CURIS INC
Form PRE 14A
April 05, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

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 under Rule 14a-12

CURIS, 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:

(5) Total fee paid:

¨ 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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CURIS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 30, 2013

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Curis, Inc. will be held on May 30, 2013 at 10:00 a.m. at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109 for the purpose of considering and voting upon the following matters:

1. To elect three Class II directors, each for a term of three years;

2. To approve our Amended and Restated 2010 Stock Incentive Plan;

3. To approve an Amendment to our Restated Certificate of Incorporation; and

4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year ending December 31, 2013.

The stockholders will also act on any other business that may properly come before the meeting or any adjournment thereof.

The board of directors has fixed the close of business on April 1, 2013 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and at any adjournments thereof. Your vote is very important to us. Whether or not you plan to attend the annual meeting in person, your shares should be represented and voted.

In accordance with rules adopted by the Securities and Exchange Commission, we are now furnishing proxy materials to many of our stockholders on the Internet, rather than mailing paper copies of the materials to each stockholder. If you received only a Notice of Internet Availability of Proxy Materials, or Notice, by mail or e-mail, you will not receive a paper copy of the proxy materials unless you request one. Instead, the Notice will provide you with instructions on how to access and view the proxy materials on the Internet. The Notice will also instruct you as to how you may access your proxy card to vote over the Internet or by telephone. If you received a Notice by mail or e-mail and would like to receive a paper copy of our proxy materials, free of charge, please follow the instructions included in the Notice.

The Notice of Internet Availability of Proxy Materials is being mailed to our stockholders on or about April [17], 2013 and sent by e-mail to our stockholders who have opted for such means of delivery on or about April [17], 2013.

Please promptly submit your proxy over the Internet, by phone or by mail. You may revoke your proxy at any time before the 2013 Annual Meeting by following the procedures described in the proxy statement.

All stockholders are cordially invited to attend the meeting.

By Order of the Board of Directors,

/s/ Michael P. Gray

Michael P. Gray

Chief Financial Officer, Secretary

Lexington, Massachusetts

April [17], 2013

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE URGE YOU TO VOTE YOUR SHARES OVER THE INTERNET OR BY TELEPHONE, OR TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING ENVELOPE. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.

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CURIS, INC.

4 Maguire Road

Lexington, Massachusetts 02421

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 30, 2013

This proxy statement is furnished in connection with the solicitation by the board of directors of Curis, Inc. of proxies for use at the annual meeting of stockholders to be held on May 30, 2013 at 10:00 a.m., local time, at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109 and at any adjournments thereof. Except where the context otherwise requires, references to Curis, we, us, our, and similar terms refer to Curis, Inc. and any of its subsidiaries.

Important Notice Regarding the Availability of Proxy Materials for

the Annual Meeting of Stockholders to be Held on May 30, 2013:

The proxy statement is available at www.proxyvote.com.

We will, upon written or oral request of any stockholder, furnish copies of our 2012 annual report to stockholders, except for exhibits, without charge. Please address all such requests to us at 4 Maguire Road, Lexington, Massachusetts 02421, Attention: Secretary or telephone: (617) 503-6500.

In accordance with Securities and Exchange Commission, or SEC, rules, instead of mailing a printed copy of our proxy materials to each stockholder of record, we are furnishing the proxy materials, including this proxy statement, our 2012 annual report and the proxy card for the 2013 annual meeting, to many of our stockholders of record as of the record date via the Internet. We will send the Notice of Internet Availability of Proxy Materials to these stockholders on or about April [17], 2013. The Notice of Internet Availability of Proxy Materials contains instructions for accessing and reviewing our proxy materials as well as instructions for voting your proxy via the Internet. If you prefer to receive printed copies of the proxy materials, you can request printed copies of the proxy materials by Internet, telephone or e-mail. If you choose to receive the print materials by mail, you can either (i) complete, date, sign and return the proxy card, (ii) vote via the Internet in accordance with the instructions on the proxy card or (iii) vote via telephone (toll free) in the United States or Canada in accordance with the instructions on the proxy card. Voting by Internet or telephone must be completed by 11:59 P.M. Eastern Time on May 29, 2013. If you choose not to receive printed copies of the proxy materials, you can vote via the Internet in accordance with the instructions contained in the Notice of Internet Availability of Proxy Materials.

If you received a paper copy of these proxy materials, included with such copy is a proxy card or a voter instruction card for the annual meeting.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the annual meeting?

At the annual meeting, stockholders will consider and vote on the following matters:

1. The election of three Class II directors for a term of three years expiring at the 2016 annual meeting of stockholders;

2. The approval of our amended and restated 2010 stock incentive plan;

3. The approval of an amendment to our restated certificate of incorporation;

4. The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013; and

5. The transaction of other business, if any, that may properly come before the annual meeting or any adjournment of the meeting.

Who can vote?

To be able to vote on the above matters, you must have been a stockholder of record at the close of business on April 1, 2013, the record date for the annual meeting. The number of shares entitled to vote at the meeting is 80,154,098 shares of our common stock, which is the number of shares that were issued and outstanding on the record date.

How many votes do I have?

Each share of our common stock that you owned on the record date entitles you to one vote on each matter that is voted on.

Is my vote important?

Your vote is important regardless of how many shares you own. Please take the time to read the instructions below and vote. Choose the method of voting that is easiest and most convenient for you and please cast your vote as soon as possible.

How can I vote?

Stockholder of record: Shares registered in your name. If you are a stockholder of record, that is, your shares are registered in your own name, not in street name by a bank or brokerage firm, then you can vote in any one of the following ways:

1. ***You may vote over the Internet.*** If you have Internet access, you may vote your shares from any location in the world at www.proxyvote.com, by following the instructions on that site or on the Vote by Internet instructions on the enclosed proxy card.

2. ***You may vote by telephone.*** You may vote your shares by calling 1-800-690-6903 and following the instructions provided, or by following the Vote by Phone instructions on the enclosed proxy card.

3. ***You may vote by mail.*** To vote by mail, you need to complete, date and sign the proxy card that accompanies this proxy statement and promptly mail it in the enclosed postage-prepaid envelope. You do not need to put a stamp on the enclosed envelope if you mail it in the United States. The persons named in the proxy card will vote the shares you own in accordance with your instructions on the proxy card you mail. If you return the proxy card, but do not give any instructions on a particular matter described in this proxy statement, the persons named in the proxy card will vote the shares you

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own in accordance with the recommendations of our board of directors. Our board of directors recommends that you vote FOR each of the four proposals.

4. ***You may vote in person.*** If you attend the annual meeting, you may vote by delivering your completed proxy card in person or you may vote by completing a ballot at the meeting. Ballots will be available at the meeting.

Beneficial owner: Shares held in street name. If the shares you own are held in street name by a bank or brokerage firm, then your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your bank or brokerage firm provides you. Many banks and brokerage firms also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or brokerage firm on your vote instruction form. If you do not give instructions to your bank or brokerage firm, it will still be able to vote your shares with respect to certain discretionary items, but will not be allowed to vote your shares with respect to certain non-discretionary items. The ratification of the appointment of our independent registered public accounting firm (Proposal 4) is considered to be a discretionary item on which banks and brokerage firms may vote. The election of directors (Proposal 1), the amended and restated 2010 stock incentive plan (Proposal 2) and the amendment to our restated certificate of incorporation (Proposal 3) are considered to be non-discretionary items on which banks and brokerage firms may not vote, and therefore **if you do not instruct your broker or representative regarding how you would like your shares to be voted, your bank or brokerage firm will not be able to vote on your behalf with respect to Proposals 1, 2 and 3.** These shares will be treated as broker non-votes. *Broker non-votes* are shares that are held in street name by a bank or brokerage firm that indicates on its proxy that it does not have discretionary authority to vote on a particular matter.

If you wish to come to the meeting to personally vote your shares held in street name, you will need to obtain a proxy card from the holder of record (i.e., your brokerage firm or bank).

Can I change my vote after I have mailed my proxy card?

Yes. If you are a stockholder of record, you can change your vote and revoke your proxy at any time before the polls close at the annual meeting by doing any one of the following things:

- signing and returning another proxy card with a later date;
- giving our corporate secretary a written notice before or at the meeting that you want to revoke your proxy; or
- voting in person at the meeting.

Your attendance at the meeting alone will not revoke your proxy.

If you own shares in street name, your bank or brokerage firm should provide you with appropriate instructions for changing your vote.

What constitutes a quorum?

In order for business to be conducted at the meeting, a quorum must be present. A quorum consists of the holders of a majority of the shares of common stock issued, outstanding and entitled to vote at the meeting, that is, at least 40,077,050 shares.

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Shares of our common stock represented in person or by proxy (including broker non-votes and shares that abstain or do not vote with respect to one or more of the matters to be voted upon) will be counted for the purpose of determining whether a quorum exists.

If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

What vote is required for each item?

Proposal 1 Election of Directors. The affirmative vote of the holders of a plurality of the votes cast by the stockholders entitled to vote at the meeting is required for the election of directors.

Proposal 2 Approval of Amended and Restated 2010 Stock Incentive Plan. The affirmative vote of the holders of a majority of the votes cast by the stockholders entitled to vote at the meeting is required to amend and restate our 2010 stock incentive plan.

Proposal 3 Approval of Amendment to Restated Certificate of Incorporation. The affirmative vote of the holders of a majority of the votes cast by the stockholders entitled to vote at the meeting is required for the approval of the amendment to our restated certificate of incorporation.

Proposal 4 Ratification of Auditors. The affirmative vote of the holders of a majority of the votes cast will be required for the approval of the ratification of the selection of the independent registered public accounting firm for the fiscal year ending December 31, 2013.

How will votes be counted?

Each share of common stock will be counted as one vote, whether executed by you directly or on a ballot voted in person at the meeting.

Shares that abstain from voting and broker non-votes will not be counted as votes in favor of, or with respect to, any of the proposals and will also not be counted as votes cast. Accordingly, abstentions and broker non-votes will have no effect on the outcome of any of the proposals.

Who will count the votes?

Broadridge Financial Solutions, Inc. will count, tabulate and certify the votes.

How does the board of directors recommend that I vote on the proposals?

Our board of directors recommends that you vote:

FOR the election of three Class II directors for a term of three years expiring at the 2016 annual meeting of stockholders;

FOR the approval of our amended and restated 2010 stock incentive plan;

FOR the approval of the amendment to our restated certificate of incorporation; and

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

Will any other business be conducted at the annual meeting or will other matters be voted on?

We are not aware of any other business to be conducted or matters to be voted upon at the meeting. If any other matter properly comes before the meeting, the persons named in the proxy card that accompanies this proxy statement will exercise their judgment in deciding how to vote, or otherwise act, at the meeting with respect to that matter or proposal. Our bylaws establish the process for a stockholder to bring a matter before a meeting. See Stockholder Proposals for 2014 Annual Meeting on page 59 of this proxy statement.

