

CATALYST PHARMACEUTICAL PARTNERS, INC.

Form DEF 14A

April 11, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Catalyst Pharmaceutical Partners, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**Catalyst Pharmaceutical Partners, Inc.**

**355 Alhambra Circle, Suite 1370**

**Coral Gables, Florida 33134**

**(305) 529-2522**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**NOTICE IS HEREBY GIVEN** that the 2011 Annual Meeting of Stockholders (the Annual Meeting ) of Catalyst Pharmaceutical Partners, Inc., a Delaware corporation ( we, us or the Company ), will be held on Friday, May 20, 2011, at 9:00 a.m., local time, at the Hyatt Regency Coral Gables, located at 50 Alhambra Plaza, Coral Gables, Florida, 33134, for the following purposes, all of which are set forth more completely in the accompanying proxy statement:

- (1) To elect six directors to serve a term of one year or until their successors are duly elected and qualified, or until their earlier death, resignation, or removal;
- (2) To approve an amendment to our 2006 Stock Incentive Plan to increase the number of shares available for issuance under the plan from 2,188,828 shares to 2,688,828 shares;
- (3) To ratify Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; and
- (4) To transact such other business as may properly come before the meeting.

Pursuant to our bylaws, our Board of Directors has fixed the close of business on Friday, April 1, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting.

A FORM OF PROXY IS ENCLOSED. IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE ANNUAL MEETING, PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE, WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE UNITED STATES.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 20, 2011:** The 2011 Proxy Statement and the Company's 2010 Annual Report are available at: <http://ir.catalystpharma.com/annual-proxy.cfm>.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Patrick J. McEnany, Chairman**

April 11, 2011

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**Catalyst Pharmaceutical Partners, Inc.**

**355 Alhambra Circle, Suite 1370**

**Coral Gables, Florida 33134**

**(305) 529-2522**

**PROXY STATEMENT**

The enclosed proxy is solicited by the Board of Directors (the Board) of Catalyst Pharmaceutical Partners, Inc., a Delaware corporation (we, us or the Company), for use at the 2011 Annual Meeting of Stockholders (the Annual Meeting) to be held on May 20, 2011, at 9:00 a.m., local time, at the Hyatt Regency Coral Gables, located at 50 Alhambra Plaza, Coral Gables, Florida 33134. The approximate date on which this statement and the enclosed proxy will be sent to stockholders will be April 11, 2011. The form of proxy indicates a space for you to withhold your vote for any proposal. You are urged to indicate your vote on each matter in the space provided. If signed but no space is marked, it will be voted upon by the persons named at the meeting: (i) for the election of six persons to our Board of Directors to serve until the 2012 annual meeting of stockholders, or until their respective successors are duly elected and qualified or until their earlier death, resignation, or removal; (ii) for the approval of an amendment to our 2006 Stock Incentive Plan; (iii) for the ratification of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; and (iv) in their discretion, upon such other business as may properly come before the meeting.

Representatives of Grant Thornton LLP, our independent registered public accounting firm, are expected to attend the Annual Meeting.

We will bear the cost of the Board's proxy solicitation. In addition to solicitation by mail, our directors, officers and employees may solicit proxies personally and by telephone and e-mail, all without extra compensation.

At the close of business on April 1, 2011 (the Record Date), we had outstanding 21,654,680 shares of our common stock, par value \$0.001 per share. Each share of our common stock entitles the holder thereof on the Record Date to one vote on each matter submitted to a vote of stockholders at the Annual Meeting. Only stockholders at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. The quorum necessary to conduct business at the Annual Meeting consists of a majority of the outstanding shares of our common stock. In the event that there are not sufficient proxies for approval of any of the matters to be voted upon at the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

Shares represented by proxies that are marked abstain or which are marked to deny discretionary authority will only be counted for determining the presence of a quorum. Votes withheld in connection with the election of one or more of the nominees for director will not be counted as votes cast for such individuals. In addition, where brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions (commonly referred to as broker non-votes), those shares will not be included in the vote totals.

