Gosse B. Bruinsma, M.D., former President and Chief Executive Officer of the Company, Mr. Cornacchia, Dr. Ferris, Dr. Hausman, Mr. Ratoff and Ralph Snyderman, M.D., held 14 meetings. After the closing of the Merger in October 2006, the Board, which was comprised of Dr. Comer, Mr. Cornacchia, Dr. Davis, Dr. Deleage, Dr. Ferris, Dr. Fisherman, Dr. Hausman, Dr. Kurtz, Mr. Ratoff and Mr. Van Beneden, held two meetings. Each Board member attended 75% or more of the aggregate meetings of the Board and of the committees on which he served, which were held during the period for which he was a director or committee member.

As required under applicable Nasdaq listing standards, in fiscal 2006, our independent directors met four times in regularly scheduled executive sessions at which only independent directors were present.

Information Regarding Committees of the Board of Directors

Our Board of Directors currently has an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Below is a description of each committee of the Board of Directors and information regarding committee meetings held in 2006. The Board of Directors has determined that each member of each committee meets the applicable rules and regulations regarding independence and that each member is free of any relationship that would interfere with his or her individual exercise of independent judgment with regard to us. The charters for the Audit, Compensation and Corporate Governance and Nominating Committees can be found on our corporate website at www.torreypinestherapeutics.com.

Audit Committee

The Audit Committee of the Board of Directors was established by the Board in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 to oversee our corporate accounting and financial reporting processes and audits of our financial statements. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent registered public accounting firm; determines and approves the engagement of the independent registered public accounting firm; determines whether to retain or

terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm; reviews and approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on our audit engagement team as required by law; reviews and approves or rejects transactions between the Company and any related persons; confers with management and the independent registered public accounting firm regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and meets to review our annual audited financial statements and quarterly financial statements with management and the independent registered public accounting firm, including reviewing our disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Audit Committee met a total of seven times during the fiscal year ended December 31, 2006. Prior to the Merger, the Audit Committee, which was comprised of Messrs. Cornacchia and Ratoff and Dr. Ferris, met five times during 2006. After the Merger, the Audit Committee, which is comprised of Drs. Davis and Ferris and Mr. Ratoff, met two times. Dr. Davis currently chairs the Audit Committee. Our Board has determined that all members of our Audit Committee are independent (as independence is currently defined in Rule 4350(d)(2)(A)(i) and (ii) of the Nasdaq listing standards). Our Board of Directors has determined that Dr. Davis and Mr. Ratoff each qualifies as an audit committee financial expert as defined in the applicable Securities and Exchange Commission, or SEC, rules. The Board made a qualitative assessment of each of Dr. Davis and Mr. Ratoff's respective levels of knowledge and experience based on a number of factors, including his respective formal education and prior experience.

The Audit Committee is authorized to retain advisors and consultants and to compensate them for their services.

Compensation Committee

The Compensation Committee of the Board of Directors acts on behalf of the Board to review, adopt and oversee our compensation strategy, policies, plans and programs, including:

- establishment of corporate and individual performance objectives relevant to the compensation of our executive officers, directors and other senior management and evaluation of performance in light of these stated objectives;
- review and approval of the compensation and other terms of employment or service, including severance and change-in-control arrangements, of our Chief Executive Officer and the other executive officers;
- review and recommendation to the Board of the type and amount of compensation to be paid or awarded to Board members; and
- administration of our equity compensation plans, pension and profit-sharing plans, deferred compensation plans and other similar plan and programs.

Commencing this year, the Compensation Committee also began to review with management our Compensation Discussion and Analysis and to consider whether to recommend that it be included in proxy statements and other filings.

The Compensation Committee met a total of five times during the year ended December 31, 2006. Prior to the Merger, the Compensation Committee, which was comprised of Messrs. Cornacchia and Ratoff and Dr. Snyderman, held two meetings during 2006. After the Merger, the Compensation

Committee, which is comprised of Drs. Davis and Fisherman and Mr. Van Beneden, held three meetings. Dr. Davis currently chairs the Compensation Committee. Our Board has determined that all members of our Compensation Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards). The Compensation Committee is authorized to retain advisors and consultants and to compensate them for their services.

Executive and Director Compensation Process.

The following is an overview of our processes and procedures for the consideration and determination of executive compensation. The specific determinations of the Compensation Committee with respect to executive compensation for fiscal 2006 are described in greater detail in the Compensation Discussion and Analysis section of this proxy statement.

At the beginning of each year the Compensation Committee meets with our management team to specify a limited number of key corporate and individual goals for the upcoming year. These goals are then weighted to reflect their importance in determining overall corporate performance. At the end of the year the Compensation Committee reviews corporate and individual performance and establishes the achievement level of each goal.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee has served as one of our officers or employees at any time. None of our executive officers serves, or has served during the last fiscal year, as a member of the compensation committee or a member of the Board of Directors of any other company that has an executive officer serving as a member of our Compensation Committee or Board of Directors.

Compensation Committee Report

The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, or the Securities Act, or the Exchange Act.