Where can I find the voting results?

We will report the voting results from the annual meeting in a Form 8-K filed with the SEC within four business days following the annual meeting.

Who bears the costs of soliciting proxies?

We will bear the costs of soliciting proxies. In addition to solicitations by mail, our directors, officers and regular employees may, without additional remuneration, solicit proxies by telephone, facsimile and personal interviews. We will also request brokerage houses, custodians, nominees and fiduciaries to forward copies of the proxy material to those persons for whom they hold shares and request instructions for voting the proxies. We will reimburse such brokerage houses and other persons for their reasonable expenses in connection with this distribution.

How can I obtain a copy of Curis Annual Report on Form 10-K?

Our Annual Report on Form 10-K is available in the Investors section of our website at www.curis.com. Alternatively, if you would like us to send you a copy, without charge, please contact:

Curis, Inc.

4 Maguire Road

Lexington, MA 02421

Attention: Secretary

(617) 503-6500

If you would like us to send you a copy of the exhibits listed on the exhibit index of the Annual Report on Form 10-K, we will do so upon your payment of our reasonable expenses in furnishing a requested exhibit.

Whom should I contact if I have any questions?

If you have any questions about the annual meeting or your ownership of our common stock, please contact our secretary at the address or telephone number listed above.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of January 31, 2013, with respect to the beneficial ownership of shares of our common stock by:

each person known to us to beneficially own more than 5% of the outstanding shares of common stock,

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each director named in this proxy statement,

each of our principal executive officer, our principal financial officer, and the two other most highly compensated executive officers who were serving as executive officers on December 31, 2012, whom we refer to collectively as our named executive officers, and

all directors and executive officers as a group.

The number of shares of common stock beneficially owned by each person is determined under rules promulgated by the SEC and includes shares over which the indicated beneficial owner exercises voting and/or investment power. For each person named in the table, the number in the Shares Acquirable Within 60 Days column consists of shares underlying stock options or warrants that may be exercised within 60 days after January 31, 2013. Such options and warrants are deemed outstanding for computing the percentage ownership of the person holding the options but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise indicated, we believe that each stockholder in the table has sole voting and investment power over the shares listed. The inclusion in the table of any shares does not constitute an admission of beneficial ownership of those shares by the named stockholder. For each person, the Number of Shares Beneficially Owned column may include shares of common stock attributable to the person due to that person s voting or investment power or other relationship.

Unless otherwise indicated, the address for each of the stockholders in the table below is c/o Curis, Inc., 4 Maguire Road, Lexington, Massachusetts 02421.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	+	Shares Acquirable Within 60 Days	=	Total Number of Shares Beneficially Owned	Percent of Shares Beneficially Owned (2)
5% Stockholders:						
First Eagle Investment Management, LLC (3)	16,676,456		245,073		16,921,529	21.1%
BlackRock, Inc. (4)	5,327,891				5,327,891	6.7%
The Vanguard Group, Inc. (5)	4,604,229				4,604,229	5.8%
Directors and Named Executive Officers:						
James R. McNab, Jr. (6)	1,379,688		224,166		1,603,854	2.0%
Susan B. Bayh	20,000		313,211		333,211	*
Martyn D. Greenacre	35,138		324,166		359,304	*
Kenneth I. Kaitin, Ph.D.	26,800		219,166		245,966	*
Robert E. Martell, M.D., Ph.D.			63,541		63,541	*
Kenneth J. Pienta, M.D. (7)			42,188		42,188	*
Marc Rubin, M.D.	26,596		96,353		122,949	*
James R. Tobin	124,251		201,666		325,917	*
Daniel R. Passeri	150,750		2,841,999		2,992,749	3.6%
Michael P. Gray	86,613		1,438,745		1,525,358	1.9%
Maurizio Voi, M.D.			134,374		134,374	*
Mark W. Noel	27,540		682,999		710,539	*
All current directors and executive officers as a group (12 persons)	1,877,376		6,582,574		8,459,950	9.8%

* Less than 1% of the outstanding common stock.

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(1) None of our directors or named executive officers has pledged any of their shares as security.

(2) The percent of ownership for each stockholder on January 31, 2013 is calculated by dividing (1) the stockholder s Total Beneficial Ownership (i.e., the total number of shares beneficially owned plus the shares acquirable within 60 days) by (2) the sum of 80,080,281 shares of our common stock that were outstanding on January 31, 2013 plus shares of common stock subject to options, or warrants held by such person that will be exercisable within 60 days of January 31, 2013.

(3) First Eagle Investment Management, LLC (FEIM) (formerly known as Arnhold and S. Bleichroeder Advisers, LLC), may be deemed to be the beneficial owner of all such shares (assuming exercise of warrants to acquire 245,073 shares), as a result of acting as investment adviser to various clients. 21 April Fund, Ltd., a Cayman Islands company for which FEIM acts as investment adviser, may be deemed to beneficially own 7,445,991 of the 16,921,529 shares (assuming exercise of warrants to acquire 68,250 shares). This information is based on a Schedule 13G/A filed on February 11, 2013 by FEIM. The principal business address of FEIM is 1345 Avenue of the Americas, New York, New York 10105.

(4) This information is based on a Schedule 13G/A filed on February 6, 2013 by BlackRock, Inc., the parent holding company of BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Advisors LLC, BlackRock Investment Management LLC, BlackRock Asset Management Canada Limited, and BlackRock Japan Co. Ltd. The principal business address of BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.

(5) The Vanguard Group, Inc. may be deemed to be the beneficial owner of all such shares as a result of acting as investment adviser to Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., may be deemed to beneficially own 127,972 of the 4,604,229 shares. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of the Vanguard Group, Inc., may be deemed to beneficially own 1,500 of the 4,604,229 shares. This information is based on a Schedule 13G filed on February 12, 2013 by The Vanguard Group, Inc. The principal business address of The Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(6) Includes 1,079,688 shares held directly by Mr. McNab, 100,000 shares held by the McNab Family LLC, and 200,000 shares held by the JR & MW McNab Operating LP.

(7) Dr. Pienta was elected to our board of directors on March 7, 2013.

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PROPOSAL 1 ELECTION OF DIRECTORS

Directors and Nominees for Directors

Our board of directors is divided into three classes, with one class being elected each year and members of each class holding office for a three-year term. Our board of directors currently consists of three Class I directors, James R. McNab, Jr., Kenneth J. Pienta and James R. Tobin, three Class II directors, Robert E. Martell, Daniel R. Passeri and Marc Rubin, and three Class III directors, Susan B. Bayh, Martyn D. Greenacre and Kenneth I. Kaitin. The Class I, Class II, and Class III directors will serve until the annual meetings of stockholders to be held in 2015, 2013 and 2014 respectively, and until their respective successors are elected and qualified. At the annual meeting, Class II directors will stand for reelection.

Our board of directors has nominated Dr. Robert E. Martell, Mr. Daniel R. Passeri and Dr. Marc Rubin as nominees for reelection as Class II directors, each to serve for three-year terms, until the 2016 annual meeting of stockholders or until their respective successors are elected and qualified. Each of the nominees is currently a director, although Drs. Martel and Rubin are being nominated as directors for the first time. In September 2011, our board appointed Dr. Martel as a new director to fill a vacancy. Dr. Martel was originally proposed to the nominating and governance committee by Dr. Kaitin. In June 2010, our board appointed Dr. Rubin as a new director to fill a vacancy. Dr. Rubin was originally proposed to the nominating and governance committee by Dr. Kaitin. All of the nominees have indicated their willingness to serve, if elected; however, if any nominee should be unable to serve, the shares of common stock represented by proxies will be voted for a substitute nominee designated by the board of directors.

Below are the names, ages and certain other information for each member of the board, including the nominees for election as Class II directors. There are no familial relationships among any of our directors, nominees for director and executive officers. In addition to the detailed information presented below for each of our directors, we also believe that each of our directors is qualified to serve on our board and has the integrity, business acumen, knowledge and industry experience, diligence, freedom from conflicts of interest and the ability to act in the interests of our stockholders.

The following table sets forth our directors and their respective ages and positions:

Name	Age	Position
Susan B. Bayh	53	Director
Martyn D. Greenacre (2)(3)	71	Director
Kenneth I. Kaitin, Ph.D. (1)(2)	60	Director
Robert E. Martell, M.D., Ph.D. (1)(4)	50	Director
James R. McNab, Jr. (3)	69	Chairman of the Board
Daniel R. Passeri	52	Chief Executive Officer, Director
Kenneth J. Pienta, M.D. (5)	53	Director
Marc Rubin, M.D. (2)(3)(4)	58	Director
James R. Tobin (1)	68	Director

(1) Member of the compensation committee.
(2) Member of the nominating and corporate governance committee.
(3) Member of the audit committee.
(4) Member of the science and technology committee.
(5) Dr. Pienta was elected to our board of directors on March 7, 2013.

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Susan B. Bayh has served on our board since October 2000. From 1994 to 2001, Ms. Bayh served as the Commissioner of the International Commission between the United States and Canada, overseeing compliance with environmental and water level treaties for the United States-Canadian border. From 1994 to 2004, Ms. Bayh also served as Distinguished Visiting Professor at the College of Business Administration at Butler University. From 1989 to 1994, Ms. Bayh served as an attorney in the Pharmaceutical Division of Eli Lilly and Company, a pharmaceutical company. Ms. Bayh serves as a director of Dendreon Corporation, Wellpoint, Inc. and Emmis Communications Corporation. Previously, Ms. Bayh served as a director of Nastech Pharmaceutical Company Inc. and MDRNA, Inc. Ms. Bayh received a J.D. from the University of Southern California Law Center and a B.A. from the University of California at Berkeley. We believe that Ms. Bayh s qualifications to serve on our board include her experience in regulatory and compliance matters as well as her considerable experience as a director of other public companies, including companies that are focused on the research and development of cancer therapies

Martyn D. Greenacre has served on our board since February 2000 and was a director of Creative BioMolecules, Inc., a predecessor life science company, from June 1993 to July 2000. Mr. Greenacre has served as Chairman of Life Mist L.L.C., a privately-held company in the field of fire suppression, since September 2001. From June 1997 to June 2001, Mr. Greenacre was Chief Executive Officer of Delsys Pharmaceutical Corporation, a drug formulation company. From 1993 to 1997, Mr. Greenacre was President and Chief Executive Officer of Zynaxis, Inc., a biopharmaceutical company. Mr. Greenacre also serves as a director of Neostem, Inc., Acusphere, Inc., and Formula Pharmaceuticals. Previously, Mr. Greenacre served as a director of Cephalon, Inc. and Orchestra Therapeutics, Inc., and as a director and Chairman of BMP Sunstone Corporation. Mr. Greenacre received an M.B.A. from Harvard Business School and a B.A. from Harvard College. We believe that Mr. Greenacre s qualifications to serve on our board include his years of experience as President and Chief Executive Officer of various biotech and pharmaceutical companies as well as his experience as a director of other public companies.

