

CYTOKINETICS INC
Form DEF 14A
April 05, 2007

Table of Contents

**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 (Amendment No.)

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

Cytokinetics, Incorporated

(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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

- Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

SEC 1913 (01-07)

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table of Contents

Cytokinetics, Incorporated

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 24, 2007**

To the Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Cytokinetics, Incorporated (the Company), a Delaware corporation, will be held on Thursday, May 24, 2007 at 10:00 a.m., local time, at the Embassy Suites Hotel, 250 Gateway Boulevard, South San Francisco, CA 94080, for the following purposes:

1. To elect Stephen Dow, Mark McDade and Michael Schmertzler as Class III Directors, each to serve for a three-year term and until their successors are duly elected and qualified (Proposal One);
2. To ratify the selection by the Audit Committee of the Board of Directors of PricewaterhouseCoopers LLP as the independent registered public accounting firm to the Company for the fiscal year ending December 31, 2007 (Proposal Two);
3. To transact such other business as may properly be brought before the meeting and any adjournment(s) thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on March 30, 2007 are entitled to notice of and to vote at the meeting.

Sincerely,

Sharon Surrey-Barbari
Corporate Secretary

South San Francisco, California
April 5, 2007

Table of Contents

YOUR VOTE IS IMPORTANT

THIS PROXY STATEMENT IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE COMPANY, ON BEHALF OF THE BOARD OF DIRECTORS, FOR THE 2007 ANNUAL MEETING OF STOCKHOLDERS. THE PROXY STATEMENT AND THE RELATED PROXY FORM ARE BEING DISTRIBUTED ON OR ABOUT APRIL 11, 2007. YOU CAN VOTE YOUR SHARES USING ONE OF THE FOLLOWING METHODS:

COMPLETE AND RETURN A WRITTEN PROXY CARD

BY INTERNET OR TELEPHONE

ATTEND THE COMPANY'S 2007 ANNUAL MEETING OF STOCKHOLDERS AND VOTE

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE URGED TO MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PREPAID ENVELOPE ENCLOSED FOR THAT PURPOSE OR VOTE YOUR SHARES BY INTERNET OR TELEPHONE. ANY STOCKHOLDER ATTENDING THE MEETING MAY VOTE IN PERSON EVEN IF HE OR SHE HAS RETURNED A PROXY CARD OR VOTED BY INTERNET OR TELEPHONE.

TABLE OF CONTENTS

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS May 24, 2007

INFORMATION CONCERNING SOLICITATION AND VOTING

PROPOSAL ONE

PROPOSAL TWO

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

BOARD OF DIRECTORS

EXECUTIVE OFFICERS

EXECUTIVE COMPENSATION

NON-EMPLOYEE DIRECTOR COMPENSATION

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CERTAIN BUSINESS RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Table of Contents

CYTOKINETICS, INCORPORATED
280 East Grand Avenue
South San Francisco, California 94080

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
May 24, 2007

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed Proxy is solicited on behalf of the Board of Directors of Cytokinetics, Incorporated (which we will refer to as the Company throughout this Proxy Statement) for use at the Annual Meeting of Stockholders to be held at the Embassy Suites Hotel, 250 Gateway Boulevard, South San Francisco, CA 94080, on Thursday, May 24, 2007, at 10:00 a.m., local time, and at any adjournment(s) thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Company's principal executive offices are located at the address listed at the top of the page and the telephone number is (650) 624-3000.

The Company's Annual Report and Annual Report on Form 10-K, containing financial statements for the fiscal year ended December 31, 2006, are being mailed together with these proxy solicitation materials to all stockholders entitled to vote. This Proxy Statement, the accompanying Proxy, the Company's Annual Report and Annual Report on Form 10-K will first be mailed on or about April 11, 2007 to all stockholders entitled to vote at the meeting.

THE COMPANY SHALL PROVIDE WITHOUT CHARGE TO ANY STOCKHOLDER SOLICITED BY THESE PROXY SOLICITATION MATERIALS A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K, TOGETHER WITH THE FINANCIAL STATEMENTS REQUIRED TO BE FILED WITH THE ANNUAL REPORT ON FORM 10-K, UPON REQUEST OF A STOCKHOLDER MADE IN WRITING TO CYTOKINETICS, INCORPORATED, 280 EAST GRAND AVENUE, SOUTH SAN FRANCISCO, CALIFORNIA, 94080, ATTN: INVESTOR RELATIONS, ANNUAL STOCKHOLDER MEETING.