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis, or CD&A, contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board of directors that the CD&A be included in this proxy statement and incorporated into our Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Dr. Peter Davis
Dr. Jason Fisherman
Mr. Patrick Van Beneden

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee of the Board of Directors is responsible for identifying, reviewing and evaluating candidates to serve as our directors (consistent with criteria approved by the Board), reviewing and evaluating incumbent directors, recommending to the Board of Directors for selection candidates for election to the Board of Directors, making recommendations to the Board regarding the membership of the committees of the Board, assessing the performance of the Board and developing a set of corporate governance principles for the Company.

The Corporate Governance and Nominating Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements and having the highest personal integrity and ethics. The Corporate Governance and

Nominating Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, knowledge of the industry, having the ability to exercise sound business judgment and having the commitment to represent the long-term interests of our stockholders. However, the Corporate Governance and Nominating Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, the Corporate Governance and Nominating Committee considers such factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability.

At this time, the Corporate Governance and Nominating Committee does not have a policy with regard to the consideration of director candidates recommended by stockholders. The Corporate Governance and Nominating Committee believes that it is in the best position to identify, review, evaluate and select qualified candidates for Board membership, based on the comprehensive criteria for Board membership approved by the Board.

During 2006 the Corporate Governance and Nominating Committee worked to reduce the size of the Board of Directors from ten members to seven members, as reflected in the nominees for election. Prior to the Merger, the Corporate Governance and Nominating Committee, which included Mr. Ratoff and Drs. Ferris and Snyderman, held two meetings during the year ended December 31, 2006. After the Merger, the Corporate Governance and Nominating Committee, which includes Drs. Comer and Deleage and Mr. Ratoff, did not hold any meetings. Dr. Deleage currently chairs the Corporate Governance and Nominating Committee. As discussed above, Dr. Comer will retire upon the expiration of his current term. All members of the Nominating Committee are independent, as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards. The Corporate Governance and Nominating Committee is authorized to retain advisors and consultants and to compensate them for their services.

Stockholder Communications With the Board of Directors

Historically, we have not provided a formal process related to stockholder communications with the Board. Nevertheless, every effort has been made to ensure that the views of stockholders are heard by the Board or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. We believe our responsiveness to stockholder communications to the Board has been excellent.

Amended and Restated Code of Business Conduct and Ethics

We have adopted the TorreyPines Therapeutics, Inc. Amended and Restated Code of Business Conduct and Ethics that applies to all of our officers, directors and employees. The Amended and Restated Code of Business Conduct and Ethics is available on our website at www.torreypinestherapeutics.com. If we make any substantive amendments to the Amended and Restated Code of Business Conduct and Ethics or grant any waiver from a provision of the Code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website.

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007 and has further directed that management submit the selection of Ernst & Young LLP as our independent registered public accounting firm for ratification by the stockholders at the annual meeting. Ernst & Young LLP has audited our financial statements since December 2006 and previously audited the financial statements of TPTX, Inc. prior to the Merger. Representatives of Ernst & Young LLP are expected to be present at the annual meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our Bylaws nor other governing documents or law require stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm. However, the Board is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interest and the best interest of our stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of Ernst & Young LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

Change of Independent Registered Public Accounting Firm

On December 11, 2006, the Audit Committee of the Board of Directors approved the appointment of Ernst & Young LLP as our independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2006 in place of Eisner LLP. The decision to change independent registered public accounting firm was authorized by our Board of Directors.

In connection with our audits for the fiscal years ended December 31, 2004 and 2005, and in the subsequent period before Eisner's dismissal on December 11, 2006, there were no disagreements with Eisner on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, that would have caused Eisner to report the disagreement if it had not been resolved to the satisfaction of Eisner. Eisner's reports on the financial statements for the past two years did not contain an adverse opinion or disclaimer of an opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principles. Eisner's letter to the Securities and Exchange Commission stating its agreement with the statements in this paragraph was filed as an exhibit to our Current Report on Form 8-K dated December 13, 2006.

During the fiscal year ended December 31, 2005, and during the subsequent interim period preceding the engagement of Ernst & Young LLP, we did not consult with Ernst & Young LLP regarding the application of accounting principles to a specified transaction, either completed or proposed, the type of audit opinion that might be rendered on our financial statements, or any other matters or reportable events described in Item 304(a)(2)(ii) of Regulation S-K.

Principal Accountant Fees and Services

Prior to the Merger, the Audit Committee appointed Eisner LLP to perform audit and other services for the Company and its subsidiary for the fiscal year 2005. After the Merger, the Audit Committee has

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appointed Ernst & Young LLP as the Company's independent auditors effective on December 11, 2006 to perform audit and other services for the Company and its subsidiaries for the fiscal year 2006. In connection with the audit of the 2006 financial statements, the Company entered into an engagement agreement with Ernst & Young LLP, which sets forth the terms by which Ernst & Young LLP will perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures.

The following table represents aggregate fees billed to us for the fiscal years ended December 31, 2006 and December 31, 2005 by Eisner LLP and for fiscal year ended December 31, 2006 by Ernst & Young LLP. There were no fees billed to the Company by Ernst & Young LLP for the fiscal year ended December 31, 2005.