Kenneth I. Kaitin, Ph.D. has served on our board since November 2003. Since 1998, Dr. Kaitin has been the Director of the Tufts Center for the Study of Drug Development, an academic drug policy research group providing strategic information to help drug developers, regulators, and policy makers improve the quality and efficiency of the drug development process. Since 2010, Dr. Kaitin has held a primary appointment as Research Professor at the Tufts University School of Medicine, as well as secondary appointments as Professor of Medicine and Professor of Pharmacology and Experimental Therapeutics at Tufts University School of Medicine. Since 1999, he has served on the faculty of the European Center for Pharmaceutical Medicine at the University of Basel, and since 2006 he has been a visiting lecturer at the Tuck School of Business at Dartmouth College. From 2003 to 2009, Dr. Kaitin was an Associate Professor of Medicine at the Tufts University School of Medicine. Dr. Kaitin has written extensively on a broad range of drug development issues and has provided public testimony before the U.S. Congress in hearings on pharmaceutical innovation and FDA reform. An internationally recognized expert on the science of drug development, Dr. Kaitin is regularly quoted in the business and trade press on R&D trends in the research-based drug industry and new models of innovation. He is a former Editor-in-Chief of the Drug Information Journal and from 1997 to 1998 he was President of the Drug Information Association. He is currently Editor-in-Chief of *Expert Review of Clinical Pharmacology*, and he serves on the editorial boards of a number of peer-review journals. Dr. Kaitin serves as an expert consultant to the U.S. Department of Defense on Bioterror Countermeasure issues. Dr. Kaitin also serves as a director of Bio-Tree Systems, Inc., a privately-held informatics company, Centerphase Solutions, Inc., a privately-held information technology company, and New England Healthcare Institute, a non-profit organization. Previously, Dr. Kaitin served as a director of Phase Forward Inc. and Erevnos Corporation. Dr. Kaitin received an M.S. and

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Ph.D. in pharmacology from the University of Rochester and a B.S. from Cornell University. We believe that Dr. Kaitin s qualifications to serve on our board include his expertise in the economics of drug development and biopharmaceutical innovation and his extensive knowledge on a broad range of drug development and life-sciences industry issues.

Robert E. Martell, M.D., Ph.D. has served on our board since September 2011. Dr. Martell is a practicing medical oncologist at Tufts Medical Center and has served as Chief Medical Officer at Tesaro, Inc. since September 2012. Dr. Martell is also an Adjunct Associate Professor of Medicine at the Tufts University School of Medicine, a position he has held since September 2012. From September 2009 to September 2012, Dr. Martell was employed at Tufts Medical Center, serving as both the Director of the Neely Center for Clinical Cancer Research, overseeing oncology clinical research, and the Leader of the Cancer Center s Program in Experimental Therapeutics, where he was responsible for developing the center s phase I oncology clinical development program. From September 2009 to September of 2012, Dr. Martell was also an Adjunct Associate Professor of Medicine at the Tufts University School of Medicine. From 2005 to 2009, Dr. Martell served as Vice President and Chief Medical Officer of MethylGene, a publicly-traded biotechnology company focused on the development of cancer therapeutics. From 2002 to May 2005, Dr. Martell also served as Director of Oncology Global Clinical Research at Bristol-Myers Squibb Company. From 2001 to 2005, Dr. Martell served concurrently as Assistant Clinical Professor of Oncology at Yale University School of Medicine and Staff Physician at the Veterans Affairs hospital. From 2000 to 2002, Dr. Martell worked at Bayer Pharmaceutical Division, where he oversaw phase I and phase II clinical studies. Dr. Martell received a B.A. in chemistry from Kalamazoo College, a Ph.D. in pharmacology from the University of Michigan, and an M.D. from Wayne State University. He completed his internal medicine internship and residency and medical oncology fellowship at Duke University Medical Center. We believe that Dr. Martell s qualifications to serve on our board include his expertise in oncology patient care as well as his industry experience in large pharmaceutical and smaller biotechnology companies and that his insights and perspectives are valuable to a small biotechnology company such as Curis.

James R. McNab, Jr. has served on our board since February 2000 and has served as Chairman of our board since May 2002. Mr. McNab is a co-founder and served as the chairman of the board of directors of Reprogenesis, Inc., a predecessor life science company, from July 1996 to July 2000. Since 1998, Mr. McNab has served as Chief Executive Officer and Chairman of Palmetto Pharmaceuticals, Inc., formerly eNOS Pharmaceuticals, Inc., a privately-held drug discovery company of which he is a co-founder. Since January 2009, Mr. McNab has served as executive chairman of FirstString Research, Inc., a privately-held biopharmaceutical company. In addition, Mr. McNab is a co-founder of other privately-held companies, including Sontra Medical Corporation, a drug delivery company, and Parker Medical Associates, a manufacturer and worldwide supplier of orthopedic and sports-related products. Mr. McNab received a B.A. in economics from Davidson College and an M.B.A. from the University of North Carolina at Chapel Hill. We believe that Mr. McNab s qualifications to serve on our board include his decades of experience as chairman, founder and/or Chief Executive Officer of various pharmaceutical, medical device and biotechnology companies, including his experience as co-founder of one of our predecessor companies. Mr. McNab has also founded and managed companies in other industries and we believe that his broad range of entrepreneurial creation and oversight is valuable to a small biotechnology company such as Curis.

Daniel R. Passeri has served as our Chief Executive Officer since September 2001, served as our President from September 2001 to February 2013, and served as a director since September 2001. From November 2000 to September 2001, Mr. Passeri served as our Senior Vice President, Corporate Development and Strategic Planning. From March 1997 to November 2000, Mr. Passeri was employed by GeneLogic Inc., a biotechnology

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company, most recently as Senior Vice President, Corporate Development and Strategic Planning. From February 1995 to March 1997, Mr. Passeri was employed by Boehringer Mannheim, a pharmaceutical, biotechnology and diagnostic company, as Director of Technology Management. Mr. Passeri received a J.D. from the National Law Center at George Washington University, an M.Sc. in biotechnology from the Imperial College of Science, Technology and Medicine at the University of London and a B.S. in biology from Northeastern University. We believe that Mr. Passeri s qualifications to serve on our board include his deep knowledge of the company, having served in a variety of management positions since 2000 and as a member of our board since 2001, as well as his extensive experience in corporate strategy and development, intellectual property strategy and oversight, and technology licensing, as each of these elements are critical to our overall business strategy.

Kenneth J. Pienta, M.D. has served on our board since March 2013. Dr. Pienta has served as the Donald S. Coffey Professor of Urology, Professor of Oncology, Pharmacology and Molecular Sciences and as the Director of Research for the Brady Urological Institute at the Johns Hopkins University School of Medicine since March 2013. Prior to his appointment at the Johns Hopkins University School of Medicine, Dr. Pienta served as the Associate Vice President for Research, Health Sciences for the University of Michigan from January 2012 to February 2013, and as the Director of Precision Medicine for the Michigan Center for Translational Pathology from July 2008 to February 2013. From July 1995 to February 2013, Dr. Pienta served as the Director of the Prostate Specialized Program of Research Excellence (SPORE) at The University of Michigan. Dr. Pienta is involved in research to define the tumor microenvironment of cancer metastases, as well as developing new therapies for cancer. Dr. Pienta is a two-time American Cancer Society Clinical Research Professor Award recipient, is the author of more than 350 peer-reviewed articles and has been the principal investigator on numerous local and national clinical trials. Dr. Pienta received a B.A. in human biology from Johns Hopkins University and an M.D. from the Johns Hopkins University School of Medicine. We believe that Dr. Pienta s qualifications to serve on our board include his expertise in oncology patient care as well as his unique understanding of precision therapeutic approaches to cancer treatment and that his insights and perspectives are valuable to a small biotechnology company such as Curis.

Marc Rubin, M.D. has served on our board since June 2010. Since March 2009, Dr. Rubin has served as Executive Chairman of Titan Pharmaceuticals, Inc., a biopharmaceutical company, and he served as its President and Chief Executive Officer from October 2007 to January 2009. From June 2006 to February 2007, Dr. Rubin served as Head of Global Research and Development for Bayer Schering Pharma AG, a pharmaceutical company, as well as a member of the Executive Committee of Bayer Healthcare, a pharmaceutical and medical products company and subsidiary of Bayer AG, and the Board of Management of Bayer Schering Pharma AG. From October 2003 until the merger of Bayer AG and Schering AG in June 2006, Dr. Rubin was a member of the Executive Board of Schering AG, as well as Chairman of Schering Berlin Inc. and President of Berlex Pharmaceuticals, a division of Schering AG. From 1990 to August 2003, Dr. Rubin held various positions in global clinical and commercial development at GlaxoSmithKline plc, as well as the position of Senior Vice President of Global Clinical Pharmacology & Discovery Medicine from 2001 to 2003. Prior to his pharmaceutical industry career, Dr. Rubin completed subspecialty training and board certification in both medical oncology and infectious diseases at the National Cancer Institute within the National Institutes of Health from 1983 to 1986. From 1986 to 1989, Dr. Rubin also served as an Investigator and on the Senior Staff of the infectious diseases section at the National Cancer Institute. Dr. Rubin also serves as a director of FirstString Research, Inc., Galectin Therapeutics, Gemmus Pharma and the Rogosin Institute. Previously, Dr. Rubin served as a director of Medarex, Inc. and Surface Logix, Inc. Dr. Rubin holds an M.D. from Cornell University Medical College. We believe that Dr. Rubin s qualifications to serve on our board include his extensive experience in

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clinical development as well as his medical, commercial and scientific expertise having held executive-level clinical development positions with Bayer Schering Pharma AG, Schering AG and GlaxoSmithKline plc.