Record Date and Share Ownership

Stockholders of record at the close of business on March 30, 2007 (which we will refer to as the Record Date throughout this Proxy Statement) are entitled to notice of and to vote at the meeting and at any adjournment(s) thereof. The Company has one series of common shares issued and outstanding, designated as Common Stock, \$0.001 par value per share (the Common Stock), and one series of undesignated Preferred Stock, \$0.001 par value per share (the Preferred Stock). As of the Record Date, 120,000,000 shares of Common Stock were authorized and 46,812,256 shares were issued and outstanding. As of the Record Date, 10,000,000 shares of Preferred Stock were authorized and none were issued or outstanding.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by: (i) issuing a later proxy, (ii) delivering to the Company at its principal offices (Attention: Corporate Secretary) a written notice of revocation, or (iii) attending the meeting and voting in person.

Voting

On all matters, each share has one vote. See Proposal One Election of Three Class III Directors Vote Required.

Table of Contents

Solicitation of Proxies

The Company will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of the Company's Common Stock beneficially owned by others to forward to such beneficial owners. The Company may reimburse persons representing beneficial owners of Common Stock for their costs of forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of the Company's directors, officers and regular employees, without additional compensation, personally or by telephone or facsimile.

Voting Via the Internet or by Telephone

Stockholders may grant a proxy to vote their shares by means of the telephone or on the Internet. The laws of the State of Delaware, under which the Company is incorporated, specifically permit electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the Inspector of Elections can determine that such proxy was authorized by the stockholder.

The telephone and Internet voting procedures below are designed to authenticate stockholders' identities, to allow stockholders to grant a proxy to vote their shares and to confirm that stockholders' instructions have been recorded properly. Stockholders granting a proxy to vote via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholder.

For Shares Registered in Your Name

Stockholders of record may go to <http://www.proxyvoting.com/cytk> to grant a proxy to vote their shares by means of the Internet. They will be required to provide the Company's number and control number contained on their proxy cards. The voter will then be asked to complete an electronic proxy card. The votes represented by such proxy will be generated on the computer screen and the voter will be prompted to submit or revise them as desired. Any stockholder using a touch-tone telephone may also grant a proxy to vote shares by calling 1-866-540-5760 and following the recorded instructions.

For Shares Registered in the Name of a Broker or Bank

Most beneficial owners whose stock is held in street name receive instruction for granting proxies from their banks, brokers or other agents, rather than the Company's proxy card.

A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers the means to grant proxies to vote shares by means of the telephone and Internet. If your shares are held in an account with a broker or bank participating in the ADP Investor Communications Services program, you may grant a proxy to vote those shares telephonically by calling the telephone number shown on the instruction form received from your broker or bank, or via the Internet at ADP Investor Communication Services' web site at <http://www.proxyvote.com>.

General Information for All Shares Voted Via the Internet or By Telephone

Votes submitted via the Internet or by telephone must be received by 11:59 p.m., Eastern Time on May 23, 2007. Submitting your proxy via the Internet or by telephone will not affect your right to vote in person should you decide to

attend the Annual Meeting.

Quorum; Abstentions; Broker Non-Votes

Votes cast by proxy or in person at the Annual Meeting (Votes Cast) will be tabulated by the Inspector of Elections (the Inspector) who will be a representative from Mellon Investor Services LLC, the Company s Transfer Agent and Registrar. The Inspector will also determine whether or not a quorum is present. Except in certain specific circumstances, the affirmative vote of a majority of shares present in person or represented by proxy

Table of Contents

at a duly held meeting at which a quorum is present is required under Delaware law for approval of proposals presented to stockholders. In general, Delaware law provides that a quorum consists of a majority of shares entitled to vote and present or represented by proxy at the meeting.

The Inspector will treat shares that are voted WITHHELD or ABSTAIN as being present and entitled to vote for purposes of determining the presence of a quorum but will not be treated as votes in favor of approving any matter submitted to the stockholders for a vote. When proxies are properly dated, executed and returned, or if instructions are properly carried out for Internet or telephone voting, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted (i) for the election of the nominees for directors set forth herein; (ii) for the ratification of PricewaterhouseCoopers LLP; and (iii) upon such other business as may properly come before the Annual Meeting or any adjournment thereof, but will not be voted in the election of directors other than as provided in (i) above.

If a broker indicates on the enclosed proxy or its substitute, that such broker does not have discretionary authority as to certain shares to vote on a particular matter (broker non-votes), those shares will be considered as present with respect to establishing a quorum for the transaction of business. The Company believes that the tabulation procedures to be followed by the Inspector are consistent with the general statutory requirements in Delaware concerning voting of shares and determination of a quorum.

In a 1988 Delaware case, *Berlin v. Emerald Partners*, the Delaware Supreme Court held that while broker non-votes may be counted for purposes of determining the presence or absence of a quorum for the transaction of business, broker non-votes should not be counted for purposes of determining the number of votes cast with respect to the particular proposal on which the broker has expressly not voted. Broker non-votes with respect to proposals set forth in this Proxy Statement will therefore not be considered Votes Cast and, accordingly, will not affect the determination as to whether the requisite majority of Votes Cast has been obtained with respect to a particular matter.

