

Intra-Cellular Therapies, Inc.  
Form DEF 14A  
April 27, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**Intra-Cellular Therapies, 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):



4) Date Filed:

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**430 East 29th Street**

**New York, New York 10016**

April 27, 2018

To Our Stockholders:

You are cordially invited to attend the 2018 annual meeting of stockholders of Intra-Cellular Therapies, Inc. to be held at 10:00 a.m. local time on Monday, June 18, 2018, at Apella , 450 East 29th Street, 2nd Floor, New York, NY 10016.

Details regarding the meeting, the business to be conducted at the meeting, and information about Intra-Cellular Therapies, Inc. that you should consider when you vote your shares are described in the accompanying proxy statement.

At the annual meeting, two persons will be elected to our board of directors. In addition, we will ask stockholders to approve the Intra-Cellular Therapies, Inc. 2018 Equity Incentive Plan, to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018 and to approve the compensation of our named executive officers, as disclosed in this proxy statement. The board of directors recommends the approval of each of these proposals. Such other business will be transacted as may properly come before the annual meeting.

Under Securities and Exchange Commission rules that allow companies to furnish proxy materials to stockholders over the Internet, we have elected to deliver our proxy materials to the majority of our stockholders over the Internet. This delivery process allows us to provide stockholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On or about May 4, 2018, we intend to send to our stockholders a Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access our proxy statement for our 2018 annual meeting of stockholders and our 2017 annual report to stockholders. The Notice also provides instructions on how to vote online or by telephone and how to receive a paper copy of the proxy materials by mail.

We hope you will be able to attend the annual meeting. Whether you plan to attend the annual meeting or not, it is important that you cast your vote either in person or by proxy. You may vote over the Internet as well as by telephone or by mail. When you have finished reading the proxy statement, you are urged to vote in accordance with the instructions set forth in the proxy statement. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting, whether or not you can attend.

Thank you for your continued support of Intra-Cellular Therapies, Inc. We look forward to seeing you at the annual meeting.

Sincerely,

Sharon Mates, Ph.D.

Chairman, President and Chief Executive Officer

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**430 East 29th Street**

**New York, New York 10016**

April 27, 2018

**NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS**

TIME: 10:00 a.m. local time

DATE: Monday, June 18, 2018

PLACE: Apella , 450 East 29th Street, 2nd Floor, New York, New York 10016

PURPOSES:

1. To elect two directors to serve three-year terms expiring in 2021;
2. To approve the Intra-Cellular Therapies, Inc. 2018 Equity Incentive Plan;
3. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018;
4. To approve by an advisory vote the compensation of our named executive officers, as disclosed in this proxy statement; and
5. To transact such other business that is properly presented at the annual meeting and any adjournments or postponements thereof.

WHO MAY VOTE:

You may vote if you were the record owner of Intra-Cellular Therapies, Inc. common stock at the close of business on April 26, 2018. A list of stockholders of record will be available at the annual meeting and, during the 10 days prior to the annual meeting, at our principal executive offices located at 430 East 29th Street, New York, New York 10016.

All stockholders are cordially invited to attend the annual meeting. **Whether you plan to attend the annual meeting or not, we urge you to vote by following the instructions in the Notice of Internet Availability of Proxy Materials that you previously received and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum.** You may change or revoke your proxy at any time before it is voted at the meeting.

BY ORDER OF THE BOARD OF  
DIRECTORS

Michael I. Halstead  
Senior Vice President, General Counsel and  
Secretary

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**INTRA-CELLULAR THERAPIES, INC.**

**430 East 29th Street**

**New York, NY 10016**

**PROXY STATEMENT FOR INTRA-CELLULAR THERAPIES, INC.**

**2018 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 18, 2018**

This proxy statement, along with the accompanying notice of 2018 annual meeting of stockholders, contains information about the 2018 annual meeting of stockholders of Intra-Cellular Therapies, Inc., including any adjournments or postponements of the annual meeting. We are holding the annual meeting at 10:00 a.m., local time, on Monday, June 18, 2018, at Apella , 450 East 29th Street, 2nd Floor, New York, NY 10016.

In this proxy statement, we refer to Intra-Cellular Therapies, Inc. as ITI, the Company, we and us.

This proxy statement relates to the solicitation of proxies by our board of directors for use at the annual meeting.

On or about May 4, 2018, we intend to begin sending to our stockholders the Important Notice Regarding the Availability of Proxy Materials containing instructions on how to access our proxy statement for our 2018 annual meeting of stockholders and our 2017 annual report to stockholders.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 18, 2018**

**This proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2017 are available for viewing, printing and downloading at [www.envisionreports.com/ITCI](http://www.envisionreports.com/ITCI) if you are a holder of record (or [www.edocumentview.com/ITCI](http://www.edocumentview.com/ITCI) if you hold your shares in street name). To view these materials please have your 12-digit control number(s) available that appears on your Notice or proxy card. On this website, you can also elect to receive future distributions of our proxy statements and annual reports to stockholders by electronic delivery.**

**Additionally, you can find a copy of our Annual Report on Form 10-K, which includes our financial statements, for the fiscal year ended December 31, 2017 on the website of the Securities and Exchange Commission, or the SEC, at [www.sec.gov](http://www.sec.gov), or in the Financials and Filings section of the Investors section of our website at [www.intracellulartherapies.com](http://www.intracellulartherapies.com). You may also obtain a printed copy of our Annual Report on Form 10-K, including our financial statements, free of charge, from us by sending a written request to: Intra-Cellular Therapies, Inc., Attn: Investor Relations, 430 East 29th Street, New York, NY 10016. Exhibits will be provided upon written request and payment of an appropriate processing fee.**

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**IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**Why is the Company Soliciting My Proxy?**

Our board of directors is soliciting your proxy to vote at the 2018 annual meeting of stockholders to be held at Apella , 450 East 29th Street, 2nd Floor, New York, NY 10016 on Monday, June 18, 2018, at 10:00 a.m. local time and any adjournments or postponements of the meeting, which we refer to as the annual meeting. The proxy statement, along with the accompanying Notice of Annual Meeting of Stockholders, summarizes the purposes of the meeting and the information you need to know to vote at the annual meeting.

We have made available to you on the Internet or have sent you this proxy statement, the Notice of Annual Meeting of Stockholders, the proxy card and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 because you owned shares of our common stock on the record date. We intend to commence distribution of the Important Notice Regarding the Availability of Proxy Materials, which we refer to throughout this proxy statement as the Notice, and, if applicable, proxy materials to stockholders on or about May 4, 2018.

**Why Did I Receive a Notice in the Mail Regarding the Internet Availability of Proxy Materials Instead of a Full Set of Proxy Materials?**

As permitted by the rules of the U.S. Securities and Exchange Commission, or the SEC, we may furnish our proxy materials to our stockholders by providing access to such documents on the Internet, rather than mailing printed copies of these materials to each stockholder. Most stockholders will not receive printed copies of the proxy materials unless they request them. We believe that this process should expedite stockholders' receipt of proxy materials, lower the costs of the annual meeting and help to conserve natural resources. If you received a Notice by mail or electronically, you will not receive a printed or email copy of the proxy materials, unless you request one by following the instructions included in the Notice. Instead, the Notice instructs you as to how you may access and review all of the proxy materials and submit your proxy on the Internet. If you requested a paper copy of the proxy materials, you may authorize the voting of your shares by following the instructions on the proxy card, in addition to the other methods of voting described in this proxy statement.

**Who Can Vote?**

Only stockholders who owned our common stock at the close of business on April 26, 2018 are entitled to vote at the annual meeting. On this record date, there were 54,696,380 shares of our common stock outstanding and entitled to vote. Our common stock is our only class of voting stock.

You do not need to attend the annual meeting to vote your shares. Shares represented by valid proxies, received in time for the annual meeting and not revoked prior to the annual meeting, will be voted at the annual meeting. For instructions on how to change or revoke your proxy, see "May I Change or Revoke My Proxy?" below.

**How Many Votes Do I Have?**

Each share of our common stock that you own entitles you to one vote.

**How Do I Vote?**

Whether you plan to attend the annual meeting or not, we urge you to vote by proxy. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your

instructions on the proxy card or as instructed via the Internet or telephone. You may specify whether your shares should be voted for or withheld for each nominee for director and whether your shares should be voted for, against or abstain with respect to each of the other proposals. If you properly submit a proxy without

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giving specific voting instructions, your shares will be voted in accordance with the board of directors recommendations as noted below. Voting by proxy will not affect your right to attend the annual meeting. If your shares are registered directly in your name through our stock transfer agent, Computershare Trust Company, N.A., or you have stock certificates registered in your name, you may vote:

**By Internet or by telephone.** Follow the instructions included in the Notice or, if you received printed materials, in the proxy card to vote by Internet or telephone.

**By mail.** If you received a proxy card by mail, you can vote by mail by completing, signing, dating and returning the proxy card as instructed on the card. If you sign the proxy card but do not specify how you want your shares voted, they will be voted in accordance with the board of directors recommendations as noted below.

**In person at the meeting.** If you attend the meeting, you may deliver a completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. Eastern Time on June 17, 2018.

If your shares are held in street name (held in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Telephone and Internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the annual meeting, you should contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the annual meeting in order to vote.

## **How Does the Board of Directors Recommend That I Vote on the Proposals?**

The board of directors recommends that you vote as follows:

**FOR** the election of the nominees for director;

**FOR** the approval of the Intra-Cellular Therapies, Inc. 2018 Equity Incentive Plan;

**FOR** the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018; and

**FOR** the compensation of our named executive officers, as disclosed in this proxy statement.

If any other matter is presented at the annual meeting, your proxy provides that your shares will be voted by the proxy holder listed in the proxy in accordance with his or her best judgment. At the time this proxy statement was first made

available, we knew of no matters that needed to be acted on at the annual meeting, other than those discussed in this proxy statement.

**May I Change or Revoke My Proxy?**

If you give us your proxy, you may change or revoke it at any time before the annual meeting. You may change or revoke your proxy in any one of the following ways:

if you received a proxy card, by signing a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;

by re-voting by Internet or by telephone as instructed above;

by notifying our Corporate Secretary, Michael I. Halstead, in writing before the annual meeting that you have revoked your proxy; or

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by attending the annual meeting in person and voting in person. Attending the annual meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the annual meeting that it be revoked.

Your most current vote, whether by telephone, Internet or proxy card is the one that will be counted.

### **What if I Receive More Than One Notice or Proxy Card?**

You may receive more than one Notice or proxy card if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described above under How Do I Vote? for each account to ensure that all of your shares are voted.

### **Will My Shares be Voted if I Do Not Vote?**

If your shares are registered in your name or if you have stock certificates, they will not be counted if you do not vote as described above under How Do I Vote? If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above, the bank, broker or other nominee that holds your shares has the authority to vote your unvoted shares only on the ratification of the appointment of our independent registered public accounting firm (Proposal 3 of this proxy statement) without receiving instructions from you. Therefore, we encourage you to provide voting instructions to your bank, broker or other nominee. This ensures your shares will be voted at the annual meeting and in the manner you desire. A broker non-vote will occur if your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your broker chooses not to vote on a matter for which it does have discretionary voting authority.

Your bank, broker or other nominee does not have the ability to vote your uninstructed shares in the election of directors. Therefore, if you hold your shares in street name, it is critical that you cast your vote if you want your vote to be counted for the election of directors (Proposal 1 of this proxy statement). In addition, your bank, broker or other nominee is prohibited from voting your uninstructed shares on any matters related to our equity compensation plan or executive compensation (Proposals 2 and 4 of this proxy statement, respectively). Thus, if you hold your shares in street name and you do not instruct your bank, broker or other nominee how to vote in the election of directors or on matters related to our equity compensation plan or executive compensation, no votes will be cast on these proposals on your behalf.

### **What Vote is Required to Approve Each Proposal and How are Votes Counted?**

#### **Proposal 1: Elect Directors**

The nominees for director who receives the most votes (also known as a plurality of the votes cast) will be elected. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of the directors. Brokerage firms do not have authority to vote customers unvoted shares held by the firms in street name for the election of the directors. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**Proposal 2: To Approve the  
Intra-Cellular Therapies, Inc. 2018  
Equity Incentive Plan**

The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to approve the Intra-Cellular Therapies, Inc. 2018 Equity Incentive Plan. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street

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name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**Proposal 3: Ratify Selection of Independent Registered Public Accounting Firm**

The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to ratify the selection of our independent registered public accounting firm. Abstentions will have no effect on the results of this vote. Brokerage firms have authority to vote customers' unvoted shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent registered public accounting firm. However, if our stockholders do not ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for 2018, the audit committee of our board of directors will reconsider its selection.

**Proposal 4: Approve an Advisory Vote on the Compensation of our Named Executive Officers**

The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to approve, on an advisory basis, the compensation of our named executive officers, as described in this proxy statement. Abstentions will have no effect on the results of this vote. Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street name on this proposal. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote. Although the advisory vote is non-binding, the compensation committee and the board of directors will review the voting results and take them into consideration when making future decisions regarding executive compensation.

**Is Voting Confidential?**

We will keep all the proxies, ballots and voting tabulations private. We only let our Inspector of Election, a representative of Computershare Trust Company, N.A., examine these documents. Management will not know how you voted on a specific proposal unless it is necessary to meet legal requirements. We will, however, forward to management any written comments you make on the proxy card or that you otherwise provide.

