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

FORM 10-K/A
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-33415

OREXIGEN THERAPEUTICS, INC.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
3344 N. Torrey Pines Ct., Suite 200
La Jolla, California
(Address of principal executive offices)

65-1178822
(I.R.S. Employer
Identification No.)

92037
(Zip Code)

Registrant's telephone number, including area code: (858) 875-8600

Securities registered pursuant to Section 12(b) of the Act: Common Stock, Par Value \$0.001 Par Value Per Share; Common stock traded on the NASDAQ Global market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES NO

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The NASDAQ Global Market on June 30, 2016, was approximately \$48.2 million.

The number of shares of Registrant's Common Stock outstanding as of March 22, 2017 was 15,227,802.

Documents Incorporated by Reference

None.

Explanatory Note

The registrant is filing this Amendment No. 1 to Annual Report on Form 10-K/A, or this Amendment, to amend the Annual Report on Form 10-K for the fiscal year ended December 31, 2016, or the 10-K, as filed by the registrant with the Securities and Exchange Commission, or the SEC, on March 30, 2017. The principal purpose of this Amendment is to include, in Part III, the information that was to be incorporated by reference from the proxy statement for the registrant's 2017 Annual Meeting of Stockholders. This Amendment hereby amends the cover page, Part III, Items 10 through 14, and Part IV, Item 15 of the 10-K. In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, new certifications by the registrant's principal executive officer and principal financial officer are filed as exhibits to this Amendment.

No attempt has been made in this Amendment to modify or update the other disclosures presented in the 10-K. This Amendment does not reflect events occurring after the filing of the original 10-K (i.e., those events occurring after March 30, 2017) or modify or update those disclosures that may be affected by subsequent events. Accordingly, this Amendment should be read in conjunction with the 10-K and the registrant's other filings with the SEC.

OREXIGEN THERAPEUTICS, INC.
FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Our Board of Directors

Our board of directors is divided into three classes, with one class of our directors standing for election each year, generally for a three-year term. At each annual meeting of the stockholders, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term.

The following is a brief biography of each member of our board of directors as of May 1, 2017, with each biography including information regarding the experiences, qualifications, attributes or skills that caused our board of directors to determine that each member of our board of directors should serve as a director.

Directors Continuing in Office Until the 2017 Annual Meeting

Patrick J. Mahaffy, 54, has served as a member of our board of directors since February 2009 and the chairman of our board of directors since April 2016. Mr. Mahaffy is a founder of Clovis Oncology, Inc., a pharmaceutical development company, and has served as President and Chief Executive Officer and a member of its board of directors since its inception in 2009. Previously, Mr. Mahaffy served in the same role at Pharmion Corporation, which he founded in 2000 and was sold to Celgene Corporation in 2008. From 1992 through 1998, Mr. Mahaffy was President and Chief Executive Officer of NeXagen, Inc. and its successor, NeXstar Pharmaceuticals, Inc., a biopharmaceutical company. Prior to that, Mr. Mahaffy was a Vice President at E.M. Warburg Pincus and Co. Mr. Mahaffy also serves on the board of directors of Flexion Therapeutics, Inc. He is also a trustee of Lewis and Clark College and Boulder Community Hospital. Mr. Mahaffy has a B.A. in international affairs from Lewis and Clark College and an M.A. in international affairs from Columbia University.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Mr. Mahaffy has extensive operational, management and leadership experience in the biotechnology industry. Over the past 17 years, he co-founded, built and sold two companies, including the \$2.9 billion sale of Pharmion in 2008 to Celgene Corporation. Through this past experience, Mr. Mahaffy has developed a strong background in drug development, including experience with the U.S. Food and Drug Administration's ("FDA's"), and the European Medicines Agency's approval process and the post-approval commercialization process in the United States and Europe. He has recently started his third oncology focused company, Clovis Oncology.

Michael A. Narachi, 57, has served as our President and Chief Executive Officer and a member of our board of directors since March 2009. Previously, Mr. Narachi served as Chairman, Chief Executive Officer and President of Ren Pharmaceuticals, Inc., a private biotechnology company, from November 2006 to March 2009. From August 2002 to January 2008, Mr. Narachi served as chairman of the board of directors of Naryx Pharma, Inc., a private pharmaceutical company. In 2004, Mr. Narachi retired as an officer and Vice President of Amgen Inc., a leading therapeutics company, where he served as General Manager of Amgen's Anemia Business from 1999 to 2003. Mr. Narachi joined Amgen in 1984 and held various positions throughout the organization including: Product Development Team Leader for NEUPOGEN®; Director of Clinical Operations in Thousand Oaks, CA and Cambridge, UK; Vice President of Development and Representative Director for Amgen Japan; Head of Corporate Strategic Planning; Chief Operations Officer of Amgen BioPharma; and Vice President, Licensing and Business Development. He currently serves as a member of the board of directors of Ultragenyx Pharmaceutical Inc., a publicly traded biopharmaceutical company, and previously served as the chairman of the board of directors of Celladon Corporation, a publicly traded biotechnology company, from 2013 until 2016, and as a member of the board of directors of Amag Pharmaceuticals, Inc. from 2006 until 2014. Mr. Narachi received a B.S. in Biology and an M.A. degree in Biology and Genetics from the University of California at Davis. He received an M.B.A. from the Anderson Graduate School of Management at University of California, Los Angeles.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Mr. Narachi brings to our board of directors valuable business, leadership and management experience, and knowledge of our company and the biotechnology industry. Mr. Narachi's services as our President and Chief Executive Officer provide a critical link between management and the board of directors and ensures that the board takes into consideration management's perspectives on the business. This critical link also helps the board to perform its oversight function.

Directors Continuing in Office Until the 2018 Annual Meeting

Louis C. Bock, 52, has served as a member of our board of directors since April 2005. He currently serves as a Venture Partner at Sante Ventures, a position he has held since August 2014. Through June 2014, Mr. Bock was a Partner of Scale Venture Partners, a

venture capital firm, and served as a Managing Director until 2012. Mr. Bock joined Scale Venture Partners in September 1997 from Gilead Sciences, Inc., a biopharmaceutical company where he worked from September 1989 to September 1997. Prior to Gilead, he was a research associate at Genentech, Inc. from November 1987 to September 1989. He currently serves as a director of Zogenix, Inc., a publicly traded company, for which he also serves as a member of the audit and nominating and corporate governance committees and Heat Biologics, Inc., a publicly traded biopharmaceutical company. In the past five years, Mr. Bock has also served as a member of the boards of directors of diaDexus Inc. and Horizon Pharma, Inc. Mr. Bock received his B.S. in Biology from California State University, Chico and an M.B.A. from California State University, San Francisco.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Mr. Bock has extensive clinical and leadership experience in the biotechnology and biopharmaceuticals industries, including experience in research, project management, business development and sales from his time at Gilead. His strong corporate governance experience stems from his membership on other companies' boards of directors, including positions on other audit and nominating/corporate governance committees.

Peter K. Honig, M.D., M.P.H., 60, has served as a member of our board of directors since February 2010. Dr. Honig currently serves as Senior Vice President of Worldwide Regulatory Affairs at Pfizer, Inc., a global pharmaceutical company. Prior to this position, from July 2010 to May 2014, Dr. Honig served as Head of Global Regulatory Affairs and Patent Safety at Astra Zeneca, LLP, a pharmaceutical company, and from January 2003 through December 2009, Dr. Honig served as Senior Vice President, Worldwide Regulatory Affairs and Product Safety at Merck & Co, a pharmaceutical company. From March 2002 to January 2003, Dr. Honig was Merck's Vice President, Worldwide Product Safety and Quality Assurance. Prior to Merck, from 1993 to 2002, Dr. Honig held various positions at the FDA including Director of the Office of Drug Safety in the FDA's Center for Drug Evaluation and Research. Dr. Honig previously served on the board of directors of Celladon Corporation from 2014 to 2016. Dr. Honig received his B.A. in History from Columbia College of Columbia University, his M.D. from Columbia College of Physicians & Surgeons and his M.P.H from Columbia University School of Public Health.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Dr. Honig has over 17 years of experience in the drug industry, including nine years at the FDA, specifically in research and development, regulatory affairs and product safety. He has served in various leadership roles in the American Society of Clinical Pharmacology and Therapeutics, including President, Vice President and member of the board of directors. He is also the current PhRMA representative to the International Conference on Harmonization Steering Committee.

Deborah A. Jorn, 58, has served as a member of our board of directors since May 2016. Additionally, Ms. Jorn has been a member of the board of directors of Viveve Medical, Inc. since May 2016. Prior to her board service, from August 2013 to March 2016, Ms. Jorn served as the Executive Vice President and Group Company Chair at Valeant Pharmaceuticals, Inc. From June 2010 to August 2013, Ms. Jorn served as the Chief Global Marketing Officer at Bausch & Lomb Pharmaceuticals. From December 2000 to June 2010, Ms. Jorn served in senior commercial leadership roles at Schering Plough, Johnson & Johnson and Pharmacia. Jorn received a MBA from the Stern Graduate School of Business Administration at New York University and a BA in Biochemistry from Rutgers University.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Ms. Jorn is a senior commercial strategist with a more than 30-year history of building multi-billion dollar global pharmaceutical businesses and a proven track record of designing and implementing innovative business and marketing strategies that have consistently delivered double-digit organic growth across numerous therapeutic areas.

Directors Continuing in Office Until the 2019 Annual Meeting

Brian H. Dovey, 75, has served as a member of our board of directors since January 2004. Mr. Dovey has been a Partner of Domain Associates, L.L.C., a private venture capital management firm focused on life sciences, since 1988. Prior to joining Domain, Mr. Dovey spent six years at Rorer Group, Inc. (now part of sanofi-aventis), including as president from 1986 to 1988. Previously, Mr. Dovey was president of Survival Technology, Inc., a start-up medical products company. He also held management positions with Howmedica, Inc., Howmet Corporation and New York Telephone Company. Mr. Dovey has served as both president and chairman of the National Venture Capital Association. He is former Chair and currently serves on the Board of Trustees of the Wistar Institute, a non-profit preclinical biomedical research company. Mr. Dovey serves on the board of directors and is also Co-Dean and former Chairman of the Kauffman Fellows Program at the Center for Venture Education and currently serves on the board of directors of REVA Medical, Inc., and Otonomy, Inc., both publicly traded companies. He was also a former board member of the industry associations representing the medical device industry as well as the association representing consumer pharmaceuticals. Mr. Dovey has also served as a member of the board of directors of the following publicly traded companies: Align Technology, Inc., Cardiac Science, Inc. and Neose Technologies, Inc. Mr. Dovey received his B.A. from Colgate University and an M.B.A. from the Harvard Business School.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Mr. Dovey has extensive experience in the life sciences industry through Domain's venture capital investments. Through his membership on over 35 private and public companies' boards of directors over the years, he also has developed significant experience in corporate governance and other leadership matters. His past experience as President of Rorer Group and Survival Technology further exemplifies his operational, strategic and corporate leadership experience. His service on the compensation committees of other companies, both public and private, allows him to bring substantial relevant experience to his role as chairman of our compensation committee.

David J. Endicott, 52, has served as a member of our board of directors since November 2012. Mr. Endicott currently serves as the Chief Operating Officer of Alcon, a Novartis company. Prior to this role he served as President of Hospira Infusion Systems, a Pfizer company, a medical device company. Mr. Endicott has also served as Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America, a biotechnology company, from April 2011 through July 2013 and served as Corporate Vice President and President, Allergan Medical from August 2010 through April 2011. Prior to that, he served as Corporate Vice President and President, Europe, Africa and Middle East from October 2004 to August 2010 and managed the expansion of Allergan's business internationally, including Allergan's entry into new markets such as Russia, Turkey and Poland. Mr. Endicott served as Senior Vice President, U.S. Specialty Pharmaceuticals from January 2004 to October 2004, Vice President and General Manager of Canada from February 2000 to December 2003 and Vice President of U.S. Managed Markets since 1998. Prior to that, Mr. Endicott served various roles at Allergan since joining Allergan in 1986. Mr. Endicott is a member of the Board of Directors of AdvaMed, the leading U.S. medical device association. Mr. Endicott holds an undergraduate degree in Chemistry from Whitman College, an M.B.A. from the University of Southern California and is a graduate of the Advanced Management Program at the Harvard Business School.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Mr. Endicott has broad pharmaceutical leadership, management and operational experience across multiple business and geographic regions. His strong operational and management perspective results from his various leadership positions at Allergan over the past 15 years, and his role in Allergan's international corporate expansion and commercialization of pharmaceutical drug products, including in the United States, Asia, Latin America and Europe. We believe his global experience will provide significant value as we prepare for the global commercialization of *Contrave*®.

Lota S. Zoth, CPA, 57, has served as a member of our board of directors since April 2012. Additionally, Ms. Zoth is a member of the boards of directors of the following publicly traded companies: Spark Therapeutics, Inc., NewLink Genetics Corporation (both traded on NASDAQ) and Circassia Pharmaceuticals, plc (London Stock Exchange) and serves and Chair of the board of directors of Aeras, a nonprofit biotech organization. She also previously served as a member of the board of directors of Hyperion Therapeutics, Inc. from 2008 to 2015. Prior to her board service, Ms. Zoth served as Chief Financial Officer of MedImmune, Inc. from April 2004 to July 2007 and also served as its Controller and Principal Accounting Officer from August 2002 through April 2004. Prior to joining MedImmune in 2002, Ms. Zoth served as Senior Vice President, Corporate Controller at PSINet Inc. and Vice President, Corporate Controller at Sodexo Marriott Services, Inc. Ms. Zoth also held senior management positions at Marriott International and PepsiCo, Inc. Ms. Zoth served as an auditor at Ernst & Young, LLP and is a Certified Public Accountant. Ms. Zoth received a B.B.A. in accounting from Texas Tech University.

