Sarepta Therapeutics, Inc.
Form PRE 14A
April 19, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

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

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

SAREPTA THERAPEUTICS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

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

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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215 First Street

Suite 7

Cambridge, MA 02142

www.sareptatherapeutics.com

[ ], 2013

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders (the Annual Meeting) of Sarepta Therapeutics, Inc., which will be held on Tuesday, June 4, 2013, at 10:00 a.m., local time, at the Royal Sonesta Hotel at 40 Edwin H. Land Blvd., Cambridge, MA 02142 for the following purposes:

1. to elect as Group II directors to hold office until the 2015 annual meeting of shareholders, or until their successors are earlier elected, the following three nominees: M. Kathleen Behrens, Ph.D., Anthony Chase and John Hodgman;

2. to approve a proposal to change our state of incorporation from Oregon to Delaware;

3. to approve the amendment and restatement of the 2011 Equity Incentive Plan;

4. to approve a new 2013 Employee Stock Purchase Plan;

5. to approve an advisory vote on named executive officer compensation;

6. to ratify the selection of KPMG LLP as our independent registered public accounting firm for the current year ending December 31, 2013; and

7. to transact such other business as may properly come before the Annual Meeting or any continuation, postponement or adjournment thereof.

The accompanying Notice of Meeting and Proxy Statement describe these matters. We urge you to read this information carefully.

The board of directors unanimously believes that election of its nominees for directors, approval of the proposal to change our state of incorporation from Oregon to Delaware, approval of the amendment and restatement of the 2011 Equity Incentive Plan, approval of a new 2013 Employee Stock Purchase Plan, approval, on an advisory basis, of the compensation of our named executive officers, and ratification of its selection of KPMG LLP as our independent registered public accounting firm are in our best interests and that of our shareholders, and, accordingly, recommends a vote FOR election of the three nominees for directors, FOR the approval of the proposal to change our state of incorporation from Oregon to Delaware, FOR the amendment and restatement of the 2011 Equity Incentive Plan, FOR a new 2013 Employee Stock Purchase Plan, FOR the approval, on an advisory basis, of the compensation of our named executive officers, and FOR the ratification of the selection of KPMG LLP as our independent registered public accountants.

In addition to the business to be transacted as described above, management will speak on our developments of the past year and respond to comments and questions of general interest to shareholders.

It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. You may vote on the Internet, by telephone or by completing and mailing a proxy card or the form forwarded by your bank, broker or other holder of record. Voting over the Internet, by telephone or by written proxy will ensure your shares are represented at the Annual Meeting. Please review the instructions on the proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these voting options.

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On behalf of the Board of Directors, I would like to express our appreciation for your support of the Company.

Sincerely,

Christopher Garabedian,
President, Chief Executive Officer and Director

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215 First Street

Suite 7

Cambridge, MA 02142

www.sareptatherapeutics.com

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on Tuesday, June 4, 2013

To the Shareholders of Sarepta Therapeutics, Inc.:

NOTICE IS HEREBY GIVEN that the 2013 annual meeting of shareholders (the Annual Meeting) of Sarepta Therapeutics, Inc., an Oregon corporation, will be held on Tuesday, June 4, 2013 at 10:00 a.m., local time, at the Royal Sonesta Hotel at 40 Edwin H. Land Blvd., Cambridge, MA 02142 for the following purposes:

1. to elect as Group II directors to hold office until the 2015 annual meeting of shareholders, or until their successors are earlier elected, the following three nominees: M. Kathleen Behrens, Ph.D., Anthony Chase and John Hodgman;

2. to approve a proposal to change our state of incorporation from Oregon to Delaware;

3. to approve the amendment and restatement of the 2011 Equity Incentive Plan;

4. to approve a new 2013 Employee Stock Purchase Plan;

5. to approve an advisory vote on named executive officer compensation;

6. to ratify the selection of KPMG LLP as our independent registered public accounting firm for the current year ending December 31, 2013; and

7. to transact such other business as may properly come before the Annual Meeting or any continuation, postponement or adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. We are not aware of any other business to come before the meeting.

The board of directors has fixed the close of business on April 8, 2013 as the record date for the determination of shareholders entitled to notice of, and to vote at, this Annual Meeting and at any continuation, postponement or adjournment thereof. A list of shareholders will be available for inspection by our shareholders at our principal executive offices at 215 First Street, Suite 7, Cambridge, MA 02142 beginning two business days after notice of the Annual Meeting is given and continuing through the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on Tuesday, June 4, 2013: the Proxy Statement for the Annual Meeting and the Annual Report to Shareholders for the year ended December 31, 2012 are available at http://www.edocumentview.com/SRPT.

By Order of the Board of Directors,

David Tyronne Howton
Senior Vice President, General Counsel and Corporate Secretary

Cambridge, MA

[ ], 2013

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ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. IF YOU PLAN TO ATTEND, PLEASE NOTIFY US BY CONTACTING INVESTOR RELATIONS AT (857) 242-3700 OR INVESTORRELATIONS@SAREPTATHERAPEUTICS.COM.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. YOU ALSO MAY VOTE YOUR SHARES ON THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD.

EVEN IF YOU HAVE PROVIDED US WITH YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

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215 First Street

Suite 7

Cambridge, MA 02142

www.sareptatherapeutics.com

PROXY STATEMENT

FOR

THE SAREPTA THERAPEUTICS 2013 ANNUAL MEETING OF SHAREHOLDERS

INFORMATION CONCERNING VOTING AND SOLICITATION

General

The board of directors of Sarepta Therapeutics, Inc. (the Company) is soliciting your proxy to vote at the 2013 annual meeting of shareholders (the Annual Meeting) to be held on Tuesday, June 4, 2013, at 10:00 a.m., local time, or at any continuation, postponement or adjournment thereof, for the purposes discussed in this proxy statement and in the accompanying Notice of Annual Meeting and any business properly brought before the Annual Meeting. The Annual Meeting will be held at the Royal Sonesta Hotel at 40 Edwin H. Land Blvd., Cambridge, MA 02142. We intend to mail this Proxy Statement, together with the accompanying Proxy Card, to those shareholders entitled to vote at the Annual Meeting for the first time on or about [ ], 2013. In the mailing, we will include copies of our Annual Report to shareholders for the year ended December 31, 2012. Proxies are solicited to give all shareholders of record an opportunity to vote on matters properly presented at the Annual Meeting.

Who Can Vote

You are entitled to vote at the Annual Meeting if you were a shareholder of record of our common stock, $0.0001 par value per share, as of the close of business on April 8, 2013. Your shares may be voted at the Annual Meeting only if you are present in person or represented by a valid proxy.

Shares Outstanding and Quorum

At the close of business on April 8, 2013, 31,895,731 shares of our common stock were outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter presented. There is no cumulative voting. A majority of the outstanding shares of our common stock entitled to vote, present in person or represented by proxy, will constitute a quorum at the annual meeting. If less than a majority of the outstanding shares entitled to vote are represented at the annual meeting, a majority of the shares present at the annual meeting may adjourn the annual meeting to another date, time or place, and notice need not be given of the new date, time or place if the new date, time or place is announced at the annual meeting before an adjournment is taken.

Proxy Card and Revocation of Proxy

You may vote by completing and mailing the enclosed proxy card. If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the proxy holders named in the enclosed proxy (i) in favor of the election of the three director nominees named in this proxy statement, (ii) in favor of the proposal to change our state of incorporation from Oregon to Delaware; (iii) in favor of the amendment and restatement to the 2011 Equity Incentive Plan; (iv) in favor of the 2013 Employee Stock

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Purchase Plan; (iv) in favor of the approval of the compensation of our named executive officers, and (v) in favor of ratification of the selection of KPMG LLP as our independent registered public accountants for the year ending December 31, 2013. In their discretion, the proxy holders named in the enclosed proxy are authorized to vote on any other matters that may properly come before the annual meeting and at any continuation, postponement or adjournment thereof. The board of directors knows of no other items of business that will be presented for consideration at the annual meeting other than those described in this proxy statement. In addition, no other shareholder proposal or nomination was received on a timely basis, so no such matters may be brought to a vote at the annual meeting.

If you vote by proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. Shareholders of record may revoke a proxy by sending to our corporate secretary at our principal executive office at 215 First Street, Suite 7, Cambridge, MA 02142, a written notice of revocation, by submitting another properly completed proxy over the Internet, by telephone or by mail bearing a later date or by attending the annual meeting in person and voting in person. Attendance at the annual meeting will not, by itself, revoke a proxy. In order to be effective, all revocations or later-filed proxies delivered by mail must be delivered to us at our Cambridge, Massachusetts address not later than 5:00 p.m. local time on the business day prior to the day of the Annual Meeting.

If you are a beneficial owner of shares registered in the name of a broker, bank or other nominee, you should have received a voting instruction card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the voting instruction card to ensure that your vote is counted. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a proxy form. You may also change your vote by submitting new voting instructions to your bank, broker or other nominee. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the annual meeting, your vote in person at the annual meeting will not be effective unless you present a legal proxy, issued in your name from the record holder, your broker, bank or other nominee.

Voting of Shares

Shareholders of record as of the close of business on April 8, 2013 are entitled to one vote for each share of our common stock held on all matters to be voted upon at the annual meeting. You may vote by attending the annual meeting and voting in person. You also may vote by proxy via the Internet or by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. You may also vote by telephone by calling the toll-free number found on the proxy card. The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on June 3, 2013. Shareholders who vote through the Internet or by telephone, you should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and that these costs must be borne by the shareholder. Shareholders who vote by Internet or telephone need not return a proxy card or the form forwarded by your bank, broker or other holder of record by mail. All shares entitled to vote and represented by properly executed proxies received before the polls are closed at the annual meeting, and not revoked or superseded, will be voted at the annual meeting in accordance with the instructions indicated on those proxies. Under Oregon law, shareholders are not entitled to dissenter s rights with respect to any of the proposals set forth in this proxy statement. YOUR VOTE IS IMPORTANT.

Required Vote

Proposal 1: The affirmative vote of a plurality, or the largest number, of the shares of common stock present in person or by proxy at the meeting and entitled to vote is required for the election of each director. This means that the three director nominees who receive the highest number of affirmative FOR votes will be elected to the board.

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Proposal 2: The affirmative vote of the holders of a majority of the outstanding shares of our common stock will be required to approve this proposal. As a result, abstentions, broker non-votes or the failure to submit a proxy or vote in person at the annual meeting of shareholders will have the same effect as a vote against the proposal.

Proposals 3, 4 and 6: The votes cast in favor must exceed the votes cast against for these proposals to be approved. Abstentions and broker non-votes, if any, will not have any effect on the results of these votes.

Proposal 5: Because this proposal asks for a non-binding, advisory vote, there is no required vote that would constitute approval. We value the opinions expressed by our shareholders in this advisory vote, and our compensation committee, which is responsible for overseeing and administering our executive compensation programs, will consider the outcome of the vote when designing our compensation programs and making future compensation decisions for our named executive officers. Abstentions and broker non-votes, if any, will not have any effect on the results of those deliberations.

Counting of Votes

Proposal 1: You may either vote FOR or WITHHOLD for each nominee for the board.

Proposals 2, 3, 4, 5 and 6: You may vote FOR, AGAINST or ABSTAIN on these proposals.

A representative of Computershare Shareowner Services LLC, our transfer agent, will tabulate votes and act as the independent inspector of election. All votes will be tabulated by the inspector of election, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Shares held by persons attending the annual meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker non-votes will be counted as present for purposes of determining a quorum.

Effect of Not Casting Your Vote

If you are a shareholder of record and you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the proxy holders in the manner recommended by the board of directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. The board of directors knows of no other items of business that will be presented for consideration at the Annual Meeting other than those described in this proxy statement. In addition, no other shareholder proposal or nomination was received on a timely basis, so no such matters may be brought to a vote at the Annual Meeting.

If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

The ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2013 (Proposal 6) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected for Proposal 6.

The election of directors (Proposal 1), the proposal to reincorporate in Delaware (Proposal 2), the approval of the amendment and restatement of the 2011 Equity Incentive Plan (Proposal 3), the approval of a new 2013 Employee Stock Purchase Plan (Proposal 4) and the advisory vote to approve executive compensation (Proposal 5) are matters considered non-routine under applicable rules. ***If you do not provide voting instructions***

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to your broker or other nominee on these non-routine items (Proposals 1, 2, 3 4 and 5), such shares cannot be voted and will be considered broker non-votes. For Proposal 2, because a majority of our outstanding shares must approve the proposal to change our state of incorporation from Oregon to Delaware, abstentions, broker non-votes and the failure to submit a proxy or vote in person have the same effect as a vote against the proposal.

Solicitation of Proxies

We will bear the entire cost of solicitation of proxies, including preparation, assembly and mailing of this proxy statement, the proxy and any additional information furnished to shareholders. If properly requested, copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of our common stock in their names that are beneficially owned by others to forward to those beneficial owners. We may reimburse persons representing beneficial owners for their costs of forwarding the solicitation materials to the beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, facsimile, electronic mail or personal solicitation by our directors, officers or employees. No additional compensation will be paid to our directors, officers or employees for such services. We also have retained Computershare Shareowner Services LLC to assist us in the solicitation of proxies by mail, telephone, facsimile, e-mail and personal solicitation and to contact brokerage houses and other nominees, fiduciaries and custodians to request that such entities forward soliciting materials to beneficial owners of our common stock. We anticipate that the costs associated with retaining Computershare and its affiliates will not exceed $23,500. A list of shareholders will be available for inspection by our shareholders at our principal executive offices at 215 First Street, Suite 7, Cambridge, MA 02142 beginning two business days after notice of the annual meeting is given and continuing through the meeting.

Shareholder Proposals for the 2014 Annual Meeting

Shareholder proposals submitted for inclusion in our proxy materials for our 2014 annual meeting of shareholders pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), must be received at our principal executive offices no later than the close of business on [ ], 2014 provided that if the date of the annual meeting is earlier than May 5, 2014 or later than July 4, 2014, the deadline is a reasonable time before we begin to print and send our proxy materials for next year s annual meeting. Shareholders who do not wish to use the mechanism provided by the rules of the Securities and Exchange Commission (the SEC) in proposing a matter for action at the next annual meeting must notify us in writing of the proposal and the information required by the provisions of our bylaws dealing with advance notice of shareholder proposals and director nominations. To be timely, a shareholder s written notice must be delivered to or mailed and received at our principal executive offices no later than the close of business on [ ], 2014 and no earlier than [ ], 2014.

Attending the Annual Meeting

Our annual meeting will begin promptly at 10:00 a.m., local time, on Tuesday, June 4, 2013, at the Royal Sonesta Hotel at 40 Edwin H. Land Blvd., Cambridge, MA 02142.

All shareholders should be prepared to present photo identification for admission to the annual meeting. Admission will be on a first-come, first-served basis. If you are a beneficial shareholder and hold your shares in street name, you will be asked to present proof of ownership of your shares as of the record date. Examples of acceptable evidence of ownership include your most recent brokerage statement showing ownership of shares prior to the record date or a photocopy of your voting instruction form. Persons acting as proxies must bring a valid proxy from a shareholder of record as of the record date. Your late arrival or failure to comply with these procedures could affect your ability to participate in the annual meeting.

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Householding of Proxy Materials

We have adopted a procedure approved by the SEC called householding. Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one set of our proxy materials unless one or more of these shareholders notifies us that they wish to continue receiving individual copies. We believe this will provide greater convenience for our shareholders, as well as cost savings for us, by reducing the number of duplicate documents that are sent to your home.

Shareholders who participate in householding will continue to receive separate proxy cards. Householding will not in any way affect your rights as a shareholder.

If you are eligible for householding and currently receive multiple copies of our proxy materials with other shareholders of record with whom you share an address or if you hold stock in more than one account, and in either case you wish to receive only a single copy of these documents for your household, please contact our corporate secretary at 215 First Street, Suite 7, Cambridge, MA 02142 at (857) 242-3700.

If you participate in householding and wish to receive a separate copy of our Annual Report on Form 10-K or this proxy statement, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact our corporate secretary at the address or telephone number indicated above and we will promptly deliver to you separate copies of these documents.

Beneficial shareholders can request information about householding from their banks, brokers, or other holders of record.

SAREPTA THERAPEUTICS, INC. DIRECTORS AND EXECUTIVE OFFICERS

Directors, Director Nominees and Executive Officers

The following table sets forth certain information with respect to the current directors, director nominees and executive officers of our Company:

Name	Age	Position(s) (4)
Executive Officers		
Christopher Garabedian	46	President, Chief Executive Officer and Group I Director
Edward M. Kaye, M.D.	64	Senior Vice President, Chief Medical Officer
Sandesh Mahatme	48	Senior Vice President, Chief Financial Officer
David Tyronne Howton	41	Senior Vice President, General Counsel and Corporate Secretary
Jayant Aphale, Ph.D.	52	Senior Vice President, Technical Operations
Non-Employee Directors		
William Goolsbee (1)(2)	59	Chairman of the Board of Directors and Group I Director
Gil Price, M.D. (1)(3)	57	Group I Director
Hans Wigzell, M.D., Ph.D.	74	Group I Director
M. Kathleen Behrens, Ph.D. (1)(3)	60	Group II Director
Anthony Chase (2)(3)	58	Group II Director
John Hodgman (1)(2)	58	Group II Director

(1) Member of the compensation committee.
(2) Member of the audit committee.
(3) Member of the nominating and corporate governance committee.
(4) The terms of Group II Directors expire as of the date of the 2013 annual meeting, and the terms of Group I Directors expire as of the date of the 2014 annual meeting.

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Christopher Garabedian has been a member of our board of directors since June 2010 and our President and Chief Executive Officer since January 2011. Mr. Garabedian served as Vice President of Corporate Strategy for Celgene Corporation, a publicly-traded integrated global biopharmaceutical company, from July 2007 to December 2010, where he was responsible for assessing all potential business development transactions. From November 2005 to June 2007, Mr. Garabedian served as an independent consultant to early-stage biopharmaceutical companies. From 1997 to 1998 and from 1999 to November 2005, Mr. Garabedian worked at Gilead Sciences, Inc., a publicly-traded biopharmaceutical company, where he served in a number of global leadership roles, including as Vice President of Corporate Development, Vice President of Marketing, and Vice President of Medical Affairs. While at Gilead Sciences, Mr. Garabedian s responsibilities included managing corporate development initiatives, including portfolio review and planning, mergers and acquisitions and in-licensing activities, and leading four global product launches. Mr. Garabedian also held various commercial roles at COR Therapeutics, Inc. from 1998 to 1999 and at Abbott Laboratories from 1994 to 1997. He started his biopharmaceutical career as a consultant with Migliara/Kaplan Associates from 1991 to 1994. Our corporate governance and nominating committee believes that Mr. Garabedian s qualifications for membership on the board of directors include his previous experience serving in leadership positions within the biopharmaceutical industry and his position as our President and Chief Executive Officer. Mr. Garabedian s corporate vision and operational knowledge provide strategic guidance to our management team and our board of directors. Mr. Garabedian received his B.S. in marketing from the University of Maryland.