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A list of the stockholders entitled to vote at the Annual Meeting will be available at our principal executive office located at 355 Alhambra Circle, Suite 1370, Coral Gables, Florida 33134 for a period of ten (10) days prior to the Annual Meeting for examination by any stockholder. The list will also be available for inspection at the Annual Meeting by any stockholder who is present.

Whether or not you plan to attend the Annual Meeting, please fill in, sign and return your proxy card to the transfer agent in the enclosed envelope, which requires no postage if mailed in the United States.

A STOCKHOLDER WHO SUBMITS A PROXY ON THE ACCOMPANYING FORM HAS THE POWER TO REVOKE IT AT ANY TIME PRIOR TO ITS USE BY DELIVERING A LATER-DATED WRITTEN NOTICE TO THE CORPORATE SECRETARY OF THE COMPANY, BY EXECUTING A LATER-DATED PROXY OR BY ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON. UNLESS AUTHORITY IS WITHHELD, PROPERLY EXECUTED PROXIES WILL BE VOTED FOR THE PURPOSES SET FORTH THEREON.

**Table of Contents****OUR BOARD OF DIRECTORS**

Below we identify and describe the key experience, qualifications and skills our directors bring to the Board that are important in light of our business and structure. The directors' experiences, qualifications and skills that the Board considered in their re-nomination are included in their individual biographies.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Patrick J. McEnany	63	Chairman, President and Chief Executive Officer
Philip H. Coelho (2) (3)	66	Director
Hubert E. Huckel, M.D. (1) (2) (3)	79	Director
Charles B. O'Keefe (2) (3)	71	Senior Advisor and Director
David S. Tierney, M.D. (1) (2) (3)	47	Director
Milton J. Wallace (1) (3)	75	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee

**Patrick J. McEnany** is a co-founder of our company and currently serves as our Chairman, President and Chief Executive Officer (CEO). Mr. McEnany has been CEO and a director since our formation in January 2002. He became Chairman and President in April 2006. From 1999 to 2002, Mr. McEnany was a consultant to the pharmaceutical industry. From 1991 to 1997, Mr. McEnany was Chairman and CEO of Royce Laboratories, Inc., a generic pharmaceutical manufacturer. From 1997 to 1998, after the merger of Royce into Watson Pharmaceuticals, Inc., Mr. McEnany served as president of the wholly-owned Royce Laboratories subsidiary and vice president of corporate development for Watson Pharmaceuticals, Inc. From 1993 to 1997, he also served as vice chairman and a director of the National Association of Pharmaceutical Manufacturers. He currently serves on the board of directors for ThermoGenesis Corp., Renal Care Partners, Inc. and the Jackson Memorial Hospital Foundation, and over the last 30 years has served as a director for numerous other public companies. The Board of Directors believes the characteristics that qualify Mr. McEnany for the Board include his long-term experience in the pharmaceutical industry, leadership experience and judgment and deep knowledge of our Company's business.

**Philip H. Coelho** has been a member of our board of directors since October 2002. Mr. Coelho is currently President and CEO of Synergensis Inc. a company enabling regenerative cures through the application of innovative engineering and President of PHC Medical, Inc., a company providing consulting services for enterprises in the medical device related cell therapy field. Previously, from October 1986 until 2008, Mr. Coelho founded and was employed by ThermoGenesis Corp., a company focused on the blood processing and hospital/woundcare markets. Mr. Coelho was Chairman and Chief Executive Officer of ThermoGenesis from December 1989 until May 2007 and served as its Chief Technology Architect from June 2007 until May 2008. From October 1986 to September 1989, Mr. Coelho held the position of Vice President and Director of Research, Development and Manufacturing with ThermoGenesis. Prior to his association with ThermoGenesis, from October 1983 to October 1986 Mr. Coelho was President of Castleton, Inc., a company that developed and licensed ultra-rapid heat transfer technology to ThermoGenesis. Mr. Coelho currently serves on the Board of Directors of Mediware Information Systems, Inc. and Ampio Pharmaceuticals, Inc. Mr. Coelho holds a Bachelor of Science degree in Mechanical Engineering from the University of California, Davis. The Board of Directors believes the characteristics that qualify Mr. Coelho for the Board include his long-term experience in the biopharmaceutical industry and his leadership experience and judgment.