Key Attributes, Experience and Skills and the Benefit to the Board of Directors include:

Ms. Zoth's experience as Chief Financial Officer, Controller and Principal Accounting Officer, as well as an auditor at Ernst & Young LLP, provided her valuable and relevant experience as a senior financial executive at life sciences and biotechnology companies dealing with financings, mergers, acquisitions and global expansion and other strategic transactions, and provides her with the qualifications and skills to serve as chairman of our audit committee and our audit committee financial expert.

Board Leadership Structure

Our board of directors is currently led by its chairman, Mr. Patrick Mahaffy. Our board of directors recognizes that it is important to determine an optimal board leadership structure to ensure the independent oversight of management as the company continues to grow. We separate the roles of chief executive officer and chairman of the board in recognition of the differences between the two roles. The chief executive officer is responsible for setting the strategic direction for the company and the day-to-day leadership and performance of the company, while the chairman of the board of directors provides guidance to the chief executive officer and presides over meetings of the full board of directors. We believe that this separation of responsibilities provides a balanced approach to managing the board of directors and overseeing the company.

The Board's Role in Risk Oversight

The responsibility for day-to-day risk management lies with our management; however, our board of directors is responsible for risk oversight as part of its fiduciary duty of care to effectively monitor our business operations. Our board of directors works closely with management both formally during meetings of our board of directors and informally through one-on-one communications with our chief executive officer and other members of management to identify and understand the risks facing our company, including those risks associated with our strategic plans, our capital structure, and our development activities, and the steps management is taking to manage these risks, including our compliance program. The audit committee, pursuant to its charter, is specifically responsible for discussing with management our policies with respect to risk assessment and risk management, and our significant risk exposures and the actions management has taken or will take to limit, monitor or control such exposures.

Board of Directors Meetings

During the fiscal year 2016, our board of directors met 15 times, including telephonic meetings, and acted by unanimous written consent three times. In that year, with the exception of Peter Honig, all incumbent directors attended at least 75% of the aggregate number of meetings of the board and the committees on which they served during the periods in which they served.

Committees of the Board of Directors

We have three standing committees: the audit committee, the compensation committee and the nominating/corporate governance committee. Each of these committees has a written charter approved by our board of directors. A copy of each charter can be found under the Investors-Corporate Governance section of our website at www.orexigen.com. The current members of the committees are identified in the following table.

Director	Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee
Louis C. Bock	X	—	X
Brian H. Dovey	—	X (Chairman)	—
David J. Endicott	X	—	X
Peter K. Honig, M.D., M.P.H.	—	—	—
Deborah A. Jom	—	—	—
Patrick J. Mahaffy	—	X	X (Chairman)
Michael A. Narachi	—	—	—
Lota S. Zoth	X (Chairman)	X	—

Audit Committee

The audit committee of our board of directors currently consists of Ms. Zoth (Chairman) and Messrs. Bock and Endicott and these directors comprised the audit committee in 2016 as well. The audit committee met seven times (including telephonic meetings) during fiscal year 2016. Our board of directors has determined that all members of the audit committee are independent directors, as defined in the Nasdaq qualification standards and by Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, our board of directors has determined that Ms. Zoth qualifies as an "audit committee financial expert" as that phrase is defined under the regulations promulgated by the SEC. The audit committee is governed by a written charter adopted by our board of directors. The audit committee's main function is to oversee our accounting and financial reporting processes, internal systems of control, independent registered public accounting firm relationships and the audits of our financial statements. The audit committee's responsibilities include, among other things:

- selecting and hiring our independent registered public accounting firm;
- evaluating the qualifications, independence and performance of our independent registered public accounting firm;
- approving the audit and non-audit services to be performed by our independent registered public accounting firm;
- reviewing the design, implementation, adequacy and effectiveness of our internal controls and our critical accounting policies;

- reviewing, overseeing and monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- reviewing with management and our auditors any earnings announcements and other public announcements regarding our results of operations;
- reviewing and approving the report that the SEC requires in our annual proxy statement;
- reviewing and approving any related party transactions and reviewing and monitoring compliance with our code of conduct and ethics;
- discussing with management our policies with respect to risk assessment and risk management; and
- discussing with management our significant risk exposure and the actions management has taken to limit, monitor or control such exposures.

Both our external auditor and internal financial personnel meet privately with the audit committee and have unrestricted access to this committee.

Report of the Audit Committee of the Board of Directors

The audit committee oversees the company's financial reporting process on behalf of our board of directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the audit committee reviewed the audited financial statements in the company's annual report with management, including a discussion of any significant changes in the selection or application of accounting principles, the reasonableness of significant judgments, the clarity of disclosures in the financial statements and the effect of any new accounting initiatives.

The audit committee reviewed with Ernst & Young LLP, which is responsible for expressing an opinion on the conformity of the company's audited financial statements with U.S. generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of the company's accounting principles and such other matters as are required to be discussed with the audit committee under generally accepted auditing standards, including the Statement on Auditing Standard No. 16 (Communications with Audit Committees), as amended, as adopted by the Public Company Accounting Oversight Board (United States) in Rule 3200T. Ernst & Young LLP is also responsible for expressing an opinion on the effectiveness of internal control over financial reporting. In addition, the audit committee has discussed with Ernst & Young LLP, its independence from management and the company, has received from Ernst & Young LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the audit committee concerning independence, and has considered the compatibility of non-audit services with the auditors' independence.

The audit committee met with Ernst & Young LLP to discuss the overall scope of its services, the results of its audit and reviews, its evaluation of the company's internal controls and the overall quality of the company's financial reporting. Ernst & Young LLP, as the company's independent registered public accounting firm, also periodically updates the audit committee about new accounting developments and their potential impact on the company's reporting. The audit committee's meetings with Ernst & Young LLP were held with and without management present. The audit committee is not employed by the company, nor does it provide any expert assurance or professional certification regarding the company's financial statements. The audit committee relies, without independent verification, on the accuracy and integrity of the information provided, and representations made, by management and the company's independent registered public accounting firm.

In reliance on the reviews and discussions referred to above, the audit committee has recommended to the company's board of directors that the audited financial statements be included in our annual report for the year ended December 31, 2016. The audit committee and the company's board of directors also have recommended, subject to stockholder approval, the ratification of the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the year ending December 31, 2017.

This report of the audit committee is not "soliciting material," shall not be deemed "filed" with the SEC and shall not be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.

The foregoing report has been furnished by the audit committee.

Respectfully submitted,

The Audit Committee of the Board of Directors
Lota S. Zoth (Chairman)
Louis C. Bock
David J. Endicott

Compensation Committee

The compensation committee of our board of directors currently consists of Messrs. Dovey (Chairman) and Mahaffy and Ms. Zoth and these directors comprised the compensation committee in 2016 as well. The compensation committee met 10 times (including telephonic meetings) during fiscal year 2016. Our board of directors has determined that all members of the compensation committee are independent directors, as defined in the Nasdaq qualification standards. The compensation committee is governed by a written charter approved by our board of directors. The compensation committee's purpose is to assist our board of directors in determining the compensation and benefit plans for our senior management and directors and recommend these plans to our board of directors. The compensation committee's responsibilities include, among other things:

- reviewing and approving compensation and benefit plans for our executive officers and recommending compensation policies for members of our board of directors and board committees;
- providing guidance to our board of directors regarding setting performance goals for our officers and reviewing their performance against these goals;
- administering our benefit plans, including our employee stock purchase plan, and the issuance of stock options and other awards under our equity incentive plans; and
- reviewing and approving the report that the SEC requires in our annual proxy statement, as applicable.

In 2009, the compensation committee created the stock award committee and delegated to its members its authority to grant stock option awards under our equity incentive plans to non-executive employees. The current members of the stock award committee are Michael Narachi, our President and Chief Executive Officer, Thomas Lynch, our EVP, General Counsel and Secretary and Jason Keyes, our VP, Chief Financial Officer. The stock award committee met two times during fiscal year 2016.

Each year, the compensation committee also reviews with management the Company's compensation disclosure to be included in the Company's annual proxy statement and other public filings.

Compensation Committee Processes and Procedures

The compensation committee meets at least two times per year, and more frequently as the committee deems necessary or desirable. The agenda for each meeting is usually developed by our senior management, including our chief executive officer and our general counsel, in consultation with the chair of the compensation committee. The compensation committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the compensation committee to make presentations, to provide financial, legal or other background information or advice or to otherwise participate in compensation committee meetings. The chief executive officer may not participate in, or be present during, any deliberations or determinations of the compensation committee regarding his compensation or individual performance objectives. The charter of the compensation committee grants the compensation committee authority to retain and/or replace, at the expense of the company, any independent counsel, compensation and benefits consultants and other outside experts or advisors as the committee believes to be necessary or appropriate. The committee may also utilize the services of our regular legal counsel or other advisors. In particular, the compensation committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation. In October 2015, the compensation committee engaged Frederick W. Cook & Co., Inc. ("FW Cook") as compensation consultant to undertake a market comparison analysis to assist with evaluating salary, bonus and equity compensation decisions for our executives during fiscal year 2016.

Certain determinations of the compensation committee with respect to executive compensation for fiscal year 2016 are described in greater detail in the Executive Compensation section of this Amendment.

Nominating/Corporate Governance Committee

The nominating/corporate governance committee of our board of directors currently consists of Messrs. Mahaffy (Chairman), Bock and Endicott and these directors comprised the nominating/corporate governance committee in 2016 as well. The nominating/corporate governance committee met six times (including telephonic meetings) during fiscal year 2016. Our board of directors has determined that all members of the nominating/corporate governance committee are independent directors, as defined in the Nasdaq qualification standards. The nominating/corporate governance committee is governed by a written charter approved by our board of directors. The nominating/corporate governance committee's purpose is to assist our board by identifying individuals qualified to become members of our board of directors, consistent with criteria set by our board, and to develop our corporate governance principles. The nominating/corporate governance committee's responsibilities include, among other things:

- evaluating the composition, size and governance of our board of directors and its committees and making recommendations regarding future planning and the appointment of directors to our committees;
- developing a policy for considering stockholder nominees for election to our board of directors;
- evaluating and recommending candidates for election to our board of directors;
- overseeing our board of directors' performance and self-evaluation process; and
- reviewing our corporate governance principles and providing recommendations to the board regarding possible changes.

Other Committees

In addition to the audit, compensation and nominating/corporate governance committees described above, we have also established other committees from time to time. For example, in March 2010, we established a research and development strategy committee whose purpose is to monitor, assist and otherwise provide input to our management with respect to our strategy involving research and development matters. The research and development strategy committee currently consists of Dr. Honig as the sole member.

Director Nomination Process

Director Qualifications

In evaluating director nominees, the nominating/corporate governance committee will consider, among other things, the following factors:

- personal and professional integrity, ethics and values;
- experience in corporate management, such as serving as an executive officer or former executive officer of a publicly held company;
- commercialization experience in large pharmaceutical companies;
- strong finance experience;
- experience as a board member of another publicly held company;
- experience relevant to our industry;
- diversity of expertise and experience in substantive matters pertaining to our business relative to other board members;
- diversity of background and perspective, including with respect to age, gender, race, place of residence and specialized experience; and
- practical and mature business judgment.

The nominating/corporate governance committee's goal is to assemble a board of directors that brings to the company a variety of perspectives and skills derived from high quality business and professional experience. Moreover, the nominating/corporate governance committee believes that the background and qualifications of the board of directors, considered as a group, should provide a significant mix of experience, knowledge and abilities that will allow the board of directors to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

Other than the foregoing criteria for director nominees, the nominating/corporate governance committee has not adopted a formal policy with respect to a fixed set of specific minimum qualifications for its candidates for membership on the board of directors. The nominating/corporate governance committee may consider such other facts, including, without limitation, diversity, as it may deem are in the best interests of the company and its stockholders. The nominating/corporate governance committee does, however, believe it is appropriate for at least one, and, preferably, several, members of our board of directors to meet the criteria for an "audit committee

financial expert” as defined by SEC rules, and that a majority of the members of our board of directors be independent as required under the Nasdaq qualification standards. The nominating/corporate governance committee also believes it is appropriate for our president and chief executive officer to serve as a member of our board of directors. Our directors’ performance and qualification criteria are reviewed annually by the nominating/corporate governance committee.

Identification and Evaluation of Nominees for Directors

The nominating/corporate governance committee identifies nominees for director by first evaluating the current members of our board of directors willing to continue in service. Current members with qualifications and skills that are consistent with the nominating/corporate governance committee’s criteria for board of director service and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of our board of directors with that of obtaining a new perspective or expertise.

If any member of our board of directors does not wish to continue in service or if our board of directors decides not to re-nominate a member for re-election, the nominating/corporate governance committee identifies the desired skills and experience of a new nominee in light of the criteria above. The nominating/corporate governance committee generally polls our board of directors and members of management for their recommendations. The nominating/corporate governance committee may also review the composition and qualification of the boards of directors of our competitors, and may seek input from industry experts or analysts. The nominating/corporate governance committee reviews the qualifications, experience and background of the candidates. Final candidates are interviewed by the members of the nominating/corporate governance committee and by certain of our other independent directors and executive management. In making its determinations, the nominating/corporate governance committee evaluates each individual in the context of our board of directors as a whole, with the objective of assembling a group that can best contribute to the success of our company and represent stockholder interests through the exercise of sound judgment. After review and deliberation of all feedback and data, the nominating/corporate governance committee makes its recommendation to our board of directors. The nominating/corporate governance committee has utilized third-party search firms to identify board of director candidates in situations where particular qualifications are required or where existing contacts are not sufficient to identify an appropriate candidate.

The nominating/corporate governance committee evaluates nominees recommended by stockholders in the same manner as it evaluates other nominees. We have not received director candidate recommendations from our stockholders and do not have a formal policy regarding consideration of such recommendations. However, any recommendations received from stockholders will be evaluated in the same manner that potential nominees suggested by board members, management or other parties are evaluated. We do not intend to treat stockholder recommendations in any manner different from other recommendations.