Edward M. Kaye, Ph.D., has served as our Senior Vice President, Chief Medical Officer since June 2011. Dr. Kaye was Group Vice President of Clinical Development at Genzyme Corporation, a biotechnology company, from April 2007 to June 2011, where he supervised the clinical research in the lysosomal storage disease programs and in the genetic neurological disorders. Prior to this, Dr. Kaye held various roles at Genzyme Corporation since 2001, including Vice President of Medical Affairs for Lysosomal Storage Diseases, Vice President of Clinical Research and Interim Head of PGH Global Medical Affairs. Dr. Kaye earned his B.S. in Biology from Loyola University and earned his M.D. at Loyola University Stritch School of Medicine. He received his Pediatric training at Loyola University Hospital, Child Neurology training at the Boston City Hospital, Boston University, and completed his training as a Neurochemical Research Fellow (Geriatric Fellow) at the Bedford VA Hospital, Boston University. Dr. Kaye was head of the section of Neurometabolism, Pediatric Neurology at The Floating Hospital for Children (Tufts University) and research fellow in gene therapy at the Massachusetts General Hospital until 1996 when he moved to Philadelphia to become Chief of Pediatric Neurology and Director of the Barnett Mitochondrial Laboratory at St. Christopher s Hospital for Children. In 1998, Dr. Kaye accepted the appointment as Chief of Biochemical Genetics at the Children s Hospital of Philadelphia and Associate Professor of Neurology and Pediatrics at the University Of Pennsylvania School Of Medicine until moving to Genzyme Corporation at the end of 2001. Dr. Kaye continues as a Neurological Consultant at the Children s Hospital of Boston and is on the editorial boards of a number of journals including Journal of Child Neurology and Pediatric Neurology. He also previously served on the board of Annals of Neurology. Dr. Kaye is also on the Medical/Scientific Advisory Boards of the United Leukodystrophy Foundation, Spinal Muscular Atrophy Foundation, CureCMD, CureDuchenne, and the Prize4Life.

Sandesh Mahatme has served as our Senior Vice President, Chief Financial Officer since November 2012. From January 2006 to November 2012, Mr. Mahatme worked at Celgene Corporation, a biopharmaceutical company, where he served in various roles, including Senior Vice President of Corporate Development, Corporate Treasurer and Senior Vice President of Tax. While at Celgene, Mr. Mahatme built the treasury and tax functions before establishing the Corporate Development Department, focused on strategic, targeted initiatives including emerging markets, acquisitions and licensing and strategic planning. Prior to working at Celgene, Mr. Mahatme worked for Pfizer Inc., a pharmaceutical company, for eight and a half years in senior roles in Business Development and Corporate Tax. Mr. Mahatme started his career at Ernst & Young LLP where he advised multinational corporations on a broad range of transactions. Mr. Mahatme holds Master of Laws (LL.M.) degrees from Cornell Law School and NYU School of Law and is a member of the New York State Bar Association.

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David Tyronne Howton has served as our Senior Vice President, General Counsel and Corporate Secretary since November 2012. From September 2011 to June 2012, Mr. Howton served as the Senior Vice President, Chief Legal Officer and as a member of the executive team at Vertex Pharmaceuticals Incorporated, a publicly traded biotechnology company, and in this capacity he participated in the general management of the company and oversaw all aspects of the Vertex global legal and compliance departments. Mr. Howton served as Senior Vice President Legal from July 2012 to November 2012. Prior to his appointment as Chief Legal Officer at Vertex, Mr. Howton served as the Chief Compliance Officer from September 2009 to August 2011 and, in this capacity, he was responsible for designing and implementing the Vertex corporate compliance program as well as chairing the company s Corporate Compliance Committee. From 2003 to September 2009, Mr. Howton worked at Genentech, Inc., a biotechnology company, where he served in a number of legal roles before becoming the company s chief healthcare compliance officer in 2006. Prior to joining Genentech in 2003, Mr. Howton was a member of the Sidley Austin LLP corporate healthcare practice where he advised on corporate transactions involving life science companies and provided regulatory counsel. Mr. Howton holds a B.A. from Yale University and a J.D. from Northwestern University School of Law.

Jayant Aphale, Ph.D., has served as our Senior Vice President, Technical Operations since December 2011. From January 2011 to December 2011, Dr. Aphale served as the President of Apex CMC Advisors, LLC, a biotechnology consulting company. From January 2010 to November 2010, Dr. Aphale served as a Vice President at GlaxoSmithKline plc, a publicly traded pharmaceutical company, in Belgium leading new product introductions, cGMP scale-up of clinical material manufacturing, U.S. government interactions and global technology transfer of marketed vaccines. From June 2008 to January 2010, Dr. Aphale was the Vice President of Manufacturing and Process Sciences at Enobia Pharma Corp., a biopharmaceutical company, where he structured their CMO network and led technology transfer and scale-up of their lead product in the rare disease space. Before Enobia, from 2006 to May 2008, Dr. Aphale served as Vice President, Manufacturing Operations and Project Management at Acambis plc, a biotechnology company, where, besides managing cGMP manufacturing across multiple sites, he established and implemented business processes in project and portfolio management and in transitioning clinical manufacturing to commercial scale. Dr. Aphale received his Ph.D. in Microbiology from The Ohio State University in 1992, a Master of Business Administration in Finance and Strategy from the University of North Carolina in 2002, is a certified project manager (PMP) as well as holds the U.S. regulatory affairs certification (RAC).

William Goolsbee has served as a member of our board of directors since October 2007 and as chairman of the board of directors since June 2010. He also serves as a member of the audit committee and the compensation committee. Mr. Goolsbee was founder, chairman and Chief Executive Officer of Horizon Medical Inc. from 1987 until its acquisition by a unit of UBS Private Equity in 2002. Mr. Goolsbee was a founding director of ImmunoTherapy Corporation in 1993, becoming chairman of the board in 1995, a position he held until overseeing the successful acquisition of ImmunoTherapy by Sarepta Therapeutics, Inc. in 1998. His experience prior to 1987 includes a series of increasingly responsible executive positions with CooperVision Inc. and Cooper Laboratories Inc. Our nominating and corporate governance committee believes that Mr. Goolsbee s 30-year career in the medical device and biopharmaceutical industries qualifies him for service as a member of the board of directors. Mr. Goolsbee holds a B.A. degree from the University of California at Santa Barbara. Mr. Goolsbee served as Chairman of privately held BMG Pharma LLC, a pharmaceutical company, from 2006 through 2011 and presently serves as Chairman and Chief Executive Officer of BMG Hematology LLC, a product development and licensing company.

Gil Price, M.D., has served as a member of our board of directors since October 2007. He also serves as the chairman of the compensation committee and as a member of the nominating and corporate governance committee. Dr. Price is a clinical physician trained in internal medicine with a long-standing interest in drug development, adverse drug reactions, drug utilization and regulation. Since 2002, he has been the Chief Executive Officer and Chief Medical Officer of Drug Safety Solutions, a provider of solutions for clinical and drug safety operations. From 1997 to 2002, Dr. Price was the director of clinical development for oncology at MedImmune, Inc., the biologics subsidiary of AstraZeneca. Prior to joining MedImmune, Dr. Price worked in the

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contract research organization sector. Dr. Price began his pharmaceutical career at GlaxoSmithKline Inc., where he worked for nearly nine years on both the commercial and research sides of that company. Dr. Price is a member of the American Medical Association, the Academy of Pharmaceutical Physicians and a past member of the American Society for Microbiology. Our nominating and corporate governance committee believes that Dr. Price s experience in the clinical, research and commercial sectors in the fields of medicine and pharmaceuticals qualifies him for service as a member of the board of directors. Dr. Price received a B.A. from the University of Rio Grande and a M.D. from the University of Santiago.

Hans Wigzell, M.D., Ph.D., has served as a member of our board of directors since June 2010. In the past five years, Dr. Wigzell has served as a director of Probi AB and currently serves as a director of RaySearch Laboratories AB, Sobi AB, and Intercell AG. Since 2006, Dr. Wigzell has served as chairman of Karolinska Development AB, a company listed on the NASDAQ OMX Stockholm market that selects, develops and seeks ways to commercialize promising new Nordic lifescience innovations. Previously he was the president of the Karolinska Institute, a medical university, from 1995 to 2003, and was general director of the National Bacteriological Laboratory in Stockholm from 1987 to 1993. Dr. Wigzell is chairman of the board of the Stockholm School of Entrepreneurship. He is an elected member of several national academies, including the Swedish Royal Engineering Academy, Sweden; the Royal Academy of Science, Sweden; the Danish Academy of Arts and Letters; the American Academy of Arts and Sciences; the Finnish Science Society; and the European Molecular Biology Organization. In addition to serving as president of the Karolinska Institute, his academic career includes being Chairman, Nobel Prize Committee, Karolinska Institute and Distinguished External Advisory Professor, Ehime University, Japan. Additionally, Dr. Wigzell was appointed Chairman of the Nobel Assembly in 2000. Our nominating and corporate governance committee believes that Dr. Wigzell s experience serving in leadership roles in various scientific and biotechnology institutions and companies in countries around the world qualifies him to serve as a member of the board of directors. He holds an M.D. and Ph.D. degree from the Karolinska Institute in Stockholm and he has received honorary doctor s degrees at University Tor Vergata in Rome, Italy and Turku University in Finland.

M. Kathleen Behrens, Ph.D., has served as a member of our board of directors since March 2009. She also serves as chairwoman of the nominating and corporate governance committee and as a member of the compensation committee. Dr. Behrens served as a member of the President s Council of Advisors on Science and Technology (PCAST) from 2001 to early 2009 and as chairwoman of PCAST s Subcommittee on Personalized Medicine. She has served as a public-market biotechnology securities analyst as well as a venture capitalist focusing on healthcare, technology and related investments. She was instrumental in the founding of several biotechnology companies including Protein Design Labs, Inc. and COR Therapeutics, Inc. She worked for Robertson Stephens & Co. from 1983 through 1996, serving as a general partner and managing director. Dr. Behrens continued in her capacity as a general partner for selected venture funds for RS Investments, an investment management and research firm, from 1996 through December 2009, after management led a buyout of that firm from Bank of America. While Dr. Behrens worked at RS Investments, from 1996 to 2002, she served as a Managing Director at the firm and, from 2003 to December 2009, she served as a consultant to the firm. From 1997 to 2005, she was a director of the Board on Science, Technology and Economic Policy for the National Research Council, and from 1993 to 2000 she was a director, president, and chairwoman of the National Venture Capital Association. Since December 2009, Dr. Behrens has worked as an independent life sciences consultant and investor. Dr. Behrens was a director of Amylin Pharmaceuticals, Inc. from May 2009 until Amylin s sale in August 2012 to Bristol-Myers Squibb Company. Since January 2012, Dr. Behrens also has served as the President and Chief Executive Officer of a small life sciences company, KEW Group Inc., located in Cambridge, Massachusetts. Our nominating and corporate governance committee believes that Dr. Behrens significant experience in the financial services and biotechnology sectors, as well as in healthcare policy, qualifies her for service as a member of the board of directors. Dr. Behrens holds a B.S. in Biology and a Ph.D. in Microbiology from the University of California, Davis.

Anthony Chase has served as a member of our board of directors since April 2010. He also serves as a member of the audit committee and the nominating and corporate governance committee. Mr. Chase serves as

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chairman of ChaseSource, L.P., a position he has held since October 2006, and ChaseSource Real Estate Services, L.P., a position he has held since January 2008. Previously, he was Chairman and Chief Executive Officer of ChaseCom, L.P. from January 1997 to December 2007, when ChaseCom, L.P. was acquired by AT&T. Mr. Chase is a tenured Professor at the University Of Houston Law Center where he began teaching in 1990. Mr. Chase is a member of the American Bar Association and State Bar of Texas. Mr. Chase is a director of Western Gas Partners (NYSE) and, in the past five years, has served as a director of the Cornell Companies, Inc. He is a member of the Council on Foreign Relations. Our nominating and corporate governance committee believes that Mr. Chase s experience in leadership positions in public companies qualifies him for service as a member of the board of directors. Mr. Chase received an A.B., with honors, from Harvard College, received a J.D. from Harvard Law School, and received an M.B.A. from Harvard Business School.

John Hodgman has served as a member of our board of directors since March 2004. He also serves as the chairman and financial expert of the audit committee and as a member of the compensation committee. In the past five years, Mr. Hodgman has also served as a director of Cygnus, Inc. He has served as the Senior Vice President of Finance and Chief Financial Officer of InterMune, Inc., a biotechnology company, since August 2006. He served as the Chairman of Cygnus, Inc., a biopharmaceutical company, from 1999 to 2008, and as President and Chief Executive Officer of that company between 1998 and 2006. Mr. Hodgman joined Cygnus in 1994 as Vice President of Finance and Chief Financial Officer, and between 1995 and 1998, he also served as president of Cygnus Diagnostics. He was President and Chief Executive Officer of Aerogen, Inc., a biopharmaceutical company, from June 2005 to October 2005 when that company was sold to Nektar, Inc. Mr. Hodgman holds a B.S. degree from Brigham Young University and an M.B.A. from the University of Utah. Mr. Hodgman served as a member of the board of directors of Immersion Corporation from 2002 to 2012. Our nominating and corporate governance committee believes that Mr. Hodgman s significant executive-level experience as a finance executive with biotechnology and biopharmaceutical companies qualifies him for service as a member of the board of directors.

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ELECTION OF SAREPTA THERAPEUTICS, INC. DIRECTORS

(Proposal 1)

General

As of the date of this proxy statement, our board of directors is composed of seven directors. Our bylaws currently permit a maximum of seven directors. The shareholders or the board of directors may change from time to time the number of directors by amendment of the bylaws, but no decrease in the number of authorized directors will have the effect of shortening the term of any incumbent director.

Pursuant to our articles of incorporation, when there are six or more positions on the board of directors, the positions are divided into two equal or nearly equal groups, denoted as Group I and Group II. In even years, shareholders elect directors to fill all Group I positions and in odd years, shareholders elect directors to fill all Group II positions. There is no cumulative voting for election of directors.

The following table sets forth the names of and other information about each of the nominees for election as a Group II director and those directors who will continue to serve after the annual meeting.

Name	Age	Director Since	Expiration of Term	Position(s) Held With Sarepta
Group II Director Nominees:				
M. Kathleen Behrens, Ph.D.	60	2009	2013	Director
Anthony Chase	58	2010	2013	Director
John Hodgman	58	2004	2013	Director
Group I Continuing Directors:				
Christopher Garabedian	46	2010	2014	President, CEO and Director
William Goolsbee	59	2007	2014	Chairman of the Board
Gil Price, M.D.	57	2007	2014	Director
Hans Wigzell, M.D., Ph.D.	74	2010	2014	Director

Directors for a group whose terms expire at a given annual meeting will be up for re-election for two-year terms at that meeting. Each director s term will continue until the election and qualification of such director s successor, or such director s earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the two groups so that, as nearly as possible, each group will consist of one-half of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of management. There are no family relationships among any of our directors or executive officers.

Nominees for Group II Directors Election at the 2013 Annual Meeting of Shareholders

There are three nominees standing for election as Group II directors this year. Based on the report of the nominating and corporate governance committee, our board of directors has approved the nomination of M. Kathleen Behrens, Ph.D., Anthony Chase and John Hodgman for re-election as Group II directors at the 2013 annual meeting. If elected, each of Dr. Behrens, Mr. Chase and Mr. Hodgman will hold office as a Group II director until our 2015 annual meeting of shareholders or until their successors are earlier elected.

If you sign your proxy or voting instruction card but do not give instructions with respect to the voting of directors, your shares will be voted for the nominees recommended by our board of directors. If you wish to give specific instructions with respect to the voting of directors, you may do so by indicating your instructions on your proxy or voting instruction card. The board of directors expects that the nominees will be available to serve as directors. If Dr. Behrens, Mr. Chase or Mr. Hodgman becomes unavailable, however, the proxy holders intend to vote for any nominee designated by the board of directors, unless the board of directors chooses to reduce the

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number of directors serving on the board of directors. If additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in such a manner as to assure the election of Dr. Behrens, Mr. Chase and Mr. Hodgman.

Vote Required and Board of Directors Recommendation

The nominees receiving the greatest number of votes of the shares present and entitled to vote at the annual meeting will be elected as directors.

The board of directors recommends that shareholders vote FOR the election of each of Dr. Behrens, Mr. Chase and Mr. Hodgman to the board of directors.

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REINCORPORATION OF THE COMPANY FROM OREGON TO DELAWARE

(Proposal 2)

General

On April 16, 2013, the board of directors unanimously adopted, declared advisable and submitted for shareholder approval a change in our state of incorporation from Oregon to Delaware (the Reincorporation) pursuant to the terms of a merger agreement providing for the Company to merge into a newly formed wholly owned subsidiary of the Company that will be incorporated in the State of Delaware (Sarepta Delaware), subject to the approval of our shareholders and certain other conditions. The name of the Company after the Reincorporation will remain Sarepta Therapeutics, Inc. For purposes of the discussion below, the Company as it currently exists as a corporation organized under the laws of the State of Oregon is sometimes referred to as Sarepta Oregon.

The State of Delaware is recognized for adopting comprehensive, modern and flexible corporate laws that are periodically revised to respond to the changing legal and business needs of corporations. Consequently, the Delaware judiciary has become particularly familiar with corporate law matters and a substantial body of court decisions has developed construing Delaware law. Delaware corporate law, accordingly, has been, and is likely to continue to be, interpreted in many significant judicial decisions, a fact which may provide greater clarity and predictability with respect to our corporate legal affairs. For this reason, the majority of public corporations, including a majority of our peer companies, are incorporated in Delaware.

The board of directors believes that the Reincorporation is in the best interests of the Company and will help maximize shareholder value. The board of directors also believes that the Reincorporation in Delaware will allow the Company to take advantage of the certainty provided by extensive Delaware case law, provide the Company access to the specialized Delaware Chancery Court, and help in the recruitment and retention of outside directors due to the more tested exculpation and indemnification provisions permitted under Delaware law.

You are urged to read this proposal carefully, including all of the related exhibits referenced below and attached to this proxy statement, before voting on the Reincorporation. The following discussion summarizes material provisions of the Reincorporation. This summary is subject to and qualified in its entirety by the Agreement and Plan of Merger (the Reincorporation Agreement) that will be entered into by Sarepta Oregon and Sarepta Delaware in substantially the form attached hereto as Appendix A, the Certificate of Incorporation of Sarepta Delaware to be effective immediately following the Reincorporation (the Delaware Certificate), in substantially the form attached hereto as Appendix B, and the Bylaws of Sarepta Delaware to be effective immediately following the Reincorporation (the Delaware Bylaws), in substantially the form attached hereto as Appendix C. Copies of the Fourth Amended and Restated Articles of Incorporation of Sarepta Oregon filed in Oregon, as amended to date (the Oregon Articles), and the Amended and Restated Bylaws of Sarepta Oregon, as amended to date (the Oregon Bylaws), are filed publicly as exhibits to our periodic reports and are also available for inspection at our principal executive offices. Copies will be sent to shareholders free of charge upon written request to Sarepta Therapeutics, Inc., 215 First Street, Suite 7, Cambridge, MA 02142.