Deadline for Receipt of Stockholder Proposals

Stockholders are entitled to present proposals for action at a forthcoming meeting if they comply with the requirements of the Company's bylaws and the rules established by the Securities and Exchange Commission (the SEC), under the Securities Exchange Act of 1934, as amended (the Exchange Act). Under these requirements, proposals of stockholders of the Company that are intended to be presented by such stockholders at the Company's 2008 Annual Meeting of Stockholders must be received by the Company no later than December 4, 2007. A copy of the relevant bylaws provisions relating to stockholder proposals is available upon written request to Cytokinetics, Incorporated, 280 East Grand Avenue, South San Francisco, California 94080, Attention: Corporate Secretary.

Table of Contents

PROPOSAL ONE

ELECTION OF THREE CLASS III DIRECTORS

Nominees

The Company's Board of Directors currently has eight authorized directors and consists of eight members. The Company has a classified Board of Directors, which is divided into three classes of directors whose terms expire at different times. The three classes are currently comprised of the following directors:

Class I consists of A. Grant Heidrich and James H. Sabry, who will serve until the 2008 Annual Meeting of Stockholders;

Class II consists of Robert I. Blum, Charles Homcy and James A. Spudich, who will serve until the 2009 Annual Meeting of Stockholders; and

Class III consists of Stephen Dow, Mark McDade and Michael Schmertzler, who will serve until the 2007 Annual Meeting of Stockholders and stand for re-election as Class III Directors at such meeting.

At each annual meeting of stockholders, the successors to directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following election and until their successors have been duly elected and qualified. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of an equal number of directors.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for the Company's three nominees named below, who are currently directors of the Company. The nominees have consented to be named as nominees in the proxy statement and to continue to serve as directors if elected. If any nominee becomes unable or declines to serve as a director or if additional persons are nominated at the meeting, the proxy holders intend to vote all proxies received by them in such a manner as will assure the election of the nominees listed below if possible (or, if new nominees have been designated by the Board of Directors, in such a manner as to elect such nominees), and the specific nominees to be voted for will be determined by the proxy holders.

The nominees for the Class III Directors and their biographical information are as follows:

Stephen Dow's biographical information can be found below in the Board of Directors section.

Mark McDade's biographical information can be found below in the Board of Directors section.

Michael Schmertzler's biographical information can be found below in the Board of Directors section.

The Company is not aware of any reason that any nominee will be unable or will decline to serve as a director. The term of office of each person elected as a director will continue until the Company's Annual Meeting of Stockholders held in 2010 or until a successor has been elected and qualified. There are no arrangements or understandings between any director or executive officer and any other person pursuant to which he is or was to be selected as a director or officer of the Company.

Vote Required

Directors will be elected by a plurality vote of the shares of the Company's Common Stock present or represented and entitled to vote on this matter at the meeting. Accordingly, the candidates receiving the highest number of affirmative votes of shares represented and voting on this proposal at the meeting will be elected directors of the Company. Votes withheld from a nominee and broker non-votes will be counted for purposes of determining the presence or absence of a quorum but, because directors are elected by a plurality vote, will have no impact once a quorum is present. See Quorum; Abstentions; Broker Non-Votes.

**THE CLASS I AND II DIRECTORS RECOMMEND THAT
STOCKHOLDERS VOTE FOR THE CLASS III NOMINEES LISTED ABOVE.**

Table of Contents**PROPOSAL TWO****RATIFICATION OF SELECTION OF PRICEWATERHOUSECOOPERS LLP
AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM TO THE COMPANY FOR
THE FISCAL YEAR ENDING DECEMBER 31, 2007**

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP, an independent registered public accounting firm, to audit the financial statements of the Company for the fiscal year ending December 31, 2007, and recommends that the stockholders vote for ratification of such selection. Although action by stockholders is not required by law, the Board of Directors has determined that it is desirable to request approval of this selection by the stockholders. Notwithstanding the selection or ratification, the Audit Committee, in its discretion, may direct the selection of a new independent registered public accounting firm at any time during the year, if the Audit Committee determines that such a change would be in the best interest of the Company.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the meeting and will be afforded the opportunity to make a statement if they desire to do so, and are also expected to be available to respond to appropriate questions.

**THE BOARD OF DIRECTORS RECOMMENDS THAT
STOCKHOLDERS VOTE *FOR* RATIFICATION OF THE SELECTION BY THE AUDIT
COMMITTEE OF THE BOARD OF DIRECTORS OF
PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM TO THE COMPANY
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007.**

Principal Accountant Fees and Services

Fees incurred for professional services provided by our independent registered public accounting firm in each of the last two fiscal years are:

	Years Ended December 31,	
	2006	2005
Audit Fees	\$ 641,600	\$ 340,840
Audit Related Fees		
Tax Fees	18,550	15,000
Other Fees		
	\$ 660,150	\$ 355,840

PricewaterhouseCoopers LLP served as our independent registered public accounting firm for the years ended December 31, 2006 and 2005.