**Where Can I Find the Voting Results of the Annual Meeting?**

The preliminary voting results will be announced at the annual meeting, and we will publish preliminary results, or final results if available, in a Current Report on Form 8-K within four business days of the annual meeting. If final results are unavailable at the time we file the Form 8-K, then we will file an amended report on Form 8-K to disclose the final voting results within four business days after the final voting results are known.

**What Are the Costs of Soliciting these Proxies?**

We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their



principals and to obtain authority to execute proxies. We will then reimburse them for their expenses.

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We have engaged Alliance Advisors, LLC, to assist in the solicitation of proxies and provide related advice and informational support, for a services fee, plus customary disbursements, which is not expected to exceed \$25,000.

### **What Constitutes a Quorum for the Annual Meeting?**

The presence, in person or by proxy, of the holders of a majority of the voting power of all outstanding shares of our common stock entitled to vote at the annual meeting is necessary to constitute a quorum at the annual meeting. Votes of stockholders of record who are present at the annual meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

### **Attending the Annual Meeting**

The annual meeting will be held at 10:00 a.m. local time on Monday, June 18, 2018, at Apella , 450 East 29th Street, 2nd Floor, New York, NY 10016. When you arrive at the meeting site, signs will direct you to the appropriate meeting rooms. You need not attend the annual meeting in order to vote.

### **Householding of Annual Disclosure Documents**

SEC rules concerning the delivery of annual disclosure documents allow us or your broker to send a single Notice or, if applicable, a single set of our proxy materials to any household at which two or more of our stockholders reside, if we or your broker believe that the stockholders are members of the same family. This practice, referred to as householding, benefits both you and us. It reduces the volume of duplicate information received at your household and helps to reduce our expenses. The rule applies to our Notices, annual reports, proxy statements and information statements. Once you receive notice from your broker or from us that communications to your address will be householded, the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If your household received a single Notice or, if applicable, a single set of proxy materials this year, but you would prefer to receive your own copy, please contact our transfer agent, Computershare Trust Company, N.A., by calling their toll free number, 1-877-373-6374.

If you do not wish to participate in householding and would like to receive your own Notice or, if applicable, set of our proxy materials in future years, follow the instructions described below. Conversely, if you share an address with another stockholder and together both of you would like to receive only a single Notice or, if applicable, set of proxy materials, follow these instructions:

If your shares are registered in your own name, please contact our transfer agent, Computershare Trust Company, N.A., and inform them of your request by calling them at 1-877-373-6374 or writing them at P.O. BOX 505000, Louisville, KY 40233-5000.

If a broker or other nominee holds your shares, please contact the broker or other nominee directly and inform them of your request. Be sure to include your name, the name of your brokerage firm and your account number.

### **Electronic Delivery of Company Stockholder Communications**

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Most stockholders can elect to view or receive copies of future proxy materials over the Internet instead of receiving paper copies in the mail.

You can choose this option and save us the cost of producing and mailing these documents by:

following the instructions provided on your Notice or proxy card;

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following the instructions provided when you vote over the Internet; or

going to [www-us.computershare.com/investor](http://www-us.computershare.com/investor) and following the instructions provided.

**Description of the Merger**

On August 29, 2013, Intra-Cellular Therapies, Inc., or ITI, completed a reverse merger, referred to throughout this proxy statement as the Merger, with a public shell company named Oneida Resources Corp., or Oneida. As a result of the Merger and related transactions, ITI survived as a wholly-owned subsidiary of Oneida, Oneida changed its name to Intra-Cellular Therapies, Inc. and we began operating ITI and its business, and therefore ceased being a shell company.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the number of shares of our common stock beneficially owned as of April 15, 2018 by (i) each of our directors, director nominee and named executive officers, (ii) all of our current executive officers and directors as a group, and (iii) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock. Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by these stockholders, subject to community property laws, where applicable. Percentage of ownership is based on 54,694,718 shares of common stock outstanding on April 15, 2018. Unless otherwise noted below, the address of each stockholder below is c/o Intra-Cellular Therapies, Inc., 430 East 29th Street, New York, New York 10016.

Name and Address	Shares Beneficially Owned(1)	
	Number	Percent
<b>Directors and Named Executive Officers</b>		
Sharon Mates, Ph.D.(2)	1,869,556	3.4%
Michael I. Halstead(3)	236,558	*
Lawrence J. Himeline(4)	227,373	*
Robert E. Davis, Ph.D.(5)	175,405	*
Andrew Satlin, M.D. (6)	0	*
Christopher Alafi, Ph.D.(7)	5,292,553	9.7%
Richard Lerner, M.D.(8)	205,723	*
Joel S. Marcus(9)	1,383,569	2.5%
Rory B. Riggs(10)	343,966	*
Robert L. Van Nostrand(11)	83,893	*
All directors and current executive officers as a group (11 persons)(12)	9,818,596	17.4%
<b>Other 5% or More Stockholders</b>		
Alafi Capital Company, LLC and Moshe Alafi(13) 8 Admiral Drive, Suite 324  Emeryville, CA 94608	3,953,270	7.2%
BlackRock, Inc.(14) 55 East 52nd Street  New York, NY 10055	4,002,920	7.3%
Entities affiliated with Fidelity Investments(15) 245 Summer Street  Boston, MA 02210	8,186,643	15.0%
The Vanguard Group, Inc.(16) 100 Vanguard Blvd.  Malvern, PA 19355	3,730,258	6.8%

- \* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.
- (1) Beneficial ownership is determined in accordance with SEC rules, and includes any shares as to which the stockholder has sole or shared voting power or investment power, and also any shares which the stockholder has the right to acquire within 60 days of April 15, 2018, whether through the vesting of restricted stock units or the exercise or conversion of any stock option, convertible security, warrant or other right. The indication herein that shares are beneficially owned is not an admission on the part of the stockholder that he, she or it is a direct or indirect beneficial owner of those shares.
- (2) Includes 780,849 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018.
- (3) Includes 236,367 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018.

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- (4) Includes 210,341 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018.
- (5) Includes 146,008 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018.
- (6) Dr. Satlin has no shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018.
- (7) Consists of 3,953,270 shares of common stock held by Alafi Capital Company, LLC, or Alafi Capital, 503,753 shares of common stock held by a trust for the benefit of members of the Alafi family, 746,155 shares of common stock held by Dr. Alafi individually and 89,375 shares issuable upon exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018. Dr. Alafi is a managing partner of Alafi Capital and has shared voting and investment power with respect to the shares owned by Alafi Capital and full voting and investment power with respect to shares owned by the trust. Does not include 503,776 shares held by two other trusts for the benefit of members of the Alafi family for which Dr. Alafi does not have voting or investment control.
- (8) Consists of 10,223 shares of common stock held by Dr. Lerner individually, 53,000 shares of common stock held by the Lerner Family Trust UAD 11/14/94, or the Lerner Family Trust, no shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018, held by Dr. Lerner individually and 142,500 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018, held by the Lerner Family Trust. Dr. Lerner shares voting and investment control with respect to the shares held by the Lerner Family Trust.
- (9) Consists of 1,143,731 shares of common stock held by Alexandria Equities, LLC, 47,425 shares of common stock held by Alexandria Real Estate Equities, Inc., 110,742 shares of common stock held by the Joel S. Marcus and Barbara A. Marcus Family Trust, 21,671 shares of common stock held by Mr. Marcus individually and 60,000 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018. Mr. Marcus is the Executive Chairman and Founder of Alexandria Real Estate Equities, Inc., which is the managing member of Alexandria Equities, LLC, which has full voting and investment power with respect to the shares owned by Alexandria Equities, LLC. As the Executive Chairman of Alexandria Real Estate Equities, Inc., Mr. Marcus may be deemed to have voting and investment power with respect to the shares owned by Alexandria Real Estate Equities, Inc. and Alexandria Equities, LLC. Mr. Marcus disclaims beneficial ownership of the shares held by Alexandria Real Estate Equities, Inc. and Alexandria Equities, LLC, except to the extent of his underlying pecuniary interest therein.
- (10) Consists of 37,296 shares of common stock held by Mr. Riggs individually, 226,670 shares of common stock held by New Ventures I, LLC, and 80,000 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018. Mr. Riggs is Managing Member of New Ventures I, LLC and has voting and investment control with respect to the shares held by New Ventures I, LLC.
- (11) Consists of 3,893 shares of common stock held by Mr. Van Nostrand and 80,000 shares issuable upon the exercise of options to purchase common stock, which are exercisable within 60 days of April 15, 2018.
- (12) See footnotes 2 through 11. Andrew Satlin, M.D., our Executive Vice President and Chief Medical Officer, did not beneficially own any shares of common stock as of April 15, 2018.
- (13) Consists of 3,953,270 shares of common stock held by Alafi Capital. Christopher Alafi, Ph.D., one of our directors, is a managing partner of Alafi Capital and has voting and investment power with respect to the shares owned by Alafi Capital.
- (14) Based on the Schedule 13G/A filed by BlackRock, Inc. and its affiliates with the SEC on January 25, 2018. Includes shares beneficially owned by BlackRock Advisors, LLC, BlackRock Investment Management (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock Investment Management (Australia) Limited, BlackRock (Netherlands) B.V., BlackRock Fund Advisors, BlackRock Asset Management Ireland Limited, BlackRock Institutional Trust Company, National Association, BlackRock Financial Management, Inc., BlackRock Asset Management Schweiz AG and BlackRock Investment Management, LLC. The filing

noted that BlackRock, Inc. is a parent holding company or control person and claims sole dispositive power for 4,002,920 shares and sole voting power for 3,926,039 shares.



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- (15) Based on the Schedule 13G/A filed by FMR LLC and its affiliates with the SEC on February 13, 2018. Abigail P. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR LLC. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ( Fidelity Funds ) advised by Fidelity Management & Research Company ( FMR Co ), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees.
- (16) Based on the Schedule 13G/A filed by The Vanguard Group, Inc. with the SEC on February 9, 2018. The filing noted that Vanguard Fiduciary Trust Company ( VFTC ), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 44,550 shares of common stock as a result of its serving as investment manager of collective trust accounts and that Vanguard Investments Australia, Ltd. ( VIA ), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 8,400 shares of common stock as a result of its serving as investment manager of Australian investment offerings.

**Table of Contents****MANAGEMENT AND CORPORATE GOVERNANCE****The Board of Directors**

Our restated certified of incorporation provides that our business is to be managed by or under the direction of our board of directors. Our board of directors is divided into three classes for purposes of election. One class is elected at each annual meeting of stockholders to serve for a three-year term. Our board of directors currently consists of six members, classified into three classes as follows: (1) Christopher Alafi, Ph.D. and Joel S. Marcus constitute a class with a term ending at the 2018 annual meeting; (2) Sharon Mates, Ph.D., Rory B. Riggs and Robert L. Van Nostrand constitute a class with a term ending at the 2019 annual meeting; and (3) Richard Lerner, M.D. constitutes a class with a term ending at the 2020 annual meeting.

On March 30, 2018, our board of directors accepted the recommendation of the nominating and governance committee and voted to nominate Christopher Alafi, Ph.D. and Joel S. Marcus for election at the annual meeting for a term of three years to serve until the 2021 annual meeting of stockholders and until their respective successors have been elected and qualified.

Set forth below are the names of the persons nominated as directors and directors whose terms do not expire this year, their ages, their offices in the Company, if any, their principal occupations or employment for at least the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold or have held directorships during the past five years, as of April 15, 2018. Additionally, information about the specific experience, qualifications, attributes or skills that led to our board of directors' conclusion at the time of filing of this proxy statement that each person listed below should serve as a director is set forth below:

<b>Name</b>	<b>Age</b>	<b>Position(s) with the Company</b>
Sharon Mates, Ph.D.	65	Chairman, President and Chief Executive Officer
Christopher Alafi, Ph.D.(2)(3)	54	Director
Richard Lerner, M.D.(1)(3)	79	Director
Joel S. Marcus(2)(3)	70	Director
Rory B. Riggs(1)(2)	65	Director
Robert L. Van Nostrand(1)(4)	61	Director

- (1) Member of our audit committee
- (2) Member of our compensation committee
- (3) Member of our nominating and governance committee
- (4) Lead independent director

**Sharon Mates, Ph.D.** has been Chairman, President and Chief Executive Officer of the Company since the Merger in August 2013 and has been the Chairman of the board of directors, President and Chief Executive Officer of ITI since June 2002. Dr. Mates co-founded ITI in May 2002. Prior to co-founding ITI, Dr. Mates was a co-founder of Functional Genetics, and served as its Chairman and Chief Executive Officer from December 2000 until August 2003. From 1989 to 1998, Dr. Mates was the President and a board member of North American Vaccine Inc. and its predecessor companies. She has served on several not-for-profit boards. Dr. Mates has also served on the Advisory Council of the Center for Society and Health at the Harvard School of Public Health, the Board of Visitors of the Biotechnology Institute of the University of Maryland and the board of directors of Gilda's Club of New York. Earlier in her career, Dr. Mates spent several years as a research analyst and investment banker, and as an advisor to the life

sciences industry. Dr. Mates received her B.S. from the Ohio State University and her Ph.D. from the University of Washington, and completed her postdoctoral fellowships at The Massachusetts General Hospital and Harvard Medical School.