	2006(1)	2006(2)	2005
Audit Fees	\$ 174,406	\$ 41,550	\$ 122,000
Audit-related Fees	\$ 10,000 (3)	59,495 (4)	\$ 93,500 (5)
Tax Fees		26,700 (6)	\$ 10,000 (7)
All Other Fees			
Total Fees	\$ 184,406	\$ 127,745	\$ 225,500

- (1) These fees were billed to us for the fiscal year ended December 31, 2006 by Ernst & Young LLP.
- (2) These fees were billed to us for the fiscal year ended December 31, 2006 by Eisner LLP.
- (3) These fees were primarily for review and preparation of a Current Report on Form 8-K.
- (4) These fees included fees for review and preparation of SEC filings, including a registration statement on Form S-4 and related amendments and Current Reports on Form 8-K.
- (5) These fees were primarily for Sarbanes-Oxley compliance.
- (6) These tax fees included tax consultation related to the Merger and a tax return preparation fee.
- (7) These tax fees included a tax return preparation fee, fees related to New York City desk audit and amended return and fees related to assistance with the filing of a withdrawal from Connecticut.

All fees described above were approved by the Audit Committee.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm, Ernst & Young LLP. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual explicit case-by-case basis before the independent registered public accounting firm is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of the services other than audit services by Ernst & Young LLP is compatible with maintaining the principal accountant's independence.

The Board Of Directors Recommends A Vote In Favor Of Proposal 2.

Report of the Audit Committee of the Board of Directors(1)

The Audit Committee has reviewed and discussed with our management the audited financial statements for the fiscal year ended December 31, 2006. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from the independent accountants required by the Independence Standards Board Standard No. 1, (*Independence Discussions with Audit Committees*), as adopted by the PCAOB in Rule 3600T and has discussed with the independent accountants the independent accountant s independence. Based on the foregoing, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in our Annual Report in Form 10-K for the fiscal year ended December 31, 2006.

Dr. Peter Davis
Dr. Steven Ferris
Mr. Steven Ratoff

(1) The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company under the 1933 or 1934 Act.

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Executive Officers

Below is the name, age and biographical information of each of our executive officers as of April 23, 2007.

Name	Age	Position
Neil M. Kurtz, M.D.	56	President, Chief Executive Officer and Director
Evelyn A. Graham	58	Chief Operating Officer
Craig A. Johnson	45	Chief Financial Officer and Vice President, Finance
Michael F. Murphy, M.D., Ph.D.	60	Senior Vice President and Chief Medical Officer
Steven L. Wagner, Ph.D.	49	Chief Scientific Officer

Neil M. Kurtz, M.D. has served as our President and Chief Executive Officer and a director of our Company since October 2006. He has served as President and Chief Executive Officer as well as a director of TPTX, Inc., our subsidiary, since 2002. Prior to joining TPTX, Inc., Dr. Kurtz co-founded Worldwide Clinical Trials, a contract research organization, where he held the positions of President and Chief Executive Officer until its acquisition by United Health Group, or UHG, in September 1999. After the acquisition, Dr. Kurtz became President of Ingenix Pharmaceutical Services, a health information technology company and a division of UHG, and also served as a member of the UHG Executive Board until joining TPTX, Inc. Dr. Kurtz's career includes senior positions with Boots Pharmaceuticals, Bayer Corporation, Bristol-Myers Squibb, and Merck. He currently serves on the boards of two private companies, NeurogesX, a specialty pharmaceutical company, and Medidata Solutions, a global provider of data management services. In addition, Dr. Kurtz has consulted for more than a dozen pharmaceutical companies and was a member of the faculty in the Department of Psychiatry at the University of Connecticut from 1984 to 1988 and the University of California, Los Angeles from July 1980 to 1981. Dr. Kurtz holds a B.A. in psychology from New York University and an M.D. from the Medical College of Wisconsin.

Evelyn A. Graham has served as our Chief Operating Officer since October 2006. Ms. Graham joined TPTX, Inc., our subsidiary, in 2004 as Vice President, Development; she became TPTX Inc.'s Vice President, Corporate Development in 2005 and Chief Operating Officer in 2006. Ms. Graham was Executive Director, Development Operations at Purdue Pharma, a pharmaceutical company, from 2000 to 2003. From 1998 to 2000, Ms. Graham was Senior Vice President of Business Development of Ingenix Pharmaceutical Services, a health information technology company and a division of UHG, and served as Vice President of Clinical Operations at Worldwide Clinical Trials, a contract research organization, prior to its acquisition by UHG. Previously, Ms. Graham held positions in operations management, healthcare utilization, and organizational planning at Bayer Corporation and Wyeth Pharmaceuticals (formerly Ayerst Laboratories). Ms. Graham holds a B.A. in biology from the University of Delaware and an M.B.A. from the University of Connecticut.