Audit fees include fees associated with the annual audit of our financial statements, the interim review of our financial statements included in quarterly reports on Form 10-Q, fees associated with Sarbanes-Oxley compliance, audit

services provided in connection with private placements of Common Stock completed during 2006, issuance of consents relating to registration statement filings with the SEC and all services that are normally provided by the accounting firm in connection with statutory and regulatory filings or engagements. Tax fees include professional service fees for tax compliance services.

All auditing services and non-audit services provided to the Company by our independent registered public accounting firm are required to be pre-approved by the Audit Committee. The pre-approval of non-audit services to be provided by PricewaterhouseCoopers LLP includes making a determination that the provision of the services is compatible with maintaining the independence of PricewaterhouseCoopers LLP as our independent registered public accounting firm. All services for audit and tax fees set forth in the table above were pre-approved by the Company's Audit Committee.

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

The following table sets forth, as of February 28, 2007, certain information with respect to the beneficial ownership of the Company's Common Stock by (i) any person (including any group as that term is used in Section 13(d)(3) of the Exchange Act), known by the Company to be the beneficial owner of more than 5% of the Company's voting securities, (ii) each director and each nominee for director to the Company, (iii) each of the executive officers named in the Summary Compensation Table appearing herein, and (iv) all such executive officers, directors and nominees for director of the Company as a group. The number and percentage of shares beneficially owned are based on the aggregate of 46,812,029 shares of Common Stock outstanding as of February 28, 2007, adjusted as required by the rules promulgated by the SEC. The Company does not know of any arrangements, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change of control of the Company.

Name and Address of Beneficial Owner	Number of Shares	Percent of Common Stock Outstanding
5% Stockholders:		
Wellington Management Company, LLP(1) 75 State Street Boston, MA 02109	5,038,137	10.8%
Federated Investors, Inc.(2) Federated Investors Tower Pittsburgh, PA 15222-3779	4,811,100	10.3%
Amgen, Inc.(3) One Amgen Center Drive Thousand Oaks, CA 91320-1799	3,484,806	7.4%
Entities affiliated with Sevin Rosen Funds(4) Two Galleria Tower 13455 Noel Road Dallas, TX 75240	3,167,692	6.8%
Entities affiliated with Credit Suisse First Boston(5) Eleven Madison Ave. New York, NY 10010	3,132,052	6.7%
Executive Officers and Directors:		
James H. Sabry, M.D., Ph.D.(6)	945,800	2.0%
Robert I. Blum(7)	447,443	0.9%
Andrew A. Wolff, M.D., F.A.C.C.(8)	93,540	*
Sharon A. Surrey-Barbari(9)	100,276	*
David J. Morgans, Jr., Ph.D.(10)	171,957	*
Stephen Dow(11) Two Galleria Tower 13455 Noel Road Dallas, TX 75240	3,307,692	7.1%
A. Grant Heidrich, III(12)	2,075,753	4.4%

Mayfield Fund 2800 Sand Hill Road, Suite 250 Menlo Park, CA 94025 Charles Homcy, M.D.(13)	57,500	*
Portola Pharmaceuticals 270 East Grand Avenue South San Francisco, CA 94080 Mark McDade(14)	14,166	*
PDL BioPharma 34801 Campus Drive Fremont, CA 94555		

Table of Contents

Name and Address of Beneficial Owner	Number of Shares	Percent of Common Stock Outstanding
Michael Schmertzler(15) U.S. Private Equity Credit Suisse Eleven Madison Ave., 16 th Floor New York, NY 10010	3,120,261	6.7%
James A. Spudich, Ph.D.(16) Stanford School of Medicine Beckman Center, Room B405 Stanford, CA 94305-5307	238,600	*
All directors and named executive officers as a group (11 persons)	10,572,988	21.9%

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our Common Stock.