We believe that Dr. Mates possesses specific attributes that qualify her to serve as chairman of our board of directors, including the perspective and experience she brings as the co-founder, President and Chief Executive

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Officer of ITI, which brings historic knowledge, operational expertise and continuity to our board of directors, and her industry expertise, including over 25 years of experience leading both private and public companies.

**Christopher Alafi, Ph.D.** became a director of the Company following the Merger that occurred in August 2013 and has served on the board of directors of ITI since January 2013. Dr. Alafi has been a General Partner of Alafi Capital Company, LLC, a venture capital firm and a principal stockholder of the Company, since 1995. He was previously a Physiology and Anatomy teacher at Santa Monica College, a visiting scholar in the Department of Chemistry at Stanford University and a researcher at DNAX. Dr. Alafi currently serves as a director of Nuredis, Inc. and has previously served as a director of ISTO Technologies, Coley Pharmaceutical Group, Inc., CyberGold, Inc. and Stereotaxis, Inc. Dr. Alafi received a B.A. in Biology from Pomona College and a D.Phil. in Biochemistry from the University of Oxford.

We believe that Dr. Alafi possesses specific attributes that qualify him to serve as a member of our board of directors, including the perspective and experience he brings as a General Partner of Alafi Capital Company, LLC.

**Richard Lerner, M.D.** became a director of the Company following the Merger that occurred in August 2013 and has served on the board of directors of ITI since 2002. Dr. Lerner served as President of the Scripps Research Institute, a private, non-profit biomedical research organization from 1986 to January 2012, and since then has served and continues to serve as Institute Professor. Dr. Lerner received the Wolf Prize in Chemistry in 1994, the California Scientist of the Year Award in 1996, the Paul Ehrlich and Ludwig Darmstaedter Prize in 2003, and the Prince of Asturias Award in 2012 for his achievements in the development of catalytic antibodies and combinatorial antibody libraries. Dr. Lerner is a member of the National Academy of Sciences and the Royal Swedish Academy of Sciences. Dr. Lerner previously served as a director of Kraft Foods, Inc. and Teva Pharmaceutical Industries Ltd. and currently serves as a director of Opko Health, Inc., Zebra Biologics, Cognos Therapeutics and Interex, Inc. Dr. Lerner received his M.D. from Stanford Medical School.

We believe that Dr. Lerner possesses specific attributes that qualify him to serve as a member of our board of directors, including his service as a director of other public companies and his business acumen and judgment, which provide our board of directors with valuable scientific and operational expertise and leadership skills.

**Joel S. Marcus, J.D., CPA** became a director of the Company following the Merger that occurred in August 2013 and has served on the board of directors of ITI since April 2006. Mr. Marcus is the Founder and Executive Chairman of Alexandria Real Estate Equities, Inc. (NYSE:ARE), or Alexandria, an urban office REIT focused on world-class collaborative life science and technology campuses in AAA innovation cluster locations. Mr. Marcus co-founded Alexandria in 1994 with a business plan and \$19 million in seed capital and has led its growth into a publicly traded, investment-grade REIT. Alexandria has a significant market presence in key locations, including Greater Boston, San Francisco, New York City, San Diego, Seattle, Maryland, and Research Triangle Park. In 1996, Mr. Marcus also founded Alexandria Venture Investments, the company's strategic venture capital arm, which he currently leads with a focus on novel, breakthrough discoveries in biopharmaceuticals, diagnostics, research tools, agtech, digital health, and technology. Prior to co-founding Alexandria, Mr. Marcus had an extensive legal career specializing in corporate finance and capital markets, venture capital, and mergers and acquisitions, with expertise in the biopharmaceutical industry. He was also a practicing certified public accountant and tax manager with Arthur Young & Co., where he focused on the financing and taxation of REITs. Mr. Marcus was one of the original architects and co-founders of Accelerator Corporation and AgTech Accelerator, for which he serves on the board of directors. He also serves on the boards of Applied Therapeutics Inc., Atara Biotherapeutics, Inc. (Nasdaq:ATRA), or Atara, Biotechnology Innovation Organization (B10), Foundation for the National Institutes of Health (FNIH), Friends of Cancer Research, MeiraGTX Limited, Multiple Myeloma Research Foundation (MMRF), NewYorkB10, NYU Schack Institute of Real Estate, Partnership for New York City, and Yumanity Therapeutics, as well as on NAREIT's 2017 Executive Board.

Mr. Marcus is a recipient of the Ernst & Young Entrepreneur of the Year Award (Los Angeles Real Estate). He was awarded his undergraduate and Juris Doctor degrees at the University of California, Los Angeles.

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We believe that Mr. Marcus possesses specific attributes that qualify him to serve as a member of our board of directors, including his many years of experience in the life sciences industry and his extensive experience serving as a director and an executive officer of other public companies.

While our board of directors recognize that Mr. Marcus serves as a director of two other public companies, Atara and Alexandria, where he also serves as Executive Chairman, our board of directors believes that it is strongly in the Company's best interest that Mr. Marcus continue to serve as a director. Notwithstanding these other commitments, Mr. Marcus has demonstrated his ability to dedicate sufficient time and focus on his duties as a director of the Company, including by performing his roles as chairman of our compensation committee and a member of our nominating and governance committee. Mr. Marcus attended all of our board meetings except one and all of our compensation and nominating and corporate governance committee meetings in 2017. Our board of directors believes that Mr. Marcus provides great value to our board, contributes significantly to discussions and decision-making, and has admirably performed the roles and responsibilities of a director. Mr. Marcus is highly engaged with management and other members of our board of directors, regularly meeting in advance of board and committee meetings to assist with planning and discussion topics. In addition to his demonstrated reliability and commitment to service on our board of directors, Mr. Marcus also provides significant industry knowledge and operational and management expertise to our board of directors. With respect to Atara and Alexandria, Mr. Marcus serves only on the compensation committee of Atara's board of directors and serves on no standing board committees at Alexandria. In 2017, Mr. Marcus attended all meetings held by Alexandria's board, as well as all meetings of Atara's board.

**Rory B. Riggs** has served on our board of directors since January 2014. He is co-founder and chairman of Royalty Pharma, the largest acquirer of drug royalties, and Cibus Global Ltd, the leading company in gene editing in agriculture. In addition, he sits on the following other boards of directors: FibroGen, Inc., Nuredis, Inc., GeneNews, Ltd. and eReceivables, LLC (Chair). Since June 2006, Mr. Riggs also serves as Managing Member of New Ventures, a venture fund focused on biotechnology and healthcare. Since 2010, Mr. Riggs serves as founder and Chief Executive Officer of Locus Analytics, LLC, a data analytics company that organizes and analyzes financial and economic data using a new class of information system. Locus is the parent of Syntax Indices, which has contracted with major index providers to provide diversified variants of their major benchmarks, such as S&P 500, MSCI EAFE and the Wilshire 5000. Mr. Riggs served as the President of Biomatrix, Inc., a biomedical company, from 1996 until 2000. From 1991 to 1995, he was Chief Executive Officer of RF&P Corporation, an investment company owned by the Virginia Retirement System. He was also Managing Director of PaineWebber and Company, a stock brokerage and asset management firm, in the mergers and acquisitions field. Mr. Riggs holds a B.A. from Middlebury College and an M.B.A. from Columbia University.

We believe that Mr. Riggs possesses specific attributes that qualify him to serve as a member of our board of directors, including his financial expertise, extensive knowledge of the life sciences industry, and many years of experience as a developer (founder), executive officer and director of successful companies (both public and private) in the life sciences and healthcare industries.

**Robert L. Van Nostrand** has served on our board of directors since January 2014. Mr. Van Nostrand has been a self-employed advisor and investor since 2010, as well as a member of various public and private company boards of directors. Mr. Van Nostrand was Executive Vice President and Chief Financial Officer of Aureon Biosciences, Inc., a private pathology life science company, from January 2010 to July 2010. Prior to joining Aureon Biosciences, Mr. Van Nostrand served as Executive Vice President and Chief Financial Officer of AGI Dermatics, Inc., a private biotechnology company, from July 2007 to September 2008 when the company was acquired. From May 2005 to July 2007, Mr. Van Nostrand served as the Senior Vice President and Chief Compliance Officer of OSI Pharmaceuticals, Inc., then a publicly-traded biotechnology company, where he previously served as Vice President and Chief Financial Officer from December 1996 through May 2005 and as Vice President, Finance and Administration prior to that. He

also served as OSI's Treasurer from March 1992 to May 2005 and Secretary from March 1995 to January 2004. Mr. Van Nostrand joined OSI as Controller and

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Chief Accounting Officer in September 1986. Prior to joining OSI, Mr. Van Nostrand served in a managerial position with the accounting firm, Touche Ross & Co., currently Deloitte. Mr. Van Nostrand serves as chairman of the board of directors of Yield10 Bioscience, Inc., a publicly-traded agricultural bioscience company, as well as chairman of its audit committee and a member of its compensation committee. Mr. Van Nostrand also serves on the board of directors of Achillion Pharmaceuticals, Inc., a publicly-traded biotechnology company, where he serves as chairman of the audit committee and a member of the compensation committee. He also serves on the board of directors of Enumeral Biomedical Holdings, Inc., a publicly-traded biotechnology company, where he serves as lead outside director and a member of the audit committee and compensation committee. He also serves on the board of Sellas Life Sciences Group, Inc., a publicly-traded biotechnology company, where he serves as chairman of the compensation committee and a member of the audit committee. Mr. Van Nostrand is the former chairman of, and serves on, the board of the New York Biotechnology Association and serves on the Foundation Board of Farmingdale University. Previously, Mr. Van Nostrand served on the board of directors of Apex Bioventures, Inc., a special purpose acquisition company focused on life sciences. Mr. Van Nostrand holds a B.S. in Accounting from Long Island University, New York. He is a Certified Public Accountant.

We believe that Mr. Van Nostrand possesses specific attributes that qualify him to serve as a member of our board of directors, including his many years of experience in the life sciences industry, as well as his expertise in financial operations, transaction structuring and risk management.

There are no family relationships between or among any of our directors or nominee. The principal occupation and employment during the past five years of each of our directors and nominee was carried on, in each case except as specifically identified above, with a corporation or organization that is not a parent, subsidiary or other affiliate of us. There is no arrangement or understanding between any of our directors or nominee and any other person or persons pursuant to which he or she is to be selected as a director or nominee.

There are no legal proceedings to which any of our directors is a party adverse to us or any of our subsidiaries or in which any such person has a material interest adverse to us or any of our subsidiaries.

## **Director Independence**

Our board of directors has reviewed the materiality of any relationship that each of our directors has with Intra-Cellular Therapies, Inc., either directly or indirectly. Based upon this review, our board has determined that all of our directors other than Dr. Mates, our chief executive officer, are independent directors as defined by The Nasdaq Stock Market. In making such determinations, the board of directors considered the relationships that each such non-employee director or director nominee has with our company and all other facts and circumstances the board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. In addition, our board of directors considered the association of certain of our directors with the holders of more than 5% of our common stock as well as the effect of each of the transactions described in *Certain Relationships and Related Person Transactions* below.

## **Committees of the Board of Directors and Meetings**

***Meeting Attendance.*** During the fiscal year ended December 31, 2017, there were six meetings of our board of directors, four meetings of the audit committee, four meetings of the compensation committee and one meeting of the nominating and governance committee. No director attended fewer than 75% of the total number of meetings of the board of directors and of committees of the board on which he or she served during fiscal 2017. The board of directors has adopted a policy under which each member of our board of directors is strongly encouraged but not required to attend each annual meeting of our stockholders. Four of our directors attended the annual meeting of our stockholders



held in 2017.

Our board of directors has established an audit committee, a compensation committee and a nominating and governance committee. Each committee operates under a charter approved by our board of directors. Copies of

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each committee's charter are posted on the Investors section of our website, which is located at [www.intracellulartherapies.com](http://www.intracellulartherapies.com), under the caption Corporate Governance. The composition and function of each of these committees are described below.

***Audit Committee.*** This committee currently has three members, Mr. Van Nostrand (Chairman), Dr. Lerner and Mr. Riggs. Our audit committee's role and responsibilities are set forth in the audit committee's written charter and include the authority to retain and terminate the services of our independent registered public accounting firm. In addition, the audit committee reviews the annual financial statements, considers matters relating to accounting policy and internal controls and reviews the scope of annual audits. All members of the audit committee satisfy the current independence standards promulgated by the Securities and Exchange Commission and by The Nasdaq Stock Market, as such standards apply specifically to members of audit committees. The board of directors has determined that Mr. Van Nostrand and Mr. Riggs are audit committee financial experts, as the Securities and Exchange Commission has defined that term in Item 407 of Regulation S-K. Please also see the report of the audit committee set forth elsewhere in this proxy statement.

***Compensation Committee.*** This committee currently has three members, Mr. Marcus (Chairman), Dr. Alafi and Mr. Riggs. Our compensation committee's role and responsibilities are set forth in the compensation committee's written charter and include reviewing, approving and making recommendations regarding our compensation policies, practices and procedures to ensure that legal and fiduciary responsibilities of the board of directors are carried out and that such policies, practices and procedures contribute to our success. Our compensation committee also administers our Amended and Restated 2013 Equity Incentive Plan, or 2013 Plan, and will administer our 2018 Equity Incentive Plan, or 2018 Plan. The compensation committee is responsible for the determination of the compensation of our chief executive officer. All members of the compensation committee qualify as independent under the definition promulgated by The Nasdaq Stock Market.