James R. Tobin has served on our board since February 2000. From 1995 to July 2000, Mr. Tobin was a member of the board of directors of Creative BioMolecules, Inc., a predecessor life science company. Mr. Tobin is currently retired. From March 1999 to July 2009, Mr. Tobin served as Chief Executive Officer and President of Boston Scientific Corporation, a medical device company. Mr. Tobin was employed by Biogen, Inc. (now Biogen Idec), as President and Chief Executive Officer from February 1997 to December 1998 and President and Chief Operating Officer from February 1994 to February 1997. Prior to joining Biogen, Mr. Tobin was employed by Baxter International Inc., a health care products company, where he served as President and Chief Operating Officer from 1992 to 1994, as Executive Vice President from 1988 to 1992 and in various management positions prior to 1988. Mr. Tobin also serves as a director of Aptus Endosystems, Medical Simulations, Inc. and TransMedics. During the past five years, Mr. Tobin served as a director of Boston Scientific Corporation and Applera Corporation. Mr. Tobin received an M.B.A. from Harvard Business School and a B.A. from Harvard College. We believe that Mr. Tobin s qualifications to serve on our board include his decades of experience as President and Chief Executive Officer or Chief Operating Officer of three large biotechnology and medical device companies. In addition, his qualifications include his past experience as a director of Boston Scientific Corporation and one of our predecessor companies, as well as his experience in corporate strategy and organizational expertise.

Board Recommendation

OUR BOARD OF DIRECTORS BELIEVES THAT THE ELECTION OF ROBERT E. MARTELL, DANIEL R. PASSERI AND MARC RUBIN TO SERVE AS CLASS II DIRECTORS IS IN THE BEST INTERESTS OF CURIS AND OUR STOCKHOLDERS AND, THEREFORE, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE NOMINEES.

CORPORATE GOVERNANCE

Our board of directors believes that good corporate governance is important to ensure that Curis is managed for the long-term benefit of stockholders. This section describes key corporate governance guidelines and practices that our board of directors has adopted. Complete copies of our corporate governance guidelines, committee charters and code of conduct are available on the Investors Governance section of our website, *www.curis.com*. Alternatively, you can request a copy of any of these documents by writing to our secretary at the following address: Curis, Inc., 4 Maguire Road, Lexington, MA 02421.

Corporate Governance Guidelines

Our board of directors has adopted corporate governance guidelines to assist in the exercise of its duties and responsibilities and to serve the best interests of Curis and our stockholders. These guidelines, which provide a framework for the conduct of the board of directors business, provide that:

- the board of directors principal responsibility is to oversee the management of Curis;
- a majority of the members of the board of directors shall be independent directors;
- the independent directors shall meet regularly in executive session;

directors have full and free access to management and, as necessary and appropriate, independent advisors;

all directors are encouraged to participate in continuing director education on an ongoing basis; and

periodically, the board of directors and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

Determination of Independence

Under applicable Nasdaq Stock Market rules, a director will only qualify as an independent director if, in the opinion of our board, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities as a director.

Our board has determined that none of Ms. Bayh, Mr. Greenacre, Dr. Kaitin, Dr. Martell, Mr. McNab, Dr. Rubin or Mr. Tobin has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an independent director as defined under Rule 5605(a)(2) of the Nasdaq Stock Market Rules.

Board Meetings and Attendance

Our corporate governance guidelines provide that directors are expected to attend the annual meeting of stockholders. All directors attended the 2012 annual meeting of stockholders, except for Dr. Pienta who was elected after the 2012 annual meeting. The board met thirteen times during the fiscal year ended December 31, 2012, either in person or by teleconference. During the fiscal year ended December 31, 2012, all of our directors attended at least 75% of our board meetings and meetings of the committees on which he or she then served.

Board Leadership Structure

Our board has chosen to separate the role of our chief executive officer and the role of chairman of our board. We believe that this separation is appropriate since our chief executive officer is responsible for the strategic direction of our company, while the chairman of our board is responsible for overseeing the function of the board and for providing guidance to our chief executive officer as needed.

Board s Role in Risk Oversight

Our board of directors oversees our risk management processes directly and through its committees. Our management is responsible for risk management on a day-to-day basis. Our board of directors and its committees oversee the risk management activities of management. They fulfill this duty by discussing with management the policies and practices utilized by management in assessing and managing risks and providing input on those policies and practices. In general, our (i) board of directors oversees risk management activities relating to business strategy, acquisitions, capital allocation, organizational structure and certain operational risks, (ii) audit committee oversees risk management activities related to financial controls, (iii) compensation committee oversees risk management activities relating to our compensation policies, programs and practices and management succession planning, and (iv) nominating and corporate governance committee oversees risk management activities relating to board of directors composition and corporate governance policies and procedures. Each committee reports to our full board of directors on a regular basis, including reports with respect to the committee s risk oversight activities as appropriate.

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Board Committees

Our board has established three standing committees audit, compensation, and nominating and corporate governance each of which operates under a charter that has been approved by our board. Our board of directors has also established a science and technology committee. Current copies of each committee s charter are posted on the Investors Governance section of our website, *www.curis.com.*

Our board has determined that all of the members of each of the board of directors three standing committees are independent as defined under the rules of the Nasdaq Stock Market, including, in the case of all members of the audit committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act.

Audit Committee

The audit committee s responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- pre-approving all audit and non-audit services of our independent registered public accounting firm, except for de minimis non-audit services which are approved in accordance with applicable SEC rules, including meeting with our independent registered public accounting firm prior to the annual audit to discuss the planning and staffing of the audit;
- overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of certain reports from such firm;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures, earnings releases and other publicly disseminated financial information;
- reviewing and discussing with our independent registered public accounting firm matters concerning the quality, not just the acceptability, of our accounting determinations, particularly with respect to judgmental areas;
- monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- discussing our risk management policies;
- establishing policies regarding hiring employees from the independent auditor and procedures for the receipt and retention of accounting-related complaints and concerns;
- meeting independently with our independent registered public accounting firm and management on a quarterly basis;
- reviewing and approving or ratifying any related person transactions;

establishing, and periodically reviewing, complaint procedures for (i) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; and

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- preparing the audit committee report required by SEC rules, which is included on page 20 of this proxy statement.

The members of the audit committee during fiscal 2012 were Ms. Bayh, Mr. Greenacre (Chair) and Mr. McNab. The audit committee met eight times during the fiscal year ended December 31, 2012. The current members of the audit committee are Mr. Greenacre (Chair), Mr. McNab and Dr. Rubin. The board of directors has determined that Mr. Greenacre is an audit committee financial expert as defined by applicable SEC rules.

Compensation Committee

The compensation committee s responsibilities include:

- determining the chief executive officer s compensation;
- reviewing and approving the compensation of our other executive officers;
- overseeing an evaluation of our senior executives;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to the board with respect to director compensation;
- reviewing and discussing annually with management our Compensation Discussion and Analysis, which is included beginning on page 23 of this proxy statement;
- preparing the compensation committee report required by SEC rules, which is included on page 45 of this proxy statement; and
- reviewing and making recommendations to the board with respect to management succession planning.

The processes and procedures followed by our compensation committee in considering and determining executive and director compensation are described below under the heading Executive and Director Compensation Processes.

The members of the compensation committee during fiscal 2012 were Ms. Bayh, Dr. Kaitin and Mr. Tobin (Chair). The compensation committee met seven times during the fiscal year ended December 31, 2012. The current members of the compensation committee are Dr. Kaitin, Dr. Martell and Mr. Tobin (Chair).

Nominating and Corporate Governance Committee

The nominating and corporate governance committee s responsibilities include:

- identifying individuals qualified to become board members;
- recommending to the board the persons to be nominated for election as directors and to each of the board s committees; and

- overseeing an annual evaluation of the board.

The processes and procedures followed by the nominating and corporate governance committee in identifying and evaluating director candidates are described below under the heading Director Nomination Process.

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The members of the nominating and corporate governance committee are Dr. Kaitin (Chair), Mr. Greenacre and Dr. Rubin. The nominating and corporate governance committee met two times during the fiscal year ended December 31, 2012.

Science and Technology Committee

The science and technology committee s responsibilities include:

- reviewing, evaluating, and advising the board and management regarding the long-term strategic goals and objectives and the quality and direction of the company s research and development programs;
- monitoring and evaluating trends in research and development, and recommending to the board and management emerging technologies for building the company s technological strength;
- recommending approaches to acquiring and maintaining technology positions;
- advising the board and management on the scientific aspects of business development;
- regularly reviewing the company s research and development pipeline;
- assisting the Board with its oversight responsibility for enterprise risk management in areas affecting the company s research and development; and
- reviewing such other topics as delegated to the committee from time to time.

The members of the science and technology committee are Dr. Rubin and Dr. Martell.

Executive and Director Compensation Processes

The compensation committee oversees our compensation programs. In this capacity, the compensation committee determines and approves all compensation decisions related to our executive officers. In addition, the compensation committee periodically reviews and makes recommendations to the board with respect to director compensation. With respect to the grant of equity compensation awards and the grant of cash awards, if any, structured under our stock incentive plan as performance-based compensation that is exempt from Section 162(m) of the Internal Revenue Code of 1986, as amended, the compensation committee may form, and delegate authority to, one or more subcommittees as it deems appropriate from time to time under the circumstances (including (a) a subcommittee consisting of a single member and (b) a subcommittee consisting of at least two members, each of whom qualifies as a non-employee director, as such term is defined from time to time in Rule 16b-3 promulgated under the Exchange Act, and an outside director, as such term is defined from time to time in Section 162(m) of the Internal Revenue Code of 1986, as amended). The compensation committee did not form or delegate authority to any subcommittees during the fiscal year ending December 31, 2012.

The compensation committee has the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation and has the sole authority to approve the consultant s fees and other retention terms. The compensation committee also has authority to commission compensation surveys or studies as the need arises. Periodically, the compensation committee retains an independent third party compensation consultant to review director and officer compensation. The compensation committee engaged Towers Watson, a compensation consultant, in September 2012 to review director and officer compensation and to evaluate director and officer stock ownership and review industry practice relating to stock ownership guidelines.

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Compensation committee meetings typically have included, for all or a portion of each meeting, our chief financial officer and, for meetings in which executive officer compensation decisions are made, the chairman of our board and our chief executive officer. The compensation committee typically seeks the chairman s input in compensation matters involving our chief executive officer. The chief executive officer provides input on all other executive officer compensation matters including the appropriate mix of compensation for such other officers. The chief executive officer and the chief financial officer do not attend the portion of any meeting during which any decisions regarding their respective compensation are made.

Risks Arising from Compensation Policies and Practices

Employee compensation generally consists of salary, stock option awards and, depending on overall company performance and the successful achievement of objectives set forth in an annual short-term incentive program, cash bonus payments. We have reviewed our compensation policies and practices for all employees and have concluded that any risks arising from our policies and programs are not reasonably likely to have a material adverse effect on our company.

Director Nomination Process

The process followed by the nominating and corporate governance committee to identify and evaluate director candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the nominating and corporate governance committee and the board.

In considering whether to recommend any particular candidate for inclusion in the board s slate of recommended director nominees, the nominating and corporate governance committee will apply the criteria set forth in its charter. These criteria include the candidate s integrity, business acumen, knowledge of our business and industry, experience, diligence, freedom from conflicts of interest and the ability to act in the interests of all stockholders. Our nominating and corporate governance charter provides that the value of diversity on our board should be considered by the nominating and corporate governance committee. The committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities. We do not discriminate against candidates based on their race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law.

We have adopted a policy under which stockholders may recommend individuals to the nominating and corporate governance committee for consideration as potential director candidates by submitting candidate names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to the Nominating and Corporate Governance Committee, c/o Secretary, Curis, Inc., 4 Maguire Road, Lexington, MA 02421. Assuming that appropriate biographical and background material has been provided on a timely basis, the committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If the board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in our proxy card for the next annual meeting.

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Stockholders also have the right under our bylaws to directly nominate director candidates, without any action or recommendation on the part of the committee or the board of directors, by following the procedures set forth under Stockholder Proposals for 2014 Annual Meeting.

Communicating with the Independent Directors

The board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. The chairman of the board of directors is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he or she considers appropriate.

Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the chairman of the board considers to be important for the directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the board should address such communications to the Chairman of the Board of Directors, c/o Secretary, Curis, Inc., 4 Maguire Road, Lexington, MA 02421.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. We have posted a current copy of the code on our website, *www.curis.com*. In addition, we intend to post on our website all disclosures that are required by law or NASDAQ stock market listing standards concerning any amendments to, or waivers of, any provision of the code. We have not had any waivers of any provision of this code as of the date of this proxy statement.

Policies and Procedures for Related Person Transactions

Our board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which Curis is a participant, the amount involved exceeds $120,000, and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members), each of whom we refer to as a related person, has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a related person transaction, the related person must report the proposed related person transaction to our chief financial officer and/or general counsel. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the board s audit committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the audit committee will review, and, in its discretion, may ratify the related person transaction at the next meeting of the committee. The policy also permits the chairman of the audit committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings,

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subject to ratification by the audit committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually. The audit committee will review and consider such information regarding the related person transaction as it deems appropriate under the circumstances.

The audit committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is not inconsistent with Curis best interests. The audit committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC s related person transaction disclosure rule, the board has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

- interests arising solely from the related person s position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, and (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction; and

- a transaction that is specifically contemplated by provisions of our charter or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the compensation committee in the manner specified in its charter.

Related Person Transactions

We are party to a Drug Development Partnership and License Agreement for CUDC-906 and CUDC-908 (the License Agreement), effective as of February 24, 2012, with Guangzhou BeBetter Medicine Technology Company Ltd., a company organized under the laws of the People s Republic of China (GBMT). Dr. Changgeng Qian, our former Senior Vice President, Discovery and Preclinical Development, is the founder, owner, and legal representative of GBMT. Under the terms of the License Agreement, we have granted to GBMT an exclusive royalty-free license, with the right to grant sublicenses subject to certain conditions, to develop, manufacture, market and sell any product containing CUDC-906 or CUDC-908 in the GBMT Territory (China, Macau, Taiwan and Hong Kong). In addition, we have granted to GBMT a non-exclusive, royalty-free manufacturing license, with the right to grant sublicenses subject to certain conditions, to manufacture CUDC-906 or CUDC-908 or any product containing CUDC-906 or CUDC-908 outside of the GBMT Territory solely to import the compounds or products into the GBMT Territory. We have agreed to pay up to $400,000 under the License Agreement for certain IND-enabling activities, of which $133,000 has been paid to date.

We are also a party to a Drug Development Partnership and License Agreement for CU-201 (the CU-201 License Agreement), effective as of November 1, 2012, with GBMT. Under the terms of the CU-201 License Agreement, we have granted to GBMT an exclusive royalty-free license, with the right to grant sublicenses subject to certain conditions, to develop, manufacture, market and sell any product containing CU-201 in the GBMT Territory (China, Macau, Taiwan and Hong Kong). In addition, we have granted to GBMT a non-exclusive, royalty-free manufacturing license, with the right to grant sublicenses subject to certain conditions, to manufacture CU-201 or any product containing CU-201 outside of the GBMT Territory solely to import the compounds or products into the GBMT Territory.

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On March 7, 2013, our board of directors elected Kenneth J. Pienta, M.D., to serve as a class I director until the 2015 annual meeting of stockholders and thereafter until his successor is duly elected and qualified. In addition to his services as a member of our board of directors, we and Dr. Pienta are parties to a scientific advisory board agreement effective September 13, 2006, as amended from time to time, under which Dr. Pienta has served as a member of our scientific advisory board since September 2006 and as its chairman since June 2007. Pursuant to the scientific advisory board agreement, Dr. Pienta receives compensation in the amount of $50,000 per year, payable in equal quarterly installments. In addition, pursuant to the terms of a consulting agreement dated March 1, 2012, Dr. Pienta served as a consultant to the company in the areas of corporate strategy and business development under which we paid Dr. Pienta $10,000 per month. We and Dr. Pienta terminated the consulting agreement in connection with his election as a member of the board of directors. Since January 1, 2012, Dr. Pienta has received aggregate payments from the company of $142,258 related to these two agreements.

Audit Committee Report

The audit committee has reviewed our audited financial statements for the fiscal year ended December 31, 2012, and has discussed these financial statements with our management and our independent registered public accounting firm.

Our management is responsible for the preparation of our financial statements and for maintaining an adequate system of disclosure controls and procedures and internal control over financial reporting for that purpose. Our independent registered public accounting firm is responsible for conducting an independent audit of our annual financial statements in accordance with the standards of the Public Company Accounting Oversight Board and issuing a report on the results of their audit. The audit committee is responsible for providing independent, objective oversight of these processes.

The audit committee has also received from, and discussed with, our independent registered public accounting firm various communications that our independent registered public accounting firm is required to provide to the audit committee, including the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. SAS 61, as amended, requires our independent registered public accounting firm to discuss with the audit committee, among other things, the following:

- methods to account for significant unusual transactions;
- the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
- the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditors conclusions regarding the reasonableness of those estimates; and
- disagreements with management over the application of accounting principles, the basis for management s accounting estimates and the disclosures in the financial statements.

The audit committee has received the written disclosures and the letter from our independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding our independent registered public accounting firm s communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm their independence from Curis.

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Based on the review and discussions referred to above, the audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2012.

Submitted by the audit committee of our board of directors.

Martyn D. Greenacre (Chair)

Marc Rubin

James R. McNab, Jr.

Independent Registered Public Accounting Firm s Fees and Other Matters

Independent Registered Public Accounting Firm s Fees

The following table summarizes the fees of PricewaterhouseCoopers LLP, our independent registered public accounting firm, billed to us for each of the last two fiscal years:

Fee Category	**2012**	**2011**
Audit Fees (1)	$ 393,000	$ 315,000
Audit-related fees (2)	32,000	56,500
All Other Fees (3)	1,800	1,800
Total Fees	$ 426,800	$ 373,300

(1) Audit fees consist of fees for the audit of our financial statements, the audit of our internal control over financial reporting, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements. 100% of the audit fees for 2012 and 2011 were pre-approved by the audit committee. These amounts exclude reimbursement of out of pocket expenses of $3,195 and $3,250 for 2012 and 2011, respectively.

(2) Audit-related fees for 2012 and 2011 consist of fees associated with comfort letters for our at-the-market sales agreement entered into in July 2011. 100% of the audit-related fees for 2012 and 2011 were pre-approved by the audit committee.

(3) Other fees consist of an annual license fee for use of Comperio, accounting research software. None of the other fees incurred during 2012 and 2011 were for services provided under the de minimis exception to the audit committee pre-approval requirements. 100% of these fees for 2012 and 2011 were pre-approved by the audit committee.

Pre-Approval Policy and Procedures

Our audit committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy generally provides that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the audit committee specifically approves the service in advance or the engagement is entered into pursuant to one of the pre-approval procedures described below.

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From time to time, our audit committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

The audit committee has also delegated to the chairman of the audit committee the authority to approve any audit or non-audit services to be provided to us by our independent registered public accounting firm. Any approval of services by a member of the audit committee pursuant to this delegated authority is reported on at the next meeting of the audit committee.

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EXECUTIVE AND DIRECTOR COMPENSATION AND RELATED MATTERS

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes our compensation strategy, policies, programs and practices for our named executive officers identified in the Summary Compensation Table. Our named executive officers consist of Daniel R. Passeri, our chief executive officer, Michael P. Gray, our chief financial officer, Mark W. Noel, our vice president, technology management and intellectual property, and Maurizio Voi, M.D., our executive vice president, chief medical and chief development officer, whom we refer to collectively in this Compensation Discussion and Analysis as our executive officers.

In February 2013, Ali Fattaey, Ph.D. was named our president and chief operating officer. See Other 2013 Compensation Awards below for a description of awards to Dr. Fattaey in connection with his appointment.

Compensation decisions for our executive officers are made by the compensation committee of our board of directors.

At our June 2011 annual meeting, we held a say-on-pay advisory stockholder vote on the compensation of our named executive officers. Our proposal regarding the say-on-pay vote was supported by our stockholders at this meeting. For compensation decisions made by our compensation committee in fiscal years 2011 and 2012 and to date in 2013, no specific component of our executive compensation program was altered based on the results of the say-on-pay vote. At the June 2011 annual meeting, stockholders also voted to hold a say-on-pay advisory stockholder vote every three years, meaning the next such vote will occur at the 2014 annual meeting. Our compensation committee and our board of directors believe that our executive compensation has been appropriately tailored to our business strategies, aligns pay with performance, and reflects best practices regarding executive compensation. The committee will continue to consider stockholder sentiments about our core principles and objectives when determining executive compensation.

Executive Summary

The compensation paid to our named executive officers in 2012 reflected our primary compensation objectives of attracting and retaining key executive officers critical to our long-term success, recognizing and rewarding overall company performance and each executive officer s individual performance and level of responsibility, as well as continuing to align our executive officers incentives with stockholders interests.

2012 Corporate Results

We and our collaborators achieved a number of our key corporate goals and objectives in 2012 including the following:

- Our collaborator Genentech, a member of the Roche Group, received U.S. Food & Drug Administration, or FDA, approval of Erivedge® (vismodegib). Erivedge, a hedgehog pathway inhibitor, was approved for the treatment of adults with basal cell carcinoma that has spread to other parts of the body or that has come back after surgery or that their healthcare provider decides cannot be treated with surgery or radiation. In addition, Roche has filed regulatory submissions seeking the approval of Erivedge in several other territories, including Europe and Australia. In 2012, we received an aggregate of $14 million in milestone payments and approximately $1.5 million in royalty revenues from Genentech s 2012 net sales of Erivedge under this collaboration.

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We completed our preclinical testing of CUDC-907, our dual HDAC and PI3K inhibitor, and filed an investigational new drug, or IND, application with the FDA to begin phase I clinical testing. We treated the first patient in the phase I clinical study in January 2013. As a result of this progress, we earned $1.1 million in milestone payments under our agreement with The Leukemia & Lymphoma Society, or LLS.

We acquired from Genentech the exclusive, worldwide rights for the further development and commercialization of CUDC-427 (GDC-0917), a small molecule that is designed to promote cancer cell death by antagonizing inhibitor of apoptosis, or IAP, proteins. We view this asset as an important expansion of our pipeline of development candidates.

We, through our subsidiary Curis Royalty, LLC, entered into a $30 million debt transaction with BioPharma Secured Debt Fund II Sub, S.àr.l, or BioPharma-II, an investment fund managed by Pharmakon Advisors that is secured by certain future Erivedge royalty payments that we expect to receive under our collaboration agreement with Genentech.

Our licensee Debiopharm initiated a phase Ib expansion study of Hsp90 inhibitor Debio 0932 as well as a phase I/II clinical study of Debio 0932 in patients with advanced non-small cell lung cancer.

We continued enrollment in our ongoing phase I clinical study of intravenous CUDC-101, an HDAC, EGFR and Her2 inhibitor, in patients with locally advanced head and neck cancers and we also initiated a phase I dose escalation study of CUDC-101 oral tablet in patients with advanced and refractory solid tumors. We subsequently terminated the oral tablet study due to insufficient drug exposure observed in the first cohort of patients and we are currently assessing alternative oral formulations that may provide improved drug exposure for patients.

We controlled costs and expenses in order to meet the above objectives within the parameters of our 2012 operating budget.

Pay-for-Performance

In 2012 and to-date in 2013, the compensation committee adhered to its long-standing pay-for-performance philosophy. As such, a significant portion of total 2012 executive compensation was comprised of cash incentives and long-term compensation tied to corporate performance. The average base salary of our executive officers comprised 32% of such executive officer s total compensation.

Key compensation decisions for 2012 and to-date in 2013 were as follows:

In January 2012, the compensation committee increased base salary amounts for our executive officers as follows: (i) Mr. Passeri, from $400,000 to $450,000; (ii) Mr. Gray, from $300,000 to $350,000; (iii) Mr. Noel, from $215,000 to $225,000 and (iv) Dr. Voi, from $375,000 to $400,000.

In January 2012, the compensation committee approved the 2012 short-term incentive plan. This plan was designed to motivate our executive officers to achieve specified performance objectives for fiscal year 2012 and to reward them for their achievement assuming those objectives were met. In January 2013, the compensation committee determined that it would award cash incentive payments to executive officers at 75% of target levels included within the 2012 short-term incentive plan based upon the company s performance during 2012, resulting in cash incentive awards to Messrs. Passeri, Gray and Noel and Dr. Voi of an aggregate of $391,000.

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In January 2012, the compensation committee granted stock options to our executive officers. The purpose of these equity grants was to create an incentive for our executive officers to increase stockholder value over time through stock price growth, thereby aligning our executives interests with those of our stockholders.

In 2012, our compensation committee also considered whether or not to implement stock ownership guidelines for our executive officers and directors. In September 2012, the compensation committee engaged Towers Watson to review the current stock ownership of our executive officers and directors as well as to review stock ownership practices of our peer group companies. Towers Watson analyzed the most recent proxy filings of the twenty peer group companies used in the September 2012 executive officer and director compensation analysis (for more information, see below under Elements of Compensation and Analysis of Compensation Payments) to determine both the prevalence and design of executive stock ownership requirements. Of these twenty organizations, only two (or 10%) have adopted stock ownership guidelines. Towers Watson also noted that all of our executive officers except for Dr. Voi, who joined Curis in November 2011, would fulfill competitive market levels of ownership when both common shares owned outright and vested in-the-money stock options were counted towards the guidelines. Based on Towers Watson s findings, the compensation committee determined that it would continue to monitor the adoption of ownership policies among our peer group and the broader pre-commercial life sciences sector but would not presently recommend the implementation of stock ownership guidelines.

Our Compensation Program

The primary objectives of the compensation committee with respect to executive officer compensation are to:

- attract and retain key executive officers critical to our long-term success;
- recognize and reward overall company performance and each executive officer s individual performance and level of responsibility; and
- align our executive officers incentive compensation with stockholder interests.

To achieve these objectives, the compensation committee has previously set base salary and total cash compensation at approximately the 50^{th} percentile and long-term incentive compensation at the 75^{th} percentile of peer group company benchmarking data. In September 2010, our compensation committee retained Towers Watson to serve as an independent outside consultant reporting directly to the compensation committee with respect to executive and director compensation and stock ownership guidelines. Towers Watson was engaged to, among other things, conduct a benchmarking assessment of our executive officer compensation. Our compensation committee did not retain Towers Watson to analyze fiscal 2011 or fiscal 2012 compensation, since the compensation committee believed that peer group compensation levels were unlikely to have changed materially since December 2010. The results of the 2010 benchmarking assessment were presented to our compensation committee and were utilized by our compensation committee in setting 2012 compensation for our executive officers. The benchmarking was based upon:

- comparative compensation data for 14 companies in our industry that were recommended in 2010 by Towers Watson and adopted by the compensation committee as appropriate peer companies based upon each company s financial profile, state of development and oncology focus; and
- a review of executive officer compensation data for companies in the 2010 Radford Global Life Sciences Compensation Survey with a headcount of less than 50 employees.

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The peer group companies were as follows:

Antigenics, Inc.	Keryx Biopharmaceuticals Inc.
Arqule, Inc.	Oxigene, Inc.
AVEO Pharmaceuticals, Inc.	Pharmacyclics, Inc.
Celldex Therapeutics, Inc.	Sunesis Pharmaceuticals, Inc.
Idera Pharmaceuticals, Inc.	Telix, Inc.
Immunomedics Inc.	Threshold Pharmaceuticals, Inc.
Infinity Pharmaceuticals, Inc.	ZIOPHARM Oncology, Inc.

The elements of compensation included in the benchmarking assessment consisted of base salary, short-term annual incentive compensation opportunities, total cash compensation, the fair value of long-term incentive awards and actual total direct compensation for each of our executive officers as compared to the peer group companies. Towers Watson conducted a competitive analysis of compensation at the 25^{th}, 50^{th} and 75^{th} percentiles of the benchmarking data.

In determining executive officer compensation, the compensation committee also considers the overall performance and financial condition of the company and each individual executive officer s performance in contributing to company performance. The compensation committee also considers the total number of shares available for future grant under our 2010 stock incentive plan when determining the size of stock awards to our executive officers. Our corporate goals and objectives are established through a process that involves input by our board and executive officers, including our chief executive officer. Management reports on progress towards the achievement of these goals during our periodic board of directors meetings. The compensation committee believes that aligning executive compensation with the successful achievement of these goals has the potential to create long-term value for our stockholders.

Our chief executive officer evaluates the performance of each of the other executive officers at least once annually against established company goals and objectives for such executive officer and also takes into consideration each executive officer s contribution to the achievement of company goals and objectives. These annual assessments are provided either orally or through a written periodic review. The chief executive officer provides recommendations to the compensation committee for all elements of compensation of our other executive officers based upon these evaluations, and the compensation committee considers our chief executive officer s assessments when determining compensation for our executive officers other than our chief executive officer. The compensation committee evaluates the performance of the chief executive officer based upon its assessment of the chief executive officer s performance, and this assessment is updated at periodic meetings as well as through recommendations from the chairman of our board of directors. Our chief executive officer does not participate in the determination of his own compensation.

In addition to its September 2012 stock ownership guidelines engagement, Towers Watson was also retained to review executive officer and director compensation. In February 2013, Towers Watson was retained to provide consulting services to our compensation committee regarding the design of our amended and restated 2010 stock incentive plan.

For a further discussion of the processes and procedures used by our compensation committee in considering and determining executive and director compensation, see Executive and Director Compensation Processes beginning on page 16 of this proxy statement.

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Elements of Compensation and Analysis of Compensation Payments

The elements of executive officer compensation vary from year to year and generally consist of the following:

- base salary;
- short-term cash incentives;
- stock option and restricted stock awards;
- insurance, retirement and other employee benefits; and
- change in control and severance benefits.

We do not have any formal policy or target for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. The compensation committee, after considering information including company performance, individual executive officer performance, the financial condition of the company, benchmarking data and other market compensation for executive officers at other similarly-sized oncology-focused companies, determines what it believes to be the appropriate level and mix of the various compensation components.

Base Salary

Base salary is used to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our executive officers. Base salaries for our executive officers are established based on the scope of their responsibilities, periodically taking into account competitive market compensation paid by other companies for similar positions as well as the financial condition of the company. Base salaries are reviewed annually, and adjusted from time to time to reflect promotions and to realign salaries with market levels after taking into account individual responsibilities, performance and experience as well as the financial health of the company. The compensation committee generally believes that executive officer base salaries should approximate the 50th percentile of the range of salaries for executive officers in similar positions with similar responsibilities at comparable companies.

2012 Base Salaries

In January 2012, the compensation committee increased base salaries for our executive officers for fiscal year 2012 as follows:

Name	2012 Base Salary	2011 Base Salary
Daniel R. Passeri	$ 450,000	$ 400,000
Michael P. Gray	$ 350,000	$ 300,000
Mark W. Noel	$ 225,000	$ 215,000
Maurizio Voi, M.D.	$ 400,000	$ 375,000

The compensation committee decided to increase base salaries for Messrs. Passeri and Gray, due in part to the fact that the base salaries for these officers had remained unchanged since 2008 except for the period from October 2008 through October 2009 when Messrs. Passeri and Gray s base salaries were, at such officers request, reduced by the compensation committee by $100,000 and $50,000, respectively, to aid in our efforts to conserve our cash as we worked to strengthen our business and financial position. Mr. Noel s base salary was

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also reduced by $21,000 in October 2008 and was adjusted in 2010 to $215,000, an increase of $5,000, or 2.4%, above the 2008 base salary level. The compensation committee also made these increases to the base salaries for Messrs. Passeri, Gray and Noel in recognition of the performance of these executive officers in leading Curis to meet a substantial portion of our key 2011 operating goals, our improved financial condition at January 2012 when compared to the start of the prior year, and our positive financial outlook for 2012, including FDA approval of Erivedge® in the U.S. and anticipated approval in Europe. The compensation committee also considered Towers Watson benchmarking data in determining the 2012 base salaries and concluded that the 2012 base salaries were within the compensation committee s compensation philosophy targets. The base salary for Dr. Voi was increased in order to better align his base salary with the base salary levels of our other executive officers.