There have been no material changes to the procedures by which stockholders may recommend nominees to our nominating/corporate governance committee.

Director Attendance at Annual Meetings

Although our company does not have a formal policy regarding attendance by members of our board of directors at our Annual Meeting, we encourage all of our directors to attend. All of the members of our board of directors attended (in person or telephonically) our annual meeting of stockholders in 2016.

Communications with our Board of Directors

Stockholders seeking to communicate with our board of directors should submit their written comments to our corporate secretary, Orexigen Therapeutics, Inc., 3344 N. Torrey Pines Court, Suite 200, La Jolla, California 92037. The corporate secretary will forward such communications to each member of our board of directors; provided that, if in the opinion of our corporate secretary it would be inappropriate to send a particular stockholder communication to a specific director, such communication will only be sent to the remaining directors (subject to the remaining directors concurring with such opinion).

Corporate Governance

Our company's Code of Business Conduct and Ethics, as amended, Corporate Governance Guidelines, Audit Committee Charter, Compensation Committee Charter and Nominating/Corporate Governance Committee Charter are available, free of charge, on our website at www.orexigen.com. Please note, however, that the information contained on the website is not incorporated by reference in, or considered part of, this annual report on Form 10-K. We will also provide copies of these documents as well as our company's other corporate governance documents, free of charge, to any stockholder upon written request to Orexigen Therapeutics, Inc., 3344 N. Torrey Pines Court, Suite 200, La Jolla, California 92037.

Our Executive Officers

The following table sets forth certain information about our executive officers as of March 31, 2017:

Name	Age	Position
Executive Officers:		
Michael A. Narachi	57	President, Chief Executive Officer and Director
Thomas Cannell, D.V.M.	55	Executive Vice President, Chief Operating Officer and President of Global Commercial Products
Peter Flynn, Ph.D.	43	Senior Vice President, Head of Development, Regulatory Affairs and Safety
Jason Keyes	46	Senior Vice President, Chief Financial Officer
Thomas Lynch	50	Executive Vice President, General Counsel and Secretary

The biography of *Michael A. Narachi* can be found under "Our Board of Directors".

Jason Keyes has served as our Senior Vice President, Chief Financial Officer since June 2016 and served as our Vice President, Finance from February 2015 to June 2016 and our Senior Director, Finance from January 2013 to February 2015. Prior to joining Orexigen, Mr. Keyes served as the Senior Director, Finance at Amylin Pharmaceuticals, Inc. (acquired by Bristol-Myers Squibb in August 2012) from May 2012 to January 2013 and served as the Director, Manufacturing, Operations and Quality Finance from August 2007 to May 2012. Prior to these positions, he served in finance roles for Amgen, Inc. and Baxter Healthcare Corporation. Mr. Keyes received both a B.S. and M.S. degree in Civil Engineering from Stanford University, and holds an M.B.A. from the Anderson School at the University of California, Los Angeles.

Thomas Cannell, D.V.M. has served as our Executive Vice President, Chief Operating Officer and President of Global Commercial Products since June 2016 and served as our Executive Vice President, Chief Commercial Officer from March 2015 to May 2016. Prior to joining Orexigen, Dr. Cannell spent 27 years at Merck & Co, Inc., a healthcare company, in sales and marketing and as a general manager. While at Merck, he most recently served as Head of Global Human Health Operating Model Team and other recent assignments included President of Merck Canada and Head of Marketing and Strategy for MSD Japan. Prior to these positions, he served in general manager roles for a U.S. sales division and as leader of a Merck business unit, managing a multi-billion dollar product portfolio and thousands of employees. Dr. Cannell received both a B.S. and D.V.M. degree from Washington State University. He has also served in the U.S. Army Reserves (currently inactive) since 1987.

Peter Flynn, Ph.D. has served as our Senior Vice President, Head of Development, Regulatory Affairs and Safety since June 2016 and served as our Vice President, Early Development from February 2015 to June 2016. Prior to joining Orexigen, Dr. Flynn served as the Senior Vice President, Early Program Development at Fate Therapeutics, Inc. from 2009 through February 2015 where he was responsible for development of programs and platforms and was a senior team member that took the company through its initial public offering in 2013. Prior to this position, Dr. Flynn served as the Vice President, Research at Ren Pharmaceuticals, Inc. and the Director, Biochemistry Research at KaloBios Pharmaceuticals. Dr. Flynn received a B.Sc. in Molecular Biology from University College London, a Ph.D. in Biochemistry from Imperial Cancer Research Fund (Cancer Research UK) and was a Postdoctoral Fellow at University of California, San Francisco.

Thomas Lynch has been our Executive Vice President, General Counsel and Secretary since December 2015. Mr. Lynch has more than a decade of experience in the life sciences industry as well as six years of general corporate practice and is responsible for our global legal affairs and compliance operations, as well as our human resources operations. Mr. Lynch served as senior legal counsel in two divisions of Novartis from 2012 through November 2015, leading global legal and compliance support for Novartis Pharma's neuroscience franchise and advising on business development and alliance management with partners in Europe, Japan and the U.S. Prior to his roles at Novartis, Mr. Lynch served in various legal roles at Boston Scientific, a biotechnology company, from 2002 to 2012. Mr. Lynch was an attorney at Dorsey & Whitney LLP in their corporate section from 1996 to 2002. Mr. Lynch holds a juris doctorate

degree from Boston College Law School, a master's degree in teaching from the University of St. Thomas, and a bachelor's degree in history from Stanford University.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16(a) of the Exchange Act, directors, executive officers and beneficial owners of 10% or more of our common stock, or reporting persons, are required to report to the SEC on a timely basis the initiation of their status as a reporting person and any changes with respect to their beneficial ownership of our common stock. Based solely on our review of copies of such forms that we have received, or written representations from reporting persons, we believe that during the fiscal year ended December 31, 2016, all executive officers, directors and greater than 10% stockholders complied with all applicable filing requirements.

Item 11. Executive Compensation

As a "smaller reporting company" under SEC rules, we are not required to include a Compensation Discussion and Analysis and certain other tabular and narrative disclosures relating to executive compensation. We have elected to comply with the scaled disclosure requirements applicable to smaller reporting companies.

This Executive Compensation section provides an overview of the material components of our executive compensation arrangements for the fiscal year ended December 31, 2016 for:

- Michael A. Narachi, our President and Chief Executive Officer ("CEO");
- Thomas Cannell, D.V.M. our Executive Vice President, Chief Operating Officer and President of Global Commercial Products; and
- Thomas Lynch, our Executive Vice President, General Counsel and Secretary.

We refer to these executive officers collectively in this Executive Compensation section and the related compensation tables as the "named executive officers".

We also provide an overview of our executive compensation program, a description of the overall objectives of the program and an analysis of each component of compensation that we provide to our named executive officers. In addition, we explain how and why the compensation committee arrived at the certain specific compensation policies and decisions involving the named executive officers during and for 2016.

Overview

We are a biopharmaceutical company focused on the treatment of obesity. Orexigen's first product, Contrave® (naltrexone HCl and bupropion HCl extended release), was approved in the United States in September 2014. In the European Union, the drug has been approved under the brand name Mysimba® (naltrexone HCl/ bupropion HCl prolonged release). Orexigen is undertaking a range of development and commercialization activities, both on its own and with strategic partners, to bring Contrave / Mysimba to patients around the world. Our sole product, Contrave® (naltrexone HCl and bupropion HCl extended release), was approved in the United States in September 2014 and the drug has also been approved under the brand name Mysimba® (naltrexone HCl/ bupropion HCl prolonged release) in the European Union. Contrave/Mysimba approved in both the United States and the European Union for chronic weight management in adults who are obese or overweight with certain weight-related comorbidities. The industry we compete in is volatile, rapidly changing, competitive and heavily regulated.

Our business has spanned research and development, regulatory review, to internal commercialization. Performance is difficult to measure on an annual basis. Measurement is often done through milestones, such as regulatory approval, instead of timing. As such, our compensation program consists cash and equity-based compensation and is intended to attract, retain, motivate and reward our executives for annual achievements that leads towards the ultimate goals of improving health outcomes for our patients and building long-term value for our stockholders.

We believe 2016 was a transformative year for Orexigen. We began the year with a business tied primarily to the royalty stream on U.S. sales of Contrave, with the goal of expanding international partnerships and adding other assets to leverage our infrastructure. Shortly into the year, we had the opportunity to acquire the United States rights to Contrave from our former partner, Takeda Pharmaceutical Company Limited ("Takeda"). We responded swiftly to negotiate the agreement with Takeda (the "Contrave Acquisition") and raised \$165 million in a convertible senior secured note financing (the "Financing") to fund the purchase and support our commercial enterprise. By year-end we re-launched Contrave with a new integrated patient-physician campaign, which we expect to drive growth in 2017 and beyond.

The transformation in our business strategy and financial structure also drove a transformation in our compensation program. During 2016, our compensation committee approved two new long-term incentive awards to support our evolving business strategy. The year includes two years' worth of "special" awards because the initial grants issued at the beginning of the year became largely obsolete with the change in our commercialization strategy and completion of the Financing. The amount and value of equity grants disclosed in 2016 are substantially greater than our expected ongoing awards in the future, including grants that were provided at the beginning of 2017. The special 2016 awards are summarized below and described in detail in the section "—Elements of Compensation—Long-Term Incentive Program".

- (1) *Price-contingent performance stock unit awards.* As part of our annual equity awards granted in February 2016, we granted performance-based stock units ("PSUs") tied to achieving rigorous future share price hurdles. The award of PSUs will vest in five equal installments on each anniversary of the grant date to the extent that the PSUs are earned, with one-third of the PSUs becoming earned when the 20-day average trading price of our shares equals at least \$60, and an additional one-third becoming earned when such price equals at least \$80, and the final one-third becoming earned when such price equals at least \$100, provided that the executive is employed on each vesting date. The target share prices represented appreciation of 230%, 349%, and 462%, respectively, over our share price at the time of grant. The PSU awards for our named executive officers were structured as a partial three-year front load (i.e., the PSUs granted in 2016 are intended to partially cover planned equity award grants for 2017 and 2018).
- (2) *Staking time-based and performance-based stock options.* Following completion of the Financing to support our new Contrave commercialization strategy, our stockholders approved the Amended and Restated 2007 Equity Incentive Award Plan (the "Equity Incentive Plan") at the 2016 annual stockholder meeting, and we subsequently granted stock options to our named executive officers which were intended to provide a competitive stake in future value creation. These option grants include time-vesting and performance-vesting conditions, with exercise prices set at fair market value on the grant date, as well as premium per share exercise prices equal to \$15.00 (which represented a 373% premium above the fair market value of our common stock on the date of grant). The purpose of granting premium options was to appropriately adjust potential stock ownership with our capital structure, which includes a substantial amount of convertible debt and warrants issued as part of the Financing.

Executive Compensation Program

We believe our compensation committee oversees a clear and simple executive compensation program. In making executive compensation decisions, the compensation committee seeks to align each executive's compensation with our short-term and long-term performance and to provide the compensation and incentives needed to attract, retain, motivate and reward our executives. To achieve these goals, our compensation program consists of both short-term and long-term components, including cash and equity-based compensation, and is intended to reward consistent performance that meets or exceeds established performance goals and objectives.

Corporate Governance Practices

In addition to tying executive compensation to corporate and individual performance, the compensation committee endeavors to maintain best practices in designing and implementing our executive compensation program. These practices include the following:

- prohibiting our executives and directors from hedging, or engaging in any derivatives trading with respect to, our common stock;
- not providing for tax "gross-ups" for compensation paid to executives, including for perquisites and change-in-control payments;
- engaging an independent compensation consultant by our compensation committee;
- utilizing a market comparison analysis provided by the independent compensation consultant to assist our compensation committee in determining compensation for our named executive officers;
- maintaining a compensation recoupment policy that requires certain of our executives to repay or return cash bonuses and other cash incentive compensation in certain circumstances (see Recoupment Policy below); and
- maintaining stock ownership guidelines that require certain of our executive officers and our non-employee directors to acquire and maintain ownership of shares of our common stock equal to a specified multiple of his or her base salary or annual retainer, as applicable (see Stock Ownership Guidelines below).

Objectives and Philosophy of Executive Compensation

The compensation committee, composed entirely of independent directors, administers our executive compensation program. The role of the compensation committee is to oversee our compensation and benefit plans and policies, administer stock plans and review and approve annually all compensation decisions relating to named executive officers. Our compensation programs are designed to:

- provide competitive total compensation opportunities that help attract, retain, motivate and reward our executives;
- establish a direct and meaningful link between our business and financial results, individual and team performance and compensation; and
- enhance the executives' incentive to increase our stock price and maximize stockholder value, as well as reward superior performance, by providing a portion of total compensation opportunities for senior management in the form of direct ownership in our company through grants of equity awards.

To achieve these objectives, the compensation committee has implemented compensation plans that tie a substantial portion of the executives' overall compensation to the company's performance. As further described below, the compensation committee evaluates individual executive performance with the goal of setting compensation at levels the committee believes are comparable with executives in other companies in a similar stage of development and relatively similar size, operating in the biotechnology industry, taking into account our relative performance and our own strategic goals. In setting compensation, our compensation committee is careful to design compensation policies and programs that are not reasonably likely to have a material adverse effect on the company. In order to ensure that we continue to remunerate our executives appropriately, our compensation committee has retained a compensation consultant to review our policies and procedures with respect to executive compensation.

Compensation Determination Process

The compensation committee develops, reviews and approves each of the elements of the executive compensation program and regularly assesses the effectiveness and competitiveness of the program.

