

NEKTAR THERAPEUTICS

Form DEF 14A

April 29, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

Nektar Therapeutics

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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

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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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NEKTAR THERAPEUTICS
201 Industrial Road
San Carlos, California 94070

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 11, 2009
AT 2:00 P.M. PACIFIC TIME

Dear Stockholder:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Nektar Therapeutics, a Delaware corporation. The 2009 Annual Meeting will be held on Thursday, June 11, 2009, at 2:00 p.m. local time at the San Mateo Marriott located at 1770 South Amphlett Blvd., San Mateo, CA 94402, for the following purposes:

1. To elect three directors with terms to expire at the 2012 Annual Meeting of Stockholders.
2. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009.
3. To conduct any other business properly brought before the 2009 Annual Meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice of Annual Meeting of Stockholders. The record date for the 2009 Annual Meeting is April 13, 2009. Only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the 2009 Annual Meeting or any adjournment thereof.

Your vote is very important. Whether or not you attend the 2009 Annual Meeting in person, it is important that your shares be represented. You may vote your proxy on the Internet, by phone or by mail in accordance with the instructions in the Notice of Availability of Proxy Materials.

On behalf of the Board of Directors, thank you for your participation in this important annual process.

By Order of the Board of Directors

Gil M. Labrucherie
Senior Vice President, General Counsel
and
Secretary

San Carlos, California
April 29, 2009

You are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please vote on the internet, by phone or by mail as instructed in the Notice of Availability of Proxy Materials, as promptly as possible in order to ensure your representation at the meeting. Even if you have voted by proxy, you may still vote in person if you attend the Annual 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 Annual Meeting, you must obtain a proxy issued in your name from that record holder.

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NEKTAR THERAPEUTICS
201 Industrial Road
San Carlos, California 94070

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 11, 2009
AT 2:00 P.M. PACIFIC TIME

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING PROCEDURES

Why am I receiving these materials?

We sent you a Notice of Availability of Proxy Materials (the Notice) because the board of directors of Nektar Therapeutics (Nektar, the Company, we or us) is soliciting your proxy to vote at our 2009 annual meeting of stockholders (the Annual Meeting) to be held on June 11, 2009 at 2:00 p.m. local time at the San Mateo Marriott located at 1770 South Amphlett Blvd., San Mateo, CA 94402. We invite you 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 vote by proxy over the Internet or by phone by following the instructions provided in the Notice or, if you request printed copies of the proxy materials by mail, you may vote by mail.

The Notice was first sent or made available on or about April 29, 2009 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 13, 2009 will be entitled to vote at the Annual Meeting. On this record date, there were 92,550,450 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If, on April 13, 2009, your shares were registered directly in your name with our transfer agent, BNY Mellon Shareowner Services LLC, then you are a stockholder of record. The Notice will be sent to you by mail directly by us. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote on the Internet or by phone as instructed in the Notice or by proxy by mail by requesting a paper copy of the proxy materials as instructed in the Notice to ensure your vote is counted.

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

If, on April 13, 2009, your shares were held in an account at a brokerage firm, bank or other agent, then you are the beneficial owner of shares held in street name and the Notice is being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker, bank or other agent.

What am I voting on?

There are two matters scheduled for a vote:

Proposal 1: To elect three directors with terms to expire at the 2012 Annual Meeting of Stockholders.

Proposal 2: To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009.

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How are proxy materials distributed?

Under rules adopted by the Securities and Exchange Commission (SEC), we are sending the Notice to our stockholders of record and beneficial owners. Stockholders will have the ability to access the proxy materials, including this proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, on the Internet or to request a printed or electronic set of the proxy materials at no charge. Instructions on how to access the proxy materials over the Internet and how to request a printed copy may be found on the Notice.

In addition, any stockholder may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to stockholders and will reduce the impact of annual meetings on the environment. A stockholder who chooses to receive future proxy materials by email will receive an email prior to next year's annual meeting with instructions containing a link to those materials and a link to the proxy voting website. A stockholder's election to receive proxy materials by email will remain in effect until the stockholder terminates it.

How do I vote?

You may either vote For all the nominees to the board of directors or you may abstain from voting for any nominee you specify. For each of the other matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are:

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 over the Internet or by phone by following the instructions provided in the Notice or, if you request printed copies of the proxy materials by mail, you may vote by mail. If your proxy is properly executed in time to be voted at the Annual Meeting, the shares represented by the proxy will be voted in accordance with the instructions you provide. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person if you have already voted by proxy.