Purpose and Rationale for the Reincorporation

Our board of directors and management believe that it is essential for us to be able to draw upon well-established principles of corporate governance in making legal and business decisions. The prominence and predictability of Delaware corporate law provide a reliable foundation on which our governance decisions can be based, and we believe that our shareholders will benefit from the responsiveness of Delaware corporate law to their needs and to those of the corporation they own. The principal factors the board of directors considered in electing to pursue the Reincorporation are summarized below:

Highly Developed and Predictable Corporate Law. Delaware has adopted comprehensive and flexible corporate laws that are revised regularly to meet changing business circumstances. The Delaware legislature is

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particularly sensitive to issues regarding corporate law and is especially responsive to developments in modern corporate law. In addition, Delaware offers a system of specialized Chancery Courts to deal with corporate law questions, which have streamlined procedures and processes that help provide relatively quick decisions. These courts have developed considerable expertise in dealing with corporate issues, as well as a substantial and influential body of case law construing Delaware s corporate law. In contrast, Oregon does not have a similar specialized court established to hear only corporate law cases. In addition, the Delaware Secretary of State is particularly flexible, highly experienced and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions.

Delaware has become the preferred state of incorporation for most major American corporations, and Delaware law and administrative practices have become comparatively well-known and widely understood. As a result of these factors, it is anticipated that Delaware law will provide greater efficiency, predictability and flexibility in our legal affairs than is presently available under Oregon law. In addition, in general, Delaware case law provides a well-developed body of law defining the proper duties and decision making process expected of a board of directors in evaluating potential and proposed corporate takeover offers and business combinations. Our board of directors believes that Delaware law will help the directors protect Sarepta Delaware s strategic objectives, consider fully any proposed takeover and alternatives, and, if appropriate, negotiate terms that maximize the benefit to all of our shareholders.

Enhanced Ability to Attract and Retain Directors and Officers. The board of directors believes that the Reincorporation will enhance our ability to attract and retain qualified directors and officers, as well as encourage directors and officers to continue to make independent decisions in good faith on behalf of the Company. We are in a competitive industry and compete for talented individuals to serve on our management team and on our board of directors. The vast majority of public companies are incorporated in Delaware, including the majority of the companies included in the peer group used by the Company to benchmark executive compensation. Not only is Delaware law more familiar to directors, it also offers greater certainty and stability from the perspective of those who serve as corporate officers and directors. The parameters of director and officer liability are more extensively addressed in Delaware court decisions and are therefore better defined and better understood than under Oregon law. The board of directors believes that the Reincorporation will provide appropriate protection for shareholders from possible abuses by directors and officers, while enhancing our ability to recruit and retain directors and officers. In this regard, it should be noted that directors personal liability is not, and cannot be, eliminated under Delaware law for intentional misconduct, bad faith conduct or any transaction from which the director derives an improper personal benefit. We believe that the better understood and comparatively stable corporate environment afforded by Delaware law will enable us to compete more effectively with other public companies in the recruitment of talented and experienced directors and officers.

The board of directors has also considered the potential disadvantages of the Reincorporation. Operating as an Oregon corporation provides certain advantages over operating as a Delaware corporation. For example, the franchise tax and related fees that the Company will pay as a Delaware corporation may be higher than comparable fees for an Oregon corporation. In addition, outside officers have lower standards of conduct under Delaware General Corporation Law (the DGCL) than under the Oregon Business Corporation Act (OBCA). Under the OBCA, a non-director officer with discretionary authority must meet the same standards of conduct required of directors. An officer s ability to rely on information in satisfying this duty may be more limited than a director s ability depending on circumstances. Under the DGCL, an officer s duties are established not by statute but by the bylaws or a resolution of the board of directors. The officers of a Delaware corporation are its agents, and the principles of agency law to a large degree define the officers powers vis-à-vis third parties. Further, the Company has been incorporated in the State of Oregon since its inception on July 22, 1980, so the current officers and directors of the Company may be more familiar with Oregon law. The board of directors has considered the potential disadvantages of the Reincorporation and has concluded that the potential benefits outweigh the possible disadvantages.

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Effect of the Reincorporation

The Reincorporation will be effected by the merger of Sarepta Oregon with and into Sarepta Delaware, a wholly owned subsidiary of the Company that will be incorporated under the DGCL for purposes of the Reincorporation. The Company as it currently exists as an Oregon corporation will cease to exist as a result of the merger, and Sarepta Delaware will be the surviving corporation and will continue to operate our business as it existed prior to the Reincorporation. The existing holders of our common stock will own all of the outstanding shares of Sarepta Delaware common stock, and no change in ownership will result from the Reincorporation. Assuming approval by our shareholders, we currently intend to cause the Reincorporation to become effective as soon as reasonably practicable following the Annual Meeting.

At the effective time of the Reincorporation (the Effective Time), we will be governed by the Delaware Certificate, the Delaware Bylaws and the DGCL. Although the Delaware Certificate and the Delaware Bylaws contain many provisions that are similar to the provisions of the Oregon Articles and the Oregon Bylaws, they do include certain provisions that are different from the provisions contained in the Oregon Articles and the Oregon Bylaws or under the OBCA as described in more detail below.

Other than the change in the state of incorporation, the Reincorporation will not result in any change in the business, physical location, management, assets, liabilities or net worth of the Company, nor will it result in any change in location of our current employees, including management. Upon consummation of the Reincorporation, our daily business operations will continue as they are presently conducted at our principal executive offices located at 215 First Street, Suite 7, Cambridge, MA 02142. The consolidated financial statements of Sarepta Delaware immediately after consummation of the Reincorporation will be the same as those of Sarepta Oregon immediately prior to the consummation of the Reincorporation. In addition, upon the effectiveness of the merger, the board of directors of Sarepta Delaware will consist of those persons elected to the board of directors of Sarepta Oregon and will continue to serve for the term of their respective elections to our Board, and the individuals serving as executive officers of Sarepta Oregon immediately prior to the Reincorporation will continue to serve as executive officers of Sarepta Delaware, without a change in title or responsibilities. Upon effectiveness of the Reincorporation, Sarepta Delaware will be the successor in interest to Sarepta Oregon, and the shareholders will become shareholders of Sarepta Delaware.

If the Reincorporation is approved, each outstanding share of common stock of Sarepta Oregon will automatically be converted into one share of common stock of Sarepta Delaware when the Reincorporation is affected. Certificates for shares in Sarepta Oregon will automatically represent shares in Sarepta Delaware upon completion of the merger, and shareholders will not be required to exchange stock certificates as a result of the Reincorporation. All of our employee benefit and incentive compensation plans immediately prior to the Reincorporation will be continued by Sarepta Delaware, and each outstanding option to purchase shares of Sarepta Oregon s common stock will be converted into an option to purchase an equivalent number of shares of Sarepta Delaware s common stock on the same terms and subject to the same conditions. The registration statements of Sarepta Oregon on file with the Securities and Exchange Commission immediately prior to the Reincorporation will be assumed by Sarepta Delaware, and the shares of Sarepta Delaware will continue to be listed on The NASDAQ Global Market under the symbol SRPT .

The Reincorporation Agreement provides that our board of directors may abandon the Reincorporation at any time prior to the Effective Time if the Board determines that the Reincorporation is inadvisable for any reason. For example, the DGCL or the OBCA may be changed to reduce the benefits that the Company hopes to achieve through the Reincorporation, or the costs of operating as a Delaware corporation may be increased, although the Company does not know of any such changes under consideration. The Reincorporation Agreement may be amended at any time prior to the Effective Time, either before or after the shareholders have voted to adopt the proposal, subject to applicable law. The Company will re-solicit shareholder approval of the Reincorporation if the terms of the Reincorporation Agreement are changed in any material respect.

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Comparison of Shareholder Rights Before and After the Reincorporation

Because of differences (i) between the OBCA and the DGCL and (ii) between the Oregon Articles and Oregon Bylaws and the Delaware Certificate and Delaware Bylaws, the Reincorporation will effect some changes in the rights of our shareholders. The comparison summarizes the important differences, but is not intended to list all differences, and is qualified in its entirety by reference to such documents and to the respective OBCA and DGCL. You are encouraged to read the Delaware Certificate, the Delaware Bylaws, the Oregon Articles and the Oregon Bylaws in their entirety. The Delaware Bylaws and Delaware Certificate are attached to this proxy statement, and the Oregon Bylaws and Oregon Articles are filed publicly as exhibits to our periodic reports.

Provision	**Sarepta Oregon**	**Sarepta Delaware**
Authorized Shares	50,000,000 shares of Common Stock, par value $0.0001 per share 3,333,333 shares of Preferred Stock, par value $0.0001 per share	50,000,000 shares of Common Stock, par value $0.0001 per share 3,333,333 shares of Preferred Stock, par value $0.0001 per share
State Anti-Takeover Provisions	The Oregon Business Combination Act is substantially similar to the corresponding DGCL provision. Sarepta Oregon has not opted out of the Oregon Business Combination Act.	The DGCL prohibits, subject to certain exceptions, a Delaware corporation from engaging in a business combination with an interested stockholder (*i.e.*, a stockholder acquiring 15% or more of the outstanding voting stock) for three years following the date that such stockholder becomes an interested stockholder without Board approval. Section 203 of the DGCL may make certain types of unfriendly or hostile corporate takeovers, or other non-board approved transactions involving a corporation and one or more of its significant stockholders, more difficult.
	Oregon corporations are also governed by the Oregon Control Share Act (OCSA), unless they expressly opt out of its provisions. Under the OCSA, a person who acquires Control Shares acquires the voting rights with respect to such control shares only to the extent granted by a majority of the preexisting, disinterested shareholders of the corporation. Control Shares are shares acquired in an acquisition that would, when added to all other shares held by the acquiring person, bring such person s total voting power (but for the OCSA) to or above any of the three threshold levels: 20%, 33 $^{1}/_{3}$% or 50% of the total outstanding voting stock. A control share acquisition is an acquisition of ownership or the power to direct voting of control shares.	Because the provisions are substantially similar to Sarepta s current rights under Oregon law and the Board s belief that, on balance, becoming subject to the provisions of Section 203 will be in the best interests of the Company and its shareholders, the Board has not elected to opt-out of Section 203.
	Control shares acquired within 90 days of, and control shares acquired pursuant to a plan to make a control share acquisition, are considered to have been acquired in the same transaction.	
	Shares are not deemed to be acquired in a control share	

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Provision	Sarepta Oregon	Sarepta Delaware
	acquisition if, among other things, they are acquired from the issuing corporation, or are issued pursuant to a plan of merger or exchange affected in compliance with the OBCA and the issuing corporation is a party to the merger or exchange agreement. Sarepta Oregon has opted out of the provisions of the OCSA.	
Charter Amendments	Under the OBCA, the Oregon Articles may be amended by the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote on the matter. An amendment to Article III of the Oregon Articles requires the affirmative vote of at least 66-2/3 percent of the shares then entitled to vote at an election of directors.	The Delaware Certificate requires the affirmative vote of the holders of at least 66-2/3 percent of all the then-outstanding shares of the voting stock of the Company to amend Articles V, VI, VII and VIII of the Delaware Certificate.
Bylaw Amendments	The Oregon Bylaws may be amended by the board of directors at any regular or special meeting, subject to repeal or change by action of the shareholders of the Company.	The Delaware Bylaws may be amended by the majority of the authorized number of directors or by the affirmative vote of the holders of at least 66-2/3% of all the then-outstanding shares of voting stock of the Company.
Shareholder Action by Written Consent	The Oregon Bylaws provide that action required or permitted by law to be taken at a shareholders meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all the shareholders entitled to vote on the action and delivered to the corporation for inclusion in the minutes for filing with the corporate records. If the law requires that notice of proposed action be given to nonvoting shareholders and the action is to be taken by unanimous written consent of the voting shareholders, the corporation must give its nonvoting shareholders written notice of the proposed action at least 10 days before the action is	The Delaware Bylaws provide that any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing by such stockholders.

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	taken. The notice must contain or be accompanied by the same material that, under the OBCA, would have been required to be sent to nonvoting shareholders in a notice of meeting at which the proposed action would have been submitted to the shareholders for action.	
Shareholder Ability to Call Special Shareholders Meetings	The Oregon Bylaws provide that a special meeting of the shareholders may be called by the President or by the Board of Directors and shall be called by the President (or in the event of absence, incapacity or refusal of the President, by the Secretary or any other officer) at the request of the holders of not less than one-tenth of all the outstanding shares of the corporation entitled to vote at the meeting. The requesting shareholders shall sign, date and deliver to the Secretary a written demand describing the purpose or purposes for holding the special meeting.	Under the DGCL, a special meeting of stockholders may be called by the board of directors or by any person authorized to do so in the certificate of incorporation or the bylaws. Consistent with our Oregon Bylaws, the Delaware Bylaws provide that a special meeting of the shareholders may be called by the President or by the Board of Directors and shall be called by the President (or in the event of absence, incapacity or refusal of the President, by the Secretary or any other officer) at the request of the holders of not less than one-tenth of all the outstanding shares of the corporation entitled to vote at the meeting. The requesting shareholders shall sign, date and deliver to the Secretary a written demand describing the purpose or purposes for holding the special meeting.
Shareholder Proposal Notice Provisions	The Oregon Bylaws provide that notice must be received by the Secretary of the Company at the principal executive offices of the Corporation not less than 90 nor more than 120 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year s annual meeting of shareholders. However, if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year s annual	Consistent with our Oregon Bylaws, the Delaware Bylaws provide that notice must be received at our principal executive offices not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year s annual meeting; provided, however, that, in the event that the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year s annual meeting,

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	meeting, then notice by the shareholder to be timely must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 15th day following the day on which public announcement of the date of such meeting is first made.	notice by the shareholder to be timely must be so received no earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.
Change in Number of Directors	The Oregon Bylaws provide that the number of directors shall be a minimum of one and a maximum of seven as determined from time to time by the board of directors.	Consistent with our Oregon Bylaws, the Delaware Bylaws provide that the number of directors shall be a minimum of one and a maximum of seven, as determined from time to time by the board of directors.
Classified Board	The Oregon Articles provide that when there are six or more positions on the board of directors, the positions are divided into two equal or nearly equal groups, denoted as Group I and Group II. In even years, shareholders elect directors to fill all Group I positions and in odd years, shareholders elect directors to fill all Group II positions.	Consistent with our Oregon Articles, the Delaware Certificate provides that when there are six or more positions on the board of directors, the positions are divided into two equal or nearly equal groups, denoted as Class I and Class II. In even years, shareholders elect directors to fill all Class I positions and in odd years, shareholders elect directors to fill all Class II positions. Under the default rules of Delaware law by adopting a classified board of directors, our shareholders may only remove directors for cause.
Filling Vacancies on the Board	The Oregon Bylaws provide that any vacancy, including a vacancy resulting from an increase in the number of directors, on the board of directors may be filled by the shareholders, the board of directors, or the affirmative vote of a majority of the remaining directors if less than a quorum of the board of directors, or by a sole remaining director. If the vacant office is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to	Under Delaware law, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director, unless otherwise provided in the certificate of incorporation or bylaws.

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	vote to fill the vacancy. Any directorship not so filled by the directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose.	The Delaware Bylaws follow Delaware law and provide that any vacancies and any newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director.
Removal of Directors	The Oregon Bylaws provide that shareholders may remove one or more directors with or without cause at a meeting called expressly for that purpose. If a director is elected by a voting group of shareholders, only those shareholders may participate in the vote to remove the director.	The Delaware Certificate and the Delaware Bylaws provide that shareholders may remove one or more directors at any time with cause by the affirmative vote of a majority of all the then-outstanding shares of the voting stock of the Company.
Cumulative Voting; Vote Required to Elect Directors	The Oregon Articles and Oregon Bylaws do not provide for cumulative voting for election of directors.	Consistent with our Oregon Articles and Oregon Bylaws, the Delaware Certificate and Delaware Bylaws do not provide for cumulative voting for election of directors.
Indemnification	The OBCA authorizes indemnification of an individual made a party to a proceeding because the individual is or was an officer or director against certain liability incurred in the proceeding if: the conduct of the individual was in good faith; the individual reasonably believed that his or her conduct was in the best interests of the corporation or at least not opposed to its best interests; in the case of any criminal proceeding, the individual had no reasonable cause to believe his or her conduct was unlawful; in the case of any proceeding by or in the right of the corporation, the individual was not adjudged liable to the corporation; and in connection with any proceeding (other than a proceeding by or in the right of the corporation) charging improper personal benefit to the individual, the individual was not adjudged liable on the basis that he or she improperly received personal benefit.	Delaware law generally permits indemnification of expenses, including attorneys fees, actually and reasonably incurred in the defense or settlement of a derivative or third party action, provided there is a determination by a majority vote of a disinterested quorum of the directors, by independent legal counsel or by the stockholders that the person seeking indemnification acted in good faith and in a manner reasonably believed to be in the best interests of the corporation. Without court approval, however, no indemnification may be made in respect of any derivative action in which such person is adjudged liable for negligence or misconduct in the performance of his or her duty to the corporation. Expenses incurred by an officer or director in defending an action may be paid in advance, if the director or officer undertakes to

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	The OBCA also authorizes a court to order indemnification, whether or not the above standards of conduct have been met, if the court determines that the officer or director is fairly or reasonably entitled to indemnification in view of the relevant circumstances. Such indemnification is not exclusive of any other rights to which officers or directors may be entitled under the corporation s articles of incorporation or bylaws or under any agreement, action of its board of directors, vote of shareholders or otherwise. The Oregon Articles authorize indemnification of our directors and officers to the fullest extent permitted by Oregon law.	repay such amounts if it is ultimately determined that he or she is not entitled to indemnification. Delaware law authorizes a corporation to purchase indemnity insurance for the benefit of its directors, officers, employees and agents whether or not the corporation would have the power to indemnify against the liability covered by the policy. Delaware law permits a Delaware corporation to provide indemnification in excess of that provided by statute. The Delaware Certificate authorizes indemnification to the fullest extent permitted by Delaware law.
Elimination of Director Personal Liability for Monetary Damages	Oregon law authorizes a corporation to include in its articles of incorporation a provision eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, except that such provision cannot affect the liability of a director (i) for any breach of the director s duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for any unlawful corporate distribution as defined in the OBCA; or (iv) for any transaction from which the director derived an improper personal benefit. The Oregon Articles eliminate the liability of directors for monetary damages to the fullest extent permissible under Oregon law.	The DGCL permits a corporation to eliminate the personal liability of directors for monetary damages, except where such liability is based on (i) breaches of the director s duty of loyalty to the corporation or its stockholders; (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violations of law; (iii) the payment of unlawful dividends or unlawful stock repurchases or redemption; or (iv) transactions in which the director received an improper personal benefit. Such a limitation of liability provision also may not limit a director s liability for violation of, or otherwise relieve the Company or directors from the necessity of complying with, federal or state securities laws, or affect the availability of non-monetary remedies such as injunctive relief or rescission. The Delaware Certificate eliminates the liability of directors to the Company for monetary