**Hubert E. Huckel, M.D.** is a co-founder of our company and serves as a member of our board of directors. Dr. Huckel was Chairman of the Board until April 2006. Dr. Huckel spent more than 30 years with The Hoechst Group (now part of Sanofi-Aventis), and was at the time of his retirement in 1992 Executive Chairman of the



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Board of Hoechst-Roussel Pharmaceuticals, Inc. Dr. Huckel has continued his involvement in the prescription drug industry and currently serves on the boards of directors of Titan Pharmaceuticals, Inc., ThermoGenesis Corp. and Concordia Pharmaceuticals, Inc. Dr. Huckel received his M.D. from the University of Vienna, Austria and is a member of the Rockefeller University Council. The Board of Directors believes the characteristics that qualify Dr. Huckel for the Board include his leadership experience and judgment and his long-term pharmaceutical industry experience and knowledge.

**Charles B. O Keeffe** became a consultant to us in December 2004 and has served as our Senior Advisor since that time. Mr. O Keeffe has also served as a member of our board of directors since December 2004. Mr. O Keeffe is a Professor in the Departments of Pharmacology, Epidemiology and Community Health at Virginia Commonwealth University ( VCU ), and has served in such capacity since January 1, 2004. Mr. O Keeffe joined VCU after retiring as President and Chief Executive Officer of Reckitt Benckiser Pharmaceuticals, Inc., a position Mr. O Keeffe held from 1991 until 2003. As President of Drug Abuse Rehabilitation Services (from 1970 until 1971), he developed the first child-resistant, abuse-resistant vehicle for dispensing methadone. He served as president of Washington Reference Laboratories from 1972 until 1975, which provided toxicology services to the Department of Defense during the Vietnam War. He has served in the White House (from 1970 until 1973 and from 1976 until 1980) for three presidents as advisor, special assistant for international health and deputy director for international affairs in the Office of Drug Abuse Policy and has served on U.S. delegations to the World Health Assembly and the U.N. Commission on Narcotic Drugs. Mr. O Keeffe played a significant role in helping Congress reach consensus on the Drug Addiction Treatment Act of 2000. The Board of Directors believes the characteristics that qualify Mr. O Keeffe for the Board include his leadership experience and judgment, including his experience in the treatment of addiction.

**David S. Tierney, M.D.** has served as a member of our board of directors since October 2002. Dr Tierney is currently President and Chief Operating Officer (and a member of the board of directors) of Oceana Therapeutics, Inc., a private specialty pharmaceutical company. Dr. Tierney served as the President and CEO (and as a member of the board of directors) of Valera Pharmaceuticals, Inc. a specialty pharmaceutical company, between August 2000 and April 2007, when Valera completed a merger with Indevus Pharmaceuticals, Inc. From January 2000 to August 2000, Dr. Tierney served as President of Biovail Technologies, a division of Biovail Corporation, a Canadian drug delivery company, where he was responsible for all of Biovail s research and development, regulatory and clinical activities. From March 1997 to January 2000, Dr. Tierney was Senior Vice President of Drug Development at Roberts Pharmaceutical Corporation, where he was responsible for all research and development activities, and for drug development, medical affairs, worldwide regulatory affairs and chemical process development, as well as being part of the executive management team. From December 1989 to March 1997, Dr. Tierney was employed by Élan Corporation, a pharmaceutical company, in a variety of management positions. Dr. Tierney is also a director of Bioject Medical Technologies, Inc. Dr. Tierney received his medical degree from the Royal College of Surgeons in Dublin, Ireland and was subsequently trained in internal medicine. The Board of Directors believes the characteristics that qualify Dr. Tierney for the Board include his leadership experience and judgment and his pharmaceutical industry experience and knowledge.