1. To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
2. To vote on the Internet, go to www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the 12-digit control number from the Notice and follow the instructions. Your vote must be received by 11:59 p.m., Eastern Time on June 10, 2009 to be counted.
3. To vote by phone, request a paper or email copy of the proxy materials by following the instructions on the Notice and call the number provided with the proxy materials to transmit your voting instructions. Your vote must be received by 11:59 p.m., Eastern Time on June 10, 2009 to be counted.
4. To vote by mail, request a paper copy of the proxy materials by following the instructions on the Notice and complete, sign and date the proxy card enclosed with the paper copy of the proxy materials 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.

Beneficial Owner: Shares Registered in the Name of a 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 Notice and voting instructions from that organization rather than from us. Simply follow the instructions to ensure that your vote is counted. 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, bank or other agent included with the Notice, or contact your broker, bank or other agent.

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 common stock you owned as of April 13, 2009.

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What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. The presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote will constitute a quorum. On the record date, there were 92,550,450 shares outstanding and entitled to vote.

Your shares will be counted towards the quorum only if you submit a valid proxy or vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the chairman of the Annual Meeting or a majority of the votes present at the Annual Meeting may adjourn the Annual Meeting to another date.

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

If you are a stockholder of record and you return a proxy card without marking any voting selections, your shares will be voted:

1. Proposal 1: For election of all three nominees for director.
2. Proposal 2: For the ratification of the audit committee's selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009.

If any other matter is properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, your shares are held by your broker, bank or other agent as your nominee (that is, in street name) and you will need to obtain a proxy form from the organization that holds your shares and follow the instructions included on that form regarding how to instruct the organization to vote your shares. If you do not give instructions to your broker, bank or other agent, it can vote your shares with respect to discretionary items but not with respect to non-discretionary items. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange, and, in the absence of your voting instructions, your broker, bank or other agent may vote your shares held in street name on such proposals. Non-discretionary items are proposals considered non-routine under the rules of the New York Stock Exchange, and, in the absence of your voting instructions, your broker, bank or other agent may not vote your shares held in street name on such proposals and the shares will be treated as broker non-votes. Proposal 1 and Proposal 2 involve matters we believe to be routine. Accordingly, no broker non-votes are expected to exist in connection with Proposal 1 and Proposal 2.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will count For votes, abstentions and broker non-votes and, with respect to Proposal 2, Against votes.

Who will serve as inspector of elections?

A representative of Broadridge Financial Solutions, Inc. will serve as the inspector of elections.

How many votes are needed to approve each proposal?

For Proposal 1 electing three members of the board of directors, the three nominees receiving the most

For votes among votes properly cast either in person or by proxy will be elected.

For Proposal 2 ratifying the audit committee's selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009,

the proposal must receive a For vote from the majority of the shares present and cast either in person or by proxy.

Who is paying for this proxy solicitation?

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

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares are registered in more than one name or are registered in different accounts. Please vote by proxy according to each Notice to ensure that all of your shares are voted.

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Can I change my vote after submitting my proxy?

Yes, you can revoke your proxy at any time before the final vote at the Annual Meeting. You may revoke your proxy in any one of three ways:

1. A duly executed proxy card with a later date or time than the previously submitted proxy;
2. A written notice that you are revoking your proxy to our Secretary, care of Nektar Therapeutics, at 201 Industrial Road, San Carlos, California 94070; or
3. A later-dated vote on the Internet or by phone or a ballot cast in person at the Annual Meeting (simply attending the Annual Meeting will not, by itself, revoke your proxy).

When are stockholder proposals due for next year's Annual Meeting?

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act), some stockholder proposals may be eligible for inclusion in our 2010 proxy statement. Any such proposal must be submitted in writing by December 30, 2009, to our Secretary, care of Nektar Therapeutics, 201 Industrial Road, San Carlos, California 94070. If we change the date of our 2010 annual meeting by more than 30 days from the date of the previous year's annual meeting, the deadline is a reasonable time before we begin to print and send our proxy materials. Stockholders interested in submitting such a proposal are advised to contact knowledgeable counsel with regard to the detailed requirements of the applicable securities laws. The submission of a stockholder proposal does not guarantee that it will be included in our proxy statement.