- (1) Based on a Schedule 13G filed with the SEC on February 14, 2007.
- (2) Based on a Schedule 13G filed with the SEC on February 13, 2007.
- (3) Based on a Schedule 13D filed with the SEC on January 8, 2007.
- (4) Based on a Schedule 13G filed with the SEC on February 15, 2007. Represents: (a) 3,690 shares of Common Stock held by Sevin Rosen Bayless Management Company; (b) 1,615,715 shares of Common Stock held by Sevin Rosen VI L.P.; (c) 127,235 shares of Common Stock held by Sevin Rosen Fund VI Affiliates Fund L.P.; (d) 625,950 shares of Common Stock held by Sevin Rosen Fund VII L.P.; and (e) 24,050 shares of Common Stock held by Sevin Rosen VII Affiliates Fund L.P.; (f) 755,631 shares of Common Stock held by Sevin Rosen Fund VIII L.P.; and (g) 15,421 shares of Common Stock held by Sevin Rosen VIII Affiliates Fund L.P.
- (5) Based on a Schedule 13G filed with the SEC on February 14, 2007. Includes 1,765,683 shares held in trust at Wells Fargo & Company. At the completion on May 3, 2004 of our initial public offering, all of the shares held by Credit Suisse First Boston affiliated entities, except for shares constituting 4.99% of the outstanding Common Stock of the Company on such date, were deposited in a voting trust having Wells Fargo Bank, N.A. as the trustee. Under the terms of the voting trust agreement, the trustee has the power to vote these shares as it believes in its sole judgment is in the best interests of the stockholders of the Company. In addition, the trustee is required to vote the shares to prevent the election of more than one Credit Suisse First Boston affiliate as a director of the Company. Each entity that deposits shares will retain the power to remove its shares from the voting trust or sell its shares to third parties so long as the transferee is not affiliated with Credit Suisse First Boston or is otherwise considered an eligible transferee under the terms of the voting trust agreement. The voting trust agreement will expire in April 2014, or such earlier time as Credit Suisse First Boston ceases to be an affiliate of the Company.
- (6) Represents: (a) 199,500 shares of Common Stock held by the Sabry-Spence Family Trust, and (b) 746,300 shares of Common Stock underlying options granted to Dr. Sabry that are exercisable within 60 days of February 28, 2007.

- (7) Represents: (a) 65,000 shares of Common Stock held by Mr. Blum; (b) 12,500 shares of Common Stock held by The Brittany Blum 2003 Irrevocable Trust; (c) 12,500 shares of Common Stock held by The Bridget Blum 2003 Irrevocable Trust; and (d) 357,443 shares of Common Stock underlying options granted to Mr. Blum that are exercisable within 60 days of February 28, 2007, of which 47,309 shares underlying such options would remain subject to the Company's repurchase right upon termination of Mr. Blum's service relationship with the Company.
- (8) Represents 93,540 shares of Common Stock underlying options granted to Dr. Wolff that are exercisable within 60 days of February 28, 2007.
- (9) Represents: (a) 4,735 shares of Common Stock held by Ms. Surrey-Barbari, and (b) 95,541 shares of Common Stock underlying options granted to Ms. Surrey-Barbari that are exercisable within 60 days of February 28, 2007.

Table of Contents

- (10) Represents: (a) 45,000 shares of Common Stock held by Dr. Morgans, and (b) 126,957 shares of Common Stock underlying options granted to Dr. Morgans exercisable within 60 days of February 28, 2007.
- (11) Based on a Schedule 13G filed with the SEC on February 15, 2007 for entities affiliated with Sevin Rosen Funds. Represents: (a) 3,690 shares of Common Stock held by Sevin Rosen Bayless Management Company; (b) 1,615,715 shares of Common Stock held by Sevin Rosen VI L.P.; (c) 127,235 shares of Common Stock held by Sevin Rosen Fund VI Affiliates Fund L.P.; (d) 625,950 shares of Common Stock held by Sevin Rosen Fund VII L.P.; (e) 24,050 shares of Common Stock held by Sevin Rosen VII Affiliates Fund L.P.; (f) 755,631 shares of Common Stock held by Sevin Rosen Fund VIII L.P.; (g) 15,421 shares of Common Stock held by Sevin Rosen VIII Affiliates Fund L.P.; (h) 125,000 shares of Common Stock held by the Dow Family Trust; and (i) 15,000 shares of Common Stock underlying options granted to Mr. Dow that are exercisable within 60 days of February 28, 2007. Stephen Dow is a general partner of each of the Sevin Rosen entities except for Sevin Rosen Bayless Management Company, of which he is a Vice President. Mr. Dow disclaims beneficial ownership of the shares held by entities affiliated with Sevin Rosen Funds, except to the extent of his proportionate partnership interest therein.
- (12) Based in part on a Schedule 13G filed with the SEC on February 13, 2006 for entities affiliated with Mayfield. Represents: (a) 1,781,358 shares of Common Stock held by Mayfield IX; (b) 93,755 shares of Common Stock held by Mayfield Associates Fund IV; (c) 142,895 shares of Common Stock held by Cell Trust; (d) 13,705 shares of Common Stock held by Cell Trust II; (e) 29,040 shares of Common Stock held by The A. Grant III & Jeanette Yvonne Heidrich Community Property Trust; and (f) 15,000 shares of Common Stock underlying options granted to Mr. Heidrich that are exercisable within 60 days of February 28, 2007. A. Grant Heidrich is a Managing Director of Mayfield IX Management, L.L.C. and a General Partner of Mayfield IX and Mayfield Associates Fund IV. Mr. Heidrich disclaims beneficial ownership of the shares held by entities affiliated with Mayfield, except to the extent of his proportionate partnership interest therein.
- (13) Represents 57,500 shares of Common Stock underlying options granted to Dr. Homcy that are exercisable within 60 days of February 28, 2007.
- (14) Represents 14,166 shares of Common Stock underlying options granted to Mr. McDade that are exercisable within 60 days of February 28, 2007.
- (15) Based in part on a Schedule 13G filed with the SEC on February 14, 2007, and information provided by Credit Suisse. Represents: (a) 2,227,895 shares of Common Stock held by Credit Suisse First Boston Equity Partners, L.P.; (b) 622,753 shares of Common Stock held by Credit Suisse First Boston Equity Partners (Bermuda), L.P.; (c) 144,000 shares of Common Stock held by EMA Private Equity Fund 2000, L.P.; (d) 108,631 shares of Common Stock held EMA Partners Fund 2000, L.P.; and (e) 1,982 shares of Common Stock held by Credit Suisse First Boston U.S. Executive Advisors, L.P.; and (f) 15,000 shares of Common Stock underlying options granted to Mr. Schmertzler that are exercisable within 60 days of February 28, 2007. Michael Schmertzler is a Managing Director of Aries Advisors, LLC, the sub-advisor to Credit Suisse First Boston Equity Partners, L.P. Mr. Schmertzler disclaims beneficial ownership of the shares held by entities affiliated with Credit Suisse First Boston except to the extent of his proportionate partnership or membership interest therein.
- (16) Represents: (a) 213,600 shares of Common Stock held by held by Dr. Spudich; and (b) 25,000 shares of Common Stock underlying options granted to Dr. Spudich that are exercisable within 60 days of February 28, 2007.