**Milton J. Wallace** became a member of our board of directors in October 2002. Mr. Wallace was a practicing attorney in Miami, Florida for over 40 years until 2005, when he retired. Mr. Wallace served as co-founder and chairman of Renex Corporation, a provider of kidney dialysis services, from July 1993 to February 2000, when that company was acquired by National Nephrology Associates, Inc. Mr. Wallace was also the co-founder and a director of Home Intensive Care, Inc., a provider of home infusion and dialysis services, from 1985 to July 1993, when that company was acquired by W.R. Grace & Co. Mr. Wallace currently serves as Chairman of the Board of Directors of Renal Care Partners, Inc. and Biscayne National Corp., as Vice Chairman of Preferred Care Partners, and as a member of the board of directors of Imperial Industries, Inc. The Board of Directors believes the characteristics that qualify Mr. Wallace for the Board include his leadership experience and judgment and healthcare industry experience and knowledge.

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### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors and persons who own more than 10% of our outstanding common stock to file with the Securities and Exchange Commission reports of changes in their ownership of common stock. Officers, directors, and greater than 10% stockholders are also required to furnish us with copies of all forms they file under this regulation. To our knowledge, based solely on a review of the copies of such reports furnished to us and representations made to us that no other reports were required, during the year ended December 31, 2010, all Section 16(a) filing requirements applicable to our officers, directors, and greater than 10% stockholders were complied with, except that four Form 4s were filed a few days late.

### **Independent Directors**

As required under NASDAQ listing standards, a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by the board of directors. The Board consults with the Company's counsel to ensure that the Board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent NASDAQ listing standards, as in effect from time to time. Consistent with these considerations, the Board affirmatively has determined that all of the Company's directors are independent directors within the meaning of the applicable NASDAQ listing standards, except for Mr. McEnany, the Company's Chairman, President and CEO.

### **Corporate Governance**

Our Board of Directors and management are committed to utilizing good corporate governance practices to ensure we are managed for the long-term benefit of our stockholders. We have in place a variety of policies and practices to promote good corporate governance. A majority of the members of our Board of Directors are independent, in accordance with Nasdaq Capital Market listing standards, and all members of our Audit Committee, our Compensation Committee, and our Nominating and Corporate Governance Committee also meet Nasdaq standards for independence. We have also established:

written charters for our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee that address corporate governance practices in accordance with the Sarbanes-Oxley Act, current Nasdaq corporate governance guidelines, and other applicable rules and regulations;

a Code of Business Conduct and Ethics applicable to our officers, directors, and employees;

a procedure for receipt and treatment of anonymous and confidential complaints or concerns regarding audit or accounting matters; and

disclosure control policies and procedures.

The Nominating and Corporate Governance Committee of our Board of Directors is responsible for establishing and reviewing our corporate governance guidelines from time to time and reporting and making recommendations to the Board of Directors concerning corporate governance matters. Among the matters addressed by our corporate governance guidelines are:

*Director Independence* Independent directors shall constitute at least a majority of our Board of Directors and all of the Audit, Compensation, and Nominating and Corporate Governance Committees in accordance with the independence standards set forth in the Marketplace Rules for Nasdaq-listed companies.

*Executive Sessions of Independent Directors* Our non-employee directors regularly meet in executive sessions without management present.



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Copies of our Code of Business Conduct and Ethics can be found on the corporate governance page of our Investor Relations website, located at <http://ir.catalystpharma.com/governance.cfm>.

### **Board Diversity**

In carrying out its function to nominate candidates for election to our Board, the Nominating and Corporate Governance Committee considers the mix of skills, experience, character, commitment and diversity. The Nominating and Corporate Governance Committee construes diversity as meaning a variety of opinions, perspectives and backgrounds, such as gender, race and ethnicity differences, as well as other differentiating characteristics, all in the context of the requirements of our Board at that point in time.