Our compensation committee makes all compensation decisions regarding our executive officers and directors, after which it makes a recommendation to our full board of directors. Our board of directors then approves the compensation for our executive officers and directors.

***Nominating and Governance Committee.*** Our nominating and governance committee has three members, Dr. Alafi (Chairman), Dr. Lerner and Mr. Marcus. The nominating and governance committee's role and responsibilities are set forth in the nominating and governance committee's written charter and include evaluating and making recommendations to the full board of directors as to the size and composition of the board of directors and its committees, evaluating and making recommendations as to potential candidates, and evaluating current board members' performance. All members of the nominating and governance committee qualify as independent under the definition promulgated by The Nasdaq Stock Market.

If a stockholder wishes to nominate a candidate for director who is not to be included in our proxy statement, it must follow the procedures described in our restated bylaws and in Stockholder Proposals and Nominations for Director at the end of this proxy statement.

In addition, under our current corporate governance policies, the nominating and governance committee may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. Once identified, the nominating and governance committee will evaluate a candidate's qualifications in accordance with our nominating and governance committee policy regarding qualifications of directors appended to our nominating and governance committee's written charter. For all potential candidates, the nominating and governance committee may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of

the biotechnology industry, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the board of directors, and concern for the long-term interests of the stockholders. Our nominating and governance committee has not adopted a formal diversity policy in connection with the consideration of director nominations or the selection of nominees. However, the

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nominating and governance committee considers issues of diversity among its members in identifying and considering nominees for director, and will strive where appropriate to achieve a diverse balance of backgrounds, perspectives, experience, age, gender, ethnicity and country of citizenship on the board of directors and its committees.

If a stockholder wishes to propose a candidate for consideration as a nominee for election to our board of directors, it must follow the procedures described in our restated bylaws and in Stockholder Proposals and Nominations For Director at the end of this proxy statement. In general, persons recommended by stockholders will be considered in accordance with our Policy on Stockholder Recommendation of Candidates for Election as Directors appended to our nominating and governance committee's written charter. Any such recommendation should be made in writing to the Nominating and Governance Committee, care of our Corporate Secretary at our principal office and should be accompanied by the following information concerning each recommending stockholder and the beneficial owner, if any, on whose behalf the nomination is made:

the name and address of such stockholder and such beneficial owner;

certain share ownership and similar information about such stockholder and such beneficial owner;

all information relating to such person that would be required to be disclosed in a proxy statement;

a description of certain arrangements and understandings between the proposing stockholder and beneficial owner and any other person in connection with such stockholder nomination; and

a statement whether or not either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of voting shares sufficient to carry the proposal.

The recommendation must also be accompanied by the following information concerning the proposed nominee:

certain biographical information concerning the proposed nominee;

all information concerning the proposed nominee required to be disclosed in solicitations of proxies for election of directors;

certain information about any other security holder of the Company who supports the proposed nominee;

a description of all relationships between the proposed nominee and the recommending stockholder or any beneficial owner, including any agreements or understandings regarding the nomination; and

additional disclosures relating to stockholder nominees for directors, including completed questionnaires and disclosures required by our restated bylaws.

Previously, the procedures for stockholders to recommend nominees for election as directors were set forth in our restated bylaws and in our procedures for shareholders submitting nominating recommendations appended to our nominating and governance committee's written charter. Our board of directors has amended our nominating and governance committee's written charter to remove the procedures for stockholders submitting nominating recommendations that were appended to such charter, and the procedures for stockholders to recommend nominees for election as directors will continue to be governed by our existing restated bylaws.

### **Compensation Committee Interlocks and Insider Participation**

Our compensation committee has three members, Mr. Marcus (Chairman), Dr. Alafi and Mr. Riggs. In 2017, none of our executive officers served on the board of directors or compensation committee of any entity that had one or more executive officers serving as a member of our board of directors or compensation committee. There are no family relationships between or among the members of our board of directors or executive officers. Mr. Marcus is founder, Executive Chairman and a director of Alexandria Real Estate Equities, Inc., which is the parent company to the landlord under the lease for our headquarters. See [Certain Relationships and Related Person Transactions Lease Agreement](#).

**Table of Contents****Board Leadership Structure and Role in Risk Oversight**

Our board of directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the board of directors, as our board of directors believes it is in the best interest of the Company to make that determination based on the position and direction of the Company and the membership of the board of directors. Our board of directors has determined that having an employee director serve as Chairman is in the best interest of our stockholders at this time because of the efficiencies achieved in having the role of Chief Executive Officer and Chairman combined, and because the detailed knowledge of our day-to-day operations and business that the Chief Executive Officer possesses greatly enhances the decision-making processes of our board of directors as a whole. We have a strong governance structure in place, including independent directors, to ensure the powers and duties of the dual role are handled responsibly. Mr. Van Nostrand serves as our lead independent director.

The Chairman of the board of directors, our lead independent director and the other members of the board of directors work in concert to provide oversight of our management and affairs. Our board of directors encourages communication among its members and between management and the board of directors to facilitate productive working relationships. Working with the other members of the board of directors, Dr. Mates also strives to ensure that there is an appropriate balance and focus among key board responsibilities such as strategic development, review of operations and risk oversight.

**Stockholder Communications to the Board**

Generally, stockholders who have questions or concerns should contact our Investor Relations department at 646-440-9333. However, any stockholder who wishes to address questions regarding our business directly with the board of directors, or any individual director, should direct his or her questions in writing to the Chairman of the board of directors at Intra-Cellular Therapies, Inc., Attention: Chairman of the Board, 430 East 29th Street, New York, New York 10016. Communications will be distributed to the board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communications. Items that are unrelated to the duties and responsibilities of the board of directors may be excluded, such as: junk mail and mass mailings, resumes and other forms of job inquiries, surveys and solicitations or advertisements.

In addition, any material that is unduly hostile, threatening, or illegal in nature may be excluded, provided that any communication that is filtered out will be made available to any outside director upon request.

**Executive Officers**

The following table sets forth certain information, as of April 15, 2018, regarding our executive officers who are not also directors. We have employment agreements with all of our executive officers, and all of our executive officers are at-will employees.

<b>Name</b>	<b>Age</b>	<b>Position(s) with the Company</b>
Lawrence J. Hinline	61	Vice President of Finance, Chief Financial Officer, Treasurer and Assistant Secretary
Andrew Satlin, M.D.	63	Executive Vice President and Chief Medical Officer
Michael I. Halstead	45	Senior Vice President, General Counsel and Secretary
Robert E. Davis, Ph.D.	67	Senior Vice President and Chief Scientific Officer
Kimberly E. Vanover, Ph.D.	52	Senior Vice President, Clinical Development

**Lawrence J. Hineline, CPA** has served as Vice President of Finance, Chief Financial Officer and Treasurer of the Company since the Merger in August 2013 and has served as Vice President of Finance, Chief Financial Officer and Secretary of ITI since June 2002. Mr. Hineline also served as the Secretary of the Company from August 2013 until September 2014. From December 2000 to November 2003, Mr. Hineline was the Vice

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President of Finance and Chief Financial Officer of Functional Genetics, Inc. Prior to that, Mr. Hineline served as the Vice President of Finance of North American Vaccine, Inc. and its predecessor companies from 1993 to 2000, and he served as Corporate Controller from 1989 to 1993. During this time, Mr. Hineline oversaw the growth of the accounting function and its systems for the company that emerged as a start-up and was later acquired by Baxter Health Care. Mr. Hineline is a licensed CPA in the State of Maryland and received his Bachelor's Degree from the University of Maryland Baltimore County.

**Andrew Satlin, M.D.** has served as Executive Vice President and Chief Medical Officer of the Company since November 2017. From July 2008 to November 2017, Dr. Satlin served in a number of leadership positions at Eisai, Inc., most recently serving as Executive Vice President, Global Head of Medicine Creation Strategy, Neurology Business Group. Before joining Eisai, from 1997 to 2008, he served at Novartis in positions of increasing responsibility, including leadership of the Neurosciences regulatory group. Prior to joining Novartis, Dr. Satlin was an Assistant Professor of Psychiatry at Harvard Medical School. Dr. Satlin was also the Director of Geriatric Psychiatry and established a dementia clinic at McLean Hospital in Massachusetts. Dr. Satlin received his medical degree from Harvard Medical School and completed his residency in psychiatry and fellowship in geriatric psychiatry at McLean Hospital. Dr. Satlin received his Bachelor's Degree from Yale University.

**Michael I. Halstead** has served as Senior Vice President, General Counsel and Secretary of the Company since July 2014 and has also served as Secretary of the Company since September 2014. From July 2005 until December 2013, Mr. Halstead served in a number of leadership positions at Warner Chilcott plc. Most recently he was Senior Vice President, Corporate Development at Warner Chilcott where he directed the company's corporate development, legal and human resources functions. Prior to that, Mr. Halstead was an attorney at the firm of Davis Polk & Wardwell. Mr. Halstead received his bachelor's degree from Boston University and his Juris Doctor degree from Villanova University School of Law.

**Robert E. Davis, Ph.D.** has served as Senior Vice President and Chief Scientific Officer of the Company since November 2015. He previously served as President and CEO of 3-D Pharmaceutical Consultants, providing consulting services to the Company from December 2005 to November 2015. From December 2000 until November 2005, Dr. Davis served as the Executive Vice President, Research and Development at ACADIA Pharmaceuticals. From January 1994 until October 2000, Dr. Davis held various positions at MitoKor, a development stage biotechnology company focused on the design and development of drug therapies for mitochondrial diseases, serving at various times as its President, Chief Executive Officer and Chief Scientific Officer. Earlier, Dr. Davis held various positions at Parke-Davis Pharmaceutical Research, Warner-Lambert. Earlier in his career, he participated in the discovery and development of Cognex, the first drug approved for treating Alzheimer's disease, Neurontin, the first drug approved for treating neuropathic pain, and Nuplazid, a potential new treatment for psychosis associated with Parkinson disease. Dr. Davis received his B.S., M.S and Ph.D in Psychobiology from the University of Illinois.

**Kimberly E. Vanover, Ph.D.** has served as Senior Vice President, Clinical Development since November 2015 and before then served as Vice President, Clinical Development of the Company since the Merger in August 2013. Dr. Vanover joined ITI in March 2007 and has been Vice President, Clinical Development of ITI since January 2011. Previously, she was Executive Director, Clinical Development of ITI from January 2008 to December 2010 and Senior Director, Clinical Development of ITI from March 2007 to December 2007. She has spent over 20 years on the discovery and development of small molecule drugs for the treatment of neuropsychiatric and neurodegenerative diseases. Dr. Vanover was Postdoctoral Research Scientist at Lederle Laboratories from 1992 to 1994, Postdoctoral Research Trainee in the Department of Psychiatry at the University of California San Diego from 1994 to 1995, Senior Scientist and Group Leader at CoCensys from 1995 to 2000 and held positions as Group Leader and Director at ACADIA Pharmaceuticals from 2000 to 2007. In these positions, Dr. Vanover participated in the discovery and development of a broad range of new CNS therapeutics, including drugs to treat psychosis, insomnia, cognitive



impairment, movement disorders, acute and neuropathic pain, anxiety, epilepsy, and drug abuse. Dr. Vanover received her B.A. in Psychology from the University of Missouri and her Ph.D. in Biopsychology from the University of Chicago.

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**Scientific and Medical Advisory Boards**

We have a Scientific Advisory Board which is chaired by Paul Greengard, Ph.D., one of our founders. Dr. Greengard is the Vincent Astor Professor at The Rockefeller University, where he founded the Laboratory of Molecular and Cellular Neuroscience. Dr. Greengard is a pioneer in the field of neuronal signal transduction and his seminal discoveries over the years have provided a framework by which to understand the complexity of how neurotransmitters function in the brain. He received the Nobel Prize in Physiology or Medicine (2000) for these discoveries.

We have a Medical Advisory Board which is chaired by Carol A. Tamminga, M.D. Dr. Tamminga is the Chair of the Psychiatry Department at the University of Texas Southwestern School of Medicine. She holds the McKenzie Foundation Chair in Psychiatry, the Communities Foundation of Texas, Inc. Chair in Brain Science and is the Chief of Translational Neuroscience Research in Schizophrenia.

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**COMPENSATION DISCUSSION AND ANALYSIS**

This section discusses the principles underlying our policies and decisions with respect to the compensation of our executive officers who are named in the Summary Compensation Table below, or our named executive officers, and all material factors relevant to an analysis of these policies and decisions. Our named executive officers are:

Sharon Mates, Ph.D., our Chairman, President and Chief Executive Officer

Andrew Satlin, M.D., our Executive Vice President and Chief Medical Officer

Lawrence J. Hinline, our Vice President of Finance, Chief Financial Officer, Treasurer and Assistant Secretary

Michael I. Halstead, our Senior Vice President, General Counsel and Secretary

Robert E. Davis, Ph.D., our Senior Vice President and Chief Scientific Officer

**Executive Summary and Corporate Background**

*Business Strategy*

We are developing novel drugs for the treatment of neuropsychiatric and neurodegenerative diseases and diseases of the elderly, including Parkinson's disease, or PD, and Alzheimer's disease, or AD. We are developing our lead drug candidate, lumateperone (also known as ITI-007), for the treatment of schizophrenia, bipolar disorder, behavioral disturbances in patients with dementia, including AD, depressive disorders and other neuropsychiatric and neurological disorders. Lumateperone, a first-in-class molecule, is in Phase 3 clinical development for the treatment of schizophrenia, bipolar depression and agitation associated with dementia, including AD. We are also utilizing our phosphodiesterase, or PDE, platform and other proprietary chemistry platforms to develop drugs for the treatment of central nervous system, or CNS, and other disorders. The lead molecule in our PDE1 portfolio, ITI-214, is in development for the treatment of symptoms associated with PD and early stage development for the treatment of cardiovascular disorders.