Craig A. Johnson has been our Chief Financial Officer and Vice President, Finance since October 2006. Mr. Johnson has served as Chief Financial Officer and Vice President, Finance of TPTX, Inc., our subsidiary since January 2004 and as a director of TPTX, Inc. since February 2007. From 1994 to 2004, Mr. Johnson was employed by MitoKor, Inc., a biotechnology company, and last held the position of Chief Financial Officer and Senior Vice President of Operations. Prior to joining MitoKor, he was a senior financial executive for several early-stage technology companies. From 1984 to 1988, Mr. Johnson worked for the accounting firm Price Waterhouse LLP. He has been actively involved in the Association of Bioscience Financial Officers since 1998. Mr. Johnson received his B.B.A. in accounting from the University of Michigan and is a certified public accountant.

Michael F. Murphy, M.D., Ph.D. has been our Senior Vice President of Discovery and Development and Chief Medical Officer since October 2006. Dr. Murphy joined TPTX, Inc., our subsidiary, in

February 2004 as Senior Vice President and Chief Medical Officer. Before joining TPTX, Dr. Murphy was Chief Medical and Scientific Officer for Ingenix Pharmaceutical Services, a health information technology company and a division of UHG, and he also served as liaison with other UHG business units in matters of clinical trial design, regulatory activities and other programs of research. Prior to its acquisition by UHG, Dr. Murphy was Vice President of Scientific Affairs at Worldwide Clinical Trials, a contract research organization, from 1996 to 1999. He also served as Senior Vice President, Worldwide Clinical Research at Cephalon, Inc., and Vice President, Scientific and Professional Affairs, Neuroscience-Strategic Business Unit, at Hoechst-Roussel Pharmaceuticals. Dr. Murphy received his M.D. from Tulane University Medical School. He completed his fellowship training at Stanford University and the Mt. Sinai School of Medicine and he is a fellow of the American Board of Psychiatry and Neurology. He also holds a Ph.D. in pharmacology from Tulane University. He is a visiting faculty member within the Center for Experimental Pharmacology and Therapeutics, Harvard-MIT Division of Health Sciences and Technology, and lecturer for Research Fellows within the Clinical Investigator Training Program.

Steven L. Wagner, Ph.D. has served as our Chief Scientific Officer since October 2006. Dr. Wagner co-founded TPTX, Inc., our subsidiary, in 2000 and was its Chief Scientific Officer. From 1991 to 1999, Dr. Wagner was the Director of Protein Biochemistry at SIBIA Neurosciences, Inc., a biotechnology company. Dr. Wagner served as the program head of SIBIA's Alzheimer's disease drug discovery collaboration with Bristol-Myers Squibb, or BMS. Dr. Wagner was a member of SIBIA's strategic planning and drug discovery steering committees and a member of the joint steering committee between SIBIA and BMS. Dr. Wagner is an inventor on numerous patents and patent applications and has published over 50 chapters and research papers in scientific journals. Prior to leading SIBIA's Alzheimer's disease drug discovery efforts, Dr. Wagner was a Research Associate Professor in the Department of Microbiology and Molecular Genetics at the University of California at Irvine where he co-authored the initial purification and identification of the human amyloid precursor protein. He received his B.S. in chemistry from Bellarmine College and received his M.S. and Ph.D. in biochemistry from the Health Sciences Center at the University of Louisville School of Medicine.

**SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the ownership of our common stock as of March 15, 2007 by: (i) all those known by us to be beneficial owners of more than five percent of our common stock; (ii) each director and nominee for director; (iii) each of the executive officers named in the Summary Compensation Table; (iv) each of our executive officers prior to the Merger; and (v) all of our current executive officers and directors as a group. The share-related information presented in this proxy statement has been adjusted to reflect the 8-for-1 reverse stock split effected in connection with the Merger.

Beneficial Owner	Beneficial Ownership(1)	
	Number of Shares	Percent of Total
Entities affiliated with Alta Partners(2)	2,642,583	16.4 %
Entities affiliated with GIMV NV(3)	2,628,603	16.3 %
Entities affiliated with Advent International(4)	1,560,559	9.8 %
William T. Comer, Ph.D.(6)(7)	201,285	1.3 %
Louis G. Cornacchia(6)	44,389	*
Peter Davis, Ph.D.	4,872	*
Jean Deleage, Ph.D.(5)	2,642,583	16.4 %
Steven H. Ferris, Ph.D.(5)	25,687	*
Jason S. Fisherman, M.D.(5)	1,560,559	9.8 %
Marvin S. Hausman, M.D.(6)	374,677	2.4 %
Steven B. Ratoff(5)	117,870	*
Patrick Van Beneden(5)	2,628,603	16.3 %
Neil M. Kurtz, M.D.(5)	197,975	1.3 %
Evelyn A. Graham(5)	44,660	*
Craig A. Johnson(5)	44,660	*
Michael F. Murphy, M.D., Ph.D.(5)	54,302	*
Steven L. Wagner, Ph.D.(5)	69,020	*
Gosse B. Bruinsma, M.D.(8)(9)	130,933	*
S. Colin Neill(8)(10)	45,796	*
Paul M. Feuerman(8)(11)	25,798	*
All executive officers and directors as a group (14 persons)(12)	8,011,142	46.5 %

* Less than one percent.