### **Leadership Structure**

Patrick J. McEnany serves as both our Chairman of the Board and CEO. The Board believes that independent oversight of management is an important component of an effective board of directors. The Board and its independent members believe that the most effective Board leadership structure at the present time is for the CEO to serve as Chairman of the Board, a structure that has served us well in the past. The independent members of the Board believe that because the CEO is ultimately responsible for our day-to-day operations and for executing our strategy, and because our performance is an integral part of the deliberations undertaken by the Board, the CEO is the director best qualified to act as our Chairman of the Board. The Board reserves the authority to modify this structure to best address and advance the interests of all stockholders, as and when appropriate.

The Board also believes, for the reasons set forth below, that our existing corporate governance practices achieve independent oversight and management accountability. Our governance practices provide for strong independent leadership, independent discussion among directors and for independent evaluation of, and communication with, our executive officers. These governance practices are reflected in our various committee charters, which are available on our website at [www.catalystpharma.com](http://www.catalystpharma.com). Some of the relevant processes and other corporate governance practices include:

At each regularly scheduled Board meeting, all of our independent directors meet in an executive session without Mr. McEnany. In these executive sessions, the independent directors deliberate on matters such as those involving the performance of our executive officers.

Each of our directors is elected annually by our stockholders.

All of our directors, except for Mr. McEnany, are independent directors. Each director is an equal participant in decisions made by the full Board. All of the Committees of the Board are comprised of only independent directors.

### **Lead Independent Director**

The Board of Directors of the Company has recently appointed a non-management director to serve in a lead capacity (the Lead Independent Director ) to perform such duties and responsibilities as the Board of Directors may determine. Charles O. Keefe serves as the Lead Independent Director. The role of the Lead Independent Director includes:

in consultation with the Chairman, determining the length and timing of Board meetings, including regular and special meetings;

determining the agenda and materials to be provided to directors in advance of each meeting of the Board;

servng as chair of executive sessions of the Board and other meetings of the Board in the absence of the Chairman of the Board;



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...serving as liaison between the Chairman of the Board and other independent directors;

...overseeing the Board's stockholder communication policies and procedures; and

...calling meetings of independent directors.

### **Board Meetings and Committees**

During 2010, our Board of Directors held seven meetings and took one action by unanimous written consent. For 2010, all of our directors attended at least 75% or more of the aggregate number of meetings held by our Board of Directors and the committees on which they served. Five of the members of our Board of Directors attended the 2010 Annual Meeting of Stockholders that was held on May 21, 2010. Directors are encouraged, but not required, to attend the Annual Meeting in person.

#### *Audit Committee*

The Audit Committee of the Board of Directors assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The Committee's purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, the qualifications of the public accounting firm engaged as the Company's independent auditor to prepare or issue an audit report on the financial statements of the Company, and the performance of the Company's internal and independent auditors. The Committee's role includes a particular focus on the qualitative aspects of financial reporting to stockholders, the Company's processes to manage business and financial risk, and compliance with applicable legal, ethical, and regulatory requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent auditor.

The Board of Directors has determined that Milton J. Wallace, the chairman of the Audit Committee, is an audit committee financial expert as defined in Regulation S-K.

The Audit Committee held six meetings in 2010. The Audit Committee's charter can be found at <http://ir.catalystpharma.com/governance.cfm>.

#### *Compensation Committee*

The role of the Compensation Committee is to discharge the Board's responsibilities related to compensation of the Company's executives, to produce an annual report on executive compensation for inclusion in the Company's proxy statement, and to oversee and advise the Board on the adoption of policies that govern the Company's compensation programs, including stock and benefit plans.

The Compensation Committee held two meetings in 2010. The Compensation Committee's charter can be found at <http://ir.catalystpharma.com/governance.cfm>.

#### *Nominating and Corporate Governance Committee*

The role of the Nominating and Corporate Governance Committee is to appoint nominees for election to the Company's Board of Directors, to identify and recommend candidates to fill vacancies between annual stockholder meetings, to review, evaluate and recommend changes to the Company's corporate governance policies, and to review the Company's policies and programs that relate to matters of corporate responsibility, including public issues of significance to the Company and its stockholders.

The Nominating and Corporate Governance Committee did not meet in 2010. The Nominating and Corporate Governance Committee's charter can be found at <http://ir.catalystpharma.com/governance.cfm>.