*2017 Clinical Development and Business Achievements*

In 2017, we made important progress in the development of our lead product candidate, lumateperone, as well as in the development other product candidates including ITI-214 and additional programs thereby advancing our mission to develop innovative treatments to improve the lives of individuals suffering from neuropsychiatric and neurologic disorders. We are encouraged by our prospects as we prepare our first new drug application, or NDA, and for the commercial launch of lumateperone, further advance our innovative research and development pipeline, and continue to strengthen our leadership team. Our accomplishments in 2017 included the following:

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In August 2017, we announced that the U.S. Food and Drug Administration, or FDA, had completed its review of our responses to requests from the FDA for additional information relating to certain findings observed in nonclinical toxicology studies of lumateperone in an animal species and that the FDA agreed that we had presented adequate data to support our position that the metabolic pathway in the animal species is distinctive from humans, which indicates that the toxicity observed in the animal species is not relevant to humans. Accordingly, we announced that we were moving forward with our long-term safety study of lumateperone.

In September 2017, we announced positive topline data from our 6-week open-label safety switching study with lumateperone in patients with schizophrenia.

In November 2017, we announced that the FDA has granted Fast Track designation for lumateperone for the treatment of schizophrenia.

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We continued to progress our Phase 3 clinical development program for lumateperone in bipolar depression. The program consists of two monotherapy studies and one adjunctive study.

We continued to progress our Phase 3 clinical development program of lumateperone for the treatment of agitation in patients with dementia, including AD.

We continued to progress our preclinical programs, including our ITI-333 development program.

In November 2017, we initiated a Phase 1/2 randomized, double-blind, placebo-controlled, multiple rising dose clinical trial to evaluate ITI-214, our PDE1 inhibitor, in patients with PD.

We continued to expand our infrastructure, systems and workforce in connection with the progress of our development programs and in preparation for the commercialization of our products, including the expansion of our leadership team through the addition of our Chief Medical Officer and our Vice President of Commercial Development.

*Key Features of Our Executive Compensation Program*

**What We Do**

Design executive compensation to align pay with performance

Emphasize performance-based compensation

Reevaluate and adjust our program annually based on stockholder feedback and market developments

Discourage inappropriate risk-taking

Hire an independent compensation consultant who reports directly to the compensation committee

**What We Don't Do**

X No excessive change in control or severance payments

X No repricing of underwater stock options without stockholder approval

X No excessive perquisites

X No guaranteed bonuses or base salary increases

X No hedging or pledging company stock

Have 100% independent directors on the compensation committee

*2017 Pay-for-Performance Overview*

As a clinical-stage biopharmaceutical company, our performance achievements are primarily related to specific strategic goals, including advancing our development programs, research function, clinical activities, pre-commercialization activities and certain corporate and financial goals, which we believe will create long-term value for stockholders.

A significant portion of target compensation for our CEO and other named executive offices is structured in the form of at-risk compensation, consisting of annual performance bonus and equity incentive awards, with the performance bonus payouts and equity award values dependent upon our Company performance. This aligns our executives interests with those of our stockholders for near- and long-term performance.

Our compensation committee considers the Company's performance when determining the size of annual equity incentive awards and the annual bonus payouts for named executive officers and no amounts are guaranteed. In order to reinforce our commitment to align executive pay with the Company's performance and the interests of our stockholders for near- and long-term performance, our compensation committee determined in 2017 that in addition to reducing the amounts of certain cash bonuses payable for 2016 performance, it would also reduce the aggregate grant date value of each named executive officer's annual grant and introduce performance-based restricted stock unit awards following the decline in our stock price that occurred in late September 2016, as further described below.

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Target total compensation for 2017, as shown below, reflects annual base salary paid, annual target performance bonus and the grant date fair value of equity awards granted during the year as reported in the Summary Compensation Table.

## **Compensation Principles and Objectives**

Our overall compensation program is structured to attract, motivate and retain highly qualified executive officers by paying them competitively, consistent with our success and their contribution to that success. Our ability to excel depends on the skill, creativity, integrity and teamwork of our employees. Given the long product development cycles in our business, we believe that compensation should be structured to ensure that a portion of compensation opportunity will be related to factors that directly and indirectly influence long-term stockholder value. Our compensation philosophy has been driven by a number of factors that are closely linked with our broader strategic objectives.

Our compensation committee believes that compensation paid to our named executive officers should be aligned with our performance on both a short-term and long-term basis, linked to results intended to create value for stockholders, and that such compensation should assist us in attracting and retaining key executives critical to our long-term success.

In establishing compensation for executive officers, the following are the compensation committee's objectives:

align executive compensation with our business objectives and corporate performance;

attract and retain executive officers who contribute to our company's long-term success;

reward and motivate executive officers who contribute to our operating and financial performance; and

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link executive officer compensation and stockholder interests through the grant of long-term incentives via equity awards.

### **Determining and Setting Executive Compensation**

#### *Role of Our Compensation Committee and Executive Officers*

Our compensation committee is responsible for overseeing the total compensation of our executive officers. In this capacity, our compensation committee designs, implements, reviews and recommends to our board of directors the approval of all compensation for our Chief Executive Officer and our other named executive officers.

To aid the compensation committee in making its determination, our Chief Executive Officer provides recommendations annually to the compensation committee regarding the compensation of all other executive officers (other than herself) based on the overall corporate achievements during the period being assessed and her knowledge of the individual contributions to our success by each of the named executive officers. The overall performance of our named executive officers as a team is reviewed annually by the compensation committee.

#### *Role of the Independent Compensation Consultant*

To assist with the analysis of executive compensation for fiscal year 2017, the compensation committee engaged Frederic W. Cook & Co., Inc., or FW Cook, an independent compensation consultant. FW Cook reports directly to the compensation committee, and the compensation committee has the sole authority to hire, fire and direct the work of FW Cook. For fiscal year 2017, FW Cook advised the compensation committee on a variety of compensation-related issues, including:

identifying an updated market framework (including a peer group of companies) for formal compensation benchmarking purposes;

gathering data on our executive officer cash and equity compensation relative to competitive market practices;

gathering data on peer group short- and long-term incentive practices;

gathering data on peer group equity use and dilution; and

developing a market-based framework for potential changes to our compensation program for the compensation committee's review and input.

After review and consultation with FW Cook, our compensation committee determined that FW Cook is independent, and that there is no conflict of interest resulting from retaining FW Cook currently or during fiscal year 2017. In reaching these conclusions, our compensation committee considered the factors set forth in the SEC rules and the Nasdaq listing standards. Other than services provided to our compensation committee, FW Cook did not perform any other work for us.



*Defining and Comparing Compensation to Market Benchmarks*

Because we aim to attract and retain the most highly qualified executive officers in an extremely competitive market, our compensation committee believes that it is important when making its compensation decisions to be informed as to the current practices of comparable public companies with which we compete for top talent. To this end, the compensation committee reviews market data for each named executive officer's position, compiled by FW Cook as described below, including information relating to the mix and levels of compensation for executive officers in the life sciences industry, with a focus on target total compensation in line with the compensation committee's holistic approach to executive compensation.

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Each year, our compensation committee, using information provided by FW Cook, establishes a peer group of publicly traded, national and regional companies in the biopharmaceutical industries that is generally selected based on a balance of the following criteria:

companies whose number of employees, stage of development and relative complexity of clinical trials are similar to ours;

biopharmaceutical companies that are pre-revenue;

companies with market values of approximately .25 times to four times our market capitalization at the time;

companies against which we believe we compete for executive talent; and

public companies based in the United States whose compensation and financial data are available in proxy statements or through widely available compensation surveys.

### *Determination of 2017 Peer Group*

In November 2016, our compensation committee recognized that our market capitalization had substantially changed from the time the prior peer group was chosen in late 2015. Upon the recommendation of FW Cook and in recognition that company size is often highly correlated with executive pay, our compensation committee made a corresponding substantial change to our peer group. Guided by the criteria described above, FWC's selection process began with a large pool of companies in the biotechnology and pharmaceuticals industries. It then removed companies with market capitalizations less than .25 times or greater than four times our market capitalization at that time and within those companies with comparable market caps, concentrated on those companies that were pre-revenue. The remaining companies were examined to identify those focusing on drugs for CNS, psychiatric, or neurological indications with at least phase III clinical trials and companies in other similarly complex therapeutic areas, such as oncology.

After reviewing the recommendation of FW Cook, in November 2016 our compensation committee revised our peer group to remove seven companies that did not meet the criteria described above (bluebird bio, Inc., Depomed, Inc., Kite Pharma, Inc., Ligand Pharmaceuticals, Neurocrine Bioscience, Radius Health, Inc. and Sarepta Therapeutics) and add seven new companies (Acceleron Pharma, Inc., Achillion Pharmaceuticals, Inc., Adamas Pharmaceuticals, Inc., CoLucid Pharmaceuticals, Inc., Supernus Pharmaceuticals, Inc., Vanda Pharmaceuticals, Inc. and ZIOPHARM Oncology, Inc.) so that our updated peer group consisted of the following companies: ACADIA Pharmaceuticals Inc., Acceleron Pharma, Inc., Achillion Pharmaceuticals, Inc., Adamas Pharmaceuticals, Inc., Atara Biotherapeutics, Inc., CoLucid Pharmaceuticals, Inc., FibroGen, Inc., Ophthotech Corporation, PTC Therapeutics, Inc., Puma Biotechnology, Inc., Sage Therapeutics, Inc., Supernus Pharmaceuticals, Inc., Vanda Pharmaceuticals, Inc. and Ziopharm Oncology, Inc. (the 2017 Peer Group ).

### *Use of Market Data*

Our compensation committee reviews target total compensation, comprising both target total cash compensation and equity compensation, against the market data described above primarily to ensure that our executive compensation

program, as a whole, is positioned competitively to attract and retain the highest caliber of executive officers and that the total compensation opportunity for the executive officer group is aligned with our corporate objectives and strategic needs. Our compensation committee does not have a specific target compensation level for the named executive officers and does not otherwise use a formulaic approach to setting pay at a particular positioning within the market data; rather, the compensation committee reviews a range of market data reference points (generally at the 25th, 50<sup>th</sup> and 75th percentiles of the market data) as one factor before making compensation determinations. Our compensation committee believes that over-reliance on

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benchmarking can result in compensation that is unrelated to the value delivered by our executive officers because compensation benchmarking does not take into account company to company variations among actual roles with similar titles or the specific performance of the executive officers. Additionally, notwithstanding the similarities of the peer companies to our company, due to the nature of our business, we compete for executive talent with many public companies that are larger and more established than we are or that possess greater resources than we do, and with smaller private companies that may be able to offer greater equity compensation potential, as well as with prestigious academic and non-profit institutions.

### *Key Factors Used in Determining Executive Compensation*

Our compensation committee generally considers criteria, with input from our Chief Executive Officer, including market factors, the experience level of the executive and the executive's performance against established corporate goals, the compensation committee members' collective understanding of compensation practices in the biopharmaceutical industry and such members' experiences as seasoned executives, consultants, board and compensation committee members, or investors in similar biotechnology and specialty pharmaceutical industry companies, in determining executive compensation.

As the biopharmaceutical industry is characterized by a very long product development cycle, including a lengthy research and development period and a rigorous approval phase involving human testing and governmental regulatory approval, many of the traditional benchmarking metrics, such as product sales, revenues and profits are inappropriate for a development-stage biopharmaceutical company, such as our Company. Instead, the specific performance factors our compensation committee considers when determining the compensation of our named executive officers include:

initiation and progress of preclinical development and clinical trials for our product candidates;

achievement of regulatory milestones;

establishment and maintenance of key strategic relationships and new business initiatives including financings; and

development of organizational capabilities and managing our growth.

These performance factors are considered by our compensation committee in connection with our annual performance reviews described below and are a critical component in the determination of annual cash bonus and equity incentive awards for our executives.

### *2017 Advisory Vote on Executive Compensation*

At our 2017 annual meeting of stockholders, our stockholders approved, on an advisory basis, the compensation of the named executive officers, as disclosed in the proxy statement for that meeting pursuant to the compensation disclosure rules of the SEC. The compensation committee reviewed the final vote results for the proposal, and, given the significant level of stockholder support (approximately 96% of total votes cast with respect to the advisory proposal), concluded that our compensation program continues to provide a competitive pay-for-performance package that effectively incentivizes the named executive officers and encourages long-term retention. Accordingly, the

compensation committee and our board of directors, determined not to make any significant changes to our executive compensation policies or decisions as a result of the vote. Our compensation committee and our board of directors will continue to consider the outcome of our say-on-pay votes and our shareholders' views when making future compensation decisions for the named executive officers.