(1) This table is based upon information supplied by officers, directors and principal Stockholders and Schedules 13D and 13G filed with the SEC. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, the Company believes that each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 15,700,039 shares outstanding on March 15, 2007 adjusted as required by rules promulgated by the SEC.

(2) Includes 1,258,044 shares held of record and a warrant to purchase 229,823 shares held by Alta California Partners II, L.P., 358,414 shares held of record and a warrant to purchase 67,557 shares held by Alta California Partners II, L.P. New Pool, 15,893 shares held of record and a warrant to purchase 2,903 shares held by Alta Embarcadero Partners II, LLC, 547,128 shares held of record and a warrant to purchase 103,127 shares held by Alta BioPharma Partners III, L.P., 36,744 shares held of record and a warrant to purchase 6,926 shares held by Alta BioPharma Partners III GmbH & Co. Beteiligungs KG and 13,483 shares held of record and a warrant to purchase 2,541 shares held by Alta

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Embarcadero BioPharma Partners III, LLC. Alta Partners LP, as the parent of each of Alta BioPharma Partners III GmbH & Co. Beteiligungs, Alta BioPharma Partners III, L.P., Alta California Partners II, L.P., Alta California Partners II, L.P. New Pool, Alta Embarcadero BioPharma Partners III, LLC and Alta Embarcadero Partners II, LLC, may be deemed to beneficially own such shares. Jean Deleage, Ph.D. is a managing director of Alta Partners. Dr. Deleage, a member of our board of directors and a former member of the board of directors of TPTX, disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. The address of Alta Partners LP is One Embarcadero Center, Suite 3700, San Francisco, CA 94111.

(3) Includes 1,544,403 shares held of record and a warrant to purchase 286,897 shares held by GIMV NV, 477,704 shares held of record and a warrant to purchase 90,041 shares held by Biotech Fonds Vlaanderen, NV and 193,776 shares held of record and a warrant to purchase 35,782 shares held by Adviesbeheer GIMV Life Sciences NV. GIMV NV, as the parent of each of Biotech Fonds Vlaanderen, NV and Adviesbeheer GIMV Life Sciences NV, may be deemed to beneficially own such shares. Patrick Van Beneden is the Executive Vice President Life Sciences of GIMV, N.V. Mr. Van Beneden, a member of our board of directors and a former member of the board of directors of TPTX, disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. The address of GIMV, NV is Karel Oomsstraat 37, B-2018, Antwerp, Belgium.

(4) Includes 1,197,723 shares held of record and a warrant to purchase 217,930 shares held by Advent Health Care and Life Sciences II Limited Partnership; 93,350 shares held of record and a warrant to purchase 16,984 shares held by Advent Health Care and Life Sciences II Beteiligung GmbH & Co. KG; 26,567 shares held of record and a warrant to purchase 4,835 shares held by Advent HLS II Limited Partnership; and 2,677 shares held of record and a warrant to purchase 493 shares held by Advent Partners Limited Partnership. Jason S. Fisherman, M.D. is a managing director at Advent International. Dr. Fisherman, a member of our board of directors and a former member of the board of directors of TPTX, disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Each fund disclaims beneficial ownership of the others' shares. The address of Advent Venture Partners LLP is 75 State Street, Boston, MA 02109.

(5) Includes shares described in notes (1), (2), (3), (4) and (7), as applicable, including shares issuable upon exercise of the warrants described in the notes above, which the applicable holder has the right to acquire within 60 days after the date of this table. Includes shares which certain executive officers and directors of the Company have the right to acquire within 60 days after the date of this table pursuant to outstanding options, as follows: Louis G. Cornacchia, 27,062 shares; Steven H. Ferris, 25,687 shares; Marvin S. Hausman, 117,687 shares; Steven B. Ratoff, 36,662 shares; Neil M. Kurtz, 197,975 shares; Evelyn A. Graham, 12,180 shares; Craig A. Johnson, 12,180 shares; Michael F. Murphy, 12,180 shares; Steven L. Wagner, 1,354 shares; and all executive officers and directors as of March 15, 2007 as a group, 442,967 shares.

(6) Drs. Comer and Hausman and Mr. Cornacchia are currently members of our Board of Directors but their terms of office will expire at our 2007 annual meeting of stockholders.

(7) Includes 174,256 shares held of record and a warrant to purchase 27,029 shares.

(8) Dr. Bruinsma and Messrs. Neill and Feuerman were executive officers of the Company until the closing of the Merger. As such, the information, as of December 31, 2006 regarding the beneficial ownership of shares of our common stock by executive officers and directors of the Company as a group does not include Dr. Bruinsma and Messrs. Neill and Feuerman.

(9) Includes 62 shares held of record and fully vested options to purchase 130,871 shares.

(10) Includes fully vested options to purchase 45,796 shares.

(11) Includes fully vested options to purchase 25,798 shares.