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### **Risk Oversight**

Risk oversight is administered through the Board as a whole. The Board does not believe that risk management issues have an effect on the Company's leadership structure. The Board provides feedback to management at regularly held board meetings. The independent directors meet in executive session at each meeting of the Board of Directors and provide insight to our management on a variety of topics, including risk oversight.

### **Audit Committee Report**

Management has the primary responsibility for our internal control over financial reporting, the financial reporting process and preparation of our financial statements. Grant Thornton LLP, our independent registered public accounting firm, is responsible for performing an independent audit of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee's responsibility is to select the independent auditors and monitor and oversee these processes.

The Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that our financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee reviewed and discussed the audited financial statements with management and the independent auditors.

In fulfilling its responsibilities, the Audit Committee discussed with the independent auditors the matters that are required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). In addition, the Audit Committee received from the independent auditors the written disclosures and letter required by PCAOB Rule 3526 (Communications with Audit Committee Concerning Independence), and the Audit Committee discussed with the independent auditors that firm's independence. In connection with this discussion, the Audit Committee also considered whether the provision of services by the independent auditors not related to the audit of our financial statements is compatible with maintaining the independent auditors' independence. During such discussions, the independent auditors confirmed that, as of December 31, 2010, they were independent accountants with respect to Catalyst Pharmaceutical Partners, Inc. within the meaning of the Securities Act of 1933 and the requirements of the PCAOB.

Based upon the audit committee's discussions with management and the independent auditors and the Audit Committee's review of the representations of management and the report and letter of the independent auditors provided to the Audit Committee, the Audit Committee recommended to the Board that our audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2010.

The Audit Committee has also reviewed all non-audit services being provided by the independent auditors and has concluded that the provision of such services has been compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee has discussed these matters with representatives of the independent auditors and our management and will monitor our compliance with any new restrictions as they are put in place to continue to ensure that the services provided by our independent accountants are compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

#### *The Audit Committee*

Milton J. Wallace (Chair)

David S. Tierney, M.D.

Hubert E. Huckel, M.D.

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*Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, or the Securities Exchange Act of 1934 that might incorporate future filings, including this proxy statement, in whole or in part, the Audit Committee Report above shall not be incorporated by reference into any such filings.*

**Independent Auditor's Fees**

The following table represents fees for professional audit services rendered by Grant Thornton LLP relating to the audit of our annual financial statements for the fiscal years ended December 31, 2010 and 2009. All of these services were approved by our Audit Committee pursuant to its policies and procedures.

	<b>2010</b>	<b>2009</b>
Audit fees (1)	\$ 138,330	\$ 129,850
Audit-related fees		
<b>Total audit fees</b>	<b>138,330</b>	<b>129,850</b>
Tax fees	7,632	8,480
All other fees		
<b>Total fees</b>	<b>\$ 145,962</b>	<b>\$ 138,330</b>

- (1) Represents aggregate fees billed for professional services rendered by Grant Thornton, LLP for the audit of our annual financial statements included in our Annual Report on Form 10-K and for the reviews of our financial statements included in our Quarterly Reports on Form 10-Q. Also includes fees incurred in 2010 with respect to the Registration Statement on Form S-3 that we filed on December 3, 2010.



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The following list reflects our executive officers, as of the date of this proxy statement, the capacity in which they serve us, and when they assumed office:

<b>Name</b>	<b>Position(s)</b>	<b>Age</b>	<b>Executive Officer Since</b>
Patrick J. McEnany	Chairman, President and Chief Executive Officer	63	January 2002
Steven R. Miller, Ph.D.	Chief Operating Officer and Chief Scientific Officer	49	April 2007
Jack Weinstein	Chief Financial Officer, Treasurer and Vice President, Business Development	55	October 2004
M. Douglas Winship	Vice President of Regulatory Operations	62	July 2006
Alicia Grande, CPA, CMA	Corporate Controller and Chief Accounting Officer	40	January 2007

**Executive Officers Business Experience**

The business experience of Patrick J. McEnany is included above under Our Board of Directors.