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		damages to the fullest extent permissible under the DGCL.
Dividends and Repurchases of Shares	Under Oregon law, a corporation may not make any distribution to its shareholders unless, after giving effect to such distribution, (i) the corporation would be able to pay its debts as they become due in the usual course of business, and (ii) the corporation s total assets would be at least equal to the sum of its total liabilities plus, unless the articles of incorporation provide otherwise, the amount that would be needed if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shares with preferential rights superior to those receiving the distribution.	The DGCL generally provides that a corporation may redeem or repurchase its shares out of its surplus. In addition, the DGCL generally provides that a corporation may declare and pay dividends out of surplus, or if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year. Surplus is defined as the excess of a corporation s net assets (*i.e.*, its total assets minus its total liabilities) over the capital associated with issuances of its common stock. The DGCL also permits a board of directors to reduce its capital and transfer such amount to its surplus.
Dissent and Appraisal Rights	Under Oregon law, a shareholder eligible to vote may dissent from, and obtain payment for shares in the event of, (i) a merger to which the corporation is a party, if the shareholder was entitled to vote on the merger, (ii) a merger of a subsidiary with its parent, (iii) a share exchange plan to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan, (iv) the sale or exchange of all or substantially all of the corporation s assets, other than in the usual course of business, (v) an amendment to the articles of incorporation that materially and adversely affects the dissenter s shares by altering or abolishing a preemptive right or reducing the number of shares owned by the shareholder to a fraction of a share to be acquired for cash; (vi) other actions for which the articles of incorporation, bylaws or resolutions by the board of directors provide the right of	Under Delaware law, shareholders are entitled to appraisal rights in the case of a merger or consolidation if an agreement of merger or consolidation requires the shareholder to accept in exchange for its shares anything other than: (i) shares of stock to the corporation surviving or resulting from the merger or consolidation, (ii) shares of any other corporation that on the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 shareholders, (iii) cash in lieu of fractional shares of the corporation or (iv) any combination thereof. If directed by the court upon completion of the appraisal proceedings, the corporation must pay to the dissenting shareholder the fair value of the shares. A shareholder does not have appraisal rights in connection with a merger or consolidation or, in

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	dissent and appraisal; or (vii) a conversion to a non-corporate business entity. Dissent and appraisal rights are not available for (i) shares of stock which, on the record date for the shareholder meeting approving the corporate action, or at the time of merger, were listed on a national securities exchange, unless the articles of incorporation provide otherwise; (ii) the sale of assets pursuant to court order; or (iii) the sale of assets for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale. A shareholder asserting dissenter s rights must give the corporation notice of his or her intent in writing prior to the vote on the action and must not vote in favor of the action. A corporation is required to make payment to the dissenting shareholder of its estimated value of the shares, plus accrued interest, upon the proposed action being taken, or upon the dissenter s demand. If the dissenting shareholder disagrees with the corporation s estimate of the value of the shares, he or she can propose his or her own estimate. If a payment demand remains unsettled, the corporation must commence a proceeding within 60 days after receiving the demand and petition the court for an appraisal.	the case of a disposition, if (i) the shares of the corporation are listed on a national securities exchange or held of record by more than 2,000 shareholders, or (ii) the corporation will be a surviving corporation of the merger and approval of the merger requires no vote of the shareholders of the surviving corporation.
Authority of Board Committees	Oregon law permits a board committee to generally exercise the full authority of the board of directors, except the authority to (i) authorize distributions, except according to a formula or method, or within limits, prescribed by the board of directors, (ii) approve or submit to shareholders any action	Delaware law does not permit delegation to a committee the power or authority to: (i) adopt, amend or repeal any bylaw of the corporation or (ii) approve, adopt or recommend to shareholders any action or matter (other than election or removal of directors) expressly required by the DGCL to be

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	requiring shareholder approval, (iii) fill vacancies on the board of directors or, subject to specified exceptions, any of its committees or (iv) adopt, amend or repeal bylaws.	submitted to the shareholders for approval.
Shareholder Derivative Suits	Oregon law requires that the shareholder bringing the derivative suit have been a shareholder at the time the transaction complained of occurred or have become a shareholder through transfer by operation of law from one who was a shareholder at that time. Oregon law does not require the shareholder to remain a shareholder throughout the litigation.	Delaware law requires that the shareholder bringing a derivative suit have been a shareholder at the time of the wrong complained of or that the stock devolved to him or her by operation of law from a person who was a shareholder at the time of the wrong complained of. In addition, Delaware case law provides that the shareholder must remain a shareholder throughout the litigation.
Inspection of Corporate Books and Records	Under Oregon law, inspection of the corporation s books and records requires that (i) the shareholder s demand be made in good faith and for a proper purpose, (ii) the shareholder describe with reasonable particularity the shareholder s purpose and the records the shareholder desires to inspect and (iii) the records requested be directly connection with the shareholder s purpose. Oregon law also requires the shareholder to give the corporation five business days written notice of the demand to inspect.	Delaware law also permits shareholders to examine and make extracts from the corporation s books and records for any proper purpose.
Share Exchange	Although both Oregon and Delaware facilitate the use of traditional acquisitive transactions through the ability to utilize reverse triangular mergers, a share exchange is also a permissible form of business combination under Oregon law.	Under Delaware law, a share exchange is not a permissible form of business combination.
Duties of Outside Directors	Under the OBCA, a non-director officer with discretionary authority must meet the same standards of conduct required of directors. An officer s ability to rely on information in satisfying this duty may be more limited than a	Under the DGCL, an officer s duties are established not by statute but by the bylaws or a resolution of the board of directors. The officers of a Delaware corporation are its agents, and the principles of

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	director s ability depending on circumstances.	agency law to a large degree define the officers powers vis-à-vis third parties.
Conflicts of Interest	The OBCA defines conflicting interest and specifically identifies the potential parties and how to remove a transaction from the purview of this review. In determining whether a director was influenced, Oregon law uses an objective standard.	The DGCL lists potential parties to conflicting interest transactions, but such list is not comprehensive, and the definition is derived from common law. Under the DGCL, the tests for whether to enjoin the transaction, set it aside or allow damages are similar. Delaware law uses a subjective standard and focuses on the effect of the financial interest of the director in question.

Interests of the Directors and Executive Officers in the Reincorporation

In considering the recommendations of the board of directors, you should be aware that certain of our directors and executive officers have interests in the transaction that are different from, or in addition to, the interests of the shareholders generally. For instance, the Reincorporation may be of benefit to our directors and officers by reducing their potential personal liability and increasing the scope of permitted indemnification, by strengthening directors ability to resist a takeover bid, and in other respects. The board of directors was aware of these interests and considered them, among other matters, in reaching its decision to approve the Reincorporation and to recommend that our shareholders vote in favor of this proposal.

Material U.S. Federal Income Tax Consequences

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), applicable Treasury Regulations, judicial authority and administrative rulings and practice, all as of the date hereof. We have not requested a ruling from the Internal Revenue Service or an opinion of counsel regarding the U.S. federal income tax consequences of the Reincorporation. However, we believe:

- the Reincorporation will constitute a tax-free reorganization under Section 368(a) of the Code;
- no gain or loss will be recognized by holders of Sarepta Oregon common stock on receipt of Sarepta Delaware common stock pursuant to the Reincorporation;
- the aggregate tax basis of the Sarepta Delaware common stock received by each holder will equal the aggregate tax basis of the Sarepta Oregon common stock surrendered by such holder in exchange therefor; and
- the holding period of the Sarepta Delaware common stock received by each holder will include the period during which such holder held the Sarepta Oregon common stock surrendered in exchange therefor.

This summary is not a comprehensive description of all of the U.S. federal income tax consequences that may be relevant to holders and does not address any state, local, foreign or other federal tax consequences. We urge you to consult your own tax advisor regarding your particular circumstances and the U.S. federal income and estate tax consequences to you of the Reincorporation, as well as any tax consequences arising under the laws of any state, local, foreign or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

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Vote Required and Board of Directors Recommendation

Approval of the Reincorporation requires the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote on the matter. As a result, abstentions, the failure to submit a proxy, or the failure to vote in person at the annual meeting of shareholders will have the same effect as votes against the proposal.

The board of directors recommends that shareholders vote FOR the approval of the Reincorporation.

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APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE 2011 EQUITY INCENTIVE PLAN

(Proposal 3)

On May 1, 2011, our board of directors adopted, and on June 13, 2011 our shareholders approved, the Sarepta Therapeutics, Inc. 2011 Equity Incentive Plan (the Incentive Plan). On April 16, 2013, our board of directors adopted the amendment and restatement of the Incentive Plan (the Restated Plan) providing for the changes to the Incentive Plan discussed below, subject to approval by our shareholders. We are asking our shareholders to approve the Restated Plan at the Annual Meeting.

The Restated Plan is substantially similar to the Incentive Plan, except that we are asking our shareholders to approve the Restated Plan to:

- Increase the number of authorized shares that can be awarded to our employees, consultants and advisors under the Restated Plan by 3,620,000 shares (from 916,903 shares to 4,536,903 shares);
- Provide that the number of shares available for issuance under the Restated Plan will be reduced by one share for each share of common stock issued pursuant to a stock option or stock appreciation right and 1.41 shares (instead of one share under the current Incentive Plan) for each share of common stock issued pursuant to a full value award (i.e., an award of restricted stock, restricted stock units (RSUs), performance units or performance shares);
- Increase the award limits per individual that may be granted in one year under the Restated Plan to 500,000 options and stock appreciation rights per year, 104,000 shares of restricted stock and restricted stock units per year, and 250,000 performance shares per year with a $3,250,000 limit.
- Provide that the vesting and exercisability of a participant s outstanding equity awards shall fully accelerate if such participant dies while still a service provider with the company; and
- Implement certain administrative amendments.

Our Named Executive Officers who are current employees of the Company and members of our board of directors will be eligible to receive Awards under the Restated Plan and therefore have an interest in this proposal. In the event that the Restated Plan is not approved by our shareholders, the Incentive Plan will continue to be in full force in accordance with its terms.

Introduction and Background for Current Request to Increase the Share Reserve

Awards of shares of our common stock have been, and continue to be, a major part of our long-term incentive program for our employees, consultants and members of our board of directors. As noted in the Compensation Discussion and Analysis, we have long recognized that having an ownership interest in the Company is critical to aligning the financial interests of our employees with the interests of our shareholders.

Our board of directors believes it is important to obtain an additional 3,620,000 shares for grant under the Incentive Plan and thus has adopted the Restated Plan. In this proxy statement, we refer to any grant from the Incentive Plan or the Restated Plan as an Award. As of March 31, 2013, approximately 916,903 shares were available for grant under the Incentive Plan, which is our only active equity plan. We do not believe that this amount is sufficient to meet the Company s anticipated grants of Awards through the date of our 2014 annual meeting of shareholders. As of March 31, 2013, approximately 121 of our employees, officers, consultants and directors were eligible to participate in the Restated Plan, of which 4 were executive officers, 111 were non-executive employees, six were non-employee directors and none were consultants. If shareholders do not approve the Restated Plan, the Incentive Plan will remain in effect; however, we believe that the shares available for equity-based compensation will be quickly depleted, and we will lose our ability to use equity as a compensation tool. Based on our historical burn rates, disclosed below, our board of directors anticipates that the additional shares requested will enable the Company to fund its current

equity compensation program for at least the next one to two years, subject to changes in our growth strategy, accommodating anticipated grants related to the hiring, retention and promotion of employees.

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In its determination to recommend that our board of directors approve the Restated Plan, the compensation committee reviewed the burn rate, dilution and overhang metrics disclosed below with reference to peer and broader industry practices.

YOU ARE URGED TO READ THIS ENTIRE PROPOSAL, WHICH EXPLAINS OUR REASONS FOR SUPPORTING THE RESTATED PLAN.

The Importance of Equity Compensation

Our board of directors believes that long-term equity awards are an extremely important way to attract and retain key employees, including a talented executive team, and align the employees and executives interests with the Company s shareholders. Our board of directors also believes that long-term equity compensation is essential to link executive compensation with long-term shareholder value creation. Equity compensation represents a significant portion of the compensation package for our key employees. Since our equity awards generally vest over several years, the value ultimately realized from these awards depends on the long-term value of our common stock. We strongly believe that granting equity awards motivates employees to think and act like owners, rewarding them when value is created for shareholders.

Key Historical Equity Metrics

Approval of the Restated Plan will enable us to compete effectively in the competitive market for employee talent over the coming years, while maintaining reasonable burn rates and overhang.

Our net burn rate has ranged from 1% to 5% over the prior three years and is appropriate and reasonable for the current stage of the company.

Our three-year average gross burn rate of 6% is below the estimated ISS global industry classification standard (GICS) burn rate limit for our industry of 10.58%.

The following table shows how the key equity metrics have changed over the past three fiscal years under the Restated Plan:

Key Equity Metrics	2012	2011	2010	3-Year Average (2010-2012)
Shares subject to awards granted (1)	1.48 million	1.60 million	0.61 million	1.16 million
Gross burn rate (2)	6%	7%	3%	6%
Net burn rate (3)	3%	5%	1%	3%
Dilution at Fiscal Year End (4)	8%	16%	15%	13%
Overhang at Fiscal Year End (5)	5%	7%	3%	5%

(1) Reflects total number of shares subject to equity awards granted during the fiscal year and excludes any cancelled or forfeited equity awards.
(2) Gross burn rate is calculated by dividing the total number of shares subject to equity awards granted during the fiscal year by the total weighted-average number of shares outstanding during the period, and excludes any cancelled or forfeited equity awards.
(3) Net burn rate is calculated by dividing the total number of shares subject to equity awards granted during the fiscal year by the total weighted-average number of shares outstanding during the period, and takes into account any cancelled or forfeited equity awards.
(4) Dilution is calculated by dividing the sum of (x) the number of shares subject to equity awards outstanding at the end of the fiscal year and (y) the number of shares available for future grants, by the number of shares outstanding at the end of the fiscal year.
(5) Overhang is calculated by dividing the number of shares subject to equity awards outstanding at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.

We believe strongly that the approval of the Restated Plan is essential to our continued success. Our employees are our most valuable asset. We also strongly believe that awards such as those provided under the Restated Plan are vital to our ability to attract and retain outstanding and highly skilled individuals in the extremely competitive labor markets in which we must compete. Such Awards also are crucial to our ability to

motivate employees to achieve our goals.

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Summary of the Restated Plan

The following paragraphs provide a brief summary of the principal features of the Restated Plan and its operation. Because the following is a summary, it may not contain all of the information that is important to you. A copy of the Restated Plan is attached as Appendix C to this proxy statement. The description that follows is qualified in its entirety by reference to the full text of the Restated Plan as set forth in Appendix C. The closing price of the Company s common stock on March 28, 2013 was $36.95.

Background and Purpose of the Plan

The Restated Plan permits the grant of the following types of Awards: (1) non-statutory stock options that are not intended to qualify for favorable tax treatment under Section 422 of the Code, incentive stock options that are intended to qualify for favorable tax treatment under Section 422 of the Code and stock appreciation rights (SARs) granted at the fair market value of our common stock on the date of grant (Fair Market Value Awards), and (2) restricted stock awards, RSUs, performance units and performance shares (Full Value Awards). The Restated Plan will increase the total number of shares remaining available for grant under the Incentive Plan to 4,536,903 (based on 916,903 shares remaining available for grant as of March 31, 2013). In addition, the Restated Plan provides that for each share of common stock subject to a Full Value Award granted under the Restated Plan, the share reserve under the Restated Plan will be decreased by 1.41 shares. Correspondingly, for each share of common stock subject to a Full Value Award that is forfeited or expires, the shares available under the Restated Plan shall be increased by 1.41 shares.

The Restated Plan is intended to attract, motivate, and retain employees, consultants, and non-employee directors who provide significant services to us. The Restated Plan also is intended to further our growth and profitability.

Administration of the Plan

Our board of directors or a delegate or committee appointed by our Board of Directors (the Administrator) administers the Restated Plan. Currently, the compensation committee of our board of directors is acting as the Administrator.

Subject to the terms of the Restated Plan, the Administrator has the sole discretion to select the employees and consultants who will receive Awards, determine the terms and conditions of Awards (for example, the exercise price and vesting schedule), and interpret the provisions of the Restated Plan and outstanding Awards. To make grants to certain officers and key employees of our company, the members of the Administrator must qualify as non-employee directors under Rule 16b-3 of the Securities Exchange Act of 1934. In addition, Awards that are intended to be qualified performance-based compensation as described under Section 162(m) of the Code may only be granted by an Administrator of two or more outside directors within the meaning of Section 162(m) of the Code.

If an Award or an award currently outstanding under any of our prior equity compensation plans that have been approved by our shareholders expires or is cancelled without having been fully exercised or vested, the unvested or cancelled shares generally will be returned to the available pool of shares reserved for issuance under the Restated Plan. Pursuant to the Restated Plan, for each share of common stock subject to a Full Value Award that is forfeited or expires, the shares available under the Restated Plan shall be increased by 1.41 shares. As of March 31, 2013, there were 582,998 awards outstanding under our prior equity compensation plans. If we experience a stock dividend, reorganization or other change in our capital structure, the Administrator has the discretion to adjust the number of shares available for issuance under the Restated Plan, the outstanding Awards, and the per-person limits on Awards, as appropriate to reflect the stock dividend or other change.

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Eligibility to Receive Awards; Performance Criteria

The Administrator selects the employees and consultants who will be granted Awards under the Restated Plan. Non-statutory stock options, restricted stock, RSUs, stock appreciation rights, performance shares and performance units may be granted to employees, directors and consultants. Incentive stock options can only be granted to employees. Awards made to our non-employee directors are generally made under the Restated Plan pursuant to the Non-Employee Director Compensation Policy. The actual number of individuals who will receive an Award under the Restated Plan cannot be determined in advance because the Administrator has the discretion to select the participants.

In determining whether an Award should be made, and/or the vesting schedule for any such Award, the Administrator may impose whatever conditions to vesting that it determines to be appropriate. For example, the Administrator may decide to grant an Award only if the participant satisfies performance goals established by the Administrator. The Administrator may set performance periods and performance goals that differ from participant to participant. The Administrator may choose performance goals based on either company-wide or business unit results, as deemed appropriate in light of the participant s specific responsibilities. Currently, performance goals may be based on business criteria including: attainment of research and development milestones, bookings, business divestitures and acquisitions, cash flow, cash position, contract awards or backlog, customer renewals, customer retention rates from an acquired company, business unit or division, earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), earnings per share, expenses, gross margin, growth in shareholder value relative to the moving average of the S&P 500 Index or another index, internal rate of return, market share, net income, net profit, net sales, new product development, new product invention or innovation, number of customers, operating cash flow, operating expenses, operating income, operating margin, overhead or other expense reduction, product defect measures, product release timelines, productivity, profit, return on assets, return on capital, return on equity, return on investment, return on sales, revenue, revenue growth, sales results, sales growth, stock price, time to market, total shareholder return or working capital.