Each year, the compensation committee reviews the performance of each of our named executive officers during the past year. In doing so, the compensation committee adjusts, as appropriate, annual base salaries for our named executive officers, determines their incentive bonuses relating to prior year performance, approves the incentive bonus program for the current year, and grants annual equity awards. Our senior executives aid the compensation committee by providing annual recommendations regarding the compensation of our named executive officers. The compensation committee considers, but is not bound to accept, management's recommendations with respect to named executive officer compensation.

Our senior executives attend the compensation committee meetings, but the compensation committee also holds executive sessions not attended by any members of management or non-independent directors as needed from time to time. No executive officer is present during voting or deliberations on his or her own compensation. The compensation committee has the ultimate authority to make decisions with respect to the compensation of our named executive officers, but may, if it chooses, delegate any of its responsibilities to subcommittees, other than those responsibilities that may not be delegated under applicable law.

Compensation Consultant

In October 2015, the compensation committee engaged FW Cook as compensation consultant to undertake a market comparison analysis to assist with evaluating salary, bonus and equity compensation decisions for our executives during fiscal year 2016. The compensation committee has considered whether the work of FW Cook as a compensation consultant has raised any conflict of interest. The compensation committee has concluded that the work of FW Cook and the individual compensation advisors employed by FW Cook as compensation consultants to us has not created any conflict of interest.

Although the compensation committee considered information from the market comparison analysis in making its compensation decisions for our named executive officers, the compensation committee does not believe that it is appropriate to establish compensation levels solely by reference to market data. Our compensation committee relies upon the judgment of its members in making compensation decisions, and as part of this process reviews our performance and a named executive officer's performance during the year against established goals, if any, leadership qualities, operational performance, business responsibilities, career with the company, current compensation arrangements and long-term potential to enhance stockholder value. Although competitive market compensation is a key factor that the compensation committee considers in assessing the reasonableness of compensation, the compensation committee does not rely entirely on that data to determine named executive officer compensation. Instead, the compensation committee incorporates flexibility into our compensation programs and in the assessment process to respond to and adjust for the evolving business environment.

Elements of Executive Compensation

Compensation for our named executive officers consists of base salary, annual bonus, equity-based incentive awards, benefits programs and change in control/severance agreements. The compensation committee allocates total compensation between cash and equity compensation based on a number of objective and subjective factors, including competitive practices among the market comparison group, the role and responsibilities of the individual executive and the nature of the incentives to be created. We do not target compensation against any particular percentile of pay as compared to our market comparison group; however, our objective is that direct compensation approximate the market median, although may vary from time to time given individual and unique circumstances.

2016 Compensation Decisions for our Named Executive Officers

Base Salary. In general, base salaries for our named executive officers are initially established through arms' length negotiation at the time the executive is hired and reflected in an employment agreement.

Named executive officer base salaries are reviewed annually and adjustments are based on the current economic environment, scope of an executive's responsibilities, individual contribution, prior experience and sustained performance, as well as with reference to internal pay comparisons and our market comparison group. Base salaries are also reviewed in the case of promotions or other significant changes in responsibility.

In February 2016, the compensation committee adjusted these annual base salaries for our named executive officers to reflect a cost-of-living increase as in effect commencing January 1, 2016 through the next annual review. In June 2016, the compensation committee approved an increase in Dr. Cannell's 2016 annual base salary to \$460,000 from \$427,000 in connection with Dr. Cannell's promotion to the position of Executive Vice President, Chief Operating Officer and President Global Commercial Products, effective June 16, 2016.

The actual base salaries paid to all of our named executive officers in 2016 are set forth in the "Summary Compensation Table" below.

Annual Cash Bonuses. Our named executive officers are eligible to earn an annual cash bonus, contingent upon the company's performance, as well as upon the executive's individual performance. The compensation committee believes that the annual performance bonus provides incentives necessary to retain our named executive officers and motivate and reward them for achieving short-term company objectives.

For 2016, the target bonus level for each of our named executive officers was the following percentage of his annual base salary: 75% for Mr. Narachi, 60% for Dr. Cannell (increased from 50% in June 2016 in connection with his promotion to the position of Executive Vice President, Chief Operating Officer and President Global Commercial Products, effective June 16, 2016) and 50% for Mr. Lynch.

The 2016 bonus plan was comprised of corporate and individual goals (other than our CEO whose bonus was based solely on corporate goals). The named executive officer individual goals were primarily directly related to and furthered the progress of the corporate goals relative to their role in the organization. For Mr. Narachi, the corporate goals comprised 100% of his targeted total annual bonus amount. For Dr. Cannell and Mr. Lynch, the corporate goals were given a weight of 60% and individual goals were given a weight of 40% for purposes of the bonus calculations. As a result, the 2016 bonus determinations reflect the compensation committee's assessment of the corporate goals that were achieved for the year, as well as the recommendation of the CEO (with respect to officers other than himself) and other members of management (with respect to officers other than themselves) and the compensation committee's assessment of individual performance.

2016 Corporate Goals. The compensation committee determined that the company's performance against the 2016 corporate goals (the "2016 Corporate Goals") established by our board of directors generally met expectations (a total of 90 points) and, as a result, the 2016 Corporate Goals were determined to be 90% achieved for purposes of the bonus calculations set forth below. In addition to the specific 2016 Corporate Goals that were established early in 2016 by the board of directors, at that same time the compensation committee also built in the potential for upside objectives ("Upside Objectives") that would create new sources of value for the Company. The compensation committee took into consideration (1) the acquisition of U.S. rights to Contrave from its former partner, Takeda Pharmaceuticals, and related debt financing to fund the build out of the Company's commercial operations, (2) the repurchase of a portion of the outstanding 2.75% Notes (as described in the "Certain Relationships and Related Party Transactions – Convertible Note Financing" section below) at a 70% discount to par value, and (3) progress toward reduction in costs associated with clinical studies designed to meet the Company's post-approval requirements ("PMR").

The 2016 Corporate Goals were as follows:

2016 Corporate Goals	Points Achieved	Achievement
Drive the success of Contrave in U.S. Markets	45 (out of 70)	Partially Achieved – Launched commercial operation; progress made on innovative commercial campaign (including launch of consumer campaign); sales stabilization goals from Takeda transition through the end of 2016 were below target
Advance growth of Contrave and Mysimba in EU and ROW	23.5 (out of 20)	Exceeded
Build Effective, Efficient, High-Performing Capabilities	10 (out of 10)	Achieved
Create New Sources of Value	11.5 (Upside)	Acquired U.S. rights to Contrave; Repurchased portion of outstanding 2.75% Notes at a significant discount; Progress on cost reduction for PMR studies
TOTAL:	90 (out of 100)	
	Results in 90% Achievement for Corporate Goals	

2016 Individual Goals. Historically, the annual individual goals for the named executive officers, other than our CEO, are primarily related to and intended to further the progress of the 2016 corporate goals relative to each executive's role in the organization. The compensation committee, with input from our CEO, considered the performance of each of these executive officers, as well as assessments received from members of management, and subjectively determined their achievement of individual goals. The standard ranges of bonus individual performance factor percentages are as follows:

Exceeds Expectations: 110%-125%
Fully Met Expectations: 80%-110%
Partially Met Expectations: 0%-50%
Did Not Meet Expectations: 0%

These named executive officers were given the weightings as set forth in the table below.

Named Executive Officer	2016 Individual Goals	Individual Weighting
Thomas Cannell, D.V.M.	<ul style="list-style-type: none"> •Drive Contrave/Mysimba growth in the US and ex-US markets •Advance the commercialization of Contrave/Mysimba ex-US markets •Tightly manage operation expenses and reduce long term cost liabilities 	105%
Thomas Lynch	<ul style="list-style-type: none"> •Provide creative, practical and timely legal advice to enable the successful re-launch of Contrave in the US and to drive advancement of Contrave/Mysimba outside the US •Enhance and support efficient and effective Legal and HR systems, processes and training that allow achievement of company initiatives •Build internal and external legal/compliance capabilities necessary to meet the company needs •Fill critical positions within the company with quality hires •Build a high-performing organization to achieve corporate goals 	105%

Bonus Calculations. As described above, Mr. Narachi’s annual bonus was weighted 100% as to corporate goals, while the annual bonus calculations for each of Dr. Cannell and Mr. Lynch were weighted 60% as to corporate goals and 40% as to individual goals. For example, if the individual performance rating for a particular named executive officer was scored at 105%, and after combining in a 40% weighted corporate performance score of 90%, a total combined score for 2016 would be 96%.

$$\begin{aligned} \text{Corporate Score: } & .60 \times .90 = .54 \\ \text{Personal Score: } & .40 \times 1.05 = .42 \\ \text{Total Combined Score: } & .54 + .42 = 96\% \end{aligned}$$

In February 2017, our compensation committee approved the 2016 annual bonuses payouts for each of our named executive officers, which are set forth below under the heading “Summary Compensation Table.”

Long-Term Incentive Program. The compensation committee believes that long-term performance is enhanced through equity-based awards that reward our executives for maximizing stockholder value over time and that align the interests of our employees and management with those of stockholders.

The compensation committee grants equity awards to our named executive officers based upon a review of market comparison group data, its assessment of individual performance and contribution towards corporate objectives, a review of each executive’s existing long-term incentives, and retention considerations.

February 2016 Annual Grant. As part of our annual compensation cycle, in February 2016, we granted a combination of PSUs and stock options to our named executive officers. PSU awards were granted for the first time in 2016 and are tied to achieving pre-determined performance goals. The compensation committee approved the new PSU program to motivate management to create value beyond our then declining royalty stream on U.S. Contrave sales. The PSUs were granted as a three-year front-load and intended to partially cover planned equity award grants in 2017 and 2018.

PSUs. Each PSU entitles the recipient to one share of our common stock per PSU, subject to achievement of pre-determined performance goals and continued service through the applicable vesting date. The PSU award will vest in five equal installments on each anniversary of the grant date to the extent that the PSUs are earned, with one-third of the PSUs becoming earned when the 20-day average trading price of our shares equals at least \$60, and an additional one-third becoming earned when such price equals at least \$80, and the final one-third becoming earned when such price equals at least \$100, provided that the executive is employed on each vesting date. The share price hurdles represented appreciation of 237%, 349%, and 462%, respectively, over our share price at the time of grant of \$17.80. In the event of a change of control (as defined in the Equity Incentive Plan), each tranche of then-unvested PSUs will be deemed to be earned based on the per share value paid to our stockholders in the change of control transaction and such earned PSUs will vest solely in accordance with the time-based vesting schedule of the award (i.e. vesting in five equal installments on each anniversary of the grant date) and cease to be subject to any performance-based vesting conditions. If the executive’s employment is terminated by the company without cause or by the executive for good reason, in either case, within twelve months following such change in control, any such earned PSUs will vest in full on the date of such termination.

Stock Options. Stock options have an exercise price equal to the fair market value of our common stock on the day of grant and vest over a four-year period in equal monthly installments based on continued employment. All stock options expire ten years after the date of grant.

The February 2016 equity awards granted to our named executive officers are set forth below:

Name	Stock Options (#)	PSUs (#)
Michael Narachi	70,000	80,000
Thomas Cannell	39,000	35,000
Thomas Lynch(1)	--	25,500

(1) Mr. Lynch was not provided a stock option award in February 2016 because he was provided a new-hire award in December 2015.

July 2016 Staking Grant. Following the Contrave Acquisition and Financing in 2016, we granted additional stock option awards to re-calibrate management's ownership with our new capital structure, which includes the pre-existing common stock and new convertible debt and warrants issued during 2016. These "staking" awards consisted of time-based stock options and performance-based stock options. The compensation committee approved larger-than-normal awards, giving consideration to the value of prior awards, and in order to retain and motivate our named executive officers during the critical stage of taking control of and re-commercializing Contrave in the United States.

Stock Options. The time-vesting option awards granted in July 2016 have a ten-year term and vest over three years with one-third vesting on the first anniversary of the grant date and the remainder in equal monthly installments thereafter. A portion of the option awards has an exercise price equal to fair market value of our common stock on the date of grant and a portion has a "premium" exercise price per share of \$15.00 (which represented a 373% premium above the fair market value of our common stock on the date of grant). The purpose of granting premium options was to appropriately tie management's potential ownership with our capitalization and the structure of the financing, which includes warrants with a \$15.00 exercise price.

Performance Stock Options. The performance-based options granted in July 2016 will fully vest if the company achieves at least \$130 million in global net sales during the fiscal year ending December 31, 2017, provided that the executive remains in continued service with the company through December 31, 2017. Similar to the time-vesting awards, a portion of the performance stock option awards has an exercise price equal to fair market value of our common stock on the date of grant and a portion has a premium exercise price per share of \$15.00. If a change of control (as defined in the Equity Incentive Plan) occurs at any time before December 31, 2017 and the price per share of our stock immediately prior to such change in control is at least equal to \$7.50, the option will become fully vested and immediately exercisable, subject to the executive's continuous service with the company through the date of such change of control.

The July 2016 equity awards granted to our named executive officers are set forth below:

Name	Stock Options (#)		Performance Stock Options (#)	
	Fair Market Value Exercise Price (\$4.02)	Premium Exercise Price (\$15.00)	Fair Market Value Exercise Price (\$4.02)	Premium Exercise Price (\$15.00)
Michael Narachi	525,000	315,000	105,000	63,000
Thomas Cannell	262,500	157,500	52,500	31,500
Thomas Lynch	131,250	78,750	26,250	15,750

Other Compensation.

Welfare Benefits. We provide welfare benefits, such as medical, dental, vision and life insurance coverage, to our named executive officers at the same level as those benefits provided to our employees generally.

Retirement Benefits. We have a 401(k) plan in which substantially all of our employees are entitled to participate. Our 401(k) plan is intended to qualify as a tax qualified plan under the Code. Employees contribute their own funds, as salary deductions, on a pre-tax basis. Contributions may be made up to plan limits, subject to government limitations. For 2016, this amount was up to \$18,000, with an additional \$6,000 "catch-up" contribution available for employees fifty years of age and older. Employee contributions are held and invested by the plan's trustee.