2013 Base Salaries

In September 2012, our compensation committee retained Towers Watson to serve as an independent outside consultant reporting directly to the compensation committee with respect to executive officer and director compensation and stock ownership guidelines. Towers Watson was engaged to, among other things, conduct a benchmarking assessment of our executive officer compensation. The results of this benchmarking assessment were presented to our compensation committee and were utilized by our compensation committee in setting 2013 compensation for our executive officers. The benchmarking was based upon:

- comparative compensation data for 20 companies in our industry that were recommended by Towers Watson and adopted by the compensation committee as appropriate peer companies based upon each company s financial profile, market capitalization, state of development and oncology focus; and

- a review of executive officer compensation data for companies in the 2012 Radford Global Life Sciences Compensation Survey with fewer than 50 employees.

The peer group companies were as follows:

Agenus Inc.	ImmunoGen, Inc.
Arqule, Inc.	Immunomedics Inc.
Astex Pharmaceuticals, Inc.	Infinity Pharmaceuticals, Inc.
AVEO Pharmaceuticals, Inc.	Keryx Biopharmaceuticals Inc.
BioCryst Pharmaceuticals, Inc.	Merrimack Pharmaceuticals, Inc.
Celldex Therapeutics, Inc.	Sunesis Pharmaceuticals, Inc.
Endocyte, Inc.	Synta Pharmaceuticals Corp.
Enzon Pharmaceuticals Inc.	Threshold Pharmaceuticals, Inc.
Geron Corporation	Verastem, Inc.
GTX Inc.	ZIOPHARM Oncology, Inc.

The elements of compensation included in the benchmarking assessment consisted of base salary, short-term annual incentive compensation opportunities, total cash compensation, the fair value of long-term incentive awards and actual total direct compensation for each of our executive officers as compared to the peer group companies. Towers Watson conducted a competitive analysis of compensation at the 25th, 50th and 75th percentiles of the benchmarking data. The benchmarking assessment showed that our executive officers 2012 base salary and 2012 total cash compensation levels generally approximated the 50th percentile when compared to the peer group companies. Our executive officer base salaries and total cash compensation approximated the 75th percentile when compared to data within the 2012 Radford Global Life Sciences Compensation Survey with fewer than 50 employees. Long-term incentive compensation approximated the 75th percentile when

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benchmarked against both the peer group companies and the Radford data. While the compensation committee considers both sources of data, it believes that the selected peer group data provides for the most accurate comparator since all companies in the peer group listing are publicly-held corporations with a median market capitalization at the time of analysis that approximates our market capitalization and each of these comparative companies is also focused in the development of oncology therapeutics.

Taking into consideration this benchmarking assessment, the compensation committee set base salary amounts for our executive officers for fiscal year 2013 as follows:

Name	2013 Base Salary	2012 Base Salary
Daniel R. Passeri	$ 465,000	$ 450,000
Michael P. Gray	$ 360,000	$ 350,000
Mark W. Noel	$ 230,000	$ 225,000
Maurizio Voi, M.D.	$ 410,000	$ 400,000

Short-Term Cash Incentive Plans

Our compensation committee believes that allocating a meaningful amount of our executive officers total cash compensation to the achievement of objectives under short-term incentive plans aligns our executive officers interests with those of our stockholders. Accordingly, for both 2012 and 2013 our compensation committee implemented short-term incentive plans that set forth specific objectives that, if achieved, can result in short-term incentive cash compensation for our executive officers.

The cash incentive program is designed to motivate our executive officers to achieve specified performance objectives for the respective fiscal year and to reward them for their achievement assuming those objectives are met. To be eligible, an executive officer must (i) be designated by the compensation committee or independent board members, (ii) be serving as an executive officer at the time the award is paid and (iii) have achieved an overall performance evaluation at a meets expectations or higher level within our evaluation framework.

The compensation committee generally establishes categories of goals that are then further delineated into three levels of potential achievement: Threshold; Target; and Maximum. Cash incentive payments may be paid based upon the degree to which each category of corporate goals has been achieved on this continuum, if at all. For each of the four categories, achievement of performance at the Threshold level results in a weighted payment of no less than 50% of the target amount, achievement of performance at the Target level results in a weighted payment equal to 100% of the target amount, and achievement of performance at the Maximum level results in a weighted payment of no more than 150% of the target amount.

The cash incentive program is administered by the compensation committee. The compensation committee has the authority and discretion to modify performance goals under the cash incentive program and has the right to amend, modify or terminate the cash incentive program at any time.

2012 Short-Term Cash Incentive Plan

The compensation committee approved the 2012 short-term cash incentive plan in February 2012. The compensation committee determined that the following executive officers were eligible to participate in the cash incentive program: Daniel R. Passeri, Michael P. Gray, Mark W. Noel and Maurizio Voi, M.D.

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The compensation committee established the following target short-term incentive payment amounts, referred to herein as target amounts, for each executive officer:

Designated Executive Officer	2012 Annual Base Salary		Target Incentive Compensation Payment as a Percentage of 2012 Annual Base Salary, Assuming Performance at the 100% Level		
			(%)		($)
Daniel R. Passeri	$	450,000	45%	$	202,500
Michael P. Gray	$	350,000	35%	$	122,500
Mark W. Noel	$	225,000	25%	$	56,250
Maurizio Voi, M.D.	$	400,000	35%	$	140,000
Total	$	1,425,000	100%	$	521,250

The compensation committee established four weighted categories of corporate goals for 2012. The four categories of corporate goals for 2012 generally relate to the following:

the establishment of the maximum tolerated dose of CUDC-101, our lead candidate from our targeted cancer programs, in combination with cisplatin, a chemotherapeutic drug, and radiation in our ongoing phase I clinical trial in locally advanced head and neck cancer patients, and achievement of clinical trial enrollment;

progress in preclinical efforts on an oral formulation of CUDC-101, including filing an IND and commencing treatment of patients;

progress in preclinical efforts on CUDC-907, a development candidate from our targeted cancer programs, including filing an IND and commencing treatment of patients; and

financial performance objectives, including cash management and capital objectives.

On January 17, 2013, the compensation committee approved the payment of short term cash incentive awards at 75% of the target amounts to each of the named executive officers as follows:

Name	Total 2012 Cash Incentive Amount Paid		Percentage of 2012 Base Salary
Daniel R. Passeri	$	151,875	34%
Michael P. Gray	$	91,875	26%
Mark W. Noel	$	42,188	19%
Maurizio Voi, M.D.	$	105,000	26%

2013 Short-Term Cash Incentive Plan

In January 2013, the compensation committee approved a 2013 short-term cash incentive program for executive officers and determined that the following executive officers were eligible to participate: Daniel R. Passeri, Michael P. Gray, Mark W. Noel and Maurizio Voi, M.D.

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The compensation committee established the following target short-term incentive payment amounts, referred to herein as target amounts, for each executive officer:

Designated Executive Officer	2013 Annual Base Salary	Target Incentive Compensation Payment as a Percentage of 2013 Annual Base Salary, Assuming Performance at the 100% Level (%)	($)
Daniel R. Passeri	$ 465,000	45%	$ 209,250
Michael P. Gray	$ 360,000	35%	$ 126,000
Mark W. Noel	$ 230,000	25%	$ 57,500
Maurizio Voi, M.D.	$ 410,000	35%	$ 143,500
Total	$ 1,465,000	100%	$ 536,250

The compensation committee established four weighted categories of corporate goals for 2013. The four categories of corporate goals for 2013 generally relate to the following:

- the initiation and progression of clinical trials of CUDC-427;
- the completion of enrollment in the dose escalation portion of our phase I single agent study of CUDC-907 in hematological malignancies by the end of 2013 and the initiation of a phase I dose escalation combination study of CUDC-907 in solid tumors in the second half of 2013;
- the establishment of the maximum tolerated dose of and completion of clinical trial enrollment of our ongoing phase I clinical trial of CUDC-101 in locally advanced head and neck cancer patients in combination with cisplatin and radiation as well as the progression of preclinical efforts to establish a suitable oral formulation of CUDC-101; and
- financial performance objectives, including cash management and capital objectives.

The awards, if any, generally will be paid in cash. The compensation committee has sole discretion, however, to pay an award using a combination of cash and equity or all equity, with any such equity being issued pursuant to our 2010 stock incentive plan. If the compensation committee determines that such payment will be made in whole or in part in the form of equity, the compensation committee shall have the sole discretion, subject to the terms of the 2013 short-term cash incentive program generally, to determine the nature, amount and other terms of such equity award. Payment of the awards, if any, will be made after the completion of fiscal year 2013 and no later than March 15, 2014.

In the event of the consummation of a change in control of the company on or before December 31, 2013, short-term incentive amounts shall be paid out at 100% of the target amount upon such change in control.

Long-Term Incentive Program

The compensation committee believes that long-term value creation is achieved through an ownership culture that encourages performance by our executive officers through stock and stock-based awards. We have established our stock compensation plans to provide our employees, including our executive officers, with incentives to help align employee interests with the interests of our stockholders. The exercisability of stock options and the vesting of restricted stock awards are generally time-based. All the value received by the recipient from a stock option is based on the growth of the stock price above the option exercise price. Our executive officers have historically paid the par value of $0.01 per share of common stock for restricted stock awards. Accordingly, the value received by the recipient for a restricted stock award is equal to the difference

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between the fair market value of our common stock on the date the restricted stock award is granted and the $0.01 per share paid for such restricted stock, plus any future growth of the stock price after such grant date.

Stock Options

Our 2010 stock incentive plan permits the grant of incentive and non-qualified stock options to our employees, directors and consultants. In the first quarter of 2010, our 2000 stock incentive plan expired in accordance with its terms and our 2000 director stock option plan had no available shares remaining. No additional awards will be made under these plans, although all outstanding awards under these plans will remain in effect until they are exercised or they expire in accordance with their terms.

The compensation committee reviews and approves stock option grants to our chief executive officer and the other executive officers. Stock option grants are made at the commencement of employment and then are generally granted annually in conjunction with the review of the individual performance of our executive officers. Grants may also be made following a significant change in job responsibilities or to meet other special retention or performance objectives. The review and approval of stock option awards to executive officers is based upon an assessment of individual performance, a review of each executive officer s existing long-term incentives and retention considerations. In appropriate circumstances, the compensation committee considers the recommendations of Mr. Passeri, our chief executive officer (except with respect to his own compensation) and Mr. McNab, the chairman of our board of directors. Stock options are typically granted with an exercise price equal to the fair market value of our common stock on the date of grant and typically vest and become exercisable as to 25% of the shares underlying the award after the first year and as to an additional 6.25% of the shares underlying the award in each subsequent quarter, based upon continued employment over a four-year period. The options generally expire ten years after the date of grant. In certain circumstances, stock options have and may be granted with different vesting terms, such as a shorter vesting period or performance-based vesting.