As our company continues to grow, we will also continue to ongoing consider feedback from our stockholders. The recent changes we have made to our compensation and governance practices include:

Introduction of performance-based equity awards;

Reduction in bonus payment and value of equity awards to align with stock price performance;

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Enhanced disclosure with respect to the performance metrics evaluated by our compensation committee when determining annual bonuses;

Introduction of new compensation peer group; and

Appointment of a lead independent director

**Elements of Executive Compensation**

The primary components of our executive compensation program are base salary, annual cash bonus awards and stock-based awards. We believe that these components, along with our other benefits and our commitment to career development, foster a productive, team-oriented work environment that offers our employees the flexibility and opportunity to thrive in a collaborative atmosphere and to receive meaningful rewards and recognition for their contributions to our growth and success. We view these components of compensation as related but distinct. That is, we do not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on individual performance, Company performance, competitive compensation information in light of our recruiting and retention goals, and our view of internal equity and consistency. We believe that, as is common in the biopharmaceutical industry, stock-based awards, salary, and cash bonuses are all necessary to attract and retain employees. To date, we have not adopted any formal policies or guidelines for allocating compensation between long-term and short-term compensation, or between cash and non-cash compensation.

*Base Salaries*

Dr. Mates and Mr. Hineline have been executive officers since ITI was launched in 2002. Their compensation was initially established to reflect their positions when they joined ITI, and has evolved as we have grown. Mr. Halstead, Dr. Davis and Dr. Satlin joined us as executive officers after we became a publicly-traded company, and their initial compensation was the result of arms-length negotiations.

Base salaries of our named executive officers (other than our Chief Executive Officer) are recommended and reviewed periodically by our Chief Executive Officer, and the base salary for each named executive officer is recommended by our compensation committee and approved by our board of directors. Adjustments to base salaries are based on the scope of an executive's responsibilities, individual contribution, experience and sustained performance. Decisions regarding salary increases may take into account the named executive officer's current salary, equity ownership and the amounts paid to individuals in comparable positions at our peer companies. No formulaic or guaranteed base salary increases are provided to our named executive officers. This strategy is consistent with our intent of offering compensation that is cost-effective, competitive and contingent on the achievement of performance objectives.

In December 2016, at the recommendation of the compensation committee, our board of directors approved base salary increases of approximately 3%, representing a cost-of-living adjustment, for each of our named executive officers, except Dr. Satlin who had not yet joined ITI, effective January 1, 2017. The following table shows each named executive officer's 2017 annual base salary:

<b>Name</b>	<b>2017 Annual Base Salary (\$)</b>
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Sharon Mates, Ph.D.	701,700
Lawrence J. Hinline	412,000
Michael I. Halstead	455,300
Robert E. Davis, Ph.D.	412,000
Andrew Satlin, M.D.	500,000

**Table of Contents***Annual Bonus Program and 2017 Target Amounts*

Cash bonuses are intended to provide incentives to drive Company-wide performance. Each of our named executive officers is eligible to receive an annual cash bonus, none of which are guaranteed. The determination of the amount of annual bonuses paid to our named executive officers generally reflects a number of considerations by the compensation committee acting in its judgment, including, among other things, the performance of the Company and its evaluation of the individual contribution and performance of each named executive officer. Bonus determinations are not formulaic and no particular weight is assigned to any of the factors considered by the compensation committee. In exercising its judgment, the compensation committee performs a holistic review, taking into account competitive market dynamics as well as the macro-economic environment.

The target levels for annual cash bonuses for each executive officer are set by the compensation committee as a percentage of each executive officer's base salary. The percentages that were approved by our compensation committee were derived from peer group data that the compensation committee then interpreted to match the level of qualification and experience of the executive at the Company as well as based on internal comparisons. For 2017, target percentages for our named executive officers are set forth in the following table.

<b>Name</b>	<b>2017 Bonus Target</b>
Sharon Mates, Ph.D.	60%
Lawrence J. Hinline	40%
Michael I. Halstead	40%
Robert E. Davis, Ph.D.	40%

Because Dr. Satlin joined ITI in November 2017, he was not eligible to participate in our 2017 annual bonus program. As an incentive to join the Company, Dr. Satlin received a sign-on bonus in the amount of \$100,000 upon commencement of employment with the Company. Dr. Satlin is required to repay the Company the amount of the sign-on bonus if he resigns prior to May 13, 2019.

*2017 Bonus Decisions*

In determining the amount of 2017 bonus payments, our compensation committee considered the important progress made in the development of our lead product candidate, lumateperone, as well as in the development other product candidates including ITI-214 and additional programs, including the following accomplishments:

FDA completion of its review of our responses to its requests for additional information relating to certain findings observed in nonclinical toxicology studies of lumateperone in an animal species and FDA agreement that we had presented adequate data to support our position that the metabolic pathway in the animal species is distinctive from humans, which indicated that the toxicity observed in the animal species is not relevant to humans and therefore we announced that we were moving forward with our long-term safety study of lumateperone.

Positive topline data from our 6-week open-label safety switching study with lumateperone in patients with schizophrenia.



Fast Track designation from the FDA for lumateperone for the treatment of schizophrenia.

Progress in our Phase 3 clinical development program for lumateperone in bipolar depression, including two monotherapy studies and one adjunctive study.

Progress in our Phase 3 clinical development program of lumateperone for the treatment of agitation in patients with dementia, including AD.

Initiation of a Phase 1/2 randomized, double-blind, placebo-controlled, multiple rising dose clinical trial to evaluate ITI-214, our PDE1 inhibitor, in patients with PD.

Progress in our preclinical development programs, including our ITI-333 development program.

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Expansion of our infrastructure, systems and workforce in connection with the progress of our development programs and in preparation for the commercialization of our products, including the expansion of our leadership team through the addition of our Chief Medical Officer and our Vice President of Commercial Development.

To determine each named executive officer's 2017 bonus payment, our compensation committee also considered the contributions that each of our named executive officers made toward the accomplishments noted above. Our compensation committee believes that as a clinical-stage biopharmaceutical company whose performance is measured generally by our ability to advance product candidates into and through the clinic toward the market and to secure capital to fund our programs and to operate our business efficiently, our overall success requires interdisciplinary contribution across our executive management team. For 2017, our compensation committee considered each individual's contributions toward our corporate achievements and determined that because Dr. Mates and Dr. Davis have the greatest direct involvement and responsibility for development program execution and outcomes, they would receive slightly higher bonus payouts relative to their target percentages. With respect to determining Mr. Himeline's and Mr. Halstead's bonus payouts, our compensation committee considered each individual's leadership role in the successful execution of a \$172 million equity financing. Our compensation committee also considered Mr. Himeline's role leading the finance organization's expansion, ensuring the implementation and maintenance of effective internal controls, maintaining an accurate financial forecast for planning purposes and working effectively with the Audit Committee and Mr. Halstead's role successfully supporting our compliance and regulatory initiatives, ensuring timely filing of all SEC-required disclosures and effectively managing all Board interactions as corporate secretary.

The board of directors, as recommended by the compensation committee, awarded the following cash bonuses to our named executive officers for performance during fiscal 2017:

Name	2017 Annual Bonus	2017 Annual Bonus As a Percentage of 2017 Annual Base Salary	2017 Annual Bonus As a Percentage of 2017 Annual Target Bonus
Sharon Mates, Ph.D.	\$ 568,400	81%	135%
Lawrence J. Himeline	\$ 206,000	50%	125%
Michael I. Halstead	\$ 227,700	50%	125%
Robert E. Davis, Ph.D.	\$ 222,500	54%	135%

*Equity Awards*

The goals of our long-term, equity-based incentive awards are to align the interests of our named executive officers with the interests of our stockholders. Because vesting is based on continued service, our equity-based incentives also encourage the retention of our named executive officers during the award vesting period. In determining the size of the long-term equity incentives to be awarded to our named executive officers, we take into account a number of factors, such as the relative job scope, the value of existing stockholdings and long-term incentive awards, individual performance history, Company performance, retention considerations and the size of prior grants.

To reward and retain our named executive officers in a manner that aligns their interests with stockholders' interests, we have historically used stock options as the primary incentive vehicle for long-term compensation. Because employees realize value from stock options only if our stock price increases relative to the stock option's exercise price, we believe stock options provide meaningful incentives to achieve increases in the value of our stock over time.

The exercise price of each stock option grant equals the fair market value of our common stock on the grant date, for which we use the closing price of our common stock on the grant date. Stock option awards typically vest annually over a three-year period. We believe this vesting schedule appropriately encourages continued service with the Company while allowing our executives to realize compensation in line with the value they have created for our stockholders.

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We have used stock options to compensate our named executive officers both in the form of initial stock option grants in connection with the commencement of employment and additional annual stock option grants. Beginning with our 2016 equity awards, we began compensating our named executive officers in annual grants of both stock options and time-based restricted stock units. All of our time-based restricted stock unit awards vest annually over a three-year period. The use of restricted stock unit awards reduces the dilutive effect of the incentive equity awards made to management and provides additional retention incentive. We have not established a formula or program for determining the size of any equity award, including any annual stock option grants or restricted stock unit awards, and our compensation committee retains discretion to make such awards to employees at any time, including in connection with the promotion of an employee, to reward an employee, for retention purposes or in other circumstances recommended by management.

When determining the size and mix of the 2017 annual grants, our compensation committee considered the significant decline in our stock price that occurred in late September 2016 following our announcement regarding top-line results of our second Phase 3 clinical trial (ITI-007-302) of lumateperone for the treatment of patients with schizophrenia. During the 2016 fiscal year, the price per share of our common stock decreased to a closing price per share of \$15.09 on December 30, 2016 from a closing price per share of \$53.79 on December 31, 2015.

In order to reinforce our commitment to align executive pay with the Company's performance and the interests of our stockholders for near- and long-term performance, our compensation committee determined that in addition to reducing the amounts of certain cash bonuses payable for 2016 performance, it would also reduce the aggregate grant date value of each named executive officer's annual grant and grant approximately half of each annual grant in the form of the time-based stock options and restricted stock unit awards that had historically been granted and that it would introduce performance-based restricted stock unit awards for the other half of each named executive officer's annual grant. As a result, approximately two-thirds of the performance-based restricted stock units vest only upon the achievement of certain milestones that include the filing or approval of a new drug application with the FDA and approximately one-third of the performance-based restricted stock units vest only upon the achievement of certain comparative shareholder returns against our peers measured over a three-year period ending on December 31, 2019 based on the following schedule:

<b>3 Year Total Shareholder Return vs. Peer Group Companies</b>	<b>Resulting Shares Earned (% of Target)</b>
71 <sup>st</sup> percentile or above	150%
51 <sup>st</sup> to 70 <sup>th</sup> percentile	100%
31 <sup>st</sup> to 50 <sup>th</sup> percentile	50%

The performance-based restricted stock unit awards granted in 2017 are intended to reward our named executive officers only if we achieve the specified performance objectives.

<b>Name</b>	<b>Grant Date Value of 2017 Stock Option</b>	<b>Grant Date Value of 2017 Time-Based Restricted Stock Unit</b>	<b>Grant Date Value of 2017 Milestone Portion of Stock Unit Performance-</b>	<b>Grant Date Value of 2017 Shareholder Return Portion of Performance-</b>	<b>Aggregate Grant Date Value of 2017 Annual Grant</b>	<b>Aggregate Grant Date Value of 2016 Annual Grant</b>	<b>% Decrease of 2017 Aggregate Grant Value as compared</b>
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	<b>Award</b>	<b>Award</b>	<b>Based Restricted Stock Unit Award</b>	<b>to 2016 Aggregate Grant Date Value</b>
Sharon Mates, Ph.D.	\$ 1,593,746	\$ 531,249	\$ 989,982	\$ 615,170 \$ 3,730,147 \$ 4,249,959 -12%
Lawrence J. Hinline	\$ 749,996	\$ 249,997	\$ 442,188	\$ 274,776 \$ 1,716,957 \$ 1,999,990 -14%
Michael I. Halstead	\$ 749,996	\$ 249,997	\$ 442,188	\$ 274,776 \$ 1,716,957 \$ 1,999,990 -14%
Robert E. Davis, Ph.D.(1)	\$ 374,992	\$ 124,991	\$ 527,998	\$ 328,090 \$ 1,356,071 N/A

(1) Dr. Davis became employed by the Company in late 2015 and was granted options in connection with the commencement of his employment. He did not receive another equity award in 2016.

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Dr. Satlin's employment commenced on November 3, 2017 and received a stock option grant on that date. Dr. Satlin's stock option was front-loaded to induce him to join ITI and provide him with a meaningful equity stake in the company and our compensation committee does not intend to make annual equity grants to Dr. Satlin until 2019.

### *Severance and Change in Control Arrangements*

Each of the employment agreements of our named executive officers provides that the named executive officer is eligible to receive severance payments and benefits upon an involuntary termination of employment or a termination for good reason within three months before or 12 months following a change in control of our company. We believe that this protection serves to encourage continued attention and dedication to duties without distraction arising from the possibility of a change in control, and provides the business with a smooth transition in the event of such a termination of employment in connection with a transaction. This severance and change in control arrangement is designed to retain our named executive officers in these key positions as we compete for talented executives in the marketplace where such protections are commonly offered.