Our 401(k) plan also permits matching and discretionary contributions, subject to established limits and a vesting schedule. We provide a match of 50% of the amount of a participant's salary deferral, limited to a maximum of 6% of the participant's annual salary and subject to Internal Revenue Service limits. Messrs. Narachi and Lynch and Dr. Cannell participated in the 401(k) plan and received matching funds for 2016.

None of our named executive officers participates in or has account balances in qualified or non-qualified defined benefit plans sponsored by us.

ESPP. We have an employee stock purchase plan intended to qualify under Section 423(b) of the Code, the purposes of which are to provide an opportunity for our employees, including our named executive officers, to purchase our common stock through payroll deductions, to assist us in retaining the services of our employees, to secure and retain the services of new employees, and to provide incentives for such persons to exert maximum efforts for the success of our company and our affiliates.

Change in Control and Severance Arrangements. We have entered into employment agreements with each of our named executive officers, which provide change in control and severance arrangements. These severance and change in control benefits and payments are designed to align executive and stockholder interests by enabling executives to consider corporate transactions that are in the best interests of the stockholders and our other constituents without undue concern over whether the transactions may jeopardize the executives' own employment. Furthermore, the payments will provide incentive for the named executives to continue to successfully negotiate such transactions from the early stages through closing. Such benefits are also designed to alleviate the financial impact of an involuntary termination through salary continuation. The compensation committee believes that reasonable change in control and severance benefits for our named executive officers are important because it may be difficult for our named executive officers to find comparable employment within a short period of time following certain qualifying terminations.

In February 2016, the compensation committee amended the employment agreements to extend these change in control and severance arrangements through March 31, 2019. In making the decision to extend the benefits, our compensation committee relied on the input of FW Cook, its compensation consultant, that the programs are representative of market practice, both in terms of design and cost.

The amended and restated employment agreements are described below under the heading “— Employment Agreements and Severance Benefits.”

Assessment of Risk in Compensation Determination Process

The compensation committee annually reviews and discusses the structure of our compensation policies and programs to determine whether our compensation programs and policies appropriately incentivize our named executive officers or other employees to take actions that are in the best interests of the company and stockholders. Specifically, the compensation committee ensures that bonus determinations are based on the compensation committee's subjective assessment of both the company's and each executive's individual performance — with an eye toward performance that is designed to enhance long-term stockholder value — and not solely on performance relative to a single financial, operational or individual goal. Also, the equity incentives and, specifically, the vesting schedules associated with the stock option grants, are designed to encourage long-term stockholder value creation. Based on its most recent review and discussions in February 2016, the compensation committee believes that our compensation policies and programs represent an appropriate balance of short-term and long-term compensation and do not encourage executive officers or other employees to take on unnecessary or excessive risks that are reasonably likely to have a material adverse effect on us.

Recoupment (“Claw Back”) Policy

We maintain a recoupment policy that requires certain of our officers to repay or return any cash bonus or other incentive cash compensation awarded to or received by such officer(s) in the event we issue a restatement of our financial statements due to material noncompliance with any financial reporting requirements and the restatement was caused by such officer's fraud, intentional misconduct or gross negligence. In each case, the officer(s) would be required to repay or return the compensation awarded to or received by the officer during the 12-month period following the filing of the erroneous financial statement at issue. The compensation committee will consider a number of different factors and exercise business judgment in determining appropriate amounts, if any, to recoup. This policy applies to cash compensation awarded to the officer from and after the adoption of this policy by the compensation committee in April 2014.

Stock Ownership Guidelines

The compensation committee has adopted stock ownership guidelines that apply to our CEO, certain other executive officers (including our named executive officers) and our non-employee directors. The purpose of this policy is to encourage ownership in the company and to enhance alignment between the interests of the covered participants and our stockholders. The guidelines require each covered executive and board member to acquire and maintain ownership of shares of our common stock equal to a specified multiple of his or her base salary, with the CEO guideline set at 5x his base salary and other covered executives set at 1.5x his or her base salary. All ownership levels are reviewed and adjusted annually until the stated ownership level is attained. Each non-employee director's required ownership level is 5x his or her annual cash retainer. Our covered executives and non-employee directors have the later of five years from the date of adoption of these guidelines (2015) or commencement of employment, appointment/election or promotion, as applicable, to achieve his or her ownership level.

Summary Compensation Table

The following table provides information regarding the compensation that was awarded to, earned by or paid to our principal executive officer and the two most highly compensated executive officers other than our principal officer for each of the fiscal years ended December 31, 2016 and December 31, 2015. These individuals are referred to herein as our “named executive officers.”

Name and Principal Position	Year	Salary (\$)	Stock Awards \$(1)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	All Other Compensation (\$)	Total (\$)
Michael A. Narachi <i>President, Chief Executive Officer and Member of the Board of Directors</i>	2016	679,639	864,000	3,202,700	458,756	8,466(4)	5,213,561
	2015	659,844		2,529,231	321,674	8,466	3,519,215
Thomas Cannell, D.V.M <i>Executive Vice President, Chief Operating Officer and President of Global Commercial Products (hired in March 2015)</i>	2016	445,081	378,000	1,655,000	237,559	8,466(4)	2,724,106
	2015	314,442		2,459,517	111,627	438,157(5)	3,323,743
Thomas Lynch <i>Executive Vice President, General Counsel and Secretary (hired in December 2015)</i>	2016	370,000	275,400	565,700	174,185	8,187(6)	1,393,472
	2015	30,833		599,515	—	125,015(7)	755,363

- (1) The weighted average grant date fair value of the PSUs granted in 2016 was \$10.80 per share as determined under FASB ASC Topic 718 using a Monte Carlo simulation model, which simulates a range of possible future stock prices and estimates the probabilities of the potential payouts, based on the following assumptions: risk-free interest rate of 1.3%, expected volatility of 71.6% and dividend yield of 0%. For additional information regarding the valuation assumptions for these awards, see the Notes to Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 30, 2017.
- (2) Reflects the grant date fair value of the equity awards granted to our named executive officers for the relevant year, as computed in accordance with ASC Topic 718 using the Black-Scholes-Merton model for options and, for performance-based awards, based on the probable outcome of the performance conditions as of the grant date, without consideration of forfeitures. Valuation assumptions for those awards granted in 2016 are described in the Notes to Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 30, 2017. For the 2016 performance-based stock options, the grant date fair value is based on the probable outcome of the related performance conditions, reflecting the maximum level of performance, as follows: Mr. Narachi, \$452,000; Dr. Cannell, \$226,000; and Mr. Lynch, \$113,000.
- (3) For 2016, the amounts in this column represent the 2016 annual cash bonuses that were approved by the compensation committee and paid in February 2017.
- (4) Includes \$7,950 for our contribution to the 401(k) savings plan and taxable cost of \$516 for group term life insurance coverage.
- (5) Includes \$430,000 paid to Dr. Cannell as a sign-on and relocation payment and \$7,950 for our contribution to the 401(k) savings plan and taxable cost of \$207 for group term life insurance coverage.
- (6) Includes \$7,950 for our contribution to the 401(k) savings plan and taxable cost of \$237 for group term life insurance coverage.
- (7) Includes \$125,000 paid to Mr. Lynch as a sign-on and relocation payment and taxable cost of \$15 for group term life insurance coverage.

Outstanding Equity Awards at Fiscal Year-End

The following table presents information regarding the outstanding equity awards held by each of the named executive officers as of December 31, 2016.

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	All Other Stock Awards: Number of Shares or Units That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
Michael A. Narachi	7/12/2016	—	525,000(2)	4.02	7/11/2026	—	—
	7/12/2016	—	105,000(3)	4.02	7/11/2026	—	—
	7/12/2016	—	315,000(2)	15.00	7/11/2026	—	—
	7/12/2016	—	63,000(3)	15.00	7/11/2026	—	—
	2/2/2016	14,583	55,417(4)	17.80	2/1/2026	—	—
	2/2/2016	—	—	—	—	80,000(5)	139,200
	2/3/2015	29,112	34,403(4)	53.40	2/2/2025	—	—
	2/7/2014	47,707	19,643(4)	63.00	2/6/2024	—	—
	2/15/2013	53,188	2,312(4)	56.90	2/14/2023	—	—
	1/25/2012	90,000	—	25.80	1/24/2022	—	—
	7/25/2011	176,156	—	16.60	7/24/2021	—	—
	6/10/2011	177,424	—	17.00	6/9/2021	—	—
	Thomas Cannell, D.V.M	7/12/2016	—	262,500(2)	4.02	7/11/2026	—
7/12/2016		—	52,500(3)	4.02	7/11/2026	—	—
7/12/2016		—	157,500(2)	15.00	7/11/2026	—	—
7/12/2016		—	31,500(3)	15.00	7/11/2026	—	—
2/2/2016		8,125	30,875(4)	17.80	2/1/2026	—	—
2/2/2016		—	—	—	—	35,500(5)	60,900
3/30/2015		18,595	23,905(6)	77.50	3/29/2025	—	—
Thomas Lynch	7/12/2016	—	131,250(2)	4.02	7/11/2026	—	—
	7/12/2016	—	26,250(3)	4.02	7/11/2026	—	—
	7/12/2016	—	78,750(2)	15.00	7/11/2026	—	—
	7/12/2016	—	15,750(3)	15.00	7/11/2026	—	—
	2/2/2016	—	—	—	—	25,500(5)	44,370
	12/1/2015	8,751	26,249(6)	22.90	11/30/2025	—	—

- (1) Amounts reflect the number of PSUs multiplied by our stock price of \$1.74 as of December 31, 2016.
- (2) 33-1/3% of the total number of shares subject to the option vest at the end of the first year following the vesting commencement date and the remainder vest 1/24th per month thereafter. The option has a ten year term from the date of grant.
- (3) 100% of the shares subject to the option vest if we achieve at least \$130 million in global product net sales during the fiscal year ending December 31, 2017.
- (4) 1/48th of the total number of shares subject to the option vest on the same day of each of the immediately following calendar months following the grant date (which is also the vesting commencement date). The option has a ten year term from the date of grant.
- (5) The PSU award will vest in five equal installments on each anniversary of February 2, 2016, to the extent that the PSUs are earned, with one-third of the PSUs becoming earned when the 20-day average trading price of our shares equals at least \$60, and an additional one-third becoming earned when such price equals at least \$80, and the final one-third becoming earned when such price equals at least \$100.
- (6) 25% of the total number of shares subject to the option vest at the end of the first year following the vesting commencement date and the remainder vest 1/36th per month thereafter. The option has a ten year term from the date of grant.

Employment Agreements and Severance Benefits

We have entered into employment agreements with each of our named executive officers as described below.

The initial base salaries of the executives are set forth in the employment agreements. The employment agreements provide that each executive shall be eligible for an annual performance bonus equal to up to 50% of Mr. Lynch's base salary, 60% of Dr. Cannell's base salary and 75% of Mr. Narachi's base salary. Each named executive officer's employment is at-will.

The employment agreements provide each named executive officer with certain severance and change in control benefits upon a qualifying termination of employment. The named executive officers will remain eligible to receive these severance and change in control benefits pursuant to their employment agreements for a period of three years after execution of the employment agreements. In February 2016, we extended the term of these severance and change in control benefits for an additional three years (through March 31, 2019).

With respect to Mr. Narachi, in the event his employment is terminated by us other than for "cause," as defined in the employment agreement (and other than as a result of his death or disability) at any time other than the period that begins three months prior to the effective date of a change in control and concludes on the date that is 12 months after the effective date of a change in control, provided that he first executes and does not revoke a general release and has fully complied with his continuing fiduciary, statutory and material contractual obligations to us, he will be entitled to (i) a lump sum cash severance payment equal to 24 months of his annual base salary (as in effect immediately prior to his termination), (ii) payment of premiums necessary to continue Mr. Narachi's group health insurance coverage in effect as of his termination pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), for a maximum period of 24 months following the date of his termination and (iii) acceleration of Mr. Narachi's outstanding time-based equity awards such that, effective as of the date of his termination, he shall receive immediate accelerated vesting of such outstanding equity awards with respect to that same number of shares which would have vested if Mr. Narachi had continued in employment with us for a period of 12 months following the date of his termination. In addition, in the event Mr. Narachi's employment is terminated by us other than for cause (and other than as a result of his death or disability) or by him due to "constructive termination," (as defined in the employment agreement), within the period commencing three-months before the effective date of a change in control and ending 12 months immediately following the effective date of a change in control, provided that he first executes and does not revoke a general release and fully complies with his continuing fiduciary, statutory and material contractual obligations to us, he will be entitled to (i) a lump sum cash severance payment equal to 24 months of his annual base salary (as in effect immediately prior to his termination), (ii) payment of premiums necessary to continue Mr. Narachi's group health insurance coverage in effect as of his termination pursuant to COBRA for a maximum period of 24 months following the date of his termination and (iii) acceleration of Mr. Narachi's outstanding time-based equity awards such that all outstanding equity awards are fully vested and exercisable with respect to all the shares subject thereto effective immediately prior to the date of his termination.