Alternatively, under our bylaws, if you wish to submit a proposal that is not to be included in next year's proxy statement or nominate a director, you must provide specific information to us no earlier than March 13, 2010 and no later than the close of business on April 12, 2010. If we change the date of our 2010 annual meeting by more than 30 days from the date of the previous year's annual meeting, the deadline is changed to not later than the sixtieth day prior to such annual meeting and no earlier than the close of business on the ninetieth day prior to such annual meeting. In the event we provide less than 70 days' notice or prior public disclosure of the date of the annual meeting, the stockholder proposal or nomination must be received not later than the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. You are advised to review our bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominees.

A stockholder's submission must include certain specific information concerning the proposal or nominee, as the case may be, and information as to the stockholder's ownership of our common stock. Proposals or nominations not meeting these requirements will not be entertained at any annual meeting.

In relation to stockholder proposals and nominations, in certain instances we may exercise discretionary voting authority under proxies held by the board of directors. For instance, if we do not receive a stockholder proposal by March 13, 2010, we may exercise discretionary voting authority under proxies held by the board of directors on such stockholder proposal. If we change the date of our 2010 annual meeting by more than 30 days from the date of the previous year's annual meeting, the deadline will change to a reasonable time before we begin to print and send our proxy materials. In addition, even if we are notified of a stockholder proposal within the time requirements discussed above, if the stockholder does not comply with certain requirements of the Exchange Act, we may exercise discretionary voting authority under proxies held by the board of directors on such stockholder proposal if we include advice in our proxy statement on the nature of the matter and how we intend to exercise our discretion to vote on the matter.

What is householding and how does it affect me?

We have adopted a procedure approved by the SEC called householding. Under this procedure, stockholders who have the same address may receive only one copy of the Notice, unless one or more of these stockholders notifies us that they wish to receive individual copies of the Notice and, if requested, other proxy materials. This process potentially means extra convenience for stockholders and cost savings for companies.

If you are a beneficial owner of our common stock, once you receive notice from your broker, bank or other agent that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive separate Notices or other proxy materials, please notify your broker, bank or other agent,

direct your written request to Nektar Therapeutics, Secretary, 201 Industrial Road, San Carlos, California 94070 or contact our Secretary at (650) 631-3100. Stockholders who currently receive multiple copies of the Notice or other proxy materials at their address and would like to request householding of their communications should contact their broker, bank or other agent.

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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 quarter ending June 30, 2009.

**PROPOSAL 1
ELECTION OF DIRECTORS**

Our board of directors is presently comprised of nine (9) directors and is divided into three (3) classes. Each class consists, as nearly as possible, of one third of the total number of directors, and each class has a three (3) year term. There are four (4) current directors in Class II, whose term of office expires in 2009: Robert B. Chess, Dr. Hoyoung Huh, Susan Wang and Roy A. Whitfield. Each of the current directors in Class II has been nominated for reelection at the Annual Meeting except for Dr. Huh. Dr. Huh will serve out his term as a Class II director which will expire at the Annual Meeting. Messrs. Chess and Whitfield and Ms. Wang were previously elected by the stockholders and Mr. Huh was appointed to a newly created vacancy by the board of directors on February 11, 2008. Vacancies on the board, including vacancies created by an increase in the number of directors, are filled only by persons elected by a majority of the remaining directors. A director elected by the board to fill a vacancy in a class serves until the earlier of the remainder of the full term of that class, that director's successor is elected and qualified or their death, resignation or removal.

Directors are elected by a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. The three nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted for the election of the three nominees named below, unless the "abstain" voting selection has been marked on the proxy card. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would otherwise be voted for such nominee will be voted for the election of a substitute nominee proposed by the nominating and corporate governance committee and nominated by the board of directors. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve. If elected at the Annual Meeting, each of the nominees will serve until the earlier of the 2012 annual meeting, their successors are elected and qualified or their death, resignation or removal.

The following is a brief biography of each nominee.