(12) Total includes executive officers and directors as of March 15, 2007.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the 1934 Act) requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2006, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives and Philosophy of Executive Compensation

The Compensation Committee of our Board of Directors is responsible for establishing, implementing and monitoring the policies governing compensation for our executives. The objective of the Compensation Committee is to provide a competitive compensation package that will attract, motivate and retain talented and dedicated executives who will enable us to achieve our key strategic goals. The Compensation Committee believes it is important to align incentives for executives with value creation for stockholders. In order to accomplish this purpose, the Compensation Committee believes it is appropriate for a significant amount of the total compensation of each executive to be based on performance, which compensation may or may not be earned. The Compensation Committee intends to make compensation decisions that:

- support our overall business objectives;
- reward outstanding performance in discovery, preclinical development and clinical development;
- recognize disciplined management of financial resources;
- motivate employees in a high performance environment; and
- demand the highest standards of corporate governance and personal integrity.

The Compensation Committee believes that:

- the overall compensation package for each of our executives should be based on performance, should motivate our executives to achieve our key strategic goals, and should be aligned with the compensation package of our other executive officers and employees;
- for the purpose of recruitment and retention, executive base salaries should be competitive with salaries paid to executives at peer group companies in the life sciences industry that are comparable to us in size and stage of development, and should be targeted near the median salary range for executives with similar responsibilities at public companies in our peer group;
- actual bonus amounts should be conditioned upon the achievement of corporate and individual goals that reflect key strategic objectives that are expected to create overall stockholder value if achieved, target bonus amounts for executives should be competitive with bonus amounts paid to executives at companies in our peer group, and target bonus amounts should represent a portion of the overall compensation package that provides sufficient incentives to strive for achievement of goals; and
- long-term equity incentive awards offer an important element of our overall compensation package that reward our executives for meeting our long-term goals while preserving available cash and align executive interests with those of stockholders.

In addition the Compensation Committee believes that it is necessary to provide severance payments to certain executives in order to remain competitive with our peer group. However, the Compensation Committee believes that any severance payments paid in the event of a change of control of the Company should be triggered only in the event that the executive no longer remains an executive of the combined company following the change of control. In addition, any severance paid to executives, either in connection with a change of control or otherwise, should be in the lower range of severance paid to executives by companies in our peer group.

The Compensation Committee believes that providing executives with a mix of stock options and restricted stock units is the appropriate means of retaining executives, focusing our executives on delivering long-term value to stockholders and providing long-term value to our executives. Stock options vest over time and only have value to the extent our stock price on the date the option is exercised exceeds the exercise price of the option. The restricted stock units will vest on the achievement of certain objectively defined results and have value to the executives at that time without the requirement of further payment by the executive. The Compensation Committee believes that the combination of stock option grants and restricted stock unit grants will achieve the proper balance between upside potential and volatility while providing good long-term incentives to our executives.

Material tax and accounting implications of executive compensation policies

We account for the equity compensation expense for our employees under the rules of SFAS 123R, which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued. Unless and until we achieve sustained profitability, the availability to us of a tax deduction for compensation expense is not material to our financial position. We structure discretionary cash bonus compensation so that it is taxable to our employees at the time it becomes available to them. Federal income tax law prohibits publicly held companies from deducting certain compensation paid to a named executive officer that exceeds \$1 million during the tax year. To the extent that compensation is based upon the attainment of performance goals set by the Compensation Committee pursuant to plans approved by our stockholders, the compensation is not included in the computation of this limit. Although the Compensation Committee intends, to the extent feasible and where it believes it is in the best interests of the Company and our stockholders, to attempt to qualify executive compensation as tax deductible, it does not intend to permit this tax provision to dictate the Compensation Committee's development and execution of effective compensation plans.

Evaluation of Executive Compensation Package Following Merger

Prior to the Merger our current executives were executives of TPTX, Inc., a private company that is now our subsidiary, and their compensation was determined by the Board of Directors of TPTX, Inc. Following the Merger our executives assumed increased responsibilities as key executives of a public company. Given the successful completion of the Merger and these increased responsibilities, the Compensation Committee determined that it was in our best interest as well as that of our stockholders to conduct a comprehensive review and evaluation of the total compensation package for each of our executives.

During the months of October and November 2006, the Compensation Committee met twice and had numerous informal discussions regarding the appropriate compensation packages for our executives. In conducting the evaluation, the Compensation Committee reviewed recently completed benchmark analyses of executive salaries and bonuses. These analyses were based in part on the San Diego Biotech Employee Development Coalition, or the BEDC, compensation and benefits survey and the Radford biotechnology survey. In particular, the Compensation Committee reviewed a group of companies in the life sciences industry that is generally comparable to us by virtue of their similar size, geographic location, market capitalization or stage of development, or some combination of the foregoing, and that could compete with us for executive talent. The companies included in this peer group are:

- ACADIA Pharmaceuticals, Inc.
- Alexza Pharmaceuticals, Inc.
- Anadys Pharmaceuticals, Inc.