With respect to each of Dr. Cannell and Mr. Lynch, in the event his employment is terminated by us other than for "cause," as defined in the employment agreement (and other than as a result of his death or disability) at any time other than during the period that begins three months prior to the effective date of a change in control and concludes on the date that is 12 months after the effective date of a change in control, provided that he first executes and does not revoke a general release and fully complies with his continuing fiduciary, statutory and material contractual obligations to us, the executive will be entitled to (i) a lump sum cash severance payment equal to 12 months of his annual base salary (as in effect immediately prior to his termination) and (ii) payment of premiums necessary to continue the executive's group health insurance coverage in effect as of his termination pursuant to COBRA for a maximum period of 12 months following the date of his termination. In the event the executive's employment is terminated by us other than for cause (and other than as a result of his death or disability) or by such executive due to "constructive termination," as defined in the employment agreement, within the period commencing three months before the effective date of a change in control and ending twelve months immediately following the effective date of a change in control, provided that he first executes and does not revoke a general release and fully complies with his continuing fiduciary, statutory and material contractual obligations to us, the executive will be entitled to (i) a lump sum cash payment in an amount equal to: for Dr. Cannell, the sum of 18 months of his annual base salary and one and one-half times the amount of his target annual bonus, and for Mr. Lynch, 18 months of his annual base salary (in each case, as in effect immediately prior to his termination), (ii) payment of premiums necessary to continue the executive's group health insurance coverage in effect as of his termination pursuant to COBRA for a maximum period of 18 months following the date of his termination and (iii) acceleration of the executive's outstanding time-based equity awards such that all outstanding equity awards are fully vested and exercisable with respect to all the shares subject thereto effective immediately prior to the date of his termination.

In the event a named executive officer becomes entitled to any payments and benefits (including but not limited to payments and benefits pursuant to the employment agreements) that the executive would receive in connection with a change in control (the "transaction payments") that would constitute a "parachute payment" within the meaning of Section 280G of the Code, and would be subject to excise tax imposed by Section 4999 of the Code (the "excise tax"), then the executive's employment agreement provides for a "best-after tax" analysis with respect to such payments, under which we shall cause to be determined before any amounts of such

transaction payments are paid to the executive which of the following two alternative forms of payment would result in the executive's receipt, on an after-tax basis, of the greater amount of the transaction payment notwithstanding that all or some portion of the transaction payment may be subject to the excise tax: (i) payment in full of the entire amount of the transaction payment, or (ii) payment of only a part of the transaction payment so that the executive receives the largest payment possible without the imposition of the excise tax.

Each named executive officer's employment agreement also includes standard noncompetition covenants that prohibit the executive from competing with our business in any manner during the term of the executive's employment with us. Each employment agreement also reaffirms the executive's obligations under our standard employee proprietary information and inventions agreement to which the executive is a party.

Proprietary Information and Inventions Agreement

Each of our named executive officers has also entered into a standard form agreement with respect to proprietary information and inventions. Among other things, this agreement obligates each executive to refrain from disclosing any of our proprietary information received during the course of employment and, with some exceptions, to assign to us any inventions conceived or developed during the course of employment. In addition, this agreement provides that during the term of the executive's employment and for one (1) year thereafter, the executive will not, either directly or through others, solicit or attempt to solicit any of our employees, independent contractors or consultants terminate his relationship with us in order to become an employee, consultant or independent contractor to or for any other person or entity, or otherwise encourage or solicit any of our employees to leave employment with us for any reason or to devote less than all of any such employee's efforts to our affairs.

Policy Regarding Tax Deductibility of Compensation

Section 162(m) of the Code, generally disallows a tax deduction to public companies for compensation in excess of \$1 million paid to certain of our executive officers. Qualifying performance-based compensation will not be subject to the deduction limitation if certain requirements are met.

We periodically review the potential consequences of Section 162(m) and may structure the performance-based portion of our executive compensation to comply with certain exemptions under Section 162(m). We have adopted a policy that, where reasonably practicable and where in the best interests of our stockholders, we may seek to qualify the variable compensation paid to our executive officers for an exemption from the deductibility limitations of Section 162(m), but we reserve the right to award compensation that exceeds the deductibility limit under Section 162(m) or otherwise pay non-deductible compensation when we believe that other considerations outweigh the tax deductibility of compensation. In approving the amount and form of compensation for our executive officers, the compensation committee will continue to consider all elements of the cost to our company of providing such compensation, including the potential impact of Section 162(m).

DIRECTOR COMPENSATION

Although the compensation committee considers market compensation information in making its compensation decisions for our non-employee directors, as described below, the compensation committee does not believe that it is appropriate to establish compensation levels solely by reference to market compensation data. Our compensation committee relies upon the judgment of its members in making compensation decisions, after reviewing the performance of the company and the level of effort and expertise of the non-employee directors, including the committees on which they serve. The compensation committee also takes into consideration the importance to the company to be able attract, retain, motivate and reward our non-employee directors who are helping the company achieve its corporate objectives and maximize stockholder value, and the fact that we often compete with larger organizations for board members.

Elements of Non-Employee Director Compensation

Compensation for our non-employee directors consists of cash and stock options. The compensation committee allocates total compensation between cash and equity based on a number of objective and subjective factors, including competitive practices among the market comparison group, the expected responsibilities of the board of directors in the coming year, the level of effort and expertise of the directors and the nature of the behaviors the incentives are intended to motivate.

Pursuant to our Independent Director Compensation Policy, each non-employee director will receive the following cash compensation for board services, as applicable:

- \$40,000 per year for service as a board member;
- \$20,000 per year for service as chairperson of the board;
- \$18,000 per year for service as chairperson of the audit committee, \$12,500 per year for service as chairperson of the compensation committee, \$7,500 per year for service as chairperson of the nominating/corporate governance committee, \$20,000 per year for service as chairperson of the research and development strategy committee and there is no chairperson of the strategic transactions committee; and
- \$7,500 per year for service as a member of the audit committee, \$5,000 per year for service as a member of the compensation committee, \$3,750 per year for service as a member of the nominating/corporate governance committee, \$2,000 per year for service as a member of the research and development strategy committee and \$7,500 per year for service as a member of the strategic transactions committee.

We also reimburse our non-employee directors for their reasonable expenses incurred in attending meetings of our board of directors and committees of the board of directors and carrying out their board of director duties.

In addition, pursuant to the Independent Director Compensation Policy, our non-employee directors will receive initial and annual, automatic, non-discretionary grants of nonqualified stock options. Each person who is initially elected or appointed to our board of directors, and who is a non-employee director at the time of such initial election or appointment, will receive a nonqualified stock option to purchase 17,500 shares of our common stock on the date of such initial election or appointment. This option grant will vest in equal monthly installments over 36 months following the date of grant, subject to such director's continuing service on our board of directors through such dates of vesting. In addition, on the date of each annual meeting, each individual who continues to serve as a non-employee director on such date will receive an automatic option grant to purchase an additional 12,500 shares of our common stock (the "Annual Meeting Option Grant"). This subsequent option granted to any non-employee director who is elected for the first time to our board of directors prior to the annual meeting but after the previous year's annual meeting will be pro-rated to reflect the days that such director served on our board of directors until the date of the annual meeting. This option grant will vest in equal monthly installments over 12 months following the date of grant, subject to the director's continuing service on our board of directors through such dates of vesting. As disclosed below in the Summary Director Compensation table, in 2016, the Annual Meeting Option Grant was larger than the standard option grant to purchase 12,500 shares as described above to recalibrate nonemployee directors' ownership with our new capital structure, which includes the pre-existing common stock and new convertible debt and warrants issued during 2016.

The exercise price of each option granted to a non-employee director will be equal to 100% of the fair market value on the date of grant of the shares covered by the option. Options will have a maximum term of ten years measured from the grant date, subject to termination in the event of the non-employee director's cessation of board service. No portion of the option which is unexercisable at the time of the non-employee director's termination of membership on our board of directors shall thereafter become exercisable. Following a non-employee director's termination, the non-employee director shall have until the first to occur of (i) the third anniversary of the date of his or her termination of membership from our board of directors, or (ii) the original expiration date of the term of such options, to exercise the options that were vested and exercisable as of such date of termination. In the event of a change of control (as that term is defined in our Amended and Restated 2007 Equity Incentive Award Plan, which we refer to as our 2007 plan)

all outstanding unvested options granted to the non-employee directors shall become fully vested and exercisable immediately prior to a change of control.

Our Independent Director Compensation Policy provides that the options shall be granted under and shall be subject to the terms and provisions of our 2007 plan and shall be granted subject to the execution and delivery of option agreements.

Summary Director Compensation

The following table summarizes compensation earned by our non-employee directors for the fiscal year 2016.

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	Total (\$)
Eckard Weber, M.D.(2)	36,500	—	36,500
Louis C. Bock	51,250	44,865	96,115
Wendy L. Dixon, Ph.D.(3)	1,200	—	1,200
Brian H. Dovey	52,500	44,865	97,365
David J. Endicott	58,600	44,865	103,465
Peter K. Honig, M.D., M.P.H.	67,500	44,865	112,365
Deborah A. Jom	24,600	70,500	95,100
Patrick J. Mahaffy(2)	74,800	44,865	119,665
Lota S. Zoth	69,800	44,865	114,665

- (1) Reflects the grant date fair value for option awards granted to our non-employee directors, as computed in accordance with the relevant accounting guidance, without consideration of forfeitures. Valuation assumptions are described in Notes to Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 30, 2017. On July 12, 2016, Ms. Jom received an option to purchase 16,500 shares of our common stock, while all other non-employee directors each received an option to purchase 15,000 shares of our common stock. The grant date fair value of this award, computed in accordance with the relevant accounting guidance, was \$2.99 per share. The aggregate number of shares subject to outstanding stock options held by each non-employee director as of December 31, 2016 was as follows: Dr. Weber, 24,333 shares; Mr. Bock, 39,750 shares; Dr. Dixon, 21,000 shares; Mr. Dovey, 39,750 shares; Mr. Endicott, 30,313 shares; Dr. Honig, 38,500 shares; Ms. Jom, 23,500 shares; Mr. Mahaffy, 39,750 shares; and Ms. Zoth, 35,500 shares.
- (2) Dr. Weber resigned from his position of Chairman of the Board of Directors in April 2016 and Mr. Mahaffy was appointed Chairman of the Board of Directors in April 2016.
- (3) Dr. Dixon resigned from the board of directors in January 2016.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information about the beneficial ownership of our common stock at March 31, 2017 for:

- each named executive officer;
- each of our directors;
- each person known to us to be the beneficial owner of more than 5% of our common stock; and
- all of our executive officers and directors as a group.

Unless otherwise noted below, the address of each beneficial owner listed on the table is c/o Orexigen Therapeutics, Inc., 3344 N. Torrey Pines Court, Suite 200, La Jolla, California 92037.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us by the stockholders, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. We have based our calculation of the percentage of beneficial ownership on 15,227,802 shares of common stock

outstanding on March 31, 2017.

The SEC has defined “beneficial ownership” of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A stockholder is also deemed to be, as of any date, the beneficial owner of all securities that such stockholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or other rights (as set forth above) held by that person that are exercisable as of March 31, 2017 or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Beneficial ownership representing less than 1% is denoted with an asterisk (*).

Beneficial Owner	Beneficial Ownership	
	Number of Shares (#)	Percent of Total (%)
Greater than 5% stockholders		
The Baupost Group, L.L.C. and its affiliates ⁽¹⁾ 10 St. James Avenue, Suite 1700 Boston, Massachusetts, 02116	5,710,425	37.5%
BVF Partners L.P. and its affiliates ⁽²⁾ 1 Sansome Street, 30th Floor San Francisco, CA 94104	1,521,257	9.9%
Domain Associates, LLC and its affiliates ⁽³⁾ One Palmer Square, Suite 515 Princeton, NJ 05842	1,133,737	7.4%
James Tananbaum and his affiliates ⁽⁴⁾ c/o Foresite Capital Management 101 California Street, Suite 4100 San Francisco, California 94111	971,385	7.7%
Non-Employee Directors		
Louis C. Bock ⁽⁵⁾	40,087	*
Brian H. Dovey ⁽⁶⁾	1,191,215	7.8%
David J. Endicott ⁽⁷⁾	27,813	*
Peter K. Honig, M.D. ⁽⁸⁾	36,000	*
Patrick J. Mahaffy ⁽⁹⁾	37,250	*
Deborah Jom ⁽¹⁰⁾	16,084	*
Lota S. Zoth ⁽¹¹⁾	33,000	*
Named Executive Officers		
Michael A. Narachi ⁽¹²⁾	648,665	4.1%
Thomas Cannell, D.V.M. ⁽¹³⁾	50,471	*
Thomas Lynch ⁽¹⁴⁾	20,551	*
All executive officers and directors as a group (12 persons) ⁽¹⁵⁾	2,149,438	13.3%

- (1) Based upon a Schedule 13D/A filed with the SEC on July 12, 2016 jointly by The Baupost Group, L.L.C. (“Baupost”), SAK Corporation (“SAK”) and Seth A. Klarman (“Mr. Klarman”). Certain private investment limited partnerships advised by Baupost hold (i) warrants to purchase shares of common stock and (ii) \$75,000,000 in aggregate principal amount of 0% senior secured convertible notes due 2020 convertible into shares of common stock. Baupost is subject to a beneficial ownership cap that restricts exercise of the warrants and conversion of the notes if, after such exercise or conversion, they would beneficially own more than 37.5% of the number of shares of common stock then issued and outstanding. SAK is the Manager of Baupost. Mr. Klarman is the sole shareholder of SAK and a controlling person of Baupost. SAK and Mr. Klarman may be deemed to have beneficial ownership of the securities beneficially owned by Baupost.
- (2) Based solely upon a Schedule 13G filed with the SEC on July 19, 2016 jointly by BVF Partners L.P. (“Partners”), BVF Inc., Mark N. Lampert, Biotechnology Value Fund, L.P. (“BVF”), Biotechnology Value Fund II, L.P. (“BVF2”), Biotechnology Value Trading Fund OS LP (“Trading Fund OS”), BVF Partners OS Ltd. (“Partners OS” and together with Partners, BVF, BVF2 and Trading Fund OS, the “BVF Entities”). The BVF Entities hold (i) warrants to purchase shares of common stock, (ii) \$30,000,000 in aggregate principal amount of 0% senior secured convertible notes due 2020 convertible into shares of common stock, and (iii)