In addition, as a result of feedback from stockholders, in 2016 we amended our employment agreement with Michael I. Halstead, our Senior Vice President, General Counsel and Secretary, our employment agreement with Robert Davis, Ph.D., our Senior Vice President and Chief Scientific Officer, and our employment agreement with Kimberly E. Vanover, Ph.D., our Senior Vice President, Clinical Development, to remove the provision from each of their employment agreements that allows for the payment of cash severance and the acceleration of equity in the event that the executive terminates his or her employment with us for any reason within one month following a change in control.

For a detailed description of the severance provisions contained in our named executive officers' employment agreements, see [Potential Payments Upon Termination or Change-in-Control](#) below.

### *Section 280G of the Code*

Section 280G of the Internal Revenue Code of 1986, as amended, or the Code, disallows a tax deduction with respect to excess parachute payments to certain executives of companies which undergo a change in control. In addition, Section 4999 of the Code imposes a 20% excise tax on the individual with respect to the excess parachute payment. Parachute payments are compensation linked to or triggered by a change in control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans including stock options and other equity-based compensation. Excess parachute payments are parachute payments that exceed a threshold determined under Section 280G of the Code based on the executive's prior compensation.

Under each of their employment agreements, Dr. Mates and Mr. Hine line are entitled to a gross-up payment that will make her or him whole in the event that any parachute payment excise taxes are imposed on her or him. This arrangement has been in place since we were a private company. We provide this protection to Dr. Mates and Mr. Hine line to help ensure that they will be properly incentivized in the event of a potential change in control of the Company to maximize shareholder value in a transaction without concern for potential consequences of the transaction to her or him. Based on the assumptions described below under [Executive Officer and Director Compensation - Potential Payments upon Termination or Change-in-Control](#), upon a termination of employment or a change of control as of December 31, 2017, Dr. Mates and Mr. Hine line would not be entitled to any tax gross-up payment.

### *Other Elements of Compensation and Perquisites*

Our named executive officers are also entitled to additional benefits and perquisites that are also available to all of our full-time employees. All of our full-time employees, including our named executive officers, are

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eligible to participate in our 401(k) plan. For all of our full-time employees, in 2017 we made a matching contribution of up to 100% on the first 6% of contributions made by participants. We also pay the premiums of a term life insurance policy to benefit each of our full-time employees, including our named executive officers, with a face value of \$150,000. In addition, all of our full-time employees, including our named executive officers, benefit from participation in our health and welfare plans.

## **Additional Compensation Information**

### *Equity Grant Timing*

Historically, annual equity grants to all employees, including management, are made in January in an effort to link employees' compensation more closely to the recently completed fiscal year. In 2017, annual equity grants for all employees were granted in January 2017 and performance-based RSUs were granted to our named executive officers in March 2017.

### *Accounting and Tax Considerations*

Under ASC 718, the company is required to estimate and record an expense for each award of equity compensation (including stock options and RSUs) over the vesting period of the award. We record share-based compensation expense on an ongoing basis according to FASB Accounting Standards Codification Topic 718, *Compensation Stock Compensation*, or ASC 718. The compensation committee has considered, and may in the future consider, the grant of performance-based or other types of stock awards to executive officers in lieu of or in addition to stock option and time-based RSU grants in light of the accounting impact of ASC 718 and other considerations.

Section 162(m) of the Code disallows a deduction to any publicly held corporation and its affiliates for certain compensation paid to covered employees in a taxable year to the extent that compensation to a covered employee exceeds \$1 million. Prior to the recent enactment of the Tax Cuts and Jobs Act, compensation that qualified as performance-based compensation under Section 162(m) of the Code was not subject to this deduction limitation. Pursuant to the Tax Cuts and Jobs Act, this exception for performance-based compensation under Section 162(m) of the Code was repealed, with respect to taxable years beginning after December 31, 2017, except that certain transition relief is provided by the Tax Cuts and Jobs Act for remuneration provided pursuant to a written binding contract which was in effect on November 2, 2017 and which was not modified in any material respect on or after such date. As a result, compensation paid to any of our covered employees in excess of \$1 million per taxable year generally will not be deductible unless among other requirements, it is intended to qualify, and is eligible to qualify, as performance-based compensation under Section 162(m) of the Code pursuant to the transition relief provided by the Tax Cuts and Jobs Act. Because of certain ambiguities and uncertainties as to the application and interpretation of Section 162(m) of the Code and the regulations issued thereunder, including the uncertain scope of the transition relief provided by the Tax Cuts and Jobs Act, no assurance can be given that any compensation paid by the company will be eligible for such transition relief and, therefore, eligible for the performance-based compensation exception under Section 162(m) of the Code. The compensation committee will continue to monitor the applicability of Section 162(m) of the Code to its ongoing compensation arrangements.

### *Insider Trading Policy and Hedging and Pledging Prohibitions*

We maintain an Insider Trading Policy that prohibits our officers, directors, employees and consultants from, among other things, engaging in speculative transactions in our securities, including by way of the purchase or sale of put or call options or other derivative securities directly linked to our equity; short sales of our equity; the use of our equity as a pledge or as collateral in a margin account; and trading in straddles, equity swaps, or other hedging transactions



directly linked to our equity, even if such persons do not possess material, nonpublic information.

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**COMPENSATION COMMITTEE REPORT**

The compensation committee of our board of directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K, which appears elsewhere in this proxy statement, with our management. Based on this review and discussion, the compensation committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in our proxy statement.

Members of the Intra-Cellular Therapies, Inc.

Compensation Committee

Joel S. Marcus (Chairman)

Christopher Alafi, Ph.D.

Rory B. Riggs

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**RISKS RELATED TO COMPENSATION PRACTICES AND POLICIES**

Consistent with SEC disclosure requirements, we have assessed our compensation policies, practices and awards, and have concluded that our compensation policies, practices and awards do not create risks that are reasonably likely to have a material adverse effect on the Company. Our management assessed our compensation and benefits programs to determine if the programs' provisions and operations create undesired or unintentional risk of a material nature. We do not have any programs where the ability of a participant may directly affect variability or timing of payout. Rather, our compensation programs include a combination of fixed base salaries, cash bonuses, long-term incentive awards, and employee retirement plans that are generally uniform in design and operation throughout the Company and with all levels of employees. The compensation policies and practices are substantially the same.

Based on the foregoing, we believe that our compensation policies, practices and awards do not create risks that are likely to have a material adverse effect on the Company as a whole. We also believe that our incentive compensation arrangements provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage significant risks, are compatible with our effective internal controls and our risk management practices, and are supported by the oversight and administration of the compensation committee with regard to executive compensation programs.

**Table of Contents****EXECUTIVE OFFICER AND DIRECTOR COMPENSATION****Summary Compensation Table**

The following table shows the total compensation paid or accrued during the last three fiscal years ended December 31, 2017, 2016 and 2015, to our President and Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers. These executive officers are referred to as our named executive officers in this proxy statement.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Option Awards (\$)(2)</b>	<b>All Other Compensation (\$)(3)</b>	<b>Total(\$)</b>
Sharon Mates, Ph.D. <i>Chairman, President and Chief Executive Officer</i>	2017	701,700	568,400	2,136,401	1,593,746	16,992	5,017,239
	2016	681,283	408,800	1,062,464	3,187,495	8,742	5,348,784
	2015	655,080	786,096		2,771,049	8,742	4,220,967
Lawrence J. Hineine <i>Vice President of Finance, Chief Financial Officer, Treasurer and Assistant Secretary</i>	2017	412,000	206,000	966,961	749,996	16,992	2,351,949
	2016	400,000	160,000	499,992	1,499,998	8,742	2,568,732
	2015	358,000	214,800		875,068	8,466	1,456,334
Michael I. Halstead <i>Senior Vice President, General Counsel and Secretary</i>	2017	455,300	227,700	966,961	749,996	16,320	2,416,277
	2016	442,000	176,800	499,992	1,499,998	8,070	2,626,860
	2015	425,000	255,000		1,069,519	7,408	1,756,927
Robert E. Davis, Ph.D.(4) <i>Senior Vice President and Chief Scientific Officer</i>	2017	412,000	222,500	981,079	374,992	17,724	2,008,295
	2016	400,000	160,000			9,474	569,474
	2015	62,308	160,000(5)	299,977	1,175,063	218,127	1,915,475
Andrew Satlin, M.D.(6) <i>Executive Vice President and Chief Medical Officer</i>	2017	68,269	100,000(7)		1,849,993	66	2,018,328
	2016						
	2015						

- (1) The amounts in this column reflect the aggregate grant date fair value of stock awards granted during 2017, 2016 and 2015, respectively, computed in accordance with ASC 718. The weighted average grant date fair values of stock awards granted during these years are included in footnote 4 *Share-Based Compensation* to our consolidated financial statements for the year ended December 31, 2017 included in our Annual Report. The grant date fair value of each time-based restricted stock unit award is measured based on the closing price of our common stock on the date of grant. The value of the performance-vesting restricted stock unit awards granted in 2017 to each of Dr. Mates, Mr. Hineine, Mr. Halstead and Dr. Davis based upon the then-probable outcome of the performance conditions, as computed in accordance with ASC 718, was \$1,605,152, \$716,964, \$716,964 and \$856,088 for each award, respectively. Assuming that the maximum level of performance will be achieved, and assuming the \$14.16 closing price of our shares on the date of grant, the value of such performance-vesting restricted stock unit awards is \$2,407,742; \$1,075,446; \$1,075,446 and \$1,284,133, respectively. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the named executive officers.

- (2) The options granted in 2017 to Dr. Mates, Mr. Hineine, Mr. Halstead and Dr. Davis were for such named executive officers' performance in 2016. Dr. Satlin became employed by the Company on November 13, 2017 and was granted options in connection with the commencement of his employment. The options granted in 2016 to Dr. Mates, Mr. Hineine, Mr. Halstead and Dr. Vanover were for each named executive officer's performance in 2015. Dr. Davis became employed by the Company on November 4, 2015 and was granted options in connection with the commencement of his employment and options to purchase shares of common stock on January 2, 2015 in recognition of his prior services. These amounts represent the aggregate grant date fair value of the option awards granted to our named executive officers, computed in

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accordance with ASC 718, using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. See Note 4 to our audited financial statements for the fiscal year ended December 31, 2017 included in our Annual Report on Form 10-K for details as to the assumptions used to calculate the fair value of the option awards. See also our discussion of stock-based compensation under Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates in our Annual Report on Form 10-K.

- (3) For the fiscal years ended December 31, 2017, consists of \$792 for Dr. Mates, \$792 for Mr. Hinline, \$120 for Mr. Halstead, \$1,524 for Dr. Davis and \$66 for Dr. Satlin in life insurance premiums we paid for a term life insurance policy to benefit the named executive officer with a face value of \$150,000, and the balance in matching contributions under our 401(k) plan.
- (4) Dr. Davis became employed by the Company on November 4, 2015.
- (5) Dr. Davis received a bonus of \$160,000 for his performance as a consultant during the fiscal year ended December 31, 2015.
- (6) Dr. Satlin became employed by the Company on November 13, 2017.
- (7) Dr. Satlin received a bonus of \$100,000 in connection with the commencement of his employment.

**2017 Fiscal Year Grants of Plan-Based Awards**

The following table shows information regarding grants of equity awards that we made during the fiscal year ended December 31, 2017 to each of our named executive officers. We did not grant any non-equity incentive plan awards during the fiscal year ended December 31, 2017.

	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards (#)			All Other Stock Awards: Number of Shares or Units (#)	All Other Securities Underlying Options (#)	Exercise or Option Base Price of Awards (\$/sh)(1)	Grant Date Fair Value of Stock and Option Awards (\$)(2)
		Threshold	Target	Maximum	of Stock or Units (#)	of Securities Underlying Options (#)		
Sharon Mates, Ph.D.	1/3/2017					135,399	15.73	1,593,746
	1/3/2017				33,773			531,249
	3/8/2017	52,964	105,930	158,897				1,605,152
Lawrence J. Hinline	1/3/2017					63,717	15.73	749,996
	1/3/2017				15,893			249,997
	3/8/2017	23,657	47,315	70,973				716,964
Michael I. Halstead	1/3/2017					63,717	15.73	749,996
	1/3/2017				15,893			249,997
	3/8/2017	23,657	47,315	70,973				716,964
Robert E. Davis, Ph.D.	1/3/2017					31,858	15.73	374,992
	1/3/2017				7,946			124,991
	3/8/2017	28,248	56,497	84,745				856,088
	11/13/17					170,500	14.79	1,849,993

Andrew Satlin,  
M.D.

- (1) The exercise price is equal to the fair market value of our common stock, which is the closing price per share of our common stock as reported by the Nasdaq Global Select Market on the grant date.
- (2) These amounts represent the aggregate grant date fair value for option awards and restricted stock unit awards granted to our named executive officers, computed in accordance with ASC 718. See Note 4 to our audited financial statements for the fiscal year ended December 31, 2017 included in our Annual Report on Form 10-K for details as to the assumptions used to calculate the fair value of the option awards. The grant date fair value of each time-based restricted stock unit award is measured based on the closing price of our common stock on the date of grant. See also our discussion of stock-based compensation under Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates in our Annual Report on Form 10-K.

**Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

*Sharon Mates, Ph.D.*

We entered into an employment agreement with Dr. Mates in February 2008, who has been our President and Chief Executive Officer since 2002. The agreement provides for an annual salary review and adjustment in

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the discretion of our board of directors, and that Dr. Mates is eligible for bonus payments and stock options as may be awarded by our board of directors. Effective January 1, 2018, her annual base salary was increased from \$701,700 to \$722,800. In addition, her employment agreement provides that we will pay the premium on a life insurance policy in an amount equal to one and one half times her base salary; however, we paid a premium on a life insurance policy with a face value of \$150,000, to which she assented. The employment agreement also provides that Dr. Mates is entitled to participate in our benefit plans on the same basis as other executive level employees as well as long-term disability insurance and reimbursement for reasonable business expenses. The initial term of the agreement was three years and will be renewed for successive one year terms, unless we or Dr. Mates provides notice that we or she, as the case may be, does not wish to renew the agreement or wishes to renew the agreement on different terms than those contained in the agreement.

Dr. Mates is entitled to certain benefits in connection with a termination of her employment or a change of control as discussed below under **Potential Payments upon Termination or Change of Control**.

*Lawrence J. Hinline*

We entered into an employment agreement with Mr. Hinline in February 2008, who has been our Vice President of Finance, Chief Financial Officer and Treasurer since 2002 and was our Secretary from 2002 to 2014. The agreement provides for an annual salary review and adjustment in the discretion of our board of directors, and that Mr. Hinline is eligible for bonus payments and stock options as may be awarded by our board of directors. Effective January 1, 2018, his annual base salary was increased from \$412,000 to \$424,400. In addition, his employment agreement provides that we will pay the premium on a life insurance policy in an amount equal to one and one half times his base salary; however, we paid a premium on a life insurance policy with a face value of \$150,000, to which he assented. The employment agreement also provides that Mr. Hinline is entitled to participate in our benefit plans on the same basis as other executive level employees as well as long-term disability insurance and reimbursement for reasonable business expenses. The initial term of the agreement was three years and will be renewed for successive one year terms, unless we or Mr. Hinline provides notice that we or he, as the case may be, does not wish to renew the agreement or wishes to renew the agreement on different terms than those contained in the agreement.

Mr. Hinline is entitled to certain benefits in connection with a termination of his employment or a change of control as discussed below under **Potential Payments upon Termination or Change of Control**.

*Michael I. Halstead*

We entered into an employment agreement with Mr. Halstead in August 2015, who has been our Senior Vice President, General Counsel and Secretary since July 2014. The agreement provides for an annual salary review and adjustment in the discretion of our board of directors, and that Mr. Halstead is eligible for bonus payments and equity grants as may be awarded by our board of directors. Effective January 1, 2018, his annual base salary was increased from \$455,300 to \$469,000. In addition, his employment agreement provides that we will pay the premium on a life insurance policy in an amount of \$150,000. The employment agreement also provides that Mr. Halstead is entitled to participate in our benefit plans on the same basis as other executive level employees as well as long-term disability insurance and reimbursement for reasonable business expenses. The initial term of the agreement is three years and will be renewed for successive one year terms, unless we or Mr. Halstead provides notice that we or he, as the case may be, does not wish to renew the agreement or wishes to renew the agreement on different terms than those contained in the agreement.

Mr. Halstead is entitled to certain benefits in connection with a termination of his employment or a change of control as discussed below under **Potential Payments upon Termination or Change of Control**.



*Robert E. Davis, Ph.D.*

We entered into an employment agreement with Dr. Davis in November 2015, when he became our Senior Vice President and Chief Scientific Officer. Prior to that, Dr. Davis was a consultant to the Company since 2005.

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The agreement provides for an annual salary review and adjustment in the discretion of our board of directors, and that Dr. Davis is eligible for bonus payments and equity grants as may be awarded by our board of directors. Effective January 1, 2018, his annual base salary was increased from \$412,000 to \$424,400. In addition, his employment agreement provides that we will pay the premium on a life insurance policy in an amount of \$150,000. The employment agreement also provides that Dr. Davis is entitled to participate in our benefit plans on the same basis as other executive level employees as well as long-term disability insurance and reimbursement for reasonable business expenses. The initial term of the agreement is three years and will be renewed for successive one year terms, unless we or Dr. Davis provides notice that we or he, as the case may be, does not wish to renew the agreement or wishes to renew the agreement on different terms than those contained in the agreement.

Prior to joining us as Senior Vice President and Chief Scientific Officer in November 2015, Dr. Davis received cash consulting compensation of \$20,000 per month in 2015 and has received discretionary equity grants since 2005.

Dr. Davis is entitled to certain benefits in connection with a termination of his employment or a change of control as discussed below under Potential Payments upon Termination or Change of Control.

*Andrew Satlin, M.D.*

We entered into an employment agreement with Dr. Satlin in November 2017, who has served as Executive Vice President and Chief Medical Officer and joined ITI in November 2017. The agreement provides for an annual salary review and adjustment in the discretion of our board of directors, and that Dr. Satlin is eligible for bonus payments and equity grants as may be awarded by our board of directors. Effective November 13, 2017, his annual base salary was \$500,000. In addition, his employment agreement provides that we will pay the premium on a life insurance policy in an amount of \$150,000. The employment agreement also provides that Dr. Satlin is entitled to participate in our benefit plans on the same basis as other executive level employees as well as long-term disability insurance and reimbursement for reasonable business expenses. The initial term of the agreement is three years and will be renewed for successive one year terms, unless we or Dr. Satlin provides notice that we or she, as the case may be, does not wish to renew the agreement or wishes to renew the agreement on different terms than those contained in the agreement.

Dr. Satlin is entitled to certain benefits in connection with a termination of his employment or a change of control as discussed below under Potential Payments upon Termination or Change of Control.

Pursuant to their respective proprietary information, inventions, and non-competition agreements, Dr. Mates, Mr. Himeline, Mr. Halstead, Dr. Davis and Dr. Satlin have agreed to not (i) solicit customers, consultants, contractors or employees of ours for a period of one year after the termination of her or his employment or (ii) compete with us for a period of one year after the later of the termination of her or his employment or the date a court of competent jurisdiction enters an order enforcing the non-competition provision.

**Table of Contents****Outstanding Equity Awards at 2017 Fiscal Year-End**

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2017.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)(1)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date(1)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
Sharon Mates, Ph.D.	50,000	0	1.50	12/18/2018		
	50,000	0	2.74	6/10/2020		
	50,000	0	2.74	12/21/2020		
	50,000	0	2.84	4/30/2022		
	50,000	0	3.26	5/31/2023		
	200,000	0	16.86	6/30/2024		
	152,237	76,143(3)	17.57	1/2/2025		
	28,668	57,335(6)	53.63	1/4/2026		
	0	135,399(7)	15.73	1/3/2027		
				13,208(8)	191,252	
				33,773(9)	489,033	
Lawrence J. Hinline	10,000	0	2.74	6/10/2020		
	10,000	0	2.74	12/21/2020		
	10,000	0	2.84	4/30/2022		
	10,000	0	3.26	5/31/2023		
	50,000	0	16.86	6/30/2024		
	48,074	24,046(3)	17.57	1/2/2025		
	13,491	26,981(6)	53.63	1/4/2026		
	0	63,717(7)	15.73	1/3/2027		
				6,216(8)	90,008	
				15,893(9)	230,131	
Michael I. Halstead	100,000	0	13.86	7/29/2024		
	58,757	29,389(3)	17.57	1/2/2025		
	13,491	26,981(6)	53.63	1/4/2026		
	0	63,717(7)	15.73	1/3/2027		
				6,216(8)	90,008	
				15,893(9)	230,131	
Robert E. Davis, Ph.D.	5,000	0	2.74	6/10/2020		
	5,000	0	2.74	12/21/2020		
	5,000	0	2.84	4/30/2022		

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	5,000	0	3.26	5/31/2023		
	75,000	0	16.86	6/30/2024		
	25,571	0	17.57	1/2/2025		
	14,818	7,412(4)	56.90	12/4/2025		
	0	31,858(7)	15.73	1/3/2027		
					1,758(5)	25,456
					7,946(9)	115,058
Andrew Satlin, M.D.	0	170,500(10)	14.79	11/13/2017		

- (1) All options have a ten year term from the date of grant.
- (2) The market value of the stock awards is based on the closing price of our common stock of \$14.48 per share at December 29, 2017.

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- (3) Each option to purchase our common stock that expires on January 2, 2025 vested as to 1/3 of the shares on January 2, 2016, 1/3 of the shares on January 2, 2017 and 1/3 of the shares on January 2, 2018.
- (4) This option to purchase our common stock that expires on December 4, 2025 vested as to 1/3 of the shares on December 4, 2016, 1/3 of the shares on December 4, 2017 and 1/3 of the shares will vest on December 4, 2018.
- (5) These restricted stock units vested as to 1/3 of the shares on December 4, 2016, 1/3 of the shares on December 4, 2017 and will vest as to 1/3 of the shares on December 4, 2018.
- (6) Each option to purchase our common stock that expires on January 4, 2026 vested as to 1/3 of the shares on January 4, 2017, 1/3 of the shares on January 4, 2018 and will vest as to 1/3 of the shares on January 4, 2019.
- (7) Each option to purchase our common stock that expires on January 3, 2027 vested as to 1/3 of the shares on January 3, 2018 and will vest as to 1/3 of the shares on January 3, 2019 and 1/3 of the shares on January 3, 2020.
- (8) These restricted stock units vested as to 1/3 of the shares on January 4, 2017, 1/3 of the shares on January 4, 2018 and will vest as to 1/3 of the shares on January 4, 2019.
- (9) These restricted stock units vested as to 1/3 of the shares on January 3, 2018 and will vest as to 1/3 of the shares on January 3, 2019 and 1/3 of the shares on January 3, 2020.
- (10) Each option to purchase our common stock that expires on November 13, 2027 vested as to 1/3 of the shares on November 13, 2018 and will vest as to 1/3 of the shares on November 13, 2019 and 1/3 of the shares on November 13, 2020.

**Option Exercises and Stock Vested in 2017**

The following table shows information regarding exercises of options to purchase our common stock and the vesting of restricted stock units held by each of our named executive officers during the fiscal year ended December 31, 2017.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Sharon Mates, Ph.D.	18,750	267,181	6,603	112,053
Lawrence J. Himeline			3,107	52,726
Michael I. Halstead			3,107	52,726
Robert E. Davis, Ph.D.			1,757	26,214
Andrew Satlin, M.D.				

- (1) The value realized on exercise is based on the difference between the closing price of our common stock on the Nasdaq Global Select Market on the date of exercise and the applicable exercise price of those options and does not represent actual amounts received by the individual as a result of the option exercises.
- (2) The value realized on vesting is calculated by multiplying the number of vested shares by the closing price of our common stock on the Nasdaq Global Select Market on the applicable vesting date.

**Pension Benefits**

We do not have any qualified or non-qualified defined benefit plans.

**Nonqualified Deferred Compensation**

We do not have any nonqualified defined contribution plans or other deferred compensation plans.

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**Potential Payments upon Termination or Change-in-Control**

We have agreed to provide severance and change of control payments and benefits to our named executive officers under specified circumstances, as described below:

*Sharon Mates, Ph.D.*

If Dr. Mates' employment is terminated for any reason, she will be entitled to compensation and benefits through the last day of her employment, including accrued but untaken vacation. If her employment is terminated due to her death or disability, we will also pay her or her estate the compensation which would otherwise have been payable to her through the end of the month in which such termination occurs as well as payment for any accrued but untaken vacation. If her employment is terminated without cause by us or she terminates her employment for good reason, she will receive the following severance benefits following her employment termination, on condition that she executes a general release in our favor: (a) payment of 12 months of her then current base salary and the pro rata portion of an amount equal to the bonus she was awarded for the previous year, if any, which severance payments will be paid in one lump sum on the date the general release she executes becomes effective; (b) payment for 12 months of the portion of the COBRA premiums that we paid prior to her termination; and (c) all of her unvested stock options will become fully vested and exercisable. Dr. Mates will also be entitled to such severance benefits if we elect not to renew her employment agreement for reasons other than death, disability or cause, but (i) such severance benefits are conditioned on Dr. Mates executing a general release in favor of us, returning all our property, and complying with her employment agreement, proprietary information, inventions, and non-competition agreement, and the general release and (ii) Dr. Mates will not be eligible for such severance benefits if she or we wish to renew the agreement on different terms than those contained in her employment agreement. In the event of a change of control, all of her unvested stock options will immediately vest. If her employment is terminated for reasons other than death or disability within three months before or 12 months following a change of control, she terminates her employment for good reason during such period, or she terminates her employment for any reason within one month following a change of control, she will be eligible for the following severance benefits following her employment termination: (a) payment of 18 months of her then current base salary and the pro rata portion of an amount equal to the bonus she was awarded for the previous year, which severance payments will be paid in one lump sum on the eighth day following the effective date of the general release, and (b) payment for 18 months of the portion of the COBRA premiums that we paid prior to her termination. In addition, we have agreed to pay a tax gross-up to Dr. Mates if any amounts payable by us (or a successor) to her become subject to excise taxes under Sections 280G and 4999 of the Code. Such severance benefits following a change of control are payable on condition that she executes a general release in favor of us, returns all our property and complies with her post-termination obligations under her employment agreement, her proprietary information, inventions, and non-competition agreement, and her general release.

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The following table sets out