Robert B. Chess

Robert B. Chess, age 52, is Chairman of our board of directors and has served as a director since May 1992. Mr. Chess is currently Chairman and Chief Executive Officer of NanOasis, Inc., a start-up company focused on water desalinization technology. He is also currently the Chairman of OpX Biotechnologies, a start-up platform technology company in the biofuels and biorefined chemicals field. From March 2006 until January 2007, Mr. Chess served as our Acting President and Chief Executive Officer, and from April 1999 to January 2007, served as Executive Chairman. He also served as our Co-Chief Executive Officer from August 1998 to April 2000, as President from December 1991 to August 1998, and as Chief Executive Officer from May 1992 to August 1998. Mr. Chess was previously the co-Founder and President of Penederm, Inc., a publicly-traded dermatological pharmaceutical company that was sold to Mylan Laboratories. He has held management positions at Intel Corporation and Metaphor Computer Systems (now part of IBM), and was a member of the first President Bush's White House staff. Since 1997, Mr. Chess has served on the board of directors of the Biotechnology Industry Organization (BIO). Mr. Chess was Co-Chairman of BIO's Intellectual Property Committee, and has served as Chairman of BIO's Emerging Company Section. Mr. Chess is Chairman of Bio Ventures for Global Health and is on the Board of Trustees of the California Institute of Technology and the Committee for Economic Development. He is a member of the faculty of the Stanford Graduate School of Business, where he teaches courses in Entrepreneurship and Management of Health Care Innovation, and is an Adjunct Fellow at Stanford's Center for Health Policy. Mr. Chess received his B.S. degree in Engineering from the California Institute of Technology and an M.B.A. from Harvard.

Susan Wang

Susan Wang, age 58, has served as our director since December 2003. Ms. Wang, who retired from Solectron Corporation in May 2002, served in various management positions there from 1984 to June 2002. Her final position at Solectron, an electronics manufacturing services and supply chain solutions company, was Executive Vice President

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for Corporate Development and Chief Financial Officer, a position she held from September 2001 to June 2002. Prior to joining Solectron, Ms. Wang held financial and managerial positions with Xerox Corporation and Westvaco Corporation. She began her career with Price Waterhouse & Co. in New York and is a certified public accountant. Ms. Wang is also a director of Altera Corporation, a programmable semiconductor company, Rae Systems, Inc., a developer of sensory technology for hazardous materials, and Suntech Powers, Inc., a solar provider. Ms. Wang holds an M.B.A. from the University of Connecticut and a B.S. in accounting from the University of Texas.

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Roy A. Whitfield

Roy A. Whitfield, age 55, has served as our director since August 2000. He currently serves as a director of Incyte Corporation, a drug discovery and development company, Illumina, Inc., a developer, manufacturer and marketer of integrated systems for analysis of genetic variations and biological functions, and the private companies Sciona, Inc. and Bioseek, Inc. Since February 2008, he has also served as Executive Chairman of the board of directors of Bioseek. Mr. Whitfield is the former Chairman of the Board and Chief Executive Officer of Incyte Corporation, a company he co-founded in 1991. From January 1993 to November 2001, Mr. Whitfield served as its Chief Executive Officer and from November 2001 until June 2003 as its Chairman. From 1984 to 1989, Mr. Whitfield held senior operating and business development positions with Technicon Instruments Corporation, a medical instrumentation company, and its predecessor company, Cooper Biomedical, Inc., a biotechnology and medical diagnostics company. Prior to his work at Technicon, Mr. Whitfield spent seven years with the Boston Consulting Group's international consulting practice. Mr. Whitfield was awarded a B.S. in mathematics from Oxford University and an M.B.A. from Stanford University.

**THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR OF EACH NAMED NOMINEE.**

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, 2009, and has further directed that management submit the selection of our independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Ernst & Young LLP has audited our financial statements since our inception in 1990. 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 audit committee 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 Ernst & Young LLP. 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 the committee determines that such a change would be in our best interests and our stockholders' best interest.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the Annual Meeting and cast on this proposal will be required to ratify the selection of Ernst & Young LLP.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF PROPOSAL 2.

Table of Contents**INFORMATION ABOUT OUR EQUITY COMPENSATION PLANS****Securities Authorized for Issuance Under Equity Compensation Plans**

We currently maintain 5 equity compensation plans: the 2008 Equity Incentive Plan (2008 Plan), the 2000 Equity Incentive Plan (2000 Plan), the 2000 Non-Officer Equity Incentive Plan (Non-Officer Plan), the Employee Stock Purchase Plan (the ESPP) and the Non-Employee Directors Stock Option Plan (the Directors Plan). With the exception of the Non-Officer Plan, these plans have each been approved by our stockholders.

The following table sets forth, for each of our equity compensation plans, the number of shares of common stock subject to outstanding options and restricted stock units, the weighted-average exercise price of outstanding options and the number of shares remaining available for future award grants as of December 31, 2008 (share number in thousands).