Except as otherwise noted above, the address of each person listed on the table is c/o Cytokinetics, Incorporated, 280 East Grand Avenue, South San Francisco, CA 94080.

Table of Contents**BOARD OF DIRECTORS**

The following table sets forth for each Class I Director, each Class II Director, and each Class III Director of the Company, in alphabetical order, their ages and present positions with the Company as of March 31, 2007.

Name	Age	Position
Robert I. Blum	43	President and Chief Executive Officer; Class II Director
Stephen Dow(1)(2)	51	Class III Director
A. Grant Heidrich, III(1)(3)	54	Class I Director
Charles Homcy, M.D.	58	Class II Director
Mark McDade(3)	51	Lead Outside Director; Class III Director
James H. Sabry, M.D., Ph.D.	48	Executive Chairman of the Board of Directors; Class I Director
Michael Schmertzler(1)(3)	55	Class III Director
James A. Spudich, Ph.D.(2)	65	Class II Director

(1) Member of Audit Committee.

(2) Member of the Nominating and Governance Committee.

(3) Member of Compensation Committee.

There is no family relationship between any director and executive officer of the Company.

Robert I. Blum was appointed as our President and Chief Executive Officer in January 2007. Previous to that appointment, Mr. Blum served as our President from February 2006 to January 2007. He served as our Executive Vice President, Corporate Development and Commercial Operations and Chief Business Officer from September 2004 to February 2006. From January 2004 to September 2004, he served as our Executive Vice President, Corporate Development and Finance and Chief Financial Officer. From October 2001 to December 2003, he served as our Senior Vice President, Corporate Development and Finance and Chief Financial Officer. From July 1998 to September 2001, Mr. Blum was our Vice President, Business Development. Prior to joining us in July 1998, he was Director, Marketing at COR Therapeutics, Inc., a biopharmaceutical company, since 1996. From 1991 to 1996, he was Director, Business Development at COR Therapeutics. Prior to that, Mr. Blum performed roles of increasing responsibility in sales, marketing and other pharmaceutical business functions at Marion Laboratories, Inc. and Syntex Corporation. Mr. Blum received B.A. degrees in Human Biology and Economics from Stanford University and an M.B.A. from Harvard Business School.

Stephen Dow has served as a member of our Board of Directors since April 1998. Mr. Dow has been a General Partner with Sevin Rosen Funds, a venture capital firm, since 1983. Since 1989, Mr. Dow has served on the Board of Directors of Citrix Systems Inc., an enterprise software company. Mr. Dow received a B.A. in Economics and an M.B.A. from Stanford University.

A. Grant Heidrich, III has served as a member of our Board of Directors since April 1998. Mr. Heidrich has been a Managing Director of certain funds at Mayfield Fund, a venture capital firm, since 1983. Mr. Heidrich currently serves as a member of the Board of Directors of Millennium Pharmaceuticals, Inc., a biopharmaceutical company, and

PolyFuel, Inc., a fuel cell technology company. Mr. Heidrich received a B.A. in Human Biology from Stanford University and an M.B.A. from Columbia University.