Any performance goals may be used to measure the performance of the Company as a whole or a business unit or other segment of the Company, or one or more product lines or specific markets and may be measured relative to a peer group or index. The performance goals may also differ from participant to participant and from award to award. Performance goals will be calculated in accordance with the Company s financial statements, generally accepted accounting principles, or under a methodology established by the Administrator prior to the issuance of an Award and which is consistently applied with respect to a performance goal in the relevant performance period. The Administrator will appropriately adjust any evaluation of performance under a performance goal to exclude (1) any extraordinary non-recurring items as described in Accounting Standards Modification 225 and/or in management s discussion and analysis of financial conditions and results of operations appearing in the Company s annual report to shareholders for the applicable year, or (2) the effect of any changes in accounting principles affecting the Company s or a business units reported results. To the extent that the Administrator determines it to be desirable to qualify awards granted under the Restated Plan as performance-based compensation within the meaning of Section 162(m) of the Code, the performance goals will be set by the Administrator within the time period prescribed by, and will otherwise comply with the requirements of, Section 162(m) of the Code, and the regulations thereunder.

Following the completion of each performance period, the Administrator will certify in writing whether the applicable performance goals have been achieved for the performance period. In determining the amounts earned by a participant, the Administrator will have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the performance period. A participant will be eligible to receive payment pursuant to an Award intended to qualify as performance-based compensation under Section 162(m) of the Code for a performance period only if the performance goals for such period are achieved.

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Fair Market Value Awards

Stock Options. A stock option is the right to purchase shares of the Company s common stock at a fixed exercise price for a fixed period of time. Under the Restated Plan, the Administrator may grant non-statutory and incentive stock options. The Administrator will determine the number of shares covered by each option, provided that during any fiscal year, no participant will be granted options covering more than 500,000 shares, provided that in connection with his or her initial service as an employee, an employee may be granted options covering up to an additional 500,000 shares.

The exercise price of the shares subject to each non-statutory stock option and incentive stock option cannot be less than 100 percent of the fair market value of our common stock on the date of the grant. In the case of an incentive stock option granted to a participant who at the time of grant owns stock representing more than ten percent (10%) of the total combined voting power of all classes of the stock of the Company, the exercise price of the shares subject to each incentive stock option cannot be less than 110 percent of the fair market value of our common stock on the date of the grant. The Restated Plan prohibits any re-pricing of options after their grant, other than with shareholder approval.

Any option granted under the Restated Plan cannot be exercised until it becomes vested. The Administrator establishes the vesting schedule of each option at the time of the grant. Options become exercisable at the times and on the terms established by the Administrator. Options granted under the Restated Plan expire at the times established by the Administrator, but not later than 10 years after the grant date. In the case of an incentive stock option granted to a participant who at the time of grant owns stock representing more than ten percent (10%) of the total combined voting power of all classes of the stock of the Company, the maximum term of incentive stock option will be five years after the grant date.

The exercise price of each option granted under the Restated Plan must be paid in full at the time of the exercise. The Administrator may also permit payment by check, the forfeiture of shares subject to the Award, the tender of shares that are already owned by the participant, a broker-assisted cashless exercise or by any other means that the Administrator determines to be consistent with the purpose of the Restated Plan.

Stock Appreciation Rights. Awards of stock appreciation rights may be granted pursuant to the Restated Plan. The Administrator determines the terms and conditions of stock appreciation rights. However, no participant will be granted stock appreciation rights covering more than 500,000 shares during any fiscal year, provided that in connection with his or her initial service as an employee, an employee may be granted stock appreciation rights covering up to an additional 500,000 shares. In addition, no stock appreciation right may be granted at less than fair market value of our common stock on the date of grant or have a term of over ten (10) years from the date of grant. Upon exercising a stock appreciation right, the holder of such right shall be entitled to receive payment from the Company in an amount determined by multiplying (i) the difference between the fair market value of a share of our common stock on the date of exercise and the exercise price by (ii) the number of shares with respect to which the stock appreciation right is exercised. The Company s obligation arising upon the exercise of a stock appreciation right may be paid in shares or in cash, or any combination thereof, as the Administrator may determine.

Full Value Awards

Under the Restated Plan, the Administrator can make the following Full Value Awards:

Restricted Stock. Awards of restricted stock are shares that vest in accordance with the terms and conditions established by the Administrator. The Administrator will determine the number of shares of restricted stock granted to any participant, provided that for restricted stock intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, no participant will receive more than an aggregate of 100,000 shares of restricted stock during any fiscal year. However, in connection with his or her initial service as an employee, for restricted stock intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, an employee may be granted an aggregate of up to an

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additional 100,000 shares of restricted stock. Once the restricted stock is issued, voting, dividend and other rights as a shareholder will exist with respect to the restricted stock. However, the restricted stock will not be transferable until the restricted stock vests.

Restricted Stock Units. RSUs are awards that obligate the Company to pay the recipient of the award a value equal to the fair market value of a specific number of shares of the Company common stock in the future if the vesting terms and conditions scheduled by the Administrator are satisfied. The Administrator will determine the number of shares that are subject to such RSUs, provided that for restricted stock units intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, no participant will receive more than an aggregate of 100,000 restricted stock units during any fiscal year. However, for restricted stock units intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, in connection with his or her initial service as an employee, an employee may be granted an aggregate of up to an additional 100,000 restricted stock units. Payment under an RSU may be made in cash, in shares of our common stock, or a combination thereof, and will be made as soon as practicable after the date in the award agreement, as otherwise provided by the award agreement, or as required by law.

Performance Shares and Performance Units. Performance shares are shares granted to participants with restrictions that lapse only upon the attainment of specified performance goals or other vesting criteria as the Administrator may determine. Performance units are awards that may be earned in whole or in part upon the attainment of performance goals or other vesting criteria as the Administrator may determine. Each performance unit will have an initial value that is established by the Administrator on or before the date of grant, and each performance share will have an initial value equal to the fair market value of a share on the date of grant. The Administrator will determine the number of shares of performance shares or performance units granted to any participant, provided that during any fiscal year, for performance units or performance shares intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, (i) no participant will receive performance units having an initial value greater than $3,750,000, and (ii) no participant will receive more than 250,000 performance shares. Notwithstanding this limitation, for performance shares intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, in connection with his or her initial service, an employee may be granted up to an additional 250,000 performance shares and additional performance units having an initial value up to $3,750,000. Payment of earned performance shares or performance units may be made in cash, shares of our common stock, or a combination thereof, and will be made as soon as practicable after the date in the award agreement, as otherwise provided in the award agreement, or as required by law.

Change in Control

In the event of a merger or change in control (as defined in the Restated Plan), each outstanding Award will be treated as the Administrator determines without a holder s consent, including, without limitation, that the Awards may be assumed or substituted by the successor corporation, the Awards will terminate upon or immediately prior to the merger or change in control, outstanding Awards will vest and become exercisable upon the merger or change in control, the Awards will be exchanged for cash or property, or any combination of the foregoing.

If the successor corporation does not assume or substitute outstanding Awards, the options and stock appreciation rights will become fully vested and exercisable, all restrictions on restricted stock, restricted stock units, performance shares and performance units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and all other terms and conditions met. In addition, if an option or stock appreciation right is not assumed or substituted for in the event of a change in control, the Administrator will notify the participant that the option or stock appreciation right will be fully vested and exercisable for a period of time determined by the Administrator in its sole discretion, and the option or stock appreciation right will terminate upon the expiration of such period.

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Acceleration of Awards

If a participant in the Restated Plan dies prior to terminating service with us, the vesting of all Awards held by him or her will fully accelerate and any restrictions on transferability will fully lapse.

Non-Transferability of Awards

Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the participant, only by the participant.

Federal Tax Aspects

The following is a general summary under current law of the material federal income tax consequences of the grant, vesting and exercise of Awards under the Restated Plan. This summary deals with general tax principles that apply only to employees who are citizens or residents of the United States and is provided only for general information purposes. The following discussion does not address the tax consequences of Awards that may be subject to and do not comply with the rules and guidance issued pursuant to Section 409A of the Code. Section 409A has implications that affect traditional deferred compensation plans, as well as certain equity awards. Accordingly, additional adverse tax consequences could apply to certain equity awards as a result of Section 409A based on the terms of the equity awards or modifications that have been made to the provisions of the equity awards.

The following discussion does not purport to be complete, and does not cover, among other things, state and local tax treatment of participants in the Restated Plan. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of income taxation that may be relevant in light of personal investment circumstances. This summarized tax information is not tax advice.

Incentive Stock Options. No taxable income is reportable when an incentive stock option is granted to a participant, when that option vests or when that option is exercised. However, the amount by which the fair market value of the shares at the time of exercise exceeds the option price will be an item of adjustment for a participant for purposes of the alternative minimum tax. Gain realized on the sale of shares issued under an incentive stock option is taxable at capital gains rates, unless the participant disposes of the shares within (1) two years after the date of grant of the option or (2) within one year of the date the shares were transferred to the participant. If the shares of common stock are sold or otherwise disposed of before the end of the one-year or two-year periods specified above, the difference between the option exercise price and the fair market value of the shares on the date of the options exercise will be taxed at ordinary income rates. If such a sale or disposition takes place in the year in which the participant exercises the option, the income recognized upon the sale or disposition of the shares will not be considered income for alternative minimum tax purposes. If the participant sells or otherwise disposes the shares before the end of the one-year or two-year periods specified above, the maximum amount that will be included as alternative minimum tax income is the gain, if any, the participant recognizes on the disposition of the shares.

Non-statutory Stock Options. No taxable income is reportable when a non-statutory stock option is granted to a participant or when the option vests. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option.

Stock Appreciation Rights. No taxable income is reportable when a stock appreciation right is granted to a participant or when the stock appreciation right vests. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of any shares issued would be capital gain or loss.

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Restricted Stock. Generally, a participant will not have taxable income upon grant of restricted stock. Instead, he or she will recognize ordinary income, if any, at the time of vesting equal to the fair market value of the shares received (determined as of the date of vesting) minus any amount paid for the shares.

Restricted Stock Units. A participant will generally not recognize taxable income at the time of the grant of a RSU or when the RSU vests. When an award is paid (whether it is at or after the time that the award vests), the participant will recognize ordinary income. In the event of an award that is paid or settled at a time following the vesting date, income tax may be deferred beyond vesting and until shares are actually delivered or payment is made to the participant if deferred in compliance with the timing of distributions and other requirements under Section 409A of the Code.

Performance Shares and Performance Unit Awards. A participant generally will recognize no income upon the grant of a performance share or a performance unit award. Upon the settlement of such awards, participants normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the fair market value of any cash or non-restricted shares received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the date the ordinary income tax event occurs, will be taxed as capital gain or loss.

Gain or Loss on Sale or Disposition of Shares. In general, gain or loss from the sale or disposition of shares granted or awarded under the Restated Plan will be treated as capital gain or loss, provided that the shares are held as capital assets at the time of the sale or exchange.

Withholding. Where an award results in income subject to withholding, the Company may require the participant to remit the withholding amount to the Company or cause shares of common stock to be withheld or sold in order to satisfy the tax withholding obligations.

Tax Effect for the Company. Generally we will be entitled to a tax deduction in connection with an Award under the Restated Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a non-statutory stock option), provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an excess parachute payment within the meaning of Section 280G of the Code and is not disallowed by the $1,000,000 limitation on certain executive compensation under Section 162(m) of the Code.

Special rules under Section 162(m) of the Code limit the deductibility of compensation paid by a public company during a tax year to its chief executive officer and its other three most highly compensated executive officers for that tax year. Under Section 162(m) of the Code, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1,000,000. However, under Section 162(m) of the Code qualifying performance-based compensation, including income from stock options and other performance based awards, may be deductible if the conditions of Section 162(m) are met. These conditions include, among other things, shareholder approval of the material terms of the Restated Plan as discussed above, setting limits on the number of Awards that any individual may receive and establishing performance criteria that must be met before the Award (other than certain stock options) actually will vest or be paid. The amendment and restatement has been designed to permit the Administrator in its discretion to grant Awards which may qualify as performance-based for purposes of satisfying the conditions of Section 162(m) which may permit the Company to receive a federal income tax deduction in connection with such Awards.

Additionally, under the so-called golden parachute provisions of Section 280G of the Code, the accelerated vesting of options and benefits paid under other Awards in connection with a change of control of a corporation may be required to be valued and taken into account in determining whether participants have received compensatory payments contingent on the change of control, in excess of certain limits. If these limits are exceeded, a portion of the amounts payable to the participant may be subject to an additional 20% federal tax and may be nondeductible by the Company.

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Amendment and Termination of the Restated Plan and Prohibition on Re-pricing or Exchange of Awards Without Shareholder Approval

The Restated Plan will automatically terminate ten years from the date of its adoption, unless terminated at an earlier time by the Administrator. The board of directors generally may amend or terminate the Restated Plan at any time and for any reason; provided, however, that the board of directors cannot re-price or otherwise exchange Awards under the Restated Plan without shareholder approval or otherwise amend the Restated Plan without shareholder approval to the extent it is necessary or desirable to comply with any applicable laws.

New Plan Benefits

The amount, if any, of equity compensation to be awarded to officers, directors, employees and consultants is determined from time to time by the compensation committee or the board of directors, as applicable, and is not presently determinable. The table below sets forth grants made during fiscal year 2012 under the Incentive Plan. Had the Restated Plan been in effect during fiscal year 2012, we believe the same grants would have been made.

2011 Equity Incentive Plan

Name and Position	Number of Shares Subject to Stock Options	Number of Shares Subject to Stock Appreciation Rights	Number of Shares Subject to RSUs
Christopher Garabedian, President and Chief Executive Officer	190,834	70,000	13,611
Sandesh Mahatme, Senior Vice President, Chief Financial Officer	150,000	100,000	
Edward M. Kaye, M.D., Senior Vice President, Chief Medical Officer	90,352		
David Tyronne Howton, Senior Vice President, General Counsel and Corporate Secretary	150,000		
Michael A. Jacobsen, Vice President, Finance	52,202		7,500
Effie Toshav, Former Senior Vice President, General Counsel			
All current executive officers as a group	607,811	170,000	13,611
All current directors who are not executive officers as a group (6 persons)	30,000		4,998
All employees, including current officers who are not executive officers, as a group	631,659		26,266

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The following table sets forth summary information concerning the number of shares of our common stock subject to option and restricted stock unit grants made under the Incentive Plan to our Named Executive Officers and directors from the inception of the Incentive Plan through March 31, 2013:

	2011 Equity Incentive Plan		
Name and Position	**Number of Shares Subject to Stock Options**	**Number of Shares Subject to Stock Appreciation Rights**	**Number of Shares Subject to RSUs**
Christopher Garabedian, President and Chief Executive Officer	224,167	70,000	13,611
Sandesh Mahatme, Senior Vice President, Chief Financial Officer	150,000	100,00	
Edward M. Kaye, M.D., Senior Vice President, Chief Medical Officer	90,352		
David Tyronne Howton, Senior Vice President, General Counsel and Corporate Secretary	150,000		
Michael A. Jacobsen, Vice President, Finance	102,202		7,500
Effie Toshav, Former Senior Vice President, General Counsel	25,000		
All current executive officers as a group	741,144	170,000	13,611
All current directors who are not executive officers as a group	60,000		9,996
Each nominee for director	30,000		4,998
Each associate of any director, executive officer or nominee			
Each other 5% holder or future 5% recipient			
All employees, including current officers who are not executive officers, as a group	1,542,396		26,266

Summary

We believe strongly that the approval of the Restated Plan is essential to our success. Awards such as those provided under the Restated Plan constitute an important incentive for key employees and other service providers of the Company and help us to attract, retain and motivate people whose skills and performance are critical to our success. Our employees are our most valuable asset. We strongly believe that the Restated Plan is essential for us to compete for talent in the very difficult labor markets in which we operate.

Vote Required and Board of Directors Recommendation

The affirmative vote of the majority of the votes cast by holders of our common stock present in person or represented by proxy at the Annual Meeting will be required to approve the Restated Plan.

The board of directors recommends that shareholders vote FOR the approval of the amendment and restatement of the 2011 Equity Incentive Plan.

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APPROVAL OF THE 2013 EMPLOYEE STOCK PURCHASE PLAN

(Proposal 4)

Shareholders are being asked to approve the Company s 2013 Employee Stock Purchase Plan (the ESPP). If approved by shareholders, 250,000 shares of the Company s common stock would be available for issuance under the ESPP. On April 16, 2013, our board of directors approved the ESPP, to be effective upon shareholder approval.

The purpose of the ESPP is to provide our employees the opportunity to purchase our common stock through accumulated payroll deductions at a discount to the trading price of our shares on the date of purchase. The ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. We believe that the ESPP will be an important component of the benefits package that we offer to our employees. We believe that it can become a key factor in retaining existing employees, recruiting and retaining new employees and aligning and increasing the interest of all employees in the success of the Company. If approved, the ESPP will go into effect for periods commencing on and after August 1, 2013.

Introduction and Background for Current Request to Approve the ESPP

As noted in Proposal 4 above, awards of shares of our common stock have been, and continue to be, a major part of our long-term incentive program for our employees, consultants and members of our board of directors. As discussed in the Compensation Discussion and Analysis, we have long recognized that having an ownership interest in the Company is critical to aligning the financial interests of our employees with the interests of our shareholders. The ESPP provides eligible employees with the opportunity to become shareholders of the company and participate in our success, which aligns the interests of participating employees with those of shareholders. The ESPP also helps to attract and retain employees because employee stock purchase plans are a common benefit offered by our competitors and other industry leaders. To further encourage stock ownership among our employees while providing our employees a benefit that is common in the companies with which we compete for talent, our board of directors has adopted the ESPP. To encourage maximum participation in the ESPP, our compensation committee, with the help of its independent compensation consultant, recommended, and our board of directors approved, providing offering periods of 24 months duration comprised of six month purchase periods. The purchase price for shares purchased under the ESPP is 85 percent of the lower of the per share closing trading price of our common stock on the first day of the offering period and 85% of the per share closing trading price of our common stock on the last day of the applicable purchase period.

Our compensation committee, working with its independent compensation consultant, recommended, and our board of directors approved the reserve of 250,000 shares for purchase under the ESPP. In determining the number of shares to reserve under the ESPP, our compensation committee and our board of directors reviewed detailed information on our historical burn rate, dilution and overhang, as described in Proposal 4 above. Following approval of the ESPP by our shareholders, we expect for approximately five (all) executive officers and 110 (all full-time) non-executive employees to be eligible to participate in the ESPP. The requested share reserve under the ESPP represents approximately 0.8% of our outstanding shares of the Company as of March 15, 2013. Assuming all the shares that are proposed to be reserved for issuance under the ESPP are issued, the total potential dilution will be 0.8% of our common stock outstanding as of March 15, 2013. Based on current and projected employee participation and using an assumed $36.95 price of our stock for purposes of illustration, cash proceeds to our company from employee purchases of stock would be approximately $859,950 for purchases made at the end of the first purchase period. Assuming the issuance of all 250,000 shares pursuant to the ESPP and the same assumption regarding the price of our stock, net proceeds to our company from the ESPP would be approximately $7,852,500 over the life of the ESPP, and net book value per share of our stock at December 31, 2012 would increase by approximately $0.21 per share. Actual employee participation, the price of our stock, and proceeds to our company may vary significantly over the life of the ESPP. We calculate diluted earnings per share by dividing net income for the period by the weighted average number of shares of common stock outstanding during the period, adjusted for potential dilutive shares associated with stock options,

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performance share awards, and restricted stock awards using the treasury stock method. Because employees purchase shares pursuant to the ESPP at a price of approximately 85% of the market price at the time of each bi-annual purchase, and because the number of shares an employee may purchase pursuant to the ESPP is limited in each year, the dilutive effect of the ESPP on earnings per share in any year is expected to be negligible.

If shareholders do not approve the ESPP, the ESPP will not go into effect; however, we believe that without adoption of the ESPP, the overall stock ownership of our employees, including our executive officers, will be lower than if the ESPP were in effect and that our employees, including our executive officers, will not have their interests as aligned with shareholders. Forecasting future usage of shares under the ESPP is difficult because future usage depends on a number of variables, including the number of employees we have, the percentage of eligible employees that choose to participate in the ESPP and their level of participation, and our stock price. As the number of participating employees increases, the number of shares issued under the ESPP increases, and as the price of our stock increases, the number of shares issued tends to decrease. Based upon projected employee participation levels developed with our compensation committee s independent compensation consultant, we believe the number of shares reserved for issuance under the ESPP will support expected purchases under the ESPP for three (3) years.

YOU ARE URGED TO READ THIS ENTIRE PROPOSAL, WHICH EXPLAINS OUR REASONS FOR SUPPORTING THE ESPP.

Summary of the ESPP

The principal features of the ESPP are summarized below. The following summary of the ESPP does not purport to be a complete description of all of the provisions of the ESPP, but is qualified in its entirety by reference to the complete text of the ESPP, attached hereto as Appendix D to this proxy statement. Any shareholder who wishes to obtain a copy of the ESPP may do so upon written request to the Secretary at the Company s principal executive offices.

Offerings. The ESPP provides for the grant to employees of rights to purchase shares of the Company s common stock at reduced prices through payroll deductions through a series of offerings of purchase rights. The initial Offering Period will commence on July 1, 2013 and continue until August 31, 2015. A subsequent 24-month Offering Period will commence March 1, 2014 and be followed by consecutive and overlapping 24-month Offering Periods commencing on each March 1 or September 1, unless otherwise determined by the ESPP administrator. The initial Purchase Period will commence on July 1, 2013 and continue until February 28, 2014. A subsequent Purchase Period will commence on March 1, 2014 and be followed by consecutive six-month Purchase Periods commencing each March 1 and September 1 within each Offering Period. However, in no event may an Offering Period be longer than 27 months in length. If the fair market value of the common stock on the last trading day on an offering period is lower than the fair market value of the common stock on the first trading day of the Offering Period, then a new 24-month Offering Period will automatically begin on the next trading day, and all participants in the Offering Period will be automatically withdrawn from the Offering Period immediately after the exercise of their option on that date and automatically re-enrolled in the immediately following Offering Period.

Shares Available Under ESPP. The maximum number of our shares of common stock which will be authorized for sale under the ESPP is 250,000. The shares made available for sale under the ESPP may be authorized but unissued shares or reacquired shares reserved for issuance under the ESPP.

Administration. The ESPP will be administered by our board of directors unless our board of directors delegates administration to a committee. Our board of directors has delegated administrative duties under the ESPP to our compensation committee but may revest in itself the authority to administer the ESPP at any time. The ESPP administrator has final authority for interpretation of any provisions of the ESPP or of any right to purchase stock granted under the ESPP. The Plan administrator may request advice or assistance or employ such

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other persons as are necessary for proper administration of the Plan. Interpretations and constructions of the administrator of any provision of the ESPP or of any rights under it will be conclusive and binding on all persons. We will bear all expenses and liabilities incurred by the ESPP administrator.

Eligibility and Enrollment. Employees of the Company who customarily work more than twenty hours a week and more than five months per calendar year are eligible to participate in the ESPP. However, no employee is eligible to participate in the ESPP if, immediately after the election to participate, such employee would own stock of the Company (including stock such employee may purchase under outstanding options) representing 5% or more of the total combined voting power or value of all classes of stock of the Company or any parent or subsidiary of the Company. In addition, no employee is permitted to participate if the rights of the employee to purchase common stock of the Company under the ESPP would accrue at a rate which exceeds $25,000 of the fair market value of such stock (determined at the time the right is granted) for each calendar year. Eligible employees become participants in the ESPP by completing a subscription agreement and filing it with the Company s payroll office fifteen days prior to the applicable enrollment date. By enrolling in the ESPP, a participant is deemed to have elected to purchase the maximum number of whole shares of common stock that can be purchased with the compensation withheld during each Purchase Period for which the participant is enrolled. No participant will be eligible to purchase more than 2,000 shares of stock within any Offering Period or 800 shares of stock within any Purchase Period. Termination of a participant s status as an eligible employee for any reason, including death, is treated as an automatic withdrawal from the ESPP.

As of March 31, 2013, there were approximately four current executive officers and 110 current non-executive officer employees who would be eligible to participate in the ESPP. Non-employee directors and consultants are not eligible to participate in the ESPP.

Payroll Deductions. The payroll deductions made for each participant may be not less than 1% nor more than 15% of a participant s compensation, as defined in the ESPP. Payroll deductions commence with the first pay day during the Offering Period for which the participant is enrolled and are deducted from subsequent paychecks throughout the Purchase Period unless changed or terminated as provided in the ESPP. All payroll deductions made for a participant shall be credited to his or her account under the ESPP and shall be withheld in whole percentages only. No interest accrues to the money held in the account pending purchase of shares of common stock.

Purchase of Stock. As of the last trading day of each Purchase Period, each participant s accumulated payroll deductions are applied to the purchase of whole shares of common stock at a price which is the lower of 85% of the fair market value per share of the common stock on the first trading day of the Offering Period or on the last trading day of the applicable Purchase Period. The fair market value of the common stock on a given date is defined as the closing price on that day as reported in *The Wall Street Journal* or other source the ESPP administrator deems reliable.

A participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to purchase shares under the ESPP at any time by giving written notice. Upon withdrawal, the participant s account balance will be refunded in cash without interest. A participant may increase or decrease the rate of his or her payroll deductions one time during the Purchase Period by completing or filing with the Company a new subscription agreement authorizing a change in payroll deduction rate. The ESPP administrator may, in its discretion, limit the number of participation rate changes during any Offering Period.

A participant may not assign, transfer, pledge or otherwise dispose of (other than by will or the laws of descent and distribution) payroll deductions credited to a participant s account or any rights to exercise an option or to receive shares of our common stock under the ESPP, and during a participant s lifetime, purchase rights under the ESPP shall be exercisable only by such participant. Any such attempt at assignment, transfer, pledge or other disposition will not be given effect.

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Adjustments upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale. In the event of any increase or decrease in the number of issued shares of our common stock resulting from a subdivision or consolidation of shares or any other capital adjustment, the payment of a stock dividend, or other increase or decrease in such shares affected without receipt of consideration, we will proportionately adjust the aggregate number of shares of our common stock offered under the ESPP, the number and price of shares which any participant has elected to purchase pursuant under the ESPP and the maximum number of shares which a participant may elect to purchase in any single Purchase Period.

If there is a proposal to dissolve or liquidate the Company, then any Offering Period then in progress will be shortened by setting a new purchase date and the ESPP will terminate immediately prior to such transaction. If the Company undergoes a merger with or into another corporation or sale of all or substantially all of our assets, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or the parent or subsidiary of the successor corporation. If the successor corporation refuses to assume the outstanding options or substitute equivalent options, then any Purchase Period then in progress will be shortened by setting a new purchase date to take place before the date of our proposed sale or merger, and any Offering Period then in progress will end on that date. We will notify each participant in writing at least ten days prior to the new exercise date of such change.

Amendment and Termination. Our board of directors may amend, suspend or terminate the ESPP at any time. Unless it is sooner terminated by our board of directors, the ESPP will be in effect until the tenth anniversary of the date of initial adoption of the ESPP by our board of directors. However, our board of directors may not amend the ESPP without obtaining shareholder approval to the extent required by applicable laws.

Federal Income Tax Consequences

Generally, no federal income tax consequences will arise at the time an employee purchases shares of common stock under the ESPP. If an employee disposes of shares purchased under the ESPP less than one year after the shares are purchased or within two years of the enrollment date, the employee will be deemed to have received compensation taxable as ordinary income for the taxable year in which the disposition occurs in the amount of the difference between the fair market value of the shares of common stock at the time of purchase and the amount paid by the employee for the shares. The amount of such ordinary income recognized by the employee will be added to the employee s basis in the shares for purposes of determining capital gain or loss upon the disposition of the shares by the employee.

If an employee does not dispose of the shares of common stock purchased under the ESPP until at least one year after the shares are purchased and at least two years after the enrollment date, the employee will be deemed to have received compensation taxable as ordinary income for the taxable year in which the disposition occurs in an amount equal to the lesser of (a) the excess of the fair market value of the shares of common stock on the date of disposition over the purchase price paid by the employee, or (b) the excess of the fair market value of the shares of common stock on the enrollment date over the purchase price paid by the employee. The amount of such ordinary income recognized by the employee will be added to the employee s basis in the shares for purposes of determining capital gain or loss upon the disposition of the shares by the employee.

We generally will not be entitled to a tax deduction with respect to the shares of common stock purchased by an employee under the ESPP, unless the employee disposes of the shares less than one year after the shares are transferred to the employee or less than two years after the enrollment date, in which case we will generally be entitled to a tax deduction corresponding to the amount of ordinary income recognized by the employee.

New Plan Benefits

The benefits to be received by the Company s executive officers and employees under the ESPP are not determinable because, under the terms of the ESPP, the amounts of future stock purchases are based on elections

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made by participants. Future purchase prices are not determinable because they are based on the fair market value of the Company s common stock. No purchase rights have been granted, and no shares have been issued, under the ESPP.

Vote Required and Board of Directors Recommendation

To be approved, this proposal must receive a FOR vote from the holders of a majority in voting power of the shares of common stock which are present online or represented by proxy and entitled to vote on the proposal.

The board of directors recommends that shareholders vote FOR approval of the Sarepta Therapeutics, Inc. 2013 Employee Stock Purchase Plan.

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ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

(Proposal 5)

In accordance with Section 14A of the Exchange Act, we are asking our shareholders to cast an advisory vote to approve, on an advisory basis, the 2012 compensation of our named executive officers as disclosed in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives our shareholders the opportunity to express their views on the design and effectiveness of our executive compensation program.

As described in detail under the section below captioned Compensation Discussion and Analysis, our executive compensation program is designed to attract and retain senior executive management, to motivate their performance toward clearly defined goals, and to align their long term interests with those of our shareholders. We urge our shareholders to read the Compensation Discussion and Analysis and the tables and narrative that follow for additional details about our executive compensation program, including information about the 2012 compensation paid to our named executive officers.

As we describe in our Compensation Discussion and Analysis, our executive compensation program includes a significant pay-for-performance component that supports our business strategy and aligns the interests of our executives with our shareholders. In particular, our compensation program rewards financial, strategic and operational performance and the goals set for each performance category support our long-range plans. In light of the achievement of our corporate goals for 2012, we believe that the compensation paid to our named executive officers was appropriate.

In addition, to discourage excessive risk taking, our compensation committee maintains discretion to increase or decrease any incentive plan compensation, allowing the committee to consider the circumstances surrounding individual performance and adjust payments accordingly. Additionally, multi-year vesting for long-term equity incentive awards discourages an inappropriate focus on short-term results at the risk of long-term, sustained performance.

2012 Strong Shareholder Support for Our Compensation Programs

At our annual meeting of our shareholders in 2012, our shareholders approved the compensation of our 2011 named executive officers, with approximately an 88% approval rating. The compensation committee believes that the strong support from our shareholders demonstrates that our executive compensation programs are designed appropriately to reward company and stock performance with responsible and balanced incentives. The compensation committee continues to work to ensure that management s interests are aligned with our shareholders interest.

2012 Compensation Program Highlights

As discussed in more detail under the section below captioned Compensation Discussion and Analysis, we believe that our executive compensation program is reasonable, competitive and strongly focused on pay for performance principles. In 2012, the compensation committee measured performance and set goals and objectives on the basis of corporate results that it believes will position us for long-term sustainable success. We believe that the 2012 compensation of our named executive officers was appropriate and aligned with our 2012 results. Our 2012 compensation program highlights are set forth below.

A majority of the total compensation paid to our named executive officers was in the form of variable or at risk compensation. Variable compensation is tied to the achievement of our performance goals (annual cash incentive bonus) or stock price appreciation (long-term equity incentives).

We continue to emphasize stock options as a key element of our compensation program, so that our named executive officers are rewarded only when our stock price increases.

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Based on our 2012 results, our named executive officers that were eligible to receive incentive bonus awards received 130% of their target incentive bonus awards.

Our named executive officers were not provided with any executive perquisites, and were only provided with minimal perquisites that were also provided to all of our regular full-time employees.

The compensation committee regularly reviews the compensation program for our executives to ensure they achieve the desired goals of aligning our executive compensation structure with our shareholders interests and current market practices. We believe that our executive compensation program has been effective at encouraging the achievement of positive results, appropriately aligning pay and performance, and in enabling us to attract and retain talented executives.

Advisory Vote and Board Recommendation

We request shareholder approval, on an advisory basis, of the 2012 compensation of our named executive officers as disclosed in this proxy statement pursuant to the SEC s compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosures that accompany the compensation tables within this proxy statement). This vote is not intended to address any specific element of compensation, but rather the overall compensation of our named executive officers and the compensation philosophy, policies and practices described in this proxy statement.

Accordingly, we ask that you vote FOR the following resolution at this meeting:

RESOLVED, that the shareholders of Sarepta Therapeutics, Inc. approve, on an advisory basis, the compensation of the named executive officers, as disclosed in Sarepta Therapeutics, Inc. s proxy statement for the 2013 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2012 Summary Compensation Table, and the other related tables and disclosure within the proxy statement.

You may vote FOR, AGAINST, or ABSTAIN from the proposal to approve the compensation of our named executive officers. As an advisory vote, the outcome of the vote on this proposal is not binding upon us.

Vote Required and Board of Directors Recommendation

Because this proposal asks for a non-binding, advisory vote, there is no required vote that would constitute approval. We value the opinions expressed by our shareholders in this advisory vote, and our compensation committee, which is responsible for overseeing and administering our executive compensation programs, will consider the outcome of the vote when designing our compensation programs and making future compensation decisions for our named executive officers. Abstentions and broker non-votes, if any, will not have any effect on the results of those deliberations. Unless the board of directors modifies its determination on the frequency of future say-on-pay advisory votes, the next say-on-pay advisory vote will be held at the 2014 annual meeting of shareholders.

The board of directors recommends that shareholders vote FOR the compensation of our named executive officers.

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RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

(Proposal 6)

Our audit committee has selected the firm of KPMG LLP to be the Company s independent registered public accounting firm to conduct an audit of the Company s consolidated financial statements for the year ending December 31, 2013 and the Company s system of internal control over financial reporting. A representative of that firm is expected to be present at the annual meeting to respond to appropriate questions and will be given an opportunity to make a statement if he or she so desires. The audit committee has discussed with KPMG LLP its independence from us and our management, and this discussion included consideration of the matters in the written disclosures required by the Public Company Accounting Oversight Board and the potential impact that non-audit services provided to us by KPMG LLP could have on its independence. This appointment is being submitted for ratification at the meeting. If not ratified, the audit committee will reconsider this appointment, although the audit committee will not be required to appoint different independent auditors. KPMG LLP has served as our independent auditors since 2002.

Fees Billed to Us by KPMG LLP during 2012 and 2011

Audit Fees

Fees and related expenses for the 2012 and 2011 audits by KPMG LLP of our annual financial statements, its review of the financial statements included in our quarterly reports and other services that are provided in connection with statutory and regulatory filings totaled $363,500 and $345,000, respectively. Fees for 2012 included billings of $28,500 for the issuance of consents related to our filing of registration statements in 2012. Fees for 2011 included billings of $20,000 for the issuance of consents related to our filing of registration statements in 2011.

Audit-Related Fees

For the years 2012 and 2011, KPMG LLP billed us $243,000 and $118,600, respectively, for audit-related fees. The 2012 and 2011 audit-related fees were related to the issuance of comfort letters and an audit of our 401(k) plan.

Tax Fees

For the years 2012 and 2011, KPMG LLP billed us $10,000 and $0, respectively, for tax-related professional services related to state and local taxes consultation.

All Other Fees

For the years 2012 and 2011, KPMG LLP did not bill us for any other professional services.

Policy on Audit Committee Pre-Approval of Fees

The audit committee must pre-approve all services to be performed for us by KPMG LLP. Pre-approval is granted usually at regularly scheduled meetings of the audit committee. If unanticipated items arise between regularly scheduled meetings of the audit committee, the audit committee has delegated authority to the chairman of the audit committee to pre-approve services, in which case the chairman communicates such pre-approval to the full audit committee at its next meeting. The audit committee also may approve the additional unanticipated services by either convening a special meeting or acting by unanimous written consent. During 2012 and 2011, all services billed by KPMG LLP were pre-approved by the audit committee in accordance with this policy.

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Vote Required and Board of Directors Recommendation

The proposal will be approved if the votes cast in favor of this proposal exceed the votes cast against this proposal.

The audit committee has approved the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2013, and the board of directors recommends that shareholders vote FOR ratification of this appointment.

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STOCK OWNED BY SAREPTA THERAPEUTICS, INC. MANAGEMENT AND PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the ownership of our common stock as of April 8, 2013, with respect to: (i) each of our directors, (ii) each of our named executive officers and (iii) all directors and executive officers as a group. As of April 8, 2013, there were no persons known to us to beneficially have owned more than 5% of the outstanding shares of our common stock.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (# of Shares) (2)	Percent of Class (2)
Officers and Directors		
Anthony Chase (3)	52,244	*
Gil Price, M.D. (4)	55,163	*
M. Kathleen Behrens, Ph.D. (5)	55,833	*
Christopher Garabedian (6)	302,086	*
John Hodgman (7)	29,723	*
William Goolsbee (8)	25,499	*
Hans Wigzell, M.D., Ph.D. (9)	26,667	*
Edward M. Kaye, M.D. (10)	70,958	*
Effie Toshav (11)		*
Sandesh Mahatme (12)		*
David Tyronne Howton (13)		*
Michael A. Jacobsen (14)	12,085	*
All directors and executive officers as a group (11 persons) (15)	655,672	2.0

* Indicates beneficial ownership of one percent or less.

(1) Except as otherwise indicated, the address of each shareholder identified is c/o Sarepta Therapeutics, Inc., 215 First Street, Suite 7, Cambridge, MA 02142. Except as indicated in the other footnotes to this table, each person named in this table has sole voting and investment power with respect to all shares of stock beneficially owned by that person. All share amounts have been adjusted to give effect to our one-for-six reverse stock split effective July 11, 2012.

(2) Beneficial ownership is determined in accordance with rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options and warrants currently exercisable or convertible, or exercisable or convertible within sixty (60) days of April 8, 2013, are deemed beneficially owned and outstanding for computing the percentage of the person holding such securities, but are not considered outstanding for computing the percentage of any other person. Based on 31,895,731 shares of common stock issued and outstanding as of April 8, 2013.

(3) Includes 12,500 shares subject to options exercisable within sixty (60) days of April 8, 2013 and 23,333 shares subject to currently exercisable warrants.

(4) Includes 22,166 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(5) Includes 20,000 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(6) Includes 223,613 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(7) Includes 27,223 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(8) Includes 22,166 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(9) Includes 25,834 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(10) Includes 70,958 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(11) Includes 0 shares subject to options exercisable within sixty (60) days of April 8, 2013. Ms. Toshav ceased to be an employee of our company effective February 24, 2012.

(12) Includes 0 shares subject to options exercisable within sixty (60) days of April 8, 2013.

(13) Includes 0 shares subject to options exercisable within sixty (60) days of April 8, 2013. In December 2012, Anthony Martignetti replaced Michael A. Jacobsen as our principal accounting officer in connection with Mr. Jacobsen s transition from our company.

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(14) Includes 5,363 shares subject to options exercisable within sixty (60) days of April 8, 2013.
(15) Includes 461,959 shares subject to options exercisable within sixty (60) days of April 8, 2013 and 23,333 shares subject to currently exercisable warrants. Includes options held by Dr. Aphale, who became an executive officer of the company on April 16, 2013.

Equity Compensation Plan Information

The following table summarizes information, as of December 31, 2012; with respect to shares of our common stock that may be issued under our existing equity compensation plans and all share amounts and option exercise prices give effect to our July 2012 one-for-six reverse stock split:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(a)	Weighted-average exercise price of outstanding options, warrants and rights(b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))(c)
Equity compensation plans approved by security holders	2,047,422(1)	11.74	1,153,449(2)
Equity compensation plans not approved by security holders			
Total	2,047,422	11.74	1,153,449

(1) Of the number of securities to be issued upon exercise, (i) 2,047,422 shares are subject to outstanding options under our 2011 Equity Incentive Plan. Following the adoption of our 2011 Equity Incentive Plan in June 2011, there will be no further grants under the 2002 Equity Incentive Plan, but awards previously granted pursuant to the 2002 Equity Incentive Plan will continue to be governed by its terms.
(2) Represents 1,153,449 shares available for future issuance under our 2011 Equity Incentive Plan. The maximum number of shares that may be issued under the 2011 Equity Incentive Plan is 1,765,379 including zero shares reserved but not issued under the 2002 Equity Incentive Plan. In addition, shares subject to outstanding awards under the 2002 Equity Incentive Plan that expire or otherwise terminate without having been exercised in full, or are forfeited to or repurchased by us, will be available for issuance under the 2011 Equity Incentive Plan, up to a maximum of 611,930 shares.

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AUDIT COMMITTEE REPORT

The information contained in this report will not be deemed to be soliciting material or to be filed with the SEC or subject to the liabilities of Section 18 of the Exchange Act, nor will such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the Securities Act) or the Exchange Act, except to the extent that we specifically incorporate it by reference in such filing.

The audit committee oversees the financial reporting process of our company on behalf of our board of directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the audit committee reviewed the audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012 with management, including a discussion of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The audit committee reviewed with KPMG LLP, our independent registered public accounting firm that is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles and an opinion on our internal controls over financial reporting, its judgments about our accounting principles and the other matters required to be discussed with the audit committee under generally accepted auditing standards, including Statement on Auditing Standards No. 61, Communications with Audit Committees, as amended and adopted by the Public Company Accounting Oversight Board. The audit committee has received from KPMG LLP the written disclosure and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence, and the audit committee has discussed with KPMG LLP their independence. The audit committee has considered the effect of non-audit fees on the independence of KPMG LLP and has concluded that such non-audit services are compatible with the independence of KPMG LLP.

The audit committee discussed with KPMG LLP the overall scope and plans for its audits. The audit committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its audits and quarterly reviews, its observations regarding our internal controls, and the overall quality of our financial reporting. The audit committee held a total of four meetings during 2012.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the board of directors, and the board of directors has approved, that the 2012 audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the Securities and Exchange Commission.

This report has been furnished by the members of the audit committee.

AUDIT COMMITTEE

John Hodgman, Chairman
William Goolsbee
Anthony Chase

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CORPORATE GOVERNANCE AND BOARD MATTERS

Board s Role in Risk Oversight

The board of directors and each of its standing committees (audit, compensation, and nominating and corporate governance) oversee the management of risks inherent in the operation of our business. The board of directors has delegated certain risk management responsibilities to the board committees. The board of directors and the audit committee evaluate our policies with respect to risk assessment and risk management, and monitor our liquidity risk, regulatory risk, operational risk and enterprise risk by regular reviews with management and external auditors and other advisors. In its periodic meetings with the independent accountants, the audit committee discusses the scope and plan for the audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs. The board of directors and the nominating and corporate governance committee monitor our governance and succession risk by regular review with management and outside advisors. As part of its responsibilities, the compensation committee reviews the impact of our executive compensation program and the associated incentives to determine whether they present a significant risk to us. The compensation committee has concluded, based on its reviews and analysis of our compensation policies and procedures, that such policies and procedures are not reasonably likely to have a material adverse effect on us.

Board Leadership Structure

The positions of Chief Executive Officer and Non-Executive Chairman of the Board are held by two different individuals (Mr. Garabedian and Mr. Goolsbee, respectively). Our Non-Executive Chairman has many of the duties and responsibilities that a lead independent director might have and, therefore, the board of directors has determined not to designate a separate lead independent director. This current structure allows our Chief Executive Officer to focus on our strategic direction and our day-to-day business while our Non-Executive Chairman provides guidance to the Chief Executive Officer and leads the board in its fundamental role of providing advice to, and independent oversight of, management. The board of directors recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position given our stage of development, as well as the commitment required to serve as our Non-Executive Chairman. The board of directors believes that this leadership structure is appropriate because it allows us to speak externally to our various constituents, as well as internally to our officers and employees, on a unified and consistent basis, and fosters clear accountability and effective decision-making. At the same time, our board structure incorporates appropriate board independence and programs for risk management oversight of our overall operations, including our compensation programs. The board of directors will continue to assess the appropriateness of this structure as part of the board of directors broader succession planning process.

We have been, and continue to be, a strong advocate of the independence of the board of directors and have put into place measures to see that our directors provide independent oversight. The board of directors believes that it also has established substantial independent oversight of management. For example, six of seven of our current directors are independent under the NASDAQ guidelines. In addition, each of the board of directors three standing committees is currently comprised solely of independent directors. Each of the standing committees operates under a written charter adopted by the board of directors. Also, our non-management directors meet in executive session periodically without management in attendance. One result of this focus on director independence is that oversight of critical matters, such as the integrity of our financial statements, employee compensation, including compensation of the executive officers, the selection of directors and the evaluation of the board of directors and its committees is entrusted to independent directors.

Board of Directors and Committee Meetings

During 2012, our board of directors met eleven times and acted by unanimous written consent three times. During 2012, our audit committee met four times and acted by unanimous written consent once, our compensation committee met five times and acted by unanimous written consent seven times, and our

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nominating and corporate governance committee met two times and did not act by unanimous written consent. All of our directors attended more than 75% of the aggregate of all meetings of the board of directors and of the committees on which such director served. Although we do not have a formal policy regarding attendance by members of the board of directors at our annual meeting of shareholders, our directors are encouraged to attend and three of our current directors attended the 2012 annual meeting of shareholders.

Determination Regarding Director Independence

The board of directors has determined that each of our current directors, except Mr. Garabedian, is an independent director as that term is defined in NASDAQ Marketplace Rule 5605(a)(2). The independent directors generally meet in executive session at least quarterly.

The board of directors has also determined that each current member of the audit committee, the compensation committee, and the nominating and corporate governance committee meets the independence standards applicable to those committees prescribed by the NASDAQ, the SEC, and the Internal Revenue Service.

Finally, the board of directors has determined that Mr. Hodgman, the chairman of the audit committee, is an audit committee financial expert as that term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC.

Code of Conduct

We have adopted a Code of Business Conduct and Ethics (the Code of Conduct). The Code of Conduct applies to all directors and employees, including all officers, managers and supervisors, and is intended to better ensure full, fair, accurate, timely and understandable disclosures in our public documents and reports, compliance with applicable laws, prompt internal reporting of violations of these standards and accountability for adherence to standards. We have contracted with Ethicspoint to provide a method for employees and others to report violations of the Code of Conduct anonymously. A copy of the Code of Conduct is posted on our website at www.sareptatherapeutics.com under Investor Relations Corporate Governance.

Committees of the Board of Directors

During 2012, our board of directors had three standing committees: the audit committee; the compensation committee (which has delegated certain responsibilities to the new employee option committee as set forth in the Compensation Discussion and Analysis Equity Incentive Plan Compensation section later in this report); and the nominating and corporate governance committee. All of the committee charters, as adopted by our board of directors, are available on our website at www.sareptatherapeutics.com under Investor Relations Corporate Governance. The functions performed by each committee and the members of each committee are described below.

Audit Committee

The audit committee reviews with our independent registered public accounting firm the scope, results, and costs of the annual audit and our accounting policies and financial reporting. Our audit committee (i) has direct responsibility for the appointment, compensation, retention, and oversight of our independent registered public accounting firm, (ii) discusses with our auditors their independence from management, (iii) reviews the scope of the independent annual audit, (iv) establishes procedures for handling complaints regarding our accounting practices, (v) oversees the annual and quarterly financial reporting process, (vi) has authority to engage any independent advisors it deems necessary to carry out its duties, and (vii) has appropriate funding to engage any necessary outside advisors. A full description of the responsibilities and duties of the audit committee is contained in the audit committee charter. The current members of the audit committee are John Hodgman

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(Chairman), Anthony Chase and William Goolsbee. The board of directors has determined that Mr. Hodgman, the chairman of the audit committee, is an audit committee financial expert as that term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC. The audit committee report is included in this proxy statement. The audit committee charter requires the committee to review and assess the charter s adequacy annually.

Compensation Committee

The compensation committee oversees our compensation and benefits practices and programs, as more fully described in the Compensation Discussion and Analysis section later in this report. The current members of the compensation committee are Gil Price (Chairman), M. Kathleen Behrens, William Goolsbee and John Hodgman. The Compensation Committee Report is set forth in the Compensation Committee Report section later in this proxy statement.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee reviews candidates and makes recommendations of nominees for the board of directors. The nominating and corporate governance committee also is responsible for considering and making recommendations to the board of directors concerning the appropriate size, functions and needs of the board of directors and to ensure compliance with the Code of Conduct. As part of its duties, the nominating and corporate governance committee will consider individuals who are properly proposed by shareholders to serve on the board of directors in accordance with laws and regulations established by the SEC and The NASDAQ Global Market, our bylaws and applicable corporate law, and make recommendations to the board of directors regarding such individuals based on the established criteria for members of our board. The nominating and corporate governance committee may consider in the future whether our company should adopt a more formal policy regarding shareholder nominations. The current members of the nominating and corporate governance committee are M. Kathleen Behrens (Chairperson), Anthony Chase and Gil Price.

The board of directors believes that the board, as a whole, should possess a combination of skills, professional experience, and diversity of backgrounds necessary to oversee our business. In addition, the board of directors believes that there are certain attributes that every director should possess, as reflected in the board s membership criteria. Accordingly, the board and the nominating and corporate governance committee consider the qualifications of directors and director candidates individually and in the broader context of the board s overall composition and our current and future needs. The nominating and corporate governance committee has not established specific minimum age, education, and years of business experience or specific types of skills for potential candidates, but, in general, expects qualified candidates will have ample experience and a proven record of business success and leadership. In general, each director will have the highest personal and professional ethics, integrity and values and will consistently exercise sound and objective business judgment. It is expected that the board of directors as a whole will have individuals with significant appropriate senior management and leadership experience, a long-term and strategic perspective, the ability to advance constructive debate, and a global perspective. These qualifications and attributes are not the only factors the nominating and corporate governance committee will consider in evaluating a candidate for nomination to the board of directors, and the nominating and corporate governance committee may reevaluate these qualifications and attributes at any time.

The nominating and corporate governance committee is responsible for developing and recommending board membership criteria to the board for approval. The criteria include the candidate s business experience, qualifications, attributes and skills relevant to the management and oversight of our business, independence, judgment and integrity, the ability to commit sufficient time and attention to board activities, and any potential conflicts with our business and interests. In addition, the board and the nominating and corporate governance committee annually evaluate the composition of the board to assess the skills and experience that are currently represented on the board, as well as the skills and experience that the board will find valuable in the future, given our current situation and strategic plans. While not maintaining a specific policy on board diversity requirements,

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the board and the nominating and corporate governance committee believe that diversity is an important factor in determining the composition of the board and, therefore, seek a variety of occupational and personal backgrounds on the board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the board. This annual evaluation of the board s composition enables the board and the nominating and corporate governance committee to update the skills and experience they seek in the board as a whole, and in individual directors, as our needs evolve and change over time and to assess the effectiveness of efforts at pursuing diversity. In identifying director candidates from time to time, the board and the nominating and corporate governance committee may identify specific skills and experience that they believe we should seek in order to constitute a balanced and effective board.

Except as set forth above, the nominating and corporate governance committee does not have a formal process for identifying and evaluating nominees for director. The nominating and corporate governance committee does not currently engage any third party director search firms but may do so in the future if it deems such engagement appropriate and in our best interests. These issues will be considered by the nominating and corporate governance committee in due course, and, if appropriate, the nominating and corporate governance committee will make a recommendation to the board of directors addressing the nomination process.

Communications with the Board of Directors

The board of directors welcomes and encourages shareholders to share their thoughts regarding our company. While the board of directors encourages such communication, for a variety of reasons, including compliance with securities laws, fiduciary duties of the directors, and good business practices relating to corporate communications, our preference is that shareholders communicate with the board of directors in compliance with our communications policy. Our communications policy, as adopted by the board of directors, provides that all communications should be in writing and directed to the attention of our Investor Relations Department at Sarepta Therapeutics, Inc., 215 First Street, Suite 7, Cambridge, MA 02142 or investorrelations@sareptatherapeutics.com. Our Investor Relations Department will review the communication, and if the communication is determined to be relevant to our operations, policies, or procedures (and not vulgar, threatening, or of an inappropriate nature not relating to our business), Investor Relations will then distribute a copy of the communication to the chairman of the board, the chairman of the audit committee and our internal and outside counsel. Based on the input and decision of these persons, along with the entire board of directors if it is deemed necessary, we, through our Investor Relations Department, will respond to the communication.

Compensation of Directors

We use a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the board of directors. In setting director compensation, we consider the significant amount of time that directors expend in fulfilling their duties to us as well as the skill-level we require of our directors. Board members receive cash compensation in U.S. dollars. We also reimburse our directors for travel and other necessary business expenses incurred in the performance of their services for us.

Cash Compensation

On September 27, 2010, our board of directors, upon the recommendation of the compensation committee, approved and adopted a Non-Employee Director Compensation Policy (the Director Compensation Policy). Under the Director Compensation Policy, our non-employee directors receive cash compensation of $35,000 per year for their service on the board of directors. In addition, any non-employee director serving as chairperson of the board receives an additional $45,000 per year for service as chairperson. The chairpersons of the audit, compensation and nominating and corporate governance committees receive additional fees of $16,000, $12,000 and $5,000 per year, respectively, for such service. Finally, members of the audit, compensation and nominating and corporate governance committees that are not serving as the chairperson of such committees receive additional fees of $8,000, $6,000 and $3,000 per year, respectively, for such service. All cash fees are paid on a quarterly basis at the beginning of the applicable quarter.

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Stock-Based Compensation

Pursuant to the Director Compensation Policy, each individual who is first elected or appointed as a non-employee member of the board of directors is automatically granted an option to purchase 10,000 shares of our common stock, with 25% of the total amount of shares underlying the option vesting each year on the earlier of (i) the anniversary date of the grant and (ii) the date of the annual meeting of our shareholders in the year following the date of grant. In addition, each non-employee director who has served on the board of directors for at least six months will be automatically granted an option to purchase 5,000 shares of our common stock on the date of the first meeting of the board of directors held after the annual meeting of our shareholders. All of the shares underlying such option will vest on the earlier of (i) the anniversary date of the grant and (ii) the date of the annual meeting of our shareholders in the year following the date of grant, provided that the non-employee director continues to serve as a director through such date. Also, each non-employee director who has served on the board of directors for at least six months prior to the first meeting of the board of directors held after the annual meeting of our shareholders will be automatically granted 833 shares of restricted stock on the date of the first meeting of the board of directors held after the annual meeting of our shareholders. All of the shares underlying the restricted stock award will vest on the earlier of (i) the anniversary date of the grant and (ii) the date of the annual meeting of our shareholders in the year following the date of grant, provided that the non-employee director continues to serve as a director through such date. The stock-based compensation component for non-employee directors prior to the adoption of the Director Compensation Policy was the same as that set forth in the Director Compensation Policy.

The following table sets forth compensation information for our non-employee directors for 2012. The table excludes Mr. Garabedian who did not receive any compensation from us in his role as director in 2012. All compensation numbers are expressed in U.S. dollars.

Name (a)	Fee Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)	Option Awards ($) (1) (d)	All Other Compensation ($) (g)	Total ($) (h)
William Goolsbee	94,000	8,397	36,274		138,671
Anthony Chase	46,000	8,397	36,274		90,671
John Hodgman	57,000	8,397	36,274		101,671
Gil Price, M.D.	50,000	8,397	36,274		94,671
M. Kathleen Behrens, Ph.D.	46,000	8,397	36,274		90,671
Hans Wigzell, M.D., Ph.D.	35,000	8,397	36,274		79,671

(1) The amounts in the option awards column reflect the aggregate grant date fair value of option awards granted in 2012 calculated in accordance with FASB ASC Topic 718. Assumptions used in the calculation of this amount are included in Note 3 to the financial statements set forth in our Annual Report on Form 10-K for 2012, filed with the SEC on March 15, 2013. As of December 31, 2012, and after giving effect to our July 2012 one-for-six reverse stock split, each director and former director had the following number of options and shares of restricted stock outstanding, respectively: Mr. Goolsbee: 27,166 and 833; Mr. Chase: 20,000 and 833; Mr. Hodgman: 32,223 and 833; Dr. Price: 27,166 and 833; Dr. Behrens: 25,000 and 833; and Dr. Wigzell: 33,334 and 833.

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COMPENSATION POLICIES, PRACTICES, RISKS AND RELATED ISSUES

Overview

We are a biopharmaceutical company focused on the discovery and development of unique RNA-based therapeutics for the treatment of rare and infectious diseases. We are primarily focused on rapidly advancing the development of our potentially disease-modifying Duchenne Muscular Dystrophy drug candidates, including our lead product candidate, eteplirsen. We are also focused on developing therapeutics for the treatment of infectious diseases, including our lead infectious disease programs aimed at the development of drug candidates Marburg and hemorrhagic fever viruses. We operate in a highly complex business environment and believe that a competitive compensation program is an important tool to help attract, retain, recognize and reward the talented employees we need to achieve our mission and deliver value to our shareholders.

The objectives of our compensation policies and programs are to attract and retain well-qualified senior executive management, to motivate their performance toward clearly defined goals, and to align their long-term interests with those of our shareholders. In addition, our compensation committee believes that maintaining and improving the quality and skills of our management and appropriately incentivizing their performance are critical factors affecting our shareholders realization of long-term value. We intend that total compensation and each of its components, including base salary, incentive cash compensation, equity compensation and benefits are competitive in the biopharmaceutical marketplace for suitable talent and in accord with our short and long term goals. While fixed compensation such as base salary and benefits are primarily designed to be competitive in the biopharmaceutical marketplace for employees, incentive compensation is designed to be primarily merit based and reward strategic and operational achievements. Historically, actual incentive compensation for the named executive officers other than the Chief Executive Officer has been a function of the achievement of defined and agreed corporate and individual goals. With respect to our Chief Executive Officer, 100% of the goals are tied to corporate objectives to reflect the fact that our Chief Executive Officer makes strategic decisions that influence us as a whole and thus, it is more appropriate to reward performance against corporate objectives.

Risk Assessment and Compensation Practices

We believe that any risks arising from our compensation policies and programs are not reasonably likely to have a material adverse effect on us in the future.

The compensation committee reviewed our compensation policies and programs and determined the following:

- we structure our total compensation to consist of both fixed (salary and benefits) and variable compensation (cash incentive, equity compensation and merit based annual adjustments). We believe that the variable compensation elements provide an appropriate percentage of overall compensation to motivate executives to focus on our performance, while the fixed element serves to provide an appropriate and fair compensation level that allows us to remain competitive in the biopharmaceutical market to obtain and retain the services of our employees while also not encouraging executives and non-executive employees to take unnecessary or excessive risks in the achievement of goals;

- we believe that our compensation program balances short and long-term performance and does not place inappropriate focus on achieving short-term results at the risk of long-term, sustained performance;

- all incentive plan designs and specific elements are reviewed and approved by the compensation committee annually;

- performance targets for the annual performance plan, which covers all named executives and most employees, are established annually by our compensation committee and the board. We have internal controls over the measurement and calculation of these performance metrics, designed to prevent

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manipulation of results by any employee, including our executives. Additionally, the compensation committee and the board monitor the corporate performance metrics formally no less than annually and periodically on a more informal basis during the year;

the compensation committee has the discretion to increase or decrease any plan payment upwards or downwards, allowing the compensation committee to consider the circumstances surrounding corporate and/or individual performance and adjust payments accordingly;

there are appropriate internal controls over the processing of payments;

our existing governance and organizational structure incorporates a substantial risk management component through the review and actions of the board and its standing committees; and

the long-term component of compensation consists of RSUs and stock option grants. Our primary long-term incentive grants are stock options, which would only have value if our stock price increases subsequent to the date of grant. Vesting requirements of three to four years encourage employees to take a long-term perspective on overall corporate performance, which ultimately influences share price appreciation. We believe that long-term equity compensation balances the cash incentives in place to motivate short-term performance.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

Throughout this section of this report, the individuals who served as our principal executive officer and principal financial officer during 2012, as well as the other individuals included in the Summary Compensation Table in this report, are referred to as the named executive officers. All share amounts and exercise prices set forth in this section give effect to our July 2012 one-for-six reverse stock split. Our named executive officers for 2012 include the following individuals:

- Christopher Garabedian, our President and Chief Executive Officer
- Sandesh Mahatme, our Senior Vice President, Chief Financial Officer
- Edward M. Kaye, M.D., our Senior Vice President, Chief Medical Officer
- David Tyronne Howton, our Senior Vice President, General Counsel, Corporate Secretary
- Michael A. Jacobsen, our Vice President, Finance
- Effie Toshav, our former Senior Vice President, General Counsel

Significant Management Changes in 2012

In 2012, we underwent several senior management changes, including the appointments of Mr. Mahatme as our Senior Vice President, Chief Financial Officer and Mr. Howton as our Senior Vice President, General Counsel and Corporate Secretary. Also, our former General Counsel and Chief Scientific Officer departed our company in 2012. On December 10, 2012, Anthony Martignetti replaced Michael A. Jacobsen as our principal accounting officer in connection with Mr. Jacobsen s transition from our company.

Executive Summary

Fiscal Year 2012 An Overview of Business Results

Despite a continued challenging economic environment, we delivered on numerous strategic objectives for fiscal 2012. Key results for the year included:

- completed a Phase IIb, placebo-controlled study with eteplirsen, our lead clinical drug for the treatment of Duchenne Muscular Dystrophy;
- initiated an open label extension study of eteplirsen with the same participants from the original Phase IIb placebo-controlled trial;

entered into an additional agreement with the Department of Defense related to the Marburg virus to evaluate the feasibility of an intramuscular route of administration using AVI-7288;

received Fast Track designation by the Food and Drug Administration for development of our product candidate against Marburg, AVI-7288, and our product candidate against Ebola, AVI-7537;

completed Phase I single ascending-dose studies in healthy adult volunteers with our drug candidates for the treatment of Ebola virus and Marburg virus demonstrating positive safety data for both therapeutic candidates;

established two new collaborations for IND-enabling work for two additional exon-skipping drug candidates for the treatment of Duchenne Muscular Dystrophy; and

completed the re-branding of the company and the build-out of an accomplished leadership team.

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Commitment to Pay-for-Performance

Our executive compensation program includes a significant pay-for-performance component that supports our business strategy and aligns the interests of our executives with our shareholders. We believe a significant portion of our executives compensation should be variable and at-risk and tied directly to our strategic growth and performance. Consistent with this focus, the largest portion of our executives compensation is in the form of performance-based annual and long-term equity incentives. For 2012, 80% of our Chief Executive Officer s target total compensation was comprised of at risk or variable pay. The pie chart below shows the target total direct compensation mix for fiscal 2012 for Mr. Garabedian.

As noted above, we achieved numerous corporate goals in 2012 and our stock price results have increased in 2012. We believe that our compensation program for our senior executives is appropriately sensitive to these results because the pay mix for our executives is weighted to stock-based awards, and the realizable value of these awards changes along with our stock price. To the extent that we perform for our shareholders, our executives are similarly impacted with respect to this element of compensation.

In addition, our annual incentive award program is further linked to changes to shareholder value and shareholder interests. In 2012, the compensation committee established five performance criteria for our named executive officers based on the performance of our Company as a whole. Due to the average achievement of the performance criteria at a 130% target achievement levels, our compensation committee recommended an aggregate bonus payout at 130% of target of the bonus pool. Ms. Toshav was ineligible for a 2012 performance bonus as a result of her departure from our company prior to the compensation committee taking action with respect to 2012 performance bonuses.

Our Stock Price Is Volatile and Point-in-Time Comparisons of our Stock Price Are Poor Indicators of our Performance

The market prices for securities of biotechnology companies, including our stock, have been historically volatile. In addition, the stock market has recently experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of individual companies. Since many biotechnology companies require continued financings to advance their research and clinical programs, the stock price sometimes experiences volatility in anticipation of dilutive financing events despite the advancement of research and clinical programs.

We believe that a more meaningful measure of performance for the Company is the progress of our clinical programs and the successful advancement of our technology platform because the Company has achieved

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successful milestones across three clinical programs in 2012. Specifically, we initiated an open label extension clinical trial and we had three separate drug candidates that were deemed safe by independent Drug and Safety Monitoring Boards at the doses tested in 2012.

In summary, our compensation program design and realizable pay results illustrate our pay-for-performance philosophy. We have rewarded our executives for sustained financial performance and growth during a difficult economic environment. At the same time, our emphasis on stock-based awards results in a healthy alignment between our executives pay and the realized results for our shareholders.

Our Executive Compensation Program Is Aligned with Best Practices and Shows Our Commitment to Good Compensation Governance

The compensation committee is committed to having strong governance standards with respect to our executive compensation programs, procedures and practices. Among other things, specifically:

- the compensation committee is comprised solely of independent directors;
- after consideration of several factors relating to the independence of the compensation consultant, including those set forth in the NASDAQ listing standards, the compensation committee determined that the compensation consultant it retains to provide it with advice and guidance on the design of our executive compensation programs and to evaluate our executive compensation is independent;
- the compensation committee has determined that the Company shall not enter into any new employment agreements with executive officers with gross-up payments related to any golden parachute excise taxes;
- the Company does not provide our executive officers any executive perquisites, other than minimal perquisites, such as relocation expenses and related tax gross-up payments, that were also provided to all of our regular full-time employees, as we believe such expenses are business-related and are expenses that the executive incurs as a direct result of the Company s request and benefit the Company; and
- the Company does not provide any executive pension, supplemental retirement or non-qualified deferred compensation plans.

Compensation Philosophy and Objectives

We are a biopharmaceutical company focused on the discovery and development of unique RNA-based therapeutics for the treatment of rare and infectious diseases. We are primarily focused on rapidly advancing the development of our potentially disease-modifying Duchenne Muscular Dystrophy drug candidates, including our lead product candidate, eteplirsen. We are also focused on developing therapeutics for the treatment of infectious diseases, including our lead infectious disease programs aimed at the development of drug candidates for Marburg and hemorrhagic fever viruses. We operate in a highly complex business environment and believe that a competitive compensation program is an important tool to help attract, retain, recognize and reward the talented employees we need to achieve our mission and deliver value to our shareholders.

The objectives of our compensation policies and programs are to attract and retain well-qualified senior executive management, to motivate their performance toward clearly defined goals, and to align their long-term interests with those of our shareholders. We seek, and have sought, to reward and to provide incentives to our named executive officers for their performance and delivery against agreed goals. Over the past few years, we have seen significantly increased demand for executives with industry-specific skills and experience and a highly competitive market for such executives. Additionally, given the competitive nature of our industry and the small size of our company relative to certain other members of our industry, we historically have faced significant challenges in recruiting senior members of our management team. Thus, since 2010, attraction and retention of executives has been one of the key purposes of our executive compensation program, which continued in 2011

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and 2012. Following Mr. Garabedian s appointment as our Chief Executive Officer, we recruited several new key members of our senior management team, as noted above, and we expect that attraction and retention of executives will continue to be one of the key purposes of our executive compensation program in 2013 and beyond.

Compensation Principles

In addition to the foregoing, the following executive compensation principles guided the compensation committee during 2012 in fulfilling its roles and responsibilities:

- compensation levels and opportunities should be sufficiently competitive to facilitate recruitment and retention of experienced executives in our highly competitive talent market;
- compensation should reinforce our business strategy by integrating and communicating key metrics and operational performance objectives and by emphasizing incentives in the total compensation mix;
- compensation programs should align executives long-term financial interests with those of the shareholders by providing equity-based incentives without incentivizing the executives to take inappropriate risks in order to enhance their individual compensation;
- compensation programs should be flexible, giving the compensation committee and our board of directors discretion to make adjustments on an as-needed basis;
- executives with comparable levels of responsibility should be compensated comparably; and
- compensation should be transparent and easily understandable to both our executives and our shareholders.

Compensation Program Design

The compensation committee believes that maintaining and improving the quality and skills of our management and appropriately incentivizing their performance are critical factors affecting our shareholders realization of long-term value. We intend that total compensation and each of its components, including base salary, incentive cash compensation, equity compensation and benefits are competitive in the biopharmaceutical marketplace for suitable talent and in accord with our short and long-term goals.

While fixed compensation such as base salary and benefits are primarily designed to be competitive in the biopharmaceutical marketplace for employees, incentive compensation is designed to be primarily merit based and reward strategic and operational achievements. Historically, actual incentive compensation for the named executive officers other than the Chief Executive Officer has been a function of the achievement of defined and agreed corporate and individual goals. With respect to our Chief Executive Officer, 100% of the goals are tied to corporate objectives to reflect the fact that our Chief Executive Officer makes strategic decisions that influence us as a whole and thus, it is more appropriate to reward performance against corporate objectives.

The at-risk component of the compensation package for each named executive officer, which includes a targeted bonus and long-term equity incentives, is typically determined (in whole or in part) on the basis of achievement of the corporate goals. For 2012, we considered solely corporate goals in determining the bonus pool with adjustments to individual bonus amounts in reward outstanding individual performance and contribution. We also anticipate that annual equity grants will be considered by the compensation committee around the time of our 2013 annual meeting of shareholders. Factors that influence the size of these annual equity grants include, among others, achievement of corporate goals and the amount of vested and unvested equity awards held by a named executive officer at the time of grant. Compensation decisions are also based on market factors that require us to remain competitive in our compensation package in order to attract and retain qualified individuals.

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For 2012, our compensation committee determined that all of our employees, including the named executive officers, would have their incentive compensation tied to the achievement of our overall corporate goals with subjective adjustments to reward outstanding individual performance and contribution. The compensation committee based its decision on the fact that a large number of our employees, including a majority of the named executive officers, had either joined our company in 2012 or had experienced significant changes to their responsibilities from prior years and since the beginning of 2012. Furthermore, 2012 was a transitional year for our company with several changes in key executive positions and a reprioritization of activities related to our Duchenne Muscular Dystrophy and infectious disease development programs. Relying on these factors, the compensation committee determined that a unified focus on achievement of our corporate goals would be most beneficial to our company during this transitional time.

For 2013, the compensation committee anticipates returning to our historical compensation approach for our employees, excluding the Chief Executive Officer, by tying incentive compensation to the achievement of both corporate goals and individual goals.

Response to 2012 Say-on-Pay Vote

We believe our executive compensation program is effectively designed and working well in alignment with the interests of our shareholders and is instrumental to achieving our corporate objectives. In determining executive compensation decisions for 2012, our compensation committee considered the approximately 88% level of shareholder support that the Say-on-Pay proposal received at our July 10, 2012 Annual Meeting of Shareholders. As a result, the compensation committee continued to apply the same effective principles and philosophy it has used in previous years in determining executive compensation and will continue to consider shareholder concerns and feedback in the future.

With respect to the frequency of future Say-on-Pay advisory votes, consistent with the outcome of the advisory shareholder vote regarding the proposal, we determined to hold an advisory Say-on-Pay vote on the compensation of our named executive officers annually until the next advisory vote on the frequency of shareholder votes on the compensation of the named executive officers is held.

The Compensation Committee

Our executive compensation program is administered by our compensation committee. As of December 31, 2012, the compensation committee was composed of four directors: M. Kathleen Behrens, William Goolsbee, John Hodgman and Gil Price (Chairman). Each member of the compensation committee is an outside director for purposes of Section 162(m) of the Code, a non-employee director for purposes of Exchange Act Rule 16b-3 and satisfies NASDAQ s independence requirements.

The compensation committee is responsible for reviewing, assessing, and approving all elements of compensation for our named executive officers. More specifically, the compensation committee is directly responsible for establishing annual company-wide performance goals. Historically, the compensation committee is also responsible for working with our Chief Executive Officer to establish individual performance goals for each of the other named executive officers.

The committee s responsibilities related to executive compensation include, among other things: (i) evaluating the performance of our Chief Executive Officer and other executives in light of the approved corporate goals; (ii) setting the compensation of the Chief Executive Officer and other executives based upon the evaluation of the performance of the Chief Executive Officer and the other executives; (iii) making recommendations to the board of directors with respect to new cash-based incentive compensation plans and equity-based compensation plans; and (iv) preparing an annual self-evaluation report of the compensation committee.

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The compensation committee has independent authority to make compensation decisions for our named executive officers. Certain duties related to the grant of options to non-executive employees that are otherwise within the scope of the compensation committee s authority have been delegated to the new employee option committee as set forth in the Equity Incentive Plan Compensation section later in this report.

Role of Executive Officers in Compensation Decisions

Our Chief Executive Officer plays a pivotal role in determining executive compensation other than with respect to himself. No less than annually, our Chief Executive Officer assesses the performance of the named executive officers other than himself. Following such assessments, our Chief Executive Officer historically recommends to the compensation committee a base salary, performance-based bonus, and a grant of stock options for each named executive officer other than himself. The compensation committee would consider the information provided by the Chief Executive Officer, together with other information available to the compensation committee and determine the compensation for each named executive officer. Because incentive compensation for 2012 was tied to the achievement of corporate goals with adjustments to reward outstanding individual performance and contribution, the Chief Executive Officer presented a recommendation to the compensation committee regarding the levels of achievement of the various corporate goals and each named executive officer s (other than his own) individual performance and contribution. The compensation committee considered this recommendation and other information available to it when determining the achievement level of the corporate goals and the level of individual performance and contribution, which dictated the levels of incentive compensation paid to our named executive officers.

Role of Compensation Consultant

The compensation committee has engaged its own independent third-party compensation consultant, Compensia, to assist with its 2012 compensation reviews and actions. Compensia s services included:

- 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; 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 Compensia, our Compensation Committee determined that Compensia is independent and that there is no conflict of interest resulting from retaining Compensia currently or during fiscal year 2012. In reaching these conclusions, our Compensation Committee considered the factors set forth in the SEC rules and the NASDAQ listing standards.

Additional information regarding the services provided by Compensia is discussed below in greater detail. Other than services provided to our compensation committee, Compensia did not perform any other work for our company.

Competitive Market Review for 2012

The market for experienced management is highly competitive in the life sciences and biopharmaceutical industries. We seek to attract and retain the most highly qualified executives to manage each of our business functions, and we face substantial competition in recruiting and retaining management from companies ranging from large and established biopharmaceutical companies to entrepreneurial early stage companies. We expect competition for appropriate technical, commercial, and management skills to remain strong for the foreseeable future.

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Prior to July 2012, Sarepta s compensation committee relied on compensation committee s August 2011 determination of our peer group. In August 2011, the compensation committee, with the assistance of Compensia, developed an analysis to review how the equity portion of total compensation provided to our executives compared to market-based equity data and how the value of this component was impacted by our April 2011 equity financing. In connection with this assessment and to define a comparable market, the compensation committee updated our peer group to reflect publicly-traded U.S.-based biopharmaceutical companies of similar stage of development and size in terms of revenue, headcount and market capitalization. The updated peer group consisted of the following companies:

Aastrom Biosciences

Adolor

Aegerion Pharmaceuticals

Amicus Therapeutics

Anacor Pharmaceuticals

BioCryst Pharmaceuticals

Cytori Therapeutics

Inhibitex

Maxygen

Nabi Pharmaceuticals

Novavax

NuPathe

Pain Therapeutics

POZEN

Raptor Pharmaceuticals

Repligen

Trius Therapeutics

Vanda Pharmaceuticals

XenoPort

In July 2012, the compensation committee, with the assistance of Compensia, developed an updated peer group of public companies from which to gather competitive market data, with the intention of using this data to make compensation decisions for the remainder of 2012. Compensia prepared a formal executive compensation assessment for the compensation committee s consideration. In analyzing our executive compensation program for 2012, the compensation committee compared certain aspects of our named executive officer compensat