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column(a))
	(a) (1) (2)	(b)(3)	(c)(4)
Equity compensation plans approved by security holders (2)	7,833	\$ 12.53	12,443
Equity compensation plans not approved by security holders	5,948	\$ 11.66	2,827
Total	13,781	\$ 12.16	15,270

(1) Includes shares issuable upon exercise of outstanding stock options and following the vesting of outstanding restricted stock units. Under our stockholder approved plans, a total of 7,775 shares were issuable upon exercise of options and a total of 58 shares were

issuable in respect of restricted stock units. Under our Non-Officer Plan, a total of 5,741 shares were issuable upon exercise of options and a total of 207 shares were issuable in respect of restricted stock units.

- (2) Does not include options to purchase 31,738 shares we assumed in connection with the acquisition of Shearwater Corporation (with a weighted-average exercise price of \$0.03 per share).
- (3) Outstanding restricted stock units do not have an exercise price and therefore are not included in calculating the weighted-average exercise price of outstanding options.
- (4) Of the 15,270 aggregate number of shares that remained available for future issuance under our equity compensation plans, 9,000 shares are

available under
the 2008 Plan,
3,281 shares are
available under
the 2000 Plan, and
2,827 shares are
available under
the Non-Officer
Plan may be
granted as stock
bonus or restricted
stock awards
instead of as
options.

Equity Compensation Plans Not Approved by Stockholders

The Non-Officer Plan did not require approval of, and has not been approved by, our stockholders. The organization and compensation committee administers the Non-Officer Plan and determines the exercise or purchase price for any shares of common stock subject to an award, the vesting schedule, if any, applicable to each award, the term of each award and the other terms and conditions of each award, in each case subject to the limitations of the Non-Officer Plan. Awards granted under the Non-Officer Plan generally will expire not more than 8 years after the date of grant.

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The following table sets forth certain information regarding the ownership of our common stock as of March 31, 2009, by: (i) each director and nominee for director; (ii) each of our Named Executive Officers; (iii) all of our executive officers and directors as a group; and (iv) all those known by us to be beneficial owners of more than five percent of our common stock.

Beneficial Owner	Beneficial Ownership **	
	Number of Shares	Percent of Total
OppenheimerFunds, Inc. and related entities (1)	18,448,334	19.9%
BVF Inc. and related entities (2)	9,012,700	9.7%
HealthCor Management, L.P. and related entities (3)	8,974,128	9.7%
Columbia Wanger Asset Management, L.P. (4)	6,908,000	7.5%
Barclays Global Investors, NA. and related entities (5)	6,016,127	6.5%
Michael A. Brown(6)	156,250	*
Robert B. Chess(7)	1,051,878	1.1%
Hoyoung Huh, M.D., Ph.D.(8)	34,983	*
Joseph J. Krivulka(9)	101,250	*
Christopher A. Kuebler(10)	153,750	*
Lutz Lingnau(11)	44,783	*
Howard W. Robin(12)	695,728	*
Susan Wang(13)	111,125	*
Roy A. Whitfield(14)	188,750	*
Bharatt M. Chowrira, Ph.D., J.D.(15)	132,500	*
Nevan C. Elam(16)	368,400	*
Gil M. Labrucherie(17)	135,595	*
John Nicholson(18)	155,898	*
All executive officers and directors as a group (16 persons)	3,336,202	3.6%

* Denotes ownership percentage less than 1%.

** This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13G filed with the SEC. Unless otherwise indicated in the footnotes to this table, and subject to community property laws where applicable, we

believe that each of the stockholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 92,550,450 shares outstanding on March 31, 2009, adjusted as required by rules promulgated by the SEC.

- (1) Based solely on the Schedule 13G/A (Amendment No. 11) filed with the SEC on April 9, 2009 by OppenheimerFunds, Inc., a registered investment adviser under Section 203 of the Investment Advisers Act of 1940, and Oppenheimer Global Opportunities Fund, an investment company registered under Section 8 of the Investment Company Act of 1940. Oppenheimer Global Opportunities Fund had shared voting and dispositive power with respect to 18,114,206 shares of our common stock. OppenheimerFunds, Inc., had shared voting and dispositive power with respect to all

18,448,334 shares,
including the
18,114,206 owned
by the Oppenheimer
Global Opportunities
Fund.
OppenheimerFunds,
Inc. disclaims
beneficial ownership
as an investment
adviser.

- (2) Based solely on the
Schedule 13G/A
(Amendment No. 2)
filed with the SEC
on February 13,
2009 by BVI Inc.
and related entities.
BVF Inc. (BVF Inc.)
and BVF Partners
L.P. (Partners)
beneficially owned
and had shared
voting and
dispositive power
over 9,012,700
shares of our
common stock.
Investment 10,
L.L.C. (ILL10)
beneficially owned
and had shared
voting and
dispositive power
over 593,000 shares
of our common
stock. BVF
Investments, L.L.C.
(BVLLC)
beneficially owned
and had shared
voting and
dispositive power
over 4,941,000
shares of our
common stock.
Biotechnology
Value Fund II, L.P.
(BVF2) beneficially
owned and had

shared voting and dispositive power over 1,419,000 shares of our common stock. Biotechnology Value Fund, L.P. (BVF) beneficially owned and had shared voting and dispositive power over 2,059,700 shares of our common stock. Partners is authorized, among other things, to invest the funds of Samana Capital, L.P., the majority member of BVLLC, in the shares of Common Stock beneficially owned by BVLLC and to vote and exercise dispositive power over those shares of Common Stock. Partners and BVF Inc. share voting and dispositive power over shares of Common Stock beneficially owned by BVF, BVF2, BVLLC and those owned by ILL10, on whose behalf Partners acts as an investment manager and, accordingly, Partners and BVF Inc. have beneficial ownership of all of the shares of Common Stock owned by such parties. Mr. Mark Lampert is the owner, sole director

and an officer of
BVF Inc. BVF Inc.
is the general partner
of Partners, which is
the general partner
of BVF and BVF 2.
Partners is the
manager of BVLLC
and is investment
adviser to ILL10.

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- (3) Based solely on the Schedule 13G/A (Amendment No. 2) filed with the SEC on February 17, 2009 by HealthCor Management, L.P. and related entities. Collectively, HealthCor, L.P., Healthcor Offshore Master Fund, L.P. and HealthCor Hybrid Offshore Master Fund, L.P. (each a Fund and together, the Funds) are the beneficial owners of a total of 8,974,128 shares of the Common Stock of the Company. By virtue of their position as feeder funds, HealthCor Offshore, Ltd. and HealthCor Hybrid Offshore, Ltd. may be deemed beneficial owners of the shares of Common Stock owned by HealthCor Offshore Master Fund, L.P., and HealthCor

Hybrid Offshore
Master Fund,
L.P.,
respectively.
HealthCor
Offshore GP,
LLC is the
general partner
of HealthCor
Offshore Master
Fund, L.P.
Accordingly,
HealthCor
Offshore GP,
LLC may be
deemed to
beneficially own
the shares of
Common Stock
that are
beneficially
owned by
HealthCor
Offshore Master
Fund, L.P.
HealthCor
Group, LLC is
the general
partner of
HealthCor
Offshore GP,
LLC and,
therefore, may
be deemed to
beneficially own
the shares of
Common Stock
that are
beneficially
owned by
HealthCor
Offshore Master
Fund, L.P.
HealthCor
Hybrid Offshore
GP, LLC is the
general partner
of HealthCor
Hybrid Offshore
Master Fund,
L.P.

Accordingly,
HealthCor
Hybrid Offshore
GP, LLC may be
deemed to
beneficially own
the shares of
Common Stock
that are
beneficially
owned by
HealthCor
Hybrid Offshore
Master Fund,
L.P. HealthCor
Group, LLC is
the general
partner of
HealthCor
Hybrid Offshore
GP, LLC and,
therefore, may
be deemed to
beneficially own
the shares of
Common Stock
that are
beneficially
owned by
HealthCor
Hybrid Offshore
Master Fund,
L.P. By virtue of
its position as the
investment
manager of the
Funds,
HealthCor
Management,
L.P. may be
deemed a
beneficial owner
of all the shares
of Common
Stock owned by
the Funds.
HealthCor
Associates, LLC
is the general
partner of
HealthCor

Management, L.P. and thus may also be deemed to beneficially own the shares of Common Stock that are beneficially owned by the Funds. HealthCor Group LLC is the general partner of HealthCor Capital, L.P., which is in turn the general partner of HealthCor, L.P. Accordingly, each of HealthCor Capital L.P. and HealthCor Group, LLC may be deemed to beneficially own the shares of Common Stock that are beneficially owned by HealthCor, L.P. As the Managers of HealthCor Associates, LLC, Arthur Cohen and Joseph Healey exercise both voting and investment power with respect to the shares of Common Stock reported herein, and therefore each may be deemed a beneficial owner

of such Common
Stock.

- (4) Based solely on the Schedule 13G filed with the SEC on February 5, 2009 by Columbia Wanger Asset Management, L.P. Columbia Wanger Asset Management, L.P., a registered investment adviser under Section 203 of the Investment Advisers Act of 1940, beneficially owned 6,908,000 shares of our common stock with sole voting power over 6,608,000 shares of common stock and sole dispositive power over 6,908,000 shares of our common stock. These shares include shares held by Columbia Acorn Trust, a Massachusetts business trust that is advised by Columbia Wanger Asset Management, L.P.

- (5) Based solely on the Schedule 13G

filed with the SEC on February 5, 2009 by Barclays Global Investors, N.A. and related entities. Barclays Global Investors, N.A., a bank as defined in Section 3(a)(6) of the Exchange Act, beneficially owned 2,485,412 shares of our common stock with sole voting power over 2,058,416 shares of common stock and sole dispositive power over 2,485,412 shares. Barclays Global Fund Advisors, a registered investment adviser under Section 203 of the Investment Advisers Act of 1940, beneficially owned and had sole voting and dispositive power over 3,530,715 shares.

- (6) Includes 146,250 shares issuable upon exercise of options exercisable within 60 days of March 31, 2009.

(7)

Includes

(i) 805,922
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009
and (ii) 4,914
shares issued
pursuant to our
401(k)
Retirement Plan.

(8) Includes 32,083
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(9) Includes 91,250
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(10) Includes 143,750
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(11) Includes 38,333
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(12) Includes 685,728
shares issuable
upon exercise of
options
exercisable

within 60 days of
March 31, 2009.

(13) Includes 101,125
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(14) Includes 178,750
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(15) Includes 132,500
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(16) Includes 367,000
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.

(17) Includes
(i) 132,538
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009,
(ii) 997 shares
issued pursuant
to the our 401(k)
Retirement Plan,
(iii) 250 shares
issued pursuant
to our Employee
Stock Purchase

Plan and (iv)
1,089 shares
issuable upon
vesting and
delivery of
restricted stock
units.

- (18) Includes 148,644
shares issuable
upon exercise of
options
exercisable
within 60 days of
March 31, 2009.
Includes 2,500
shares and 2,254
shares owned by
Mr. Nicholson's
sons, John L.
Nicholson and
Daniel A.
Nicholson,
respectively.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially 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 our common stock and other equity securities. Officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on our review of Forms 3, 4 and 5, and any amendments thereto, furnished to us or written representations that no Form 5 was required, we believe that during the fiscal year ended December 31, 2008, all filing requirements applicable to our executive officers and directors under the Exchange Act were met in a timely manner.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We review all relationships and transactions between us and (i) any of our directors or executive officers, (ii) any nominee for election as a director, (iii) any security holder who is known to us to own beneficially or of record more than five percent of our common stock or (iv) any member of the immediate family of any of the foregoing. Our legal staff is primarily responsible for the development and implementation of processes and controls to obtain information with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in the transaction. In addition, the audit committee reviews and approves or ratifies any related person transaction that is required to be disclosed. In the course of its review and approval or ratification of a disclosable related party transaction, the committee considers:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;
- the importance of the transaction to the related person;
- the importance of the transaction to the Company;
- whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the Company; and
- any other matters the committee deems appropriate.

Any member of the audit committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting where the audit committee reviews the transaction.

As required under SEC rules, related party transactions that are determined to be directly or indirectly material to us or the related party are disclosed in our proxy statement. Historically, we have not entered into transactions with related parties. During the 2008 fiscal year, there were no relationships or transactions between us and any related party for which disclosure is required under the rules of the SEC.

INFORMATION ABOUT THE BOARD OF DIRECTORS

The following is a brief biography of each current director, including each nominee for reelection at the Annual Meeting to a new term of office and each director whose current term of office continues through the Annual Meeting.

Table of Contents**THE BOARD OF DIRECTORS****Current Directors Nominated for Reelection to Serve Until the 2012 Annual Meeting****Robert B. Chess**

Robert B. Chess, age 52, is Chairman of our board of directors and has served as a director since May 1992. Mr. Chess is currently Chairman and Chief Executive Officer of NanOasis, Inc., a start-up company focused on water desalinization technology. He is also currently the Chairman of OpX Biotechnologies, a start-up platform technology company in the biofuels and biorefined chemicals field. From March 2006 until January 2007, Mr. Chess served as our Acting President and Chief Executive Officer, and from April 1999 to January 2007, served as Executive Chairman. He also served as our Co-Chief Executive Officer from August 1998 to April 2000, as President from December 1991 to August 1998, and as Chief Executive Officer from May 1992 to August 1998. Mr. Chess was previously the co-Founder and President of Penederm, Inc., a publicly-traded dermatological pharmaceutical company that was sold to Mylan Laboratories. He has held management positions at Intel Corporation and Metaphor Computer Systems (now part of IBM), and was a member of the first President Bush's White House staff. Since 1997, Mr. Chess has served on the board of directors of the Biotechnology Industry Organization (BIO). Mr. Chess was Co-Chairman of BIO's Intellectual Property Committee, and has served as Chairman of BIO's Emerging Company Section. Mr. Chess is Chairman of Bio Ventures for Global Health and is on the Board of Trustees of the California Institute of Technology and the Committee for Economic Development. He is a member of the faculty of the Stanford Graduate School of Business, where he teaches courses in Entrepreneurship and Management of Health Care Innovation, and is an Adjunct Fellow at Stanford's Center for Health Policy. Mr. Chess received his B.S. degree in Engineering from the California Institute of Technology and an M.B.A. from Harvard.

Susan Wang

Susan Wang, age 58, has served as our director since December 2003. Ms. Wang, who retired from Solectron Corporation in May 2002, served in various management positions there from 1984 to June 2002. Her final position at Solectron, an electronics manufacturing services and supply chain solutions company, was Executive Vice President for Corporate Development and Chief Financial Officer, a position she held from September 2001 to June 2002. Prior to joining Solectron, Ms. Wang held financial and managerial positions with Xerox Corporation and Westvaco Corporation. She began her career with Price Waterhouse & Co. in New York and is a certified public accountant. Ms. Wang is also a director of Altera Corporation, a programmable semiconductor company, Rae Systems, Inc., a developer of sensory technology for hazardous materials, and Suntech Powers, Inc., a solar provider. Ms. Wang holds an M.B.A. from the University of Connecticut and a B.S. in accounting from the University of Texas.

Roy A. Whitfield

Roy A. Whitfield, age 55, has served as our director since August 2000. He currently serves as a director of Incyte Corporation, a drug discovery and development company, Illumina, Inc., a developer, manufacturer and marketer of integrated systems for analysis of genetic variations and biological functions, and the private companies Sciona, Inc. and Bioseek, Inc. Since February 2008, he has also served as Executive Chairman of the board of directors of Bioseek. Mr. Whitfield is the former Chairman of the Board and Chief Executive Officer of Incyte Corporation, a company he co-founded in 1991. From January 1993 to November 2001, Mr. Whitfield served as its Chief Executive Officer and from November 2001 until June 2003 as its Chairman. From 1984 to 1989, Mr. Whitfield held senior operating and business development positions with Technicon Instruments Corporation, a medical instrumentation company, and its predecessor company, Cooper Biomedical, Inc., a biotechnology and medical diagnostics company. Prior to his work at Technicon, Mr. Whitfield spent seven years with the Boston Consulting Group's international consulting practice. Mr. Whitfield received a B.S. in mathematics from Oxford University and an M.B.A. from Stanford University.

Directors Continuing in Office Until the 2011 Annual Meeting**Michael A. Brown**

Michael A. Brown, age 50, has served as our director since September 2002. Mr. Brown serves as Chairman of Line 6, a private company supplying musical instruments, amplifiers and audio gear. Mr. Brown was Chairman of the Board of Quantum Corporation, a computer storage device company, from 1998 through 2003 and continues to serve as a director of Quantum. He served as Quantum's Chief Executive Officer from September 1995 until his retirement in September 2002. Mr. Brown was President of Quantum's Desktop Storage Division from 1993 to 1995 and Executive

Vice President and Chief Operating Officer from 1992 to 1993. Previously, Mr. Brown held senior positions in product and marketing management after he joined Quantum's marketing organization in August 1984. Before joining Quantum, Mr. Brown served in the marketing organization at Hewlett-Packard, Inc., a computer products company. Mr. Brown is also a director of Symantec Corp., a security and storage management software