- Cytokinetics, Inc.
- Favril, Inc.
- Metabasis Therapeutics, Inc.
- Renovis, Inc.
- Threshold Pharmaceuticals, Inc.
- Vanda Pharmaceuticals, Inc.

In addition, the Compensation Committee was advised by Compensia, Inc. on the development of the equity component of the overall compensation package. Using its own judgment, in connection with these analyses, the Compensation Committee then made a series of recommendations to our Board of Directors, which became the basis for employment agreements with certain executive officers, as well as salary and bonus adjustments and new equity incentive grants for all executives.

Elements of Executive Compensation

Executive compensation consists of the following elements:

Base Salary. Base salaries for our executives are established based on the particular scope of each executive's responsibilities as well as their qualifications, experience and performance, taking into account competitive market compensation paid by other companies in our peer group for individuals with similar responsibilities. Base salaries are reviewed annually, and additionally may be adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. Following the establishment of base salaries for executives following the Merger, the Compensation Committee intends to conduct an annual review of base salaries, and the overall compensation package, each year toward the end of the year.

Discretionary Annual Cash Bonus. Discretionary annual cash bonuses are a means of rewarding individuals based on achievement of annual corporate and individual goals. The Compensation Committee has the authority to award discretionary annual cash bonuses to our executives. Each of our executives has an annual cash bonus target ranging from 20% to 40% of base salary depending on such executive's responsibilities. At the beginning of each year the Compensation Committee meets with our management team to specify a limited number of key corporate and individual goals for the year. These goals are then weighted to reflect their importance in determining overall corporate performance. At the end of the year the Compensation Committee reviews corporate and individual performance and establishes the achievement level of each goal as follows: below threshold (<70%), threshold (70%), expected (100%) and stretch (150%) achievement. The sum of the weighting multiplied by the achievement level for each corporate and individual goal determines the bonus payout amount for each executive.

2006 Bonus Amounts. In 2006, the Compensation Committee determined that two critical goals, the completion of the Merger and the advancement of our clinical development programs, were achieved at a stretch achievement level. Using this weighted achievement methodology, the Compensation Committee determined that each executive employed by us on December 31, 2006 should receive 105% of his or her target bonus. Evelyn Graham, our Chief Operating Officer, whose goals were more heavily weighted to the clinical program received 145% of her target bonus based on her individual performance. The following amounts were paid to our executives in January 2007 based on performance in 2006:

Name and Principal Position	Bonus Amount
Neil M. Kurtz, M.D. <i>President and Chief Executive Officer</i>	\$ 135,364
Evelyn A. Graham <i>Chief Operating Officer</i>	\$ 88,400
Craig A. Johnson <i>Vice President, Finance and Chief Financial Officer</i>	\$ 61,951
Michael F. Murphy, M.D., Ph.D. <i>Senior Vice President and Chief Medical Officer</i>	\$ 77,805
Steven L. Wagner, Ph.D. <i>Chief Scientific Officer</i>	\$ 59,850

Long-Term Equity Incentive Awards. Long-term equity incentive awards are a means of encouraging executive ownership of our stock, promoting executive retention, and providing a focus on long-term corporate goals as well as increased stockholder value. The Compensation Committee approves equity incentive award grants at year end, in connection with new hires, and following an increase in responsibilities by an executive.

In December 2006, the Compensation Committee developed a three year equity award plan that would result in fair and equitable level of ownership in the company by the senior executives should we be successful in achieving our long-term goals. The Compensation Committee's plan involves the use of both stock option grants, which vest over time, and restricted stock units that vest based on corporate and individual performance. In order to provide a significant incentive to our executives at a reasonable cost, the Compensation Committee determined that a substantial portion of the equity awards to be issued in the three year plan would be granted in 2006, with vesting periods that extend over four years.

Stock Options. Stock options granted by us have an exercise price equal to the fair market value of our common stock on the day of grant, typically vest over a four-year period with 25% vesting twelve months after the vesting commencement date and the remainder vesting ratably each month thereafter based upon continued employment, and generally expire ten years after the date of grant. Incentive stock options also include certain other terms necessary to assure compliance with the Internal Revenue Code of 1986, as amended, or Internal Revenue Code.

Restricted Stock and Restricted Stock Units. Our stock plans authorize us to grant restricted stock and restricted stock units. Restricted stock units vest on the attainment of a specified milestone or time period. Once the restricted stock unit has vested, the executive has the ability to obtain shares of our common stock.

In determining the number of stock options and restricted stock units to be granted to executives, the Compensation Committee takes into account the individual's position, scope of responsibility, qualifications and experience, ability to affect stockholder value, historic and recent performance, existing vested and unvested awards, and the value of stock options in relation to the other elements of the

individual executive's total compensation package. In order to control overall stockholder dilution, the Compensation Committee also evaluates the aggregate outstanding stock options to all our employees in relation to those granted to our executives when determining the number of options and restricted stock units that should be granted.

2006 Equity Awards. In 2006, our executives were awarded stock options and restricted stock units in the amounts indicated in the section entitled "Grants of Plan-Based Awards." These awards are based on the executives' performance during 2006 and as part of the three year equity plan developed by the Compensation Committee. The restricted stock units will vest if we are able to attain and sustain a certain level for our common stock price over a certain period of time.