**Steven R. Miller, Ph.D.**, has served as Chief Operating Officer since January 2011 and as our Chief Scientific Officer since October 2009. Previously, commencing in April 2007, Dr. Miller was our Vice President of Pharmaceutical Development and Project Management. Dr. Miller has worked in the healthcare industry for over 25 years. Prior to joining us, Dr. Miller spent 15 years with various divisions of Watson Laboratories, a subsidiary of Watson Pharmaceuticals, Inc., most recently as Executive Director of R&D Operations. In this capacity, Dr. Miller managed a team of 75 in the testing of all R&D products for clinical trials, including method valuation, stability testing, operation of the R&D pilot plant, and assembly of the CMC section of drug applications, in addition to other responsibilities. Prior to this position, Dr. Miller was Director of Technology Transfer for Watson Laboratories, and Vice President of Research and Product Development for Royce Laboratories, which was subsequently acquired by Watson Laboratories. Prior to joining Royce Laboratories, Dr. Miller was Group Leader and Senior Scientist at Dade Behring. Before joining Dade Behring, Dr. Miller was both a Graduate Teaching Assistant and Research Assistant at the University of Maryland and University of Miami, respectively, and prior to that, served as an Analytical Chemist at the U.S. Food & Drug Administration. Dr. Miller received his Bachelor of Science Degree in Chemistry from the University of Maryland and his Ph.D. from the University of Miami.

**Jack Weinstein** has served as our Chief Financial Officer since October 2004, as Vice President and Treasurer since July 2006, and as our Vice President of Business Development since October 2009. Prior to joining the Company, for a period of approximately the last 20 years, Mr. Weinstein was employed as an investment banker with various firms (from 2002 to 2006, Mr. Weinstein was a licensed agent of The Avalon Group, Ltd., a broker-dealer; from 1999 to 2002, Mr. Weinstein was employed by Ladenburg Thalmann & Co., Inc., and from 1994 to 1999, Mr. Weinstein was employed by Gruntal & Co., LLC). Mr. Weinstein is also a member of the Licensing Executives Society. Mr. Weinstein earned a Bachelors Degree from the University of Miami in 1979 and a Masters Degree in Business Administration from the Harvard University Graduate School of Business Administration in 1983.

**M. Douglas Winship** joined us in July 2006 as our Vice President of Regulatory Operations. Mr. Winship has worked in regulatory affairs in the healthcare industry for over 30 years. From 2004 to 2005, Mr. Winship was Vice President Quality Assurance and Regulatory Affairs for Argos Therapeutics, Inc., a biotechnology company developing immunotherapy treatments for cancer, in Durham, North Carolina. Previously, Mr. Winship was employed by CEL-SCI Corp., a biotechnology company developing immune system based treatments, in Vienna, VA, from 1998 to 2002 as Senior Vice President Regulatory Affairs and Quality Assurance, and from

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1994 through 1998 as Vice President Regulatory Affairs and Quality Assurance. From 1988 to 1994, Mr. Winship was employed by Curative Technologies, Inc., a health-care company involved in the wound-healing market, first as Director of Regulatory Affairs and Quality Assurance and later as Vice President of Regulatory Affairs and Quality Assurance. Mr. Winship earned his Bachelor of Science in chemistry from Upsala College in 1971.

**Alicia Grande, CPA, CMA**, serves as our Corporate Controller and Chief Accounting Officer. Prior to joining Catalyst in January 2007, since 2003 Ms. Grande was employed by The Hackett Group, Inc. (formerly known as Answerthink, Inc.), a publicly traded information technology consulting services company. Ms. Grande served in various capacities with The Hackett Group, most recently as Senior Director of Finance, and was responsible for all external and SEC financial reporting. Ms. Grande also served as head of The Hackett Group's Sarbanes-Oxley Act compliance team. Prior to joining The Hackett Group, Ms. Grande was employed for more than 10 years in capacities from staff to most recently Senior Manager, Audit & Business Consulting, by several public accounting firms including Arthur Andersen LLP. Ms. Grande earned a master of accounting degree from Florida International University in 2002 and a Bachelor of Science degree in business administration, with majors in accounting and finance, from Syracuse University in 1992.