2012 Stock Option Grants

In January 2012, the compensation committee granted the following stock options pursuant to our 2010 stock incentive plan to our executive officers:

Name	Number of Shares Underlying January 2012 Option Grants
Daniel R. Passeri	400,000
Michael P. Gray	250,000
Mark W. Noel	80,000
Maurizio Voi, M.D. (1).	100,000

(1) Dr. Voi has served as our executive vice president, chief medical and development officer since November 7, 2011 and was granted an option to purchase 350,000 shares of common stock at the time of his hiring. That option vests over four years, 25% after the first year and 6.25% per quarter over the remainder of the vesting period.

The compensation committee believes that targeting the 75th percentile of our peer group is consistent with its desire to emphasize equity opportunity, align executive officer and stockholder interests and manage our cash consumption. In determining the size of each stock option grant awarded to our named executive officers in 2012, the compensation committee targeted the 75th percentile of value for the peer group established by Towers

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Watson in 2010, data from the related Radford Global Life Sciences Compensation Survey for long-term incentive compensation, as well the compensation committee s desire to preserve adequate common shares for future stock options and other stock awards that may be granted under the 2010 stock incentive plan. The value of the stock option awards granted to our executive officers was moderately greater than the 75th percentile from the 2010 peer group data, which included data for stock option awards that were made in 2009. The value of the 2012 awards is approximately equal to the 75th percentile from the September 2012 Towers Watson peer group data, which includes stock options granted from our current peer group in 2011. The compensation committee increased stock option awards in 2012, particularly to Mr. Passeri and Mr. Gray in part because of the contributions made by these officers during 2011 in advancing our primary 2011 operating goals as well as the fact that the 2011 awards were much lower than the compensation committee s 75th percentile target.

2013 Stock Option Grants

In January 2013, the compensation committee granted the following stock options pursuant to our 2010 stock incentive plan to our executive officers:

Name	Number of Shares Underlying January 2013 Option Grants	Percentage Increase/ (Decrease) from Prior Year Grants
Daniel R. Passeri	200,000	(50%)
Michael P. Gray	125,000	(50%)
Mark W. Noel	60,000	(25%)
Maurizio Voi, M.D.	125,000	25%

The number of shares awarded to our executive officers in January 2013 was equal to the number of shares awarded in 2011. The 2013 awards decreased as compared to our 2012 grants, both in absolute numbers and in the underlying value at the time of grant. The value of the stock option awards granted to our executive officers in 2013 was between the 25th and 50th percentiles when compared to the September 2012 Towers Watson peer group data. In setting the number of shares to our executive officers in January 2013 at levels below the 75th percentile, the compensation committee considered the number of shares currently available for future grant under the 2010 stock incentive plan. The compensation committee also considered data within the Towers Watson s 2012 report that noted that over 60% of organizations utilize a fixed share approach to their annual equity awards.

Restricted Stock Awards

Our 2010 stock incentive plan permits the issuance of restricted stock awards to our employees, directors and consultants. The compensation committee generally does not make grants of restricted stock awards to our executive officers and no restricted stock awards were granted in 2012. The compensation committee generally favors the award of stock options over restricted stock in its annual compensation of our executive officers since it grants stock options with exercise prices that are equal to the fair market value of our common stock on the grant date, and therefore closely aligns our executive officers interests with those of our stockholders as such stock options only generate value to our executive officers if the fair market value of our common stock rises.

Other 2013 Compensation Awards

In February 2013, Dr. Ali Fattaey was appointed our president and chief operating officer. In connection with his appointment, Dr. Fattaey s annualized base salary for 2013 was fixed at $425,000 and he is eligible to

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receive an annual bonus of up to 40% of his base salary, based on the attainment of specified performance targets established by the compensation committee. In addition, the compensation committee determined that Dr. Fattaey is eligible to participate in the 2013 cash incentive program and it granted Dr. Fattaey an option to purchase 400,000 shares of our common stock. This stock option has a ten-year term, vests as to 25% of the shares underlying the grant on the first anniversary of his date of hire and as to the remaining shares underlying the option in equal quarterly installments thereafter, subject to his continued service, and has an exercise price equal to the closing price of a share of our common stock on the NASDAQ Global Market on the date of grant. In establishing this compensation package for Dr. Fattaey, the compensation committee considered the relative compensation of our other executive officers and Towers Watson benchmarking data for his role as our president and chief operating officer.

2010 Employee Stock Purchase Plan

Executive officers are eligible to participate in our 2010 employee stock purchase plan. The plan permits participant employees to purchase company stock through payroll deductions of up to 15% of total cash compensation. The price of the stock is 85% of the lower of the fair market value of the stock at the beginning or the end of the offering period. In 2012, none of our executive officers participated in the 2010 employee stock purchase plan.

Other Compensation Employee Benefits

Our employees, including our executive officers, are entitled to various employee benefits such as medical and dental expense coverage, flexible spending accounts, various insurance programs, an employee assistance program and paid time off. Executive officers are eligible to participate in our 401(k) retirement plan. Matching contributions to the 401(k) plan are at the discretion of the compensation committee of the board of directors.

Change in Control and Severance Payments

Each of our executive officers is party to an agreement or offer letter that obligates us to make payments to such executive officer in the event we terminate the executive officer s employment without cause or the executive officer resigns for good reason (as defined in the applicable agreement or offer letter). We believe that our severance program is aligned with other comparable biotechnology companies and provides our executive officers with income protection in the event of an unplanned separation from employment. In addition, we are also obligated to make payments to each of our executive officers if he is terminated under specified circumstances within twelve months after a change in control. This is a so-called double trigger change in control arrangement because it provides for severance benefits only in the event of a change in control, the first trigger, followed by an employment termination under specified circumstances, the second trigger. Our 2000 and 2010 stock incentive plans provide that all plan participants, including our executive officers, are entitled to accelerated vesting of stock options and/or restricted stock awards upon certain events. In the event that a change in control occurs, 50% of the then unvested options of each plan participant, including executive officers, would become immediately exercisable and the restrictions underlying 50% of any restricted stock awards would lapse. In the event any executive officer is terminated within one year after a change in control without cause or resigns for good reason (each as defined in the applicable plan), then all remaining unvested stock options and restricted stock awards will become fully vested. Our 2000 and 2010 stock incentive plans generally define a change in control as a merger by us with or into another company or a sale of all or substantially all of our assets. We have determined to provide for these change in control arrangements because we recognize that, as is the case with

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many publicly-held corporations, the possibility of a change in control of our company exists and such possibility, and the uncertainty and questions which it may raise among our executive officers, could result in the departure or distraction of executive officers to the detriment of our company and our stockholders. As a consequence, our compensation committee determined to provide such change in control related benefits to reinforce and encourage the continued employment and dedication of our executive officers without distraction from the possibility of a change in control and related events and circumstances.

Our change in control and severance arrangements with our executive officers do not obligate us to make any additional payments to gross-up any such compensation payable to such executive officers in order to offset income tax liabilities.

For a further description of the foregoing arrangements, see Summary Compensation Table, Employment Agreements and Potential Payments Upon Termination or Change in Control.

Tax and Accounting Considerations

We account for equity compensation paid to our employees under the rules of FASB Codification Topic 718 (formerly FAS 123(R)), which require us to estimate and record an expense over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued. To date, these accounting requirements have not impacted our executive compensation programs and practices.

The Internal Revenue Service, pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction for compensation in excess of $1.0 million paid to our chief executive officer and to each other officer (other than our chief executive officer and our chief financial officer) whose compensation is required to be reported to our stockholders pursuant to the Exchange Act by reason of being among the three most highly paid executive officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. The compensation committee reviews the potential effect of Section 162(m) periodically and uses its judgment to authorize compensation payments that may be subject to the limit when the compensation committee believes that such payments are appropriate and in the best interests of us and our stockholders, after taking into consideration changing business conditions and the performance of our employees.

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Summary Compensation Table

The following table sets forth information regarding compensation earned by each of our named executive officers for the fiscal years ending December 31, 2012, 2011, and 2010.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)	Option Awards ($) (2)	All Other Compensation ($)	Total ($)
Daniel R. Passeri	2012	450,000	151,875		1,194,680	10,000(3)	$ 1,806,555
Chief Executive Officer	2011	400,000	150,000		281,440	9,800(3)	841,240
	2010	391,923	200,000		577,155	7,350(3)	1,176,428
Michael P. Gray	2012	350,000	91,875		746,675	10,000(3)	1,198,550
Chief Financial Officer	2011	300,000	125,000		175,900	9,800(3)	610,700
	2010	295,961	166,667		353,503	7,350(3)	823,481
Mark W. Noel	2012	225,000	42,188		238,936	9,000(3)	515,124
Vice President, Technology Management and Intellectual Property	2011	215,000	50,000		84,432	8,600(3)	358,032
	2010	212,900	66,667		158,708	6,387(3)	444,662
Maurizio Voi, M.D. (4)	2012	400,000	105,000		298,670	80,661(3)(5)	884,331
Executive Vice President, Chief Medical Officer and Chief Development Officer	2011	57,692	26,000		869,540	692(3)	953,924

(1) Consists of bonuses approved by the compensation committee and accrued in our financial statements at December 31, 2012, 2011 and 2010. All of the 2012 bonuses earned were not paid until January 2013. All of the 2011 bonuses earned were not paid until January 2012, and a portion of each officer s bonus earned in 2010, $158,333 in the aggregate, was not paid until January 2011.

(2) The amounts in this column reflect the aggregate grant date fair value of equity awards granted during the respective fiscal year, computed in accordance with FASB Codification Topic 718 and other relevant guidance, for awards pursuant to our 2000 and 2010 stock incentive plans. Assumptions used in the calculation of these amounts are included in footnote 5 to our audited financial statements for the fiscal year ended December 31, 2012 included in our Annual Report on Form 10-K filed with the SEC on March 13, 2013. During 2007, our named executive officers were issued certain options, the exercisability of which was tied to a performance condition, the occurrence of which was not probable at the date of grant. The related performance conditions were met in 2010. The following table denotes the maximum value of these 2007 options which are included in the Summary Compensation Table:

Name	Maximum Value of 2007 Performance Condition Options
Daniel R. Passeri	$ 288,775
Michael P. Gray	173,265
Mark W. Noel	72,194

(3) Consists of 401(k) contributions made by us.

(4) Dr. Voi has served as our executive vice president, chief medical and development officer since November 7, 2011, and his 2011 salary reflects the amount earned from this date through December 31, 2011.

(5) Of this amount, $70,661 represents reimbursed relocation expenses for Dr. Voi in 2012.

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Grants of Plan-Based Awards

The following table sets forth information regarding awards under our 2010 stock incentive plan to our named executive officers during the fiscal year ended December 31, 2012.