Broad-Based Benefit Plans. Broad-based benefit plans are an integral component of competitive executive compensation packages. Our benefits include a 401(k) savings plan, health benefits such as medical, dental, and vision plans, and disability and life insurance benefits. We have no structured perquisite benefits, and we do not provide any deferred compensation programs or supplemental pensions to any executives. In its discretion, the Compensation Committee may revise, amend or add to the executive's benefits if it deems it advisable.

Change in Control and Severance Benefits. Change in control arrangements are designed to retain executives and provide continuity of management in the event of a change in control. Following the Merger, we entered into employment agreements with our Chief Executive Officer, our Chief Operating Officer and our Chief Financial Officer. These agreements are described in more detail elsewhere in the prospectus, including the section titled "Executive Employment Agreements." These agreements provide for severance compensation to be paid if the executives are terminated under certain conditions, such as a termination following a change in control or a termination without cause by us, each as set forth in the applicable agreement.

Executive Compensation Prior to the Merger

Prior to the Merger, we entered into employment agreements with our Chief Executive Officer, Chief Financial Officer and General Counsel that included provisions relating to salary and bonus targets as well as providing for severance compensation under certain conditions. All compensation decisions for such executives were made by the Compensation Committee in place prior to the Merger. Each of the executives prior to the Merger was terminated in connection with the Merger.

Base Salaries. The base salaries of our executive officers prior to the Merger were based on the particular scope of each executive's responsibilities, their qualifications and experience and their impact on stockholder value. In 2006 the Compensation Committee approved an increase of 2.5% of the 2005 base salary for the then-acting Chief Financial Officer and no increase in pay for each of the then-acting Chief Executive Officer and General Counsel.

Cash Bonus. In August 2006, prior to the closing of the Merger, the Compensation Committee in place at that time approved cash bonuses to be paid effective upon closing of the Merger for the then Chief Executive Officer equal to 40% of his base pay, less the value of any option grants he received in 2006, and for each of the Chief Financial Officer and General Counsel, 30% of their respective base pay, less the value of any option grants each received in 2006. The actual amounts paid to each of these individuals were as follows:

Name and Principal Position	Cash Bonus Amount
Gosse B. Bruinsma, former Chief Executive Officer	\$ 58,747
S. Colin Neill, former Chief Financial Officer	\$ 26,386
Paul M. Feuerman, former General Counsel	\$ 26,386

Stock Option Grants. Stock option grants made by the Compensation Committee in August 2006 to our executive officers employed prior to the Merger were based on performance of such employees negotiating, executing and finalizing the Merger. The following grants were made:

Name and Principal Position	Shares
Gosse B. Bruinsma, former Chief Executive Officer	11,437
S. Colin Neill, former Chief Financial Officer	5,287
Paul M. Feuerman, former General Counsel	5,287

Change in Control and Severance Payments. Prior to the Merger, we entered into employment agreements with our then-acting Chief Executive Officer, Chief Financial Officer and General Counsel that included provisions providing for severance compensation to be paid if the executives were terminated under certain conditions, such as in connection with a change in control or a termination without cause by us, each as is set forth in the applicable agreement. The payments to these executives in connection with the Merger, which was a change in control transaction, are set forth in the section titled *Summary Compensation Table* in this proxy statement.

Summary Compensation Table

The following table shows for the fiscal year ended December 31, 2006, compensation awarded or paid to, or earned by, our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers at December 31, 2006, as well as our former Chief Executive Officer, former Chief Financial Officer and former General Counsel, each of whom departed from the Company upon closing of the Merger (the Named Executive Officers).

SUMMARY COMPENSATION TABLE FOR 2006

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (1)(\$)	Option Awards (2)(\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Neil M. Kurtz, M.D. President and Chief Executive Officer	2006	\$ 354,272		4,184	\$ 18,639	\$ 135,364 (3)	\$	\$ 512,459
Evelyn A. Graham Chief Operating Officer	2006	228,757		1,609	15,107	88,400 (3)		333,873
Craig A. Johnson Vice President, Finance and Chief Financial Officer	2006	223,221		1,609	15,120	61,951 (3)		301,901
Michael F. Murphy, M.D., Ph.D. Senior Vice President and Chief Medical Officer	2006	296,400		966	14,435	77,805 (3)		389,606
Steven Wagner, Ph.D. Chief Scientific Officer	2006	228,000		644	2,039	59,850 (3)		290,533
Gosse B. Bruinsma, M.D.(4) Former President and Chief Executive Officer	2006	311,850	(9) 58,747 (9)		268,867 (8)		1,340,719(5)(9)	1,980,183
S. Colin Neill(4) Former Chief Financial Officer, Secretary and Treasurer	2006	192,380	26,386		227,310 (8)		678,478(6)	1,124,554
Paul M. Feuerman(4) Former General Counsel	2006	227,500	26,386		43,523 (8)		702,139(7)	999,548