Charles Homcy, M.D. has served as a member of our Board of Directors since February 2003. Since November 2003, Dr. Homcy has served as Chief Executive Officer of Portola Pharmaceuticals, Inc., a biopharmaceutical company. From January 2003 to November 2003, Dr. Homcy served as Senior Research and Development Advisor of Millennium Pharmaceuticals, Inc. From February 2002 to December 2002, Dr. Homcy served as the President of Research and Development at Millennium Pharmaceuticals. From 1995 to February 2002, he served as Executive Vice President, Research and Development of COR Therapeutics, Inc., where he served as a member of the Board of Directors from 1998 to February 2002. From 1994 to March 1995, Dr. Homcy was President of the Medical Research Division of American Cyanamid Company-Lederle Laboratories (now a division of Wyeth-Ayerst

Table of Contents

Laboratories). From 1990 to 1994, Dr. Homcy was Executive Director of the Cardiovascular and Central Nervous System Research Section at Lederle Laboratories. Dr. Homcy currently serves on the Board of Directors of Millennium Pharmaceuticals, Kosan Biosciences, Inc. and Geron Corporation. Dr. Homcy received an A.B. in Biology and an M.D. from Johns Hopkins University.

Mark McDade has served as a member of our Board of Directors since April 2005. In January 2007, Mr. McDade was appointed Lead Outside Director of the Board of Directors. Since November 2002, Mr. McDade has served as Chief Executive Officer and a director of PDL BioPharma Inc., a biotechnology company. From December 2000 until November 2002, he served as Chief Executive Officer of Signature BioScience, Inc., a biopharmaceutical company. Prior to that, he co-founded and served as Chief Operating Officer at Corixa Corporation, a biopharmaceutical company, from September 1994 until December 1998, and as President and Chief Operating Officer from January 1999 to November 2000. Mr. McDade also serves on the Board of Directors of two privately held companies. Mr. McDade received a B.A. in History from Dartmouth College and an M.B.A. from the Harvard Business School.

James H. Sabry, M.D., Ph.D. co-founded the Company in August 1997 and has been a member of our Board of Directors since the Company's inception. In January 2007, Dr. Sabry was appointed Executive Chairman of the Board of Directors. Previous to that appointment, Dr. Sabry served as our Chief Executive Officer, and from August 1997 through January 2006, he served as both our President and Chief Executive Officer. Prior to co-founding the Company, Dr. Sabry held faculty positions at the University of California, San Francisco, from 1989 to 1998, and Harvard Medical School from 1984 to 1987. Dr. Sabry received an M.D. from Queens University and a Ph.D. in Cell Biology from the University of California, San Francisco.

Michael Schmertzler has served as a member of our Board of Directors since April 2003. Since 2001, Mr. Schmertzler has been a Managing Director of Aries Advisors, LLC, the sub-advisor to Credit Suisse First Boston Equity Partners, L.P., a private equity fund, and the Chair of the investment committee. From 1997 to 2001, Mr. Schmertzler was Co-Head of United States and Canadian Private Equity at Credit Suisse First Boston, an investment banking company. Prior to 1997, Mr. Schmertzler held various management positions with Morgan Stanley and its affiliates, including President of Morgan Stanley Leveraged Capital Funds and Managing Director, and was Managing Director and Chief Financial Officer of Lehman Brothers Kuhn Loeb, an investment banking firm. Mr. Schmertzler has been an Adjunct Professor at Yale University since 1997. Mr. Schmertzler received a B.A. from Yale College in Molecular Biophysics and Biochemistry, History and City Planning and an M.B.A. from the Harvard Business School.

James A. Spudich, Ph.D. co-founded our company in August 1997 and has served as a member of our Board of Directors since the Company's inception. From September 1998 to September 1999, he served as our Principal Scientist. Dr. Spudich is the Douglass M. Nola Leishman Professor in Cardiovascular Disease and Professor of Biochemistry and Developmental Biology at Stanford University, where he has been a member of the faculty since 1977. From 1994 to 1998, Dr. Spudich served as Chairman of Stanford University's Department of Biochemistry. From 1979 to 1984, he was Chairman of Stanford's Department of Structural Biology. He was elected a member of the American Academy of Arts and Sciences in 1997 and a member of the National Academy of Sciences in 1991. Dr. Spudich is also a member of our Scientific Advisory Board. Dr. Spudich received a B.S. in Chemistry from the University of Illinois and a Ph.D. in Biochemistry from Stanford University.

Independence of Directors

The Board of Directors has determined that directors Stephen Dow, A. Grant Heidrich, Mark McDade, Michael Schmertzler, and James A. Spudich are each independent as defined under the NASDAQ Stock Market, Inc. listing standards. The Board has also determined that each member of the Compensation Committee and Nominating and Governance Committee is independent as defined under the NASDAQ Stock Market, Inc. listing standards, and that each member of the Audit Committee is independent as defined under the NASDAQ Stock Market, Inc. listing

standards as well as the applicable SEC rules.