## **Family Relationships**

There are no family relationships between or among any of our directors and/or executive officers.

## **Chief Medical Officer**

Our Chief Medical Officer is Charles Gorodetzky, M.D., Ph.D. Dr. Gorodetzky, age 73, is a consultant to our company. Dr. Gorodetzky has served as our Chief Medical Officer since September 2006. Dr. Gorodetzky has more than 45 years of experience in pharmacology, drug development, clinical trial management and addiction medicine. From 1999 to 2005, Dr. Gorodetzky was employed by Quintiles, Inc. in a variety of management positions, including serving as a Vice President in the Medical and Scientific Services Department. While at Quintiles, he had extensive experience with designing, organizing and managing large multi-center clinical trials in a variety of central-nervous system (CNS) indications, abuse liability, substance abuse treatment and smoking cessation. Prior to joining Quintiles, from 1994 to 1998 Dr. Gorodetzky was a Vice President of Hoechst Marion Roussel, Inc. (HMR) (formerly Marion Merrell Dow and now part of Sanofi-Aventis) serving as Global Head of CNS Development, Head of Clinical Research North America and North American Medical Advisor. Dr. Gorodetzky has been directly involved in the clinical development of vigabatrin since 1995, first as the primary responsible development person at HMR and then as the person at Quintiles working with HMR in the development of vigabatrin. Prior to joining HMR, Dr. Gorodetzky was employed by several pharmaceutical companies in management positions, with an emphasis on developing smoking cessation therapies and antiepileptic drugs. From 1963 to 1984, Dr. Gorodetzky was on the staff at the National Institute on Drug Abuse (NIDA) Addiction Research Center, serving in his last position as the final director of NIDA's Lexington facility.

**Table of Contents****EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS****Role of the Compensation Committee**

The Compensation Committee of our board of directors establishes and regularly reviews our compensation philosophy and programs, exercises authority with respect to the determination and payment of base and incentive compensation to our executive officers and administers our 2006 Stock Incentive Plan (the 2006 Plan ). Our Compensation Committee consists of four members, each of whom is independent as that term is defined in the Sarbanes-Oxley Act of 2002 and the rules and regulations that have been promulgated thereunder, and in the listing standards of the Nasdaq Capital Market. The Compensation Committee operates under a written charter that was first adopted by our board of directors in July 2006. The charter more fully describes the role, responsibilities, and functioning of the Compensation Committee. A copy of this charter can be viewed on our website at <http://ir.catalystpharma.com/governance.cfm>.

In connection with the completion of our November 2006 initial public offering ( IPO ), Patrick McEnany, our Chairman, President, and Chief Executive Officer, and Jack Weinstein, our Chief Financial Officer, Treasurer and Vice President, Business Development, entered into employment agreements with us (Mr. Weinstein's employment agreement has since expired), as more particularly described below. Further, during 2006 and 2007 we added several additional executive officers (Mr. Winship, Dr. Miller and Ms. Grande), all of whose compensation is subject to review and approval by the Compensation Committee.

**Summary Compensation Table**

The following table sets forth information about the compensation earned during 2010, 2009 and 2008 by our Chief Executive Officer and our other two most highly compensated executive officers at the end of the fiscal year ended December 31, 2010. We refer to these executive officers in this Proxy Statement as the Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Awards (\$)		Non-Equity Incentive Compensation	All Other Compensation \$(2)	Totals (\$)
				Stock	Option (1)			
Patrick J. McEnany	2010	357,706			56,226			413,932
Chairman, President and CEO	2009	347,224			87,148			434,372
	2008	326,946	16,223		19,545			362,714
Steven R. Miller, Ph.D.	2010	230,000	20,000		44,981		9,200	304,181
COO and CSO	2009	204,321	15,000		82,541		8,339	310,201
	2008	186,826	34,270		19,545		7,416	248,057
Jack Weinstein								
CFO, Treasurer and VP, Business Development								