- \$10,000,000 in aggregate principal amount of 2.75% convertible senior notes due 2020 convertible into shares of common stock. The BVF Entities are subject to a beneficial ownership cap that restricts exercise of the warrants or conversion of the notes if, after such exercise or conversion, they would beneficially own more than 9.99% of the number of shares of common stock then issued and outstanding. Partners OS as the general partner of Trading Fund OS may be deemed to beneficially own the shares of common stock beneficially owned by Trading Fund OS. Partners, as the general partner of BVF, BVF2, the investment manager of Trading Fund OS, and the sole member of Partners OS, may be deemed to beneficially own the shares of common stock beneficially owned in the aggregate by BVF, BVF2, Trading Fund OS, and certain Partners-managed accounts (the “Partners Managed Accounts”). BVF Inc., as the general partner of Partners, may be deemed to beneficially own the shares of common stock beneficially owned by Partners. Mr. Lampert, as a director and officer of BVF Inc., may be deemed to beneficially own the shares of common stock beneficially owned by BVF Inc. Partners OS disclaims beneficial ownership of the shares of common stock beneficially owned by Trading Fund OS. Each of Partners, BVF Inc. and Mr. Lampert disclaims beneficial ownership of the shares of common stock beneficially owned by BVF, BVF2, Trading Fund OS, and the Partners Managed Accounts.
- (3) Consists of (i) 354,382 shares of common stock beneficially owned by Domain Partners V, L.P., (ii) 8,396 shares of common stock beneficially owned by DP V Associates, L.P., (iii) 757,919 shares of common stock beneficially owned by Domain Partners VII, L.P., (iv) 12,944 shares of common stock beneficially owned by DP VII Associates, L.P. and (v) 196 shares of common stock beneficially owned by Domain Associates, LLC. With respect to the shares beneficially owned by Domain Partners V, L.P., DP V Associates, L.P., the managing members of One Palmer Square Associates V, L.L.C., the general partner of Domain Partners V, L.P. and DP V Associates, L.P., shares voting and investment power over such shares. With respect to the shares beneficially owned by Domain Partners VII, L.P. and DP VII Associates, L.P., the managing members of One Palmer Square Associates VII, L.L.C., the general partner of Domain Partners VII, L.P. and DP VII Associates, L.P., share voting and investment power over such shares. With respect to the shares beneficially owned by Domain Associates, LLC, the managing members of Domain Associates, LLC share voting and investment power over such shares. Mr. Dovey, one of our directors, is a managing member of One Palmer Square Associates V, L.L.C., One Palmer Square Associates VII, L.L.C, and Domain Associates, LLC.
 - (4) Based solely upon a Schedule 13G/A filed with the SEC on February 14, 2017 by Foresite Capital Fund I, L.P. (“FCF I”), Foresite Capital Management I, LLC (“Foresite LLC I”), Foresite Capital Fund II, L.P. (“FCF II”), Foresite Capital Management II, LLC (“Foresite LLC II”), Foresite Capital Fund III, L.P. (“FCF III”), Foresite Capital Management III, LLC (Foresite LLC III”) and James Tananbaum (“Mr. Tananbaum”). Includes 174,373 shares of common stock directly owned by FCF I, 542,755 shares of common stock directly owned by FCF II, and 254,257 shares of common stock directly owned by FCF III. Mr. Tananbaum is the managing member of each of Foresite LLC I, which is the general partner of FCF I, Foresite LLC II, which is the general partner of FCF II, and Foresite LLC III, which is the general partner of FCF III. Mr. Tananbaum may be deemed to have sole voting and dispositive power over the shares of common stock included herein.
 - (5) Consists of (i) 2,767 shares of common stock, (ii) 70 shares of common stock held by Mr. Bock’s spouse, and (iii) 37,250 shares of common stock subject to options exercisable by Mr. Bock within 60 days of March 31, 2017.
 - (6) Consists of shares identified in footnote (2) and 37,250 shares of common stock subject to options exercisable within 60 days of March 31, 2017 by Mr. Dovey. Mr. Dovey is a managing member of One Palmer Square Associates V, L.L.C., One Palmer Square Associates VII, L.L.C, and Domain Associates, LLC. Mr. Dovey disclaims beneficial ownership over the shares identified in footnote (2) except to the extent of his pecuniary interest therein.
 - (7) Consists of 27,813 shares of common stock subject to options exercisable by Mr. Endicott within 60 days of March 31, 2017.
 - (8) Consists of 36,000 shares of common stock subject to options exercisable by Dr. Honig within 60 days of March 31, 2017.
 - (9) Consists of 37,250 shares of common stock subject to options exercisable by Mr. Mahaffy within 60 days of March 31, 2017.
 - (10) Consists of 16,084 shares of common stock subject to options exercisable by Ms. Jom within 60 days of March 31, 2017.
 - (11) Consists of 33,000 shares of common stock subject to options exercisable by Ms. Zoth within 60 days of March 31, 2017.
 - (12) Consists of (i) 7,730 shares of common stock and (ii) 640,935 shares of common stock subject to options exercisable by Mr. Narachi within 60 days of March 31, 2017.
 - (13) Consists of (i) 1,763 shares of common stock and (ii) 48,708 shares of common stock subject to options exercisable by Dr. Cannell within 60 days of March 31, 2017.
 - (14) Consists of 20,551 shares of common stock subject to options exercisable by Mr. Lynch within 60 days of March 31, 2017.
 - (15) Consists of (i) the shares referenced in Footnotes 5 through 14 above, (ii) 2,534 shares of common stock and 27,299 shares of common stock subject to options exercisable by Jason Keyes, our Senior Vice President and Chief Financial Officer, within 60 days of March 31, 2017, and (iii) 18,469 shares of common stock subject to options exercisable by Peter Flynn, our Senior Vice President and Head of Development, Regulatory Affairs and Safety, within 60 days of March 31, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationship and Related Transactions

We describe below transactions and series of similar transactions, since January 1, 2015, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed the lesser of (i) \$120,000 or (ii) 1% of the average of our assets at year end for the last two completed fiscal years; and
- a director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

We also describe below certain other transactions with our directors, executive officers and stockholders. We have a written policy which requires that any transaction with a related party required to be reported under applicable SEC, other than compensation-related matters, be reviewed and approved by our Audit Committee. We have not and will not adopt written procedures for review of, or standards for approval of, these transactions, but instead we intend to review such transactions on a case by case basis. In addition, our compensation committee will approve all compensation-related policies.

Convertible Note Financing

On March 15, 2016, we entered into a securities purchase agreement (the “Purchase Agreement”), with various purchasers (collectively, the “Purchasers”) for the sale of \$165,000,000 aggregate principal amount of the Company’s 0% Convertible Senior Secured Notes due 2020 (the “Notes”) and related warrants (“Warrants”) to purchase up to 22,000,000 shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”), and 22,000 shares of preferred stock, par value \$0.001 per share (together with the Notes, Warrants and Common Stock underlying the Notes and Warrants, the “Securities”) to qualified institutional buyers and accredited investors (the “Offering”). The Offering was led by funds managed by The Baupost Group, L.L.C. (collectively, “Baupost”), a holder of approximately 18.7% of the Company’s outstanding Common Stock, and closed on March 21, 2016. Baupost invested \$75,000,000 in the Offering. We entered into an investor rights agreement (the “Investor Rights Agreement”) with Baupost and the other Purchasers in connection with the Offering. In connection with the Offering and pursuant to the Investor Rights Agreement, Baupost is entitled to designate two directors for so long as it and its affiliates hold at least 20% of the Company’s outstanding Common Stock and one director for so long as it and its affiliates hold at least 10% but less than 20% of the Company’s outstanding Common Stock and is entitled to have a representative serve as a non-voting board observer until the date Baupost or its affiliates have ownership of less than 10% of the Company’s outstanding Common Stock. We have agreed to increase the size of the Board, if necessary, at any time when Baupost appoints such directors.

Private Placement

On September 10, 2015, we entered into a Securities Purchase Agreement with funds managed by The Baupost Group, L.L.C., pursuant to which we sold, for an aggregate price of approximately \$60.0 million, 2,000,000 shares of our common stock and warrants to purchase up to 500,000 additional shares of common stock at an exercise price of \$6.00 per share.

Employment Agreements

We have entered into employment agreements with Michael A. Narachi, our President and Chief Executive Officer, Thomas Cannell, D.V.M, our Chief Operating Officer and President of Global Commercial Products, Peter Flynn, our SVP, Head of Development, Regulatory Affairs and Safety, Jason Keyes, our SVP, Chief Financial Officer, and Thomas Lynch, our EVP, General Counsel and Secretary. For further information regarding our employment agreements with our named executive officers, see above under the heading “— Employment Agreements and Severance Benefits.”

Separation and Consulting Agreements with Former Executive Officers

On June 25, 2015, we entered into a Separation and Consulting Agreement (the “Turner Separation Agreement”) with Heather D. Turner in connection with Ms. Turner’s resignation, effective June 25, 2015 (the “Turner Separation Date”), from her position as Senior Vice President, General Counsel and Secretary. The Turner Separation Agreement provided that Ms. Turner was paid all accrued salary and unused vacation earned through the Turner Separation Date and remained eligible for a pro-rated annual bonus for calendar year 2015. Ms. Turner also remained eligible for the Company’s current group health insurance benefits to the extent provided by federal or state laws and the Company’s current group health insurance policies. The Turner Separation Agreement also provided that the Company would retain Ms. Turner as a consultant pursuant to the terms of a separate consulting agreement, as described below. In addition, Ms.

Turner's outstanding stock options, to the extent that they were vested as of the Turner Separation Date, remained exercisable until March 31, 2016, on which date they expired and ceased to be exercisable. Any unvested and unexercised stock options were forfeited and expired as of the Turner Separation Date. Finally, Ms. Turner generally and completely released the Company and its affiliates of and from any and all claims, liabilities and obligations that arise out of or are related to events, acts, conduct or omissions occurring prior to the Turner Separation Date, and agreed to customary non-disclosure, non-disparagement and cooperation provisions. On June 26, 2015, we also entered into a Consulting Agreement (the "Turner Consulting Agreement") with Ms. Turner, pursuant to which Ms. Turner was engaged as a consultant to the Company. The Turner Consulting Agreement was effective until March 31, 2016. During the consulting term, Ms. Turner agreed to provide up to a specified number of non-legal services per month to the Company upon request. In consideration for such services, Mr. Turner received an hourly consulting fee, as well as reimbursement for reasonable expenses. In addition, Ms. Turner agreed to customary non-disclosure, non-solicitation and work product assignment provisions.

On December 4, 2015, we entered into a Separation and Consulting Agreement (the "Hagan Separation Agreement") with Mr. Hagan in connection with his resignation, effective as December 11, 2015 (the "Hagan Separation Date"). The Hagan Separation Agreement provided that Mr. Hagan was paid all accrued salary and unused vacation earned through the Hagan Separation Date and remained eligible for a pro-rated annual bonus for calendar year 2015. Mr. Hagan also remained eligible for the Company's current group health insurance benefits to the extent provided by federal or state laws and the Company's current group health insurance policies. The Hagan Separation Agreement also provided that the Company would retain Mr. Hagan as a consultant pursuant to the terms of a separate consulting agreement, as described below. In addition, Mr. Hagan's outstanding stock options, to the extent that they were vested as of the Hagan Separation Date, remained exercisable until March 11, 2016, on which date they expired and ceased to be exercisable. Any unvested and unexercised stock options were forfeited and expired as of the Hagan Separation Date. Finally, Mr. Hagan generally and completely released the Company and its affiliates of and from any and all claims, liabilities and obligations that arise out of or are related to events, acts, conduct or omissions occurring prior to the Hagan Separation Date, and agreed to customary non-disclosure, non-disparagement and cooperation provisions. On December 4, 2015, the Company also entered into a Consulting Agreement (the "Hagan Consulting Agreement") with Mr. Hagan, effective as of December 12, 2015, pursuant to which Mr. Hagan would be engaged as a consultant to the Company. The Hagan Consulting Agreement will be effective until December 11, 2016, unless extended by mutual consent or earlier terminated by the Company or Mr. Hagan pursuant to the terms set forth therein. During the consulting term, Mr. Hagan will provide up to 20 hours of services per month to the Company upon request. In consideration for such services, Mr. Hagan will receive an hourly consulting fee, as well as reimbursement for reasonable expenses. In addition, Mr. Hagan has agreed to customary non-disclosure, non-solicitation and work product assignment provisions.

Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. We believe that indemnification under our amended and restated bylaws covers at least negligence and gross negligence on the part of indemnified parties. Our amended and restated bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in this capacity, regardless of whether our amended and restated bylaws would permit indemnification. We have entered into separate indemnification agreements with our directors and executive officers, including our former executive officers who are named executive officers, in addition to indemnification provided for in our charter documents. These agreements, among other things, provide for indemnification of our directors and executive officers for expenses, judgments, fines and settlement amounts incurred by this person in any action or proceeding arising out of this person's services as a director or executive officer or at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers. We also maintain directors' and officers' liability insurance.

Board Independence

Our board of directors has determined that all of our directors are independent directors within the meaning of the applicable NASDAQ Stock Market LLC ("NASDAQ") listing standards, except for Michael A. Narachi, our president and chief executive officer.

Item 14. Principal Accounting Fees and Services

Independent Registered Public Accountants' Fees

The following table represents aggregate fees billed to us for services related to the fiscal years ended December 31, 2016 and 2015, by Ernst & Young LLP, our independent registered public accounting firm.

	Year Ended December 31,	
	2016	2015
Audit Fees (1)	\$868,935	\$533,712
Audit Related Fees (2)	91,000	—
Tax Fees (3)	65,250	105,000
All Other Fees (4)	1,995	1,895
	<u>\$1,027,180</u>	<u>\$640,607</u>

- (1) Audit Fees consist of fees billed for professional services performed by Ernst & Young LLP for the audit of our annual financial statements, preparation of comfort letters associated with our follow-on public offerings and related services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit Related Fees consist of fees billed by Ernst & Young LLP for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. There were no such fees incurred during fiscal year 2015.
- (3) Tax Fees consist of fees for professional services performed by Ernst & Young LLP with respect to an Internal Revenue Code Section 382 study, review of intellectual property transfer to Ireland subsidiary and general tax advice and planning.
- (4) All Other Fees consist of fees billed in the indicated year for subscription to Ernst & Young LLP's online resource library.

The audit committee has considered whether the provision of non-audit services is compatible with maintaining the independence of Ernst & Young LLP, and has concluded that the provision of such services is compatible with maintaining the independence of our auditors.

Pre-Approval Policies and Procedures

Our audit committee has established a policy that all audit and permissible non-audit services provided by our independent registered public accounting firm will be pre-approved by the audit committee, and all such services were pre-approved in accordance with this policy during the fiscal years ended December 31, 2016 and 2015. These services may include audit services, audit-related services, tax services and other services. The audit committee considers whether the provision of each non-audit service is compatible with maintaining the independence of our auditors. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Our independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(b) The following exhibits are filed as part of this report:

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
3.1	Amended and Restated Certificate of Incorporation of Orexigen Therapeutics, Inc.	S-1/A	333-139496	3.2	02/16/2007	
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Orexigen Therapeutics, Inc.	S-8	333-175071	3.2	06/22/2011	
3.3	Amended and Restated Bylaws of Orexigen Therapeutics, Inc.	S-1/A	333-139496	3.4	02/16/2007	
3.4	Amendment to Amended and Restated Bylaws of Orexigen Therapeutics, Inc.	8-K	001-33415	3.1	07/03/2014	
3.5	Certificate of Designations, Preferences and Rights of Series Z Non-Convertible Non-Voting Preferred Stock	8-K	001-33415	3.1	03/15/2016	
3.6	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Orexigen Therapeutics, Inc.	8-K	001-33415	3.1	07/11/2016	
4.1	Form of Common Stock Certificate	S-1/A	333-139496	4.1	04/09/2007	
4.1	Form of Warrant to Purchase Common Stock	8-K	001-33415	4.1	12/15/2011	

4.2	Indenture dated as of December 6, 2013, by and between Orexigen Therapeutics, Inc. and Wilmington Trust, National Association, as trustee	8-K	001-33415	4.1	12/09/2013
4.3	Form of Warrant to Purchase Common Stock	8-K	001-33415	10.1	09/10/2015
4.4	Investor Rights Agreement, dated as of March 15, 2016, by and among Orexigen Therapeutics, Inc., Baupost, and the other investors party thereto	8-K	001-33415	10.2	03/15/2016
4.5	Securities Purchase Agreement, dated as of March 15, 2016, by and among Orexigen Therapeutics, Inc. and each purchaser party thereto	8-K	001-33415	10.1	03/15/2016
4.6	Indenture, dated as of March 21, 2016, by and between Orexigen Therapeutics, Inc. and U.S. Bank National Association, as trustee and collateral agent, including the Form of 0% Convertible Senior Secured Note due 2020	8-K	001-33415	4.1	03/25/2016
4.7	Form of Warrant to Purchase Common Stock	8-K	001-33415	10.4	03/15/2016

4.8	Supplemental Indenture, dated December 19, 2016, among Orexigen Therapeutics, Inc., U.S. Bank National Association, as trustee and collateral agent, and certain holders of 0% Convertible Senior Secured Notes due 2020	8-K	001-33415	4.1	12/20/2016
4.9	Supplemental Indenture, dated February 16, 2017, among Orexigen Therapeutics, Inc., U.S. Bank National Association, as trustee and collateral agent, and certain holders of 0% Convertible Senior Secured Notes due 2020	8-K	001-33415	4.2	02/17/17

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
4.10	Indenture, dated as of February 23, 2017, by and between Orexigen Therapeutics, Inc. and U.S. Bank National Association, as trustee.	8-K	001-33415	4.1	02/24/2017	
10.1	Form of Director and Executive Officer Indemnification Agreement	S-1/A	333-139496	10.1	02/16/2007	
10.2*	Form of Executive Officer Employment Agreement	8-K	001-33415	10.2	01/28/2010	
10.3*	2004 Stock Plan and forms of option agreements thereunder	S-1	333-139496	10.3	12/19/2006	
10.4*	Amended and Restated 2007 Equity Incentive Award Plan and forms of stock option grant notice and stock option agreement thereunder	10-Q	001-33415	10.5	08/05/2016	
10.5*	2013 Employee Stock Purchase Plan	S-8	333-189120	10.1	06/06/2013	
10.6†	License Agreement dated June 27, 2003, by and between Orexigen Therapeutics, Inc. and Oregon Health & Science University	S-1	333-139496	10.7	12/19/2006	
10.7†	Amendment to License Agreement dated November 1, 2003 by and between the Registrant and Oregon Health & Science University	S-1	333-139496	10.8	12/19/2006	

10.8†	Letter Agreement Amendment to License Agreement dated December 6, 2006, by and between Orexigen Therapeutics, Inc. and Oregon Health & Science University.	S-1	333-139496	10.9	12/19/2006
10.9	Amendment No. 3 to License Agreement dated December 7, 2007 by and between the Orexigen Therapeutics, Inc. and Oregon Health & Science University.	8-K	001-33415	10.1	12/14/2007
10.10	Amended and Restated Master Agreement for Pharmaceutical Development Services dated March 12, 2010 by and between Orexigen Therapeutics, Inc. and Patheon Pharmaceuticals, Inc.	10-K/A	001-33415	10.17	01/26/2015
10.11	Manufacturing Services Agreement dated March 12, 2010 by and among Orexigen Therapeutics, Inc., Patheon Pharmaceuticals, Inc. and Patheon Inc.	10-K/A	001-33415	10.18	01/26/2015
10.12†	Amendment No. 1 to Manufacturing Services Agreement dated November 1, 2013 by and between Orexigen Therapeutics, Inc., Patheon Pharmaceuticals, Inc. and Patheon Inc.	10-k/A	001-33415	10.36	01/26/2015

10.13	Amendment No. 2 to Manufacturing Services Agreement dated September 11, 2014 by and between Orexigen Therapeutics, Inc., Patheon Pharmaceuticals, Inc. and Patheon Inc.	10-K	001-33415	10.33	02/27/2015
10.14	Office Lease dated December 11, 2007 by and between Orexigen Therapeutics, Inc. and Mullrock 3 Torrey Pines, LLC	8-K	001-33415	10.2	12/14/2007
10.15	First Amendment to Lease dated September 23, 2008 by and between Orexigen Therapeutics, Inc. and Mullrock 3 Torrey Pines, LLC	10-Q	001-33415	10.1	11/07/2008

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
10.16	Partial Lease Termination Agreement dated February 22, 2012 by and between Orexigen Therapeutics, Inc. and Mullrock 3 Torrey Pines, LLC	10-Q	001-33415	10.2	05/10/2012	
10.17	Second Amendment to Lease dated February 15, 2013 by and between Orexigen Therapeutics, Inc. and Mullrock 3 Torrey Pines, LLC	10-Q	001-33415	10.1	05/09/2013	
10.18	Third Amendment to Lease dated August 17, 2015 by and between Orexigen Therapeutics, Inc. and Mullrock 3 Torrey Pines, LLC	10-Q	001-33415	10.4	11/09/2015	
10.19*	Key Executive Employee Retention Plan	8-K	001-33415	10.1	03/07/2011	
10.20*	Form of Acknowledgment Orexigen Therapeutics, Inc. Recoupment Policy	8-K	001-33415	10.1	04/25/2014	
10.21*	Form of Second Amended and Restated Employment Agreement by and between Orexigen Therapeutics, Inc. and Michael A. Narachi	8-K	001-33415	10.1	06/14/2011	
10.22*	Amendment No. 1 to Second Amended and Restated Employment Agreement dated February 15, 2013 by and between Orexigen Therapeutics, Inc. and Michael A. Narachi	10-Q	001-33415	10.3	08/07/2013	

10.23	Securities Purchase Agreement, dated September 10, 2015, by and between Orexigen Therapeutics, Inc. and Baupost Group Securities, LLC (including the Form of Warrant attached thereto as Exhibit B)	8-K	001-33415	10.1	09/10/2015
10.24	Securities Purchase Agreement, dated as of March 15, 2016, by and among Orexigen Therapeutics, Inc. and each purchaser party thereto	8-K	001-33415	10.1	03/15/2016
10.25*	Form of Performance Stock Unit Award Agreement	10-Q	001-33415	10.10	05/05/2016
10.26	Separation Agreement dated as of March 15, 2016 by and between Orexigen Therapeutics, Inc. and Takeda Pharmaceutical Company Limited	10-Q	001-33415	10.9	05/05/2016
10.27	Security Agreement, dated as of March 21, 2016, by and among Orexigen Therapeutics, Inc., the guarantors party thereto from time to time, and U.S. Bank National Association, as collateral agent.	8-K	001-33415	10.1	03/25/2016
10.28*	Amendment No. 2 to Second Amended and Restated Employment Agreement dated February 4, 2016 by and between the Registrant and Michael A. Narachi	10-Q	001-33415	10.1	05/05/2016
10.29*	Amendment No. 2 to Amended and Restated Employment Agreement dated February 5, 2016 by and between the Registrant and Preston Klassen, M.D.	10-Q	001-33415	10.2	05/05/2016

10.30*	Employment Agreement dated March 30, 2015 by and between the Registrant and Thomas Cannell, D.V.M.	10-Q	001-33415	10.3	05/05/2016
10.31*	Amendment No. 1 to Employment Agreement dated February 2, 2016 by and between the Registrant and Thomas Cannell	10-Q	001-33415	10.4	05/05/2016

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
10.32*	Employment Agreement dated December 1, 2015 by and between the Registrant and Thomas Lynch	10-Q	001-33415	10.5	05/05/2016	
10.33*	Amendment No. 1 to Employment Agreement dated February 2, 2016 by and between the Registrant and Thomas Lynch	10-Q	001-33415	10.6	05/05/2016	
10.34*	Employment Agreement dated February 3, 2015 by and between Orexigen Therapeutics, Inc. and Jason Keyes	10-Q	001-33415	10.1	08/05/2016	
10.35*	Amendment No. 1 to Employment Agreement dated February 2, 2016 by and between Orexigen Therapeutics, Inc. and Jason Keyes	10-Q	001-33415	10.2	08/05/2016	
10.36*	Amendment No. 2 to Employment Agreement dated June 16, 2016 by and between Orexigen Therapeutics, Inc. and Thomas Cannell D.V.M.	10-Q	001-33415	10.3	08/05/2016	
10.37*	Amendment No. 2 to Employment Agreement dated June 16, 2016 by and between Orexigen Therapeutics, Inc. and Jason Keyes	10-Q	001-33415	10.4	08/05/2016	
21.1	Subsidiaries of Orexigen Therapeutics, Inc.	10-K	001-33415	21.1	02/26/2016	
23.1	Consent of Independent Registered Public Accounting Firm	10-K	001-33415	23.1	03/30/2017	

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d- 14 of the Securities Exchange Act of 1934, as amended	X
31.2	Certification of Principal Financial and Accounting Officer pursuant to Rule 13a-14 and Rule 15d- 14 of the Securities Exchange Act of 1934, as amended	X
32.1#	Certification of Chief Executive officer and Principal Financial and Accounting Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002	X

101	<p>The following financial statements and footnotes from the Orexigen Therapeutics, Inc. Annual Report on Form 10-K for the year ended December 31, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Loss; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) the Notes to Condensed Consolidated Financial Statements.</p>	10-K	001-33415	101	03/30/2017
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† Confidential treatment has been granted for a portion of this exhibit.

* Indicates management contract or compensatory plan or arrangement.

The certifications attached as Exhibit 32.1 accompany this Annual Report on Form 10-K/A pursuant to 18 USC, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K/A (Amendment No. 1) to be signed on its behalf by the undersigned, thereunto duly authorized.

OREXIGEN THERAPEUTICS, INC.

By: /s/ Michael A. Narachi
Michael A Narachi
President and Chief Executive Officer

Dated: May 1, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Michael A. Narachi</u> Michael A. Narachi	President and Chief Executive Officer Director (Principal Executive Officer)	May 1, 2017
<u>/s/ Jason Keyes</u> Jason Keyes	SVP, Chief Financial Officer (Principal Financial and Accounting Officer)	May 1, 2017
<u>/s/ Brian H. Dovey</u> Brian H. Dovey	Director	May 1, 2017
<u>/s/ David J. Endicott</u> David J. Endicott	Director	May 1, 2017
<u>/s/ Peter K. Honig</u> Peter K. Honig, M.D.	Director	May 1, 2017
<u>/s/ Deborah A. Jom</u> Deborah A. Jom	Director	May 1, 2017
<u>/s/ Lota S. Zoth</u> Lota S. Zoth	Director	May 1, 2017

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael A. Narachi, certify that:

1. I have reviewed this annual report on Form 10-K/A of Orexigen Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2017

/s/ Michael A. Narachi

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jason Keyes, certify that:

1. I have reviewed this annual report on Form 10-K/A of Orexigen Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2017

/s/ Jason Keyes

Jason Keyes

Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Annual Report of Orexigen Therapeutics, Inc., a Delaware corporation (the "Company"), on Form 10-K/A for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Narachi, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 1, 2017

/s/ Michael A. Narachi

Michael A. Narachi
President and Chief Executive Officer
(principal executive officer of the registrant)

In connection with the Report, I, Jason Keyes, SVP, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 1, 2017

/s/ Jason Keyes

Jason Keyes
SVP, Chief Financial Officer
(principal financial and accounting officer of the registrant)

The foregoing certifications are being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.