Table of Contents

Board Meetings and Committees

The Board of Directors of the Company held a total of sixteen meetings during the fiscal year ended December 31, 2006. None of the directors serving throughout fiscal year 2006 attended fewer than 75% of the aggregate of all meetings of the Board of Directors and the committees of the Board of Directors upon which such director served. The Board of Directors has a standing Audit Committee that oversees the accounting and financial reporting processes of the Company and the audits of the Company's financial statements, a standing Compensation Committee and a standing Nominating and Governance Committee.

The Audit Committee consists of directors Stephen Dow, A. Grant Heidrich and Michael Schmertzler. The Board of Directors has determined that Stephen Dow is an audit committee financial expert as defined in the SEC rules. The Audit Committee operates under a written charter adopted by the Board of Directors. The Company maintains a copy of the Audit Committee charter on its website: *www.cytokinetics.com*. The Audit Committee reviews the Company's critical accounting policies and practices, consults with and reviews the services provided by the Company's independent registered public accounting firm and selects the independent registered public accounting firm for the Company. The Audit Committee held sixteen meetings during fiscal year 2006.

The Compensation Committee consists of directors A. Grant Heidrich, Mark McDade and Michael Schmertzler. The Compensation Committee reviews and approves the salaries and incentive compensation of the Company's officers and administers the Company's stock plans and employee benefit plans. The Board of Directors has adopted a written charter for the Compensation Committee. The Company maintains a copy of the Compensation Committee charter on its website: *www.cytokinetics.com*. On March 14, 2007, the Compensation Committee delegated to Robert I. Blum the authorization to approve new hire stock option grants, within pre-approved new hire grant guidelines, for all new hires at or below a senior director level. All new hire grants to employees above a senior director level, including officers of the Company, are approved by the Compensation Committee. In addition, the Compensation Committee approves the annual stock option grants for all employees as part of the annual performance review process.

The Compensation Committee has engaged the services of Frederic W. Cook & Co., a nationally recognized third-party professional executive compensation consulting firm to assist in benchmarking data from competitive peer group companies. On the basis of this report and performance assessments, management makes recommendations to the Compensation Committee. The Compensation Committee, in consultation with our third-party executive compensation consultant and discussion with management, forms its own recommendations for all executive compensation (base salary, bonus, equity and other benefits).

The Compensation Committee held four meetings during the fiscal year 2006.

The Nominating and Governance Committee consists of directors Stephen Dow and James A. Spudich. The Board of Directors has adopted a written charter for the Nominating and Governance Committee. The Company maintains a copy of the Nominating and Governance Committee charter on its website: *www.cytokinetics.com*. The Nominating and Governance Committee is responsible for developing a Board of Directors capable of advising the Company's management in fields related to current or future business directions of the Company, and regularly reviews issues and developments relating to corporate governance and formulates and recommends corporate governance standards to the Board of Directors. The Nominating and Governance Committee held two meetings during the fiscal year 2006.

The Nominating and Governance Committee approves all nominees for membership on the Board of Directors, including the slate of Director nominees to be proposed by the Board of Directors to our stockholders for election or any Director nominees to be elected or appointed by the Board of Directors to fill interim Director vacancies on the Board of Directors.

In addition, the Nominating and Governance Committee appoints directors to committees of the Board of Directors and suggests rotation for Chairpersons of committees of the Board of Directors as it deems desirable from time to time; and evaluates and recommends to the Board of Directors the termination of membership of individual directors in accordance with the Board of Directors corporate governance principles, for cause or other appropriate reasons (including, without limitation, as a result of changes in directors employment or consulting status).

Table of Contents

The Nominating and Governance Committee assists the Board of Directors in identifying qualified persons to serve as directors of the Company. The Nominating and Governance Committee evaluates all proposed director nominees, evaluates incumbent directors before recommending re-nomination, and recommends all approved candidates to the Board of Directors for appointment or nomination to Company stockholders. The Nominating and Governance Committee selects as candidates to the Board of Directors for appointment or nomination individuals of high personal and professional integrity and ability who can contribute to the Board of Directors effectiveness in serving the interests of the Company's stockholders. The Company has in the past used, and the Nominating and Governance Committee intends to use in the future, an executive recruiting firm to assist in the identification and evaluation of qualified candidates to join the Board of Directors. For these services, the executive recruiting firm is paid a fee. Director nominees are expected to have considerable management experience that would be relevant to our current and expected future business directions, a track record of accomplishment and a commitment to ethical business practices.

We do not have a formal policy regarding stockholder communication with the Board of Directors. However, stockholders of the Company may communicate directly with the Board of Directors in writing, addressed to: