

ONLINE RESOURCES CORP
Form DEF 14A
June 03, 2010

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

Online Resources Corporation

(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)(4) 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.

Edgar Filing: ONLINE RESOURCES CORP - Form DEF 14A

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.:

ONLINE RESOURCES CORPORATION
4795 Meadow Wood Lane
Chantilly, VA 20151
June 4, 2010

Dear Stockholder:

On behalf of the Board of Directors and management, we cordially invite you to attend our 2010 Annual Meeting of Stockholders to be held at 2:00 P.M. (EDT) on Thursday, July 1, 2010 at the Company's headquarters, located at 4795 Meadow Wood Lane, Chantilly, VA 20151. The attached notice of 2010 Annual Meeting and proxy statement describe the business we will conduct at the meeting and provide information about Online Resources Corporation that you should consider when you vote your shares.

When you have finished reading the proxy statement, please promptly vote your shares by marking, signing, dating and returning the proxy card in the enclosed envelope. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting, whether or not you can attend.

Sincerely,

John C. Dorman
Co-Chairman of the Board

Barry D. Wessler
Co-Chairman of the Board

ONLINE RESOURCES CORPORATION
4795 Meadow Wood Lane
Chantilly, Virginia 20151

NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS

The Stockholders of Online Resources Corporation:

Notice is hereby given that the 2010 Annual Meeting of Stockholders (the 2010 Annual Meeting or the meeting) of Online Resources Corporation (the Company) will be held on Thursday, July 1, 2010 at 2:00 P.M. (EDT) at the Company s headquarters, located at 4795 Meadow Wood Lane, Chantilly, Virginia 20151, for the following purposes:

1. To elect three directors to serve three-year terms expiring in 2013.
2. To ratify the appointment of KPMG LLP as our independent registered public accountants for the year ending December 31, 2010.
3. To consider any other business that is properly presented at the meeting.

All stockholders are cordially invited to attend the 2010 Annual Meeting in person. However, whether or not you plan to attend the meeting in person, you are urged to mark, date, sign and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope provided to ensure your representation and the presence of a quorum at the meeting. If you submit your proxy and then decide to attend the meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

Stockholders of record at the close of business on May 19, 2010 (the Record Date) are the only stockholders entitled to notice of and to vote at the 2010 Annual Meeting. A list of stockholders of record will be available at the meeting and, during the 10 days prior to the meeting, at the office of our Secretary at 4795 Meadow Wood Lane, Chantilly, Virginia 20151.

In order to obtain directions to attend the 2010 Annual Meeting in person, please call Beth Halloran, Senior Director, Corporate Communications, at 703-653-2248.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 1, 2010.

Pursuant to new rules promulgated by the Securities and Exchange Commission (the SEC), we have elected to provide access to these proxy statement materials (which includes this proxy statement and a proxy card) both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of such materials on the Internet. The proxy statement and a proxy card are available at *www.proxyvote.com*.

BY ORDER OF THE BOARD OF DIRECTORS

Michael C. Bisignano
Vice President, General Counsel and Secretary
Dated June 4, 2010

YOUR VOTE IS EXTREMELY IMPORTANT

Whether or not you plan to attend the meeting, and whatever the number of shares you own, please complete, sign, date and promptly return the enclosed proxy/voting instruction card. Please use the accompanying envelope, which requires no postage if mailed in the United States. Alternatively, if you own shares in street name through a bank, broker or other nominee, you may vote your shares by telephone or Internet by following the instructions on the proxy/voting instruction form. Please note, however, that if you wish to vote at the meeting and your shares are held of record by a broker, bank or other nominee, you must obtain a proxy issued in your name from that record holder.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR (i) ALL THE BOARD'S NOMINEES FOR DIRECTOR UNDER PROPOSAL 1 ON THE PROXY CARD AND (ii) RATIFICATION OF KPMG AS THE COMPANY'S AUDITORS FOR 2010 UNDER PROPOSAL 2 ON THE PROXY CARD.

TABLE OF CONTENTS

	Page
<u>General Information About the 2010 Annual Meeting</u>	1
<u>Security Ownership of Certain Beneficial Owners and Management</u>	4
<u>Board of Directors and Officers</u>	7
<u>Composition of the Board</u>	7
<u>Nominees</u>	7
<u>Director Information</u>	7
<u>Director Independence</u>	9
<u>Executive Sessions</u>	9
<u>Board Leadership</u>	9
<u>Risk Oversight</u>	10
<u>Committees of the Board of Directors and Meetings</u>	10
<u>Director Nomination Process</u>	11
<u>Annual Stockholders Meeting Attendance</u>	11
<u>Stockholder Communications with the Board of Directors</u>	11
<u>Executive Officers Who Are Not Directors</u>	12
<u>Executive Compensation</u>	12
<u>Compensation Discussion and Analysis</u>	12
<u>Summary Compensation Table</u>	25
<u>Grant of Plan-Based Awards</u>	26
<u>Outstanding Equity Awards at Fiscal Year-End</u>	27
<u>Option Exercises and Stock Vested</u>	28
<u>Pension Benefits</u>	28
<u>Non-Qualified Deferred Compensation</u>	28
<u>Change-in-Control Arrangements</u>	28
<u>Director Compensation</u>	29
<u>Compensation Committee Report</u>	31
<u>Report of Audit Committee</u>	32
<u>Performance Graph</u>	33
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	34
<u>Proposal 1 Election of Directors</u>	34
<u>Proposal 2 Ratification of Selection of Independent Public Accountants</u>	34
<u>Code of Conduct and Ethics</u>	36
<u>Certain Relationships and Related Transactions</u>	36
<u>Other Matters</u>	36
<u>Stockholder Proposals and Nominations for Directors</u>	36

ONLINE RESOURCES CORPORATION
4795 Meadow Wood Lane
Chantilly, Virginia 20151

PROXY STATEMENT FOR ONLINE RESOURCES CORPORATION
2010 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION ABOUT THE 2010 ANNUAL MEETING

Why Did You Send Me this Proxy Statement?

We sent you this proxy statement and the enclosed proxy card because Online Resources Corporation's Board of Directors (the Board of Directors or the Board) is soliciting your proxy to vote at the 2010 Annual Meeting and any adjournments of the meeting. This proxy statement summarizes the information you need to know to vote at the 2010 Annual Meeting.

On June 4, 2010, we began sending this proxy statement, the attached notice of meeting and the enclosed proxy card to all stockholders entitled to vote at the meeting. Although not part of this proxy statement, you can find a copy of our 2009 Annual Report on Form 10-K on the Internet through the SEC's electronic data system called EDGAR at www.sec.gov or through the Investor Relations section of our website at www.orcc.com.

Who Can Vote?

Only stockholders who owned Online Resources common stock at the close of business on May 19, 2010 (the Record Date) are entitled to vote at the 2010 Annual Meeting. On the Record Date, there were 30,927,210 shares of Online Resources common stock outstanding and entitled to vote, and 75,000 shares of Series A-1 Preferred Stock outstanding, convertible into 4,621,570 shares of Online Resources common stock and entitled to vote on an as-converted basis.

You do not need to attend the 2010 Annual Meeting to vote your shares. Shares represented by valid proxies, received in time for the meeting and not revoked prior to the meeting, will be voted at the meeting. A stockholder may revoke a proxy before the proxy is voted by delivering to our Secretary a signed statement of revocation or a duly executed proxy card bearing a later date. Any registered stockholder who has executed a proxy card but attends the meeting in person may revoke the proxy and vote at the meeting.

How Many Votes Do I Have?

Each share of Online Resources common stock that you own entitles you to one vote.

How Do I Vote?

Whether you plan to attend the 2010 Annual Meeting or not, we urge you to vote by proxy. Voting by proxy will not affect your right to attend the 2010 Annual Meeting. If you are a registered stockholder, that is your shares are registered directly in your name through our stock transfer agent, American Stock Transfer and Trust Company, or you have stock certificates, you may vote:

By mail. Complete and mail the enclosed proxy card in the enclosed postage prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card but do not specify how you want your shares voted, they will not be voted.

In person at the meeting. If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

If your shares are held in street name (held in the name of a bank, broker or other nominee), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can do so as follows:

By mail. You will receive instructions from your broker or other nominee explaining how to vote your shares.

By Internet or by telephone. Follow the instructions attached to the proxy card to vote by Internet or telephone.

In person at the meeting. Contact the broker or other nominee who holds your shares to obtain a legal proxy from the broker or other nominee and bring it with you to the meeting. You will not be able to vote at the meeting unless you have a legal proxy from your broker. You will also need to sign a ballot in order to have your vote counted.

How Does the Board of Directors Recommend that I Vote on the Proposals?

The Board of Directors recommends that you vote as follows:

FOR all the Board's nominees for director under Proposal 1 on the proxy card; and

FOR ratification of KPMG as the Company's auditors for 2010 under Proposal 2 on the proxy card.

If any other matter is presented at the 2010 Annual Meeting, the proxy card provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her best judgment. At the time this proxy statement was printed, we knew of no matters that are to be acted on at the 2010 Annual Meeting, other than those discussed in this proxy statement.

May I Revoke My Proxy?

If you give us your proxy, you may revoke it at any time before the meeting. You may revoke your proxy in any one of the following ways:

signing a new proxy card and submitting it as instructed above;

if your shares are held in street name, re-voting by Internet or by telephone as instructed above, only your latest Internet or telephone vote will be counted;

notifying Online Resources' Secretary in writing before the 2010 Annual Meeting that you have revoked your proxy; or

attending the meeting in person and voting in person. Attending the meeting in person will not in and of itself revoke a previously submitted proxy unless you specifically request it. You must also execute a new proxy card or ballot in order to revoke a previously voted proxy card.

What if I Receive More Than One Proxy Card?

You may receive more than one proxy card or voting instruction form if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described under **How Do I Vote?** for each account to ensure that all of your shares are voted.

Will My Shares be Voted if I Do Not Return My Proxy Card?

If your shares are registered in your name or if you have stock certificates, they will not be voted if you do not return your proxy card by mail or vote at the meeting as described above under **How Do I Vote?**

If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above under **How Do I Vote?**, your shares will not be voted. For this reason, we encourage you to provide voting instructions. This ensures your shares will be voted at the meeting in the manner you desire.

What Vote is Required to Approve the Proposal?

For Proposal 1, the nominees for director who receive the most votes (also known as a plurality of the votes) will be elected. Abstentions are not counted for purposes of electing directors. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or vote FOR some of the nominees and WITHHOLD your vote from the other nominees.

For Proposal 2, the affirmative vote of a majority of the votes present or represented by proxy and entitled to vote at the annual meeting is required to ratify the appointment of KPMG as the Company's auditors. Abstentions will have the same effect as a vote against the proposal. Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street name on this proposal. Therefore, any shares not voted by a customer will be treated as a broker non-vote.

What Effect Do Withhold Votes, Abstentions and Broker Non-Votes Have on the Proposal?

At the 2010 Annual Meeting, abstentions have the same effect as votes AGAINST the proposals. A broker may not be entitled to vote shares held for a beneficial owner on certain non-routine items, such as the proposal before the 2010 Annual Meeting, absent instructions from the beneficial owners of such shares. Thus, if you do not give your broker specific instructions, your shares will not be voted on these matters.

We urge you to provide instructions to your broker so that your votes may be counted on these matters. You should vote your shares by following the instructions provided on the voting instruction card and returning your voting instruction card to your broker to ensure that your shares are voted on your behalf.

Is Voting Confidential?

We will keep all the proxy cards, ballots and voting tabulations private. We will only let our Inspectors of Election and Broadridge Financial Solutions (Broadridge), our proxy distributor, examine these documents. We will not disclose your vote to management unless it is necessary to meet legal requirements.

What Are the Costs of Soliciting these Proxies?

We will pay all of the costs of soliciting these proxies, including expenses in connection with preparing and mailing this proxy statement. Broadridge will reimburse brokerage firms and other persons representing beneficial owners of our common stock for their expenses in forwarding proxy materials to such beneficial owners, and we will reimburse Broadridge for the expenses. Our Directors and employees also may solicit proxies using the Internet, telephone, fax, email or in person. We will not pay our employees and Directors any additional compensation for these services.

What Constitutes a Quorum for the Meeting?

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our stock (including our Series A-1 Preferred Stock calculated on an as-converted common stock equivalent basis) entitled to vote at the Record Date is necessary to constitute a quorum at the meeting. Votes of stockholders of record who are present at the meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

Where Do I Attend the Meeting?

The 2010 Annual Meeting will be held at 2:00 P.M. (EDT) on Thursday, July 1, 2010 at our headquarters, located at 4795 Meadow Wood Lane, Chantilly, Virginia 20151. When you arrive at our headquarters, signs will direct you to the appropriate meeting rooms. You need not attend the 2010 Annual Meeting in order to vote. In order to obtain directions to attend the 2010 Annual Meeting in person, please call Beth Halloran, Senior Director, Corporate Communications, at 703-653-2248. If you attend the 2010 Annual Meeting and you are a registered stockholder, you may also submit your vote in person and any previous votes that you submitted by proxy will be superseded by the vote that you cast at the 2010 Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of May 21, 2010 for (a) the executive officers named in the Summary Compensation Table set forth elsewhere in this Annual Report, (b) each of our current directors and past directors who served during 2009, (c) all of our current directors and executive officers as a group and (d) each stockholder known by us to own beneficially more than 5% of our common stock. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. We deem shares of common stock that may be acquired by an individual or group within 60 days of May 21, 2010 pursuant to the exercise of options or warrants or the conversion of other securities to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Except as indicated in footnotes to this table, we believe that the owners of our common stock named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by these stockholders. Percentage of ownership is based on 30,927,210 shares of common stock outstanding on May 21, 2010.

Name and Address**	Shares Beneficially Owned	
	Number	Percent
ClearBridge Advisors, LLC(1) 620 8th Avenue New York, NY 10018	1,535,573	5.0%
FMR, LLC(2) 82 Devonshire Street Boston, MA 02109	2,331,120	7.5%
Tennenbaum Capital Partners, LLC(3) 2951 28th Street, Suite 1000 Santa Monica, CA 90405	8,432,970	23.7%
Wellington Management Company, LLP(4) 75 State Street Boston, MA 02109	2,097,579	6.8%
Stephen S. Cole(5)	43,601	*
John C. Dorman(6)	10,420	*
Michael H. Heath(7)	68,497	*
Edward D. Horowitz(8)	10,041	*
Bruce A. Jaffe(9)	10,231	*
Michael E. Leitner(10)	8,432,970	23.7%
Janey A. Place(11)	15,752	*
J. Heidi Roizen(12)	15,981	*
Ervin R. Shames(13)	74,590	*
Joseph J. Spalluto(14)	44,846	*
William H. Washecka(15)	49,228	*
Barry D. Wessler(16)	62,069	*
Matthew P. Lawlor(17)	1,448,046	4.7%
Raymond T. Crosier(18)	457,913	1.5%
Catherine A. Graham(19)	220,858	*

Edgar Filing: ONLINE RESOURCES CORP - Form DEF 14A

All directors and executive officers serving during 2009 as a group (15 persons)(20)	10,965,043	30.8%
---	------------	-------

* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

** Addresses are given for beneficial owners of more than 5% of the outstanding common stock only. The address for our directors and executive officers is c/o Online Resources Corporation, 4795 Meadow Wood Lane, Chantilly, VA 20151.

- (1) This information is based solely on a Schedule 13G/A filed by ClearBridge Advisors, LLC (ClearBridge) with the SEC on February 12, 2010. ClearBridge, in its capacity as investment advisor, may be deemed the beneficial owner of these shares, which are owned by investment advisory client(s). To our knowledge no such client is known to have such right or power with respect to more than five percent of the common stock outstanding.
- (2) This information is based solely on a Form 13F filed by FMR, LLC with the SEC on May 17, 2010. FMR, LLC, in its capacity as investment advisor, may be deemed the beneficial owner of these shares, which are owned by investment advisory client(s). To our knowledge no such client is known to have such right or power with respect to more than five percent of the common stock outstanding.
- (3) This information is based solely on a Form 4 filed by Tennenbaum Capital Partners LLP (TCP) with the SEC on December 10, 2009. TCP may be deemed the beneficial owner of these shares.
- (4) This information is based solely on a Form 13F-HR/A filed by Wellington Management Company LLP (Wellington) with the SEC on May 19, 2010. Wellington, in its capacity as investment advisor, may be deemed the beneficial owner of these shares, which are owned by investment advisory client(s). To our knowledge no such client is known to have such right or power with respect to more than five percent of the common stock outstanding.
- (5) Includes 22,431 shares issuable upon exercise of options to purchase common stock and 1,570 restricted stock units vesting on August 1, 2010.
- (6) Includes 4,140 shares issuable upon exercise of options to purchase common stock and 1,570 restricted stock units vesting on August 1, 2010. Mr. Dorman was elected to serve on our Board of Directors effective May 15, 2009 and has been our interim Chief Executive officer since April 2010.
- (7) Mr. Heath s term of service on our Board of Directors expired May 15, 2009. This information is based on Mr. Heaths Form 4 filed on January 7, 2009 and includes 51,963 shares issuable upon exercise of options to purchase common stock. This does not reflect any activity that may have occurred subsequent to his latest Form 4 filing.
- (8) Includes 4,140 shares issuable upon exercise of options to purchase common stock and 1,475 restricted stock units vesting on August 1, 2010. Mr. Horowitz was elected to serve on our Board of Directors effective May 15, 2009.
- (9) Includes 4,140 shares issuable upon exercise of options to purchase common stock and 1,522 restricted stock units vesting on August 1, 2010. Mr. Jaffe was elected to serve on our Board of Directors effective May 15, 2009.
- (10) Mr. Leitner serves on the Board of Directors as the appointed designee of the holders of our Series A-1 Preferred Stock for whom Tennenbaum Capital Partners serves as the advisor. This information is based solely on a Form 4 filed by TCP with the SEC on December 10, 2009. He disclaims any beneficial ownership of these shares.
- (11) Ms. Place s term of service on our Board of Directors expired May 15, 2009. This information is based on Ms. Place s Form 4 filed on January 7, 2009 and includes 13,091 shares issuable upon exercise of options to purchase common stock. This does not reflect any activity that may have occurred subsequent to her latest Form 4 filing.

- (12) Ms. Roizen's term of service on our Board of Directors expired May 15, 2009. This information is based on Ms. Place's Form 4 filed on January 7, 2009 and includes 13,091 shares issuable upon exercise of options to purchase common stock. This does not reflect any activity that may have occurred subsequent to her latest Form 4 filing.
- (13) Includes 42,220 shares issuable upon exercise of options to purchase common stock and 1,570 restricted stock units vesting on August 1, 2010.
- (14) Mr. Spalluto resigned as a member of the Board on January 20, 2010. This information is based solely on a Form 4 filed February 1, 2010 and does not reflect any activity that may have occurred subsequent to this filing.

- (15) Includes 27,753 shares issuable upon exercise of options to purchase common stock and 1,617 restricted stock units vesting on August 1, 2010.
- (16) Includes 23,740 shares issuable upon exercise of options to purchase common stock and 1,617 restricted stock units vesting on August 1, 2010.
- (17) Mr. Lawlor retired as our Chief Executive Officer on December 14, 2009. Mr. Lawlor resigned as our Chairman on January 20, 2010. This information is based on Mr. Lawlor's Form 4 filed on January 1, 2010 and Form 5 filed on February 11, 2010 and includes 140,473 shares issuable upon exercise of options to purchase common stock. Of the total shares, 11,629 shares are held by the Rosemary K. Lawlor Trust, 97,229 shares are held by the Rosemary K. Lawlor Irrevocable Trust, 97,230 shares are held by the Matthew P. Lawlor Irrevocable Trust, 8,960 shares are held by his mother, Mary M. Lawlor, and 200,000 shares are held as a GRAT. The total shares do not reflect any activity that may have occurred subsequent to the filings.
- (18) Mr. Crosier was appointed as our interim Chief Executive Officer on December 14, 2009. Mr. Crosier resigned as our interim Chief Executive Officer, President and Chief Operating Officer on April 21, 2010. This information is based on Mr. Crosier's Form 4 filed on April 5, 2010 and includes 267,191 shares issuable upon the exercised of options to purchase common stock. Of the total shares, 6,250 and 1,400 shares are held of record by Deborah Crosier (Mr. Crosier's wife) and Jennifer Wisdom (Mr. Crosier's daughter), respectively. The total shares do not reflect any activity that may have occurred subsequent to the filing.
- (19) Includes 164,024 shares issuable upon the exercise of options to purchase common stock.
- (20) Includes 778,397 shares issuable upon the exercise of options to purchase common stock and 10,941 restricted stock units vesting on August 1, 2010. See also notes 5 through 19 above for further details concerning such options and restricted stock units. Includes 4,621,571 shares issuable upon the conversion of convertible preferred stock.

BOARD OF DIRECTORS AND OFFICERS

Composition of the Board

Our Bylaws provide that our business is to be managed by or under the direction of our Board of Directors. The members of our Board of Directors are divided into three classes for purposes of election. Our practice has been to elect one class, representing about one-third of the members of the Board, at each annual meeting of stockholders to serve for a three-year term. Our Board of Directors currently consists of nine members, classified into three classes as follows: (1) William H. Washecka and Stephen S. Cole constitute a class with a term ending at the 2011 annual meeting (the Class I Directors); (2) John C. Dorman, Edward D. Horowitz and Bruce A. Jaffe constitute a class with a term ending at the 2012 Annual Meeting (the Class II Directors) and (3) Donald W. Layden, Jr., Ervin R. Shames and Barry D. Wessler constitute a class with a term ending at the upcoming 2010 annual meeting (the Class III Directors). Michael E. Leitner is the appointed designee of the holders of our Series A-1 Preferred Stock for whom TCP serves as the advisor, and he is not a member of a class.

Nominees

The Governance Committee recommended and the Board of Directors voted to nominate Donald W. Layden, Jr., Ervin R. Shames and Barry D. Wessler for election at the 2010 Annual Meeting, each of whom has consented to be nominated, has consented to be named in this proxy statement and to serve, if elected. The directors elected by the stockholders at the annual meeting to serve on the Board will serve until the 2013 annual meeting of stockholders, and until their successors are elected and qualified.

Since Mr. Layden, Mr. Shames and Dr. Wessler are currently directors of the Company, detailed information regarding their background is included in the **Director Information** section below.

Director Information

Set forth below are the names of the directors whose terms do not expire this year and the persons nominated for election to the Board of Directors at the annual meeting, their ages, their offices in Online Resources Corporation, if any, their principal occupations or employment for the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold directorships.

Name	Age	Position
John C. Dorman	59	Co-Chairman of the Board, interim Chief Executive Officer, interim Chairman of the Corporate Finance Committee
Barry D. Wessler	66	Co-Chairman of the Board, Chairman of IT & Security Committee, interim Chairman of the Governance Committee
Stephen S. Cole	60	Director and Chairman of Risk Management Committee
Edward D. Horowitz	62	Director
Bruce A. Jaffe	45	Director
Donald W. Layden, Jr.	52	Director
Michael E. Leitner	42	Director

Ervin R. Shames	69	Director and Chairman of Management Development and Compensation Committee
William H. Washecka	62	Director and Chairman of Audit Committee

John C. Dorman has served as a Co-Chairman of the Board since January 2010, as our interim Chief Executive Officer since April 2010 and has been a director since May 2009. Mr. Dorman is a private investor; from October 1998 to August 2003 he served as Chief Executive Officer of Digital Insight Corporation, and served on the board of directors of Digital Insight until the company was acquired in 2007 by Intuit Inc. Mr. Dorman served as Senior Vice President of the Global Financial Services Division of Oracle Corporation from August 1997 to October 1998; and Chairman and Chief Executive Officer of Treasury Services Corporation, a provider of modeling and analysis

software for financial institutions, from 1983 to 1997. Mr. Dorman received a B.A. from Occidental College and an M.B.A. from the University of Southern California. Mr. Dorman's prior experience as Chief Executive Officer of Digital Insight Corporation, a longtime competitor, gives him insight into the Company's competitive positioning and future prospects.

Barry D. Wessler has served as a Co-Chairman of the Board since January 2010 and has been a director since May 2000. Since 1995 Dr. Wessler has been a computer and communications consultant. Previously, Dr. Wessler co-founded GTE Telenet, an early packet switch service company (now Sprint Data). He also served as CEO of Plexsys International, a cellular telephone infrastructure manufacturer, and President of NetExpress, an international facsimile network company. In the 1960's, while at the Advanced Research Projects Agency, Dr. Wessler directed research for ARPANet, the forerunner of the Internet. Dr. Wessler has a B.S.E.E. and M.S.E.E. from M.I.T. and a Ph.D. in Computer Science from the University of Utah. Dr. Wessler's advanced degrees in engineering and computer science, his foundational work on the creation of the Internet, and his experience with the confluence of telecommunications and technology give him a unique and comprehensive understanding of the Company's business.

Stephen S. Cole has been a director since May 2005. Mr. Cole served as the President and Chief Executive Officer of YMCA of Metropolitan Chicago from 2001 until his retirement in August 2009. From 1986 to 2001, Mr. Cole was President and Chief Executive Officer of Cash Station, Inc., an electronic banking company. Previously, Mr. Cole served in a variety of management positions for 14 years at First National Bank of Chicago. He serves as a director emeritus of Electronic Funds Transfer Association. During the past five years, Mr. Cole has served as a director of EPAY, Inc. and Optiscan Technologies, Inc. Mr. Cole received a B.A. from Lake Forest College. Mr. Cole has decades of experience in the electronic payments industry, a critical component of the Company's past and future success.

Edward D. Horowitz has been a director since May 2009. Since May 2008, Mr. Horowitz has provided financial, advisory and technology consulting services through Edslink, LLC, a company which he founded. From May 2005 until May 2008, Mr. Horowitz was the President and Chief Executive Officer of SES Americom, a commercial satellite provider, and a member of the executive committee of its parent company, SES Global. Between July 2000 and May 2005, Mr. Horowitz provided financial, advisory and technology consulting services through Edslink, LLC. From January 1997 to July 2000, Mr. Horowitz was Executive Vice President of Citigroup's Advanced Development unit, and Chairman of Citigroup's e-Citi unit. Mr. Horowitz received a B.S. from City College of New York and an M.B.S. from Columbia University. Mr. Horowitz's prior experience as Chairman of Citibank's electronic banking unit, as well as his general experience as a chief executive, gives him insight into the Company's competitive positioning and future prospects.

Bruce A. Jaffe has been a director since May 2009. Since May 2010, Mr. Jaffe has served as CFO and Executive Vice President of Corporate Development for Glam Media, Inc., a leader in digital media brand advertising. Since March 2008, Mr. Jaffe has been the General Manager of Three Point Group, LLC, an entity through which he provides consulting and advisory services. From December 2005 until February 2008, Mr. Jaffe held the position of Corporate Vice President, Corporate Development at Microsoft Corporation. From April 2003 until December 2005, he was Corporate Vice President and Chief Financial Officer, MSN Division at Microsoft Corporation. Mr. Jaffe is currently a Guest Lecturer at the University of Washington Michael G. Foster School of Business. Mr. Jaffe received a B.S. from the University of California, Berkeley and an M.B.A. from Stanford University. Mr. Jaffe's financial background, and his experience valuing acquisition opportunities, enhances the Company's ability to evaluate business lines and strategic opportunities.

Donald W. Layden, Jr. has been a director since May 2010. Since October 2009, Mr. Layden has served as an advisor to Warburg Pincus, LLC, a principal investment firm, and as a partner at Quarles & Brady, LLP, a Milwaukee, WI-based law firm. From October 2004 until October 2009, Mr. Layden was president of the International Group and

senior executive vice president of Corporate Development of Metavante Technologies, Inc., a banking and payments technology company now a part of Fidelity National Information Services, Inc. From March 2008 to October 2009, he also served as General Counsel and Secretary of Metavante Technologies, Inc. From 2000 until 2004, Mr. Layden served as President of NuEdge Systems, LLC, a marketing automation solutions provider. Mr. Layden serves as a director of Firstsource Solutions Limited and FEI Behavioral Health. Mr. Layden received a B.A. in Economics and Political Science from Marquette University and a J.D. from Marquette

University Law School. Mr. Layden's experience in the banking and payments technology industry provides an important perspective on the Company's competitive positioning and future prospects.

Michael E. Leitner has been a director since February 2007, serving as the appointed designee of the holders of our Series A-1 Preferred Stockholders for whom TCP is the advisor. Mr. Leitner has served as a managing director of TCP since 2007, and served as partner of TCP from 2005 to 2007. Prior to joining TCP in 2005, Mr. Leitner served as Senior Vice President of Corporate Development for WiTel Communications from 2004 to 2005 and served as President and Chief Executive Officer of GlobeNet Communications from 2002 to 2004. Mr. Leitner also has held senior corporate development positions with Microsoft Corporation and 360networks and was a Vice President in the M&A group at Merrill Lynch. Mr. Leitner currently serves as the designee of TCP on the boards of directors of ITCDeltaCom, Inc., Anacomp, Inc. and Integra Communications, Inc. During the past five years, Mr. Leitner has served on the boards of directors of Wild Blue Communications and Ticketmaster, Inc. Mr. Leitner holds a B.A. in Economics from the University of California, Los Angeles and a M.B.A. from the University of Michigan. Mr. Leitner's financial background, and his experience valuing acquisition opportunities, enhances the Company's ability to evaluate business lines and strategic opportunities.

Ervin R. Shames has been a director since January 2000. From 1996 to 2008 he was a visiting lecturer in consumer marketing at the University of Virginia's Darden School of Business. From 1993 to 1995, Mr. Shames served as President and Chief Executive Officer of Borden, Inc., a consumer marketing company. Previously, he served as President of both General Foods USA and Kraft USA. He also served as Chairman, President and Chief Executive Officer of Stride Rite Corporation. Mr. Shames currently serves on the board of directors of Choice Hotels and Select Comfort Corporation. Mr. Shames holds a B.S./B.A. from the University of Florida and an M.B.A. from Harvard University. Mr. Shames' consumer marketing expertise provides with additional insight into targeting end users of our services, and his deep understanding of executive compensation issues permits us to maximize the retention of our management talent.

William H. Washecka has been a director since February 2004 and currently serves on the board of directors of Authentech, Inc. From November 2004 to December 2006, he served as Chief Financial Officer of Prestwick Pharmaceuticals, which specialized in therapies for central nervous system disorders. From 2001 until 2002, Mr. Washecka served as Chief Financial Officer for USinternetworking, Inc., an enterprise and e-commerce software service provider. Previously, Mr. Washecka was a partner with Ernst & Young LLP, which he joined in 1972. During the past five years, Mr. Washecka has served on the boards of directors of Audible, Inc., Authentech, Inc., Avalon Pharmaceuticals, Inc. and Visual Networks, Inc. He has a B.S. in accounting from Bernard Baruch College of New York and completed the Kellogg Executive Management Program. Mr. Washecka's decades of experience in auditing and accounting improve our internal controls over financial reporting, enhancing the quality of our public financial disclosures.

Director Independence

Our Board of Directors has determined that all of its members are independent from management under the current standards promulgated by the SEC and by the Nasdaq Global Select Market, except for John C. Dorman during his service as interim CEO.

Executive Sessions

The independent directors are required under our corporate governance guidelines to meet in executive session without management or any inside directors, and do so at least five times each year.

Board Leadership

The Board is led by two co-Chairmen, Mr. John C. Dorman and Dr. Barry D. Wessler. Currently, Mr. Dorman also serves as interim CEO. The Board intends to maintain a separation between the office of Chairman of the Board and the office of principal executive officer, once a permanent CEO is selected. The Board believes this structure is appropriate to the Company's current circumstances because it ensures that the CEO, who is accountable to the Board, does not also occupy the position of leader of the Board.

Risk Oversight

The Board maintains a standing Risk Management Committee to assist management in identifying major risks associated with the Company's activities and review management's risk control policies to ensure consistent evaluation and mitigation of identified risk across the Company.

Committees of the Board of Directors and Meetings

Meeting Attendance. During the fiscal year ended December 31, 2009, there were ten meetings of our Board of Directors, and the various committees of the Board met a total of forty-three times. Other than Mr. Dorman, no director attended fewer than 75% of the total number of meetings of the Board and of committees of the Board on which he or she served during 2009. Mr. Dorman attended 71% of the total number of meetings of the Board and of committees of the Board on which he served during 2009.

Management Development and Compensation Committee. Our Management Development and Compensation (MD&C) Committee met 7 times during fiscal 2009. The Committee has three members: Ervin R. Shames (Chairman), Stephen S. Cole and Edward D. Horowitz. Upon the expiration of his service as interim CEO, John C. Dorman will rejoin the Committee. The MD&C Committee oversees our compensation and organizational matters. Specifically, the Committee reviews and approves management compensation policies, including target compensation levels for management that are based on industry benchmarks, the design of our annual bonus program and establishment of the program's goals and the design of our long-term, equity-based incentive program. The Committee focuses, in particular, on the Chief Executive Officer (CEO) and the CEO's direct reports. The Committee reviews and recommends goals for the CEO to the Board of Directors and evaluates the CEO together with the Board of Directors. In overseeing our management development policies and practices, the Committee consults with the CEO on succession plans and more broadly assesses the development and contingency plans for senior management staff. Our Board of Directors has adopted a charter for the Committee, which is available at www.orcc.com. Please also see the report of the MD&C Committee set forth elsewhere in this proxy statement.

Governance Committee. Our Governance Committee met 9 times during fiscal 2009. The Committee has three members, Barry D. Wessler (interim Chairman), Michael E. Leitner and Ervin R. Shames. Upon the expiration of his service as interim CEO, John C. Dorman will rejoin the Committee and resume his position as Chairman. The Committee evaluates the Board's and its Committees' current composition, organization and governance processes. It also identifies and recommends qualified candidates for director consideration and election by stockholders. The Committee conducts an annual assessment of the Board. In consultation with outside compensation experts, the Committee also designs and recommends to the Board of Directors the compensation policies for directors. Together with updates on industry best practices, legal developments and new securities regulations, the Committee recommends changes and adoption of new processes. The Committee also oversees the development and implementation of a Code of Business Conduct and Ethics for all of our Directors, executive officers and employees and develops and recommends to the Board corporate governance guidelines that are applicable to us. For a description of the process used by the Committee in evaluating and recommending director nominees, see "Nomination Process" below. Our Board of Directors has adopted a charter for the Committee, which is available at www.orcc.com.

Audit Committee. Our Audit Committee met 11 times during fiscal 2009. Our Audit Committee has four members, William H. Washecka (Chairman), Bruce A. Jaffe, Michael E. Leitner and Barry D. Wessler. Generally, the Audit Committee oversees our accounting policies, consolidated financial statements and our internal audit function. The Board of Directors has determined that all members of the Audit Committee satisfy the current independence standards promulgated by the SEC and by the Nasdaq Global Select Market. The Board of Directors has determined

that William H. Washecka is an audit committee financial expert, as the SEC has defined that term in Item 407 of Regulation S-K. Our Board of Directors has adopted a charter for the Committee, which is available at www.orcc.com.

Corporate Finance Committee. Our Corporate Finance Committee met 6 times during fiscal 2009. The committee has four members, John C. Dorman (interim Chairman), Michael E. Leitner, Ervin R. Shames and William H. Washecka. Our Corporate Finance Committee consults with and advises management and the Board of Directors on merger and acquisition opportunities and related financing. The Committee oversees the post-

transaction integration and eventual evaluation of any acquisitions, including the strategic rationale for the acquisition and a comparison of actual financial results to original forecasts for the acquisitions. The Committee further consults and advises us on capital formation policies and implementation. As part of this function, it oversees our treasury and investment management policies, including management of float associated with bill payment operations. The Committee also reviews long-term financial projections and stockholder valuation, and it reviews and recommmited service with the Company through each such vesting date. These options were granted and governed in all respects under the Company's 2013 Equity Incentive Plan.

Employee Benefit Program

We have not historically provided special benefits or perquisites to our Named Executive Officers and did not do so in 2015. The Named Executive Officers are eligible to participate in all of the Company's health, welfare, paid time-off and

401(k) retirement savings benefit programs on the same terms as are available to other employees. These benefit programs are designed to enable the Company to attract and retain its workforce in a competitive marketplace. Health, welfare and paid time-off benefits ensure that the Company has a productive and focused workforce through reliable and competitive health and other benefits. The retirement savings plan helps employees save and prepare financially for retirement.

The Company's retirement savings plan ("401(k) Plan") is a tax-qualified retirement savings plan, pursuant to which all employees, including the Named Executive Officers, are able to contribute the lesser of 50% of their annual compensation (as defined) or the limit prescribed by the Internal Revenue Service to the 401(k) Plan on a before-tax basis. The Company matches employee contributions to the 401(k) Plan based on each participant's contribution during the plan year, up to 3.5% of each participant's annual compensation.

Employment and Separation Arrangements

From time to time, we have provided executive officers with certain termination and change in control benefits. Where implemented, the Compensation Committee or Board has approved these termination and change in control benefits in order to maintain market-competitive compensation practices and to mitigate some of the risk that exists for executives working in a biopharmaceutical company at our current stage of development and where the possibility exists that we may be acquired if our business efforts succeed. These arrangements are intended to retain highly skilled executives who have, or who may seek, alternatives that may appear to them to be less risky in terms of the potential loss of their position following a merger or sale, particularly where the services of these executive officers may not be required by the acquirer.

A summary of the terms of the arrangements we have with our Named Executive Officers and the potential value of payments upon termination or change in control is provided in this amendment to the annual report on Form 10-K under the headings "Employment Agreements" and "Payments Upon Termination or Change in Control."

Competitive Market Review

In 2015, the Compensation Committee retained B&B to assist the committee in identifying a selected peer group of companies within the biotechnology/biopharmaceutical industry and with similar identified characteristics to our Company to be used to assess compensation levels for the top senior management positions. B&B was involved with the process of

Table of Contents

selecting an appropriate peer group for our Company and in collecting and analyzing compensation data of the companies within our peer group. In addition, for some positions, we reviewed other broader market surveys within our industry. While we do not establish compensation levels based solely on comparative data, pay practices at other companies are an important factor that is considered in assessing the reasonableness of compensation and ensuring that our compensation practices are competitive in the marketplace. In compiling the peer group for 2015, the factors that were identified as providing well-defined comparatives to the Company were market capitalization (\$400 million to \$850 million), current stage of clinical development or business activity (product(s) in Phase 2 and Phase 3 studies, and/or close to potential commercialization) and number of employees (< 100). While the Compensation Committee reviewed compensation data pertaining to these companies, it determined that elements such as the Company's diversity of clinical development activities and the level of executive experience should be significant factors in assessing compensation levels, and certain factors such as number of employees or market capitalization might allow for easy categorization, but were not necessarily the most significant factors in determining the relative need by the Company to recruit highly skilled executives. The 20 companies in the peer group identified by B&B for 2015 are listed below.

Array BioPharma, Inc.	BioCryst Pharmaceuticals, Inc.
Blueprint Medicines Corporation	Dermira, Inc.
Enata Pharmaceuticals, Inc.	Epizyme, Inc.
Esperion Therapeutics, Inc.	Geron Corporation
MacroGenics, Inc.	Mirati Therapeutics, Inc.
Omeros Corporation	OncoMed Pharmaceuticals, Inc.
Otonomy, Inc.	Raptor Pharmaceuticals Corporation
Repligen Corporation	Revance Therapeutics, Inc.
Sucamtp Pharmaceuticals, Inc.	Synergy Pharmaceuticals Inc.
TG Therapeutics, Inc.	Xencor, Inc.

Tax Considerations

Deductibility of Executive Compensation. In making compensation decisions affecting our executive officers, the Board has considered our ability to deduct, under applicable federal corporate income tax laws, compensation payments made to executives. Specifically, the Compensation Committee or the Board considered the requirements and impact of Section 162(m) of the Internal Revenue Code, which limits the tax deductibility to us of compensation in excess of \$1.0 million in any year for certain executive officers, except for qualified "performance-based compensation" under the Section 162(m) rules. Although the Compensation Committee or the Board may consider the Section 162(m) rules as a factor in determining compensation, these considerations will not necessarily limit compensation to amounts deductible under Section 162(m). In addition, the rules promulgated under Section 162(m) are complicated, and may change from time to time, sometimes with retroactive effect. As such, it cannot be guaranteed that any amounts intended to qualify as "performance-based compensation" under Section 162(m) will so qualify.

Minimum Stock Ownership Requirements

There are no minimum stock ownership guidelines for our executives or employees, although senior members of our management team are encouraged and expected to have a significant direct interest in the value of our common stock through the receipt of equity awards and/or open market purchases, as the case may be. We strive to design our compensation program to stress long-term ownership in Company equity as the means of best aligning the interests of our executives with those of our shareholders.

Table of Contents

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based on this review and discussion, the Compensation Committee recommended that the foregoing Compensation Discussion and Analysis be included in this amendment to the Annual Report on Form 10-K.

Submitted by the Compensation Committee

Craig A. Johnson, Chairman

Laura L. Douglass

Kevin C. Tang

Summary Compensation Table

The following tables and descriptive materials set forth information concerning compensation earned for services rendered to us by our Named Executive Officers during 2015, 2014 and 2013.

Name and Principal Position	Year	Salary	Options Awards ⁽¹⁾	Non-Equity Incentive Plan Compensation ⁽²⁾	All Other Compensation ⁽³⁾	Total
George F. Tidmarsh, M.D., Ph.D., President, Chief Executive Officer and Secretary	2015	\$525,000	\$14,871,700	\$ 223,000	\$ 18,228	\$15,637,928
	2014	\$470,000	\$1,936,979	\$ 235,000	\$ 63,930	\$2,705,909
	2013	\$420,000	—	\$ 105,000	\$ 70,827	\$595,827
Lakhmir S. Chawla, M.D., Chief Medical Officer ⁽⁴⁾	2015	\$190,000	\$5,190,689	\$ 119,000	\$ 52,588	\$5,552,277
Dennis M. Mulroy, Chief Financial Officer ⁽⁵⁾	2015	\$236,513	\$2,172,844	\$ 72,000	\$ 9,376	\$2,490,733

This column represents the net aggregate grant date fair value, computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 718, for all stock options and awards granted. In 2015, this includes options awarded in February 2015 for 2014 performance, options awarded in December 2015 for 2015 performance, new hire options awarded in 2015 and other options awarded in 2015, all of which are described under “Equity Compensation,” above. Pursuant to SEC rules, the amounts shown exclude the

1. impact of estimated forfeitures related to service-based vesting conditions. The assumptions used in calculating the fair value of the stock options and awards can be found under Note 6 to the Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015. For additional information on stock options awarded, see below under “Outstanding Equity Awards at Year-End.” These amounts reflect the net grant date fair value for these stock options and awards and do not necessarily correspond to the actual value that will be realized by the Named Executive Officer.
2. The amounts listed represent cash awards earned for the year under the Company’s bonus program. The amounts in 2015 include the Company contributions to the 401(k) plans for Dr. Tidmarsh, Dr. Chawla and Mr. Mulroy in the amount of \$15,806, \$4,750 and \$7,000, respectively, and life insurance premiums paid by the Company for Dr. Tidmarsh, Dr. Chawla and Mr. Mulroy in the amount of \$2,422, \$338 and \$2,376, respectively. In addition, Dr. Chawla received relocation expenses covered by the Company in the amount of \$47,500.
3. Dr. Chawla joined the Company in July 2015 with an initial annual salary of \$380,000.
4. Mr. Mulroy joined the Company in April 2015 with an initial annual salary of \$320,000.

Table of Contents

Grants of Plan-Based Awards Table

The following table sets forth certain information regarding grants of plan-based awards during 2015.

Name	Grant Date	Estimated Possible Payout Under Equity Incentive Plan Awards ⁽¹⁾			All Other Option Awards: Number of Securities Underlying Options	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Option Awards ⁽²⁾
		Threshold	Target	Maximum			
George F. Tidmarsh, M.D., Ph.D.	2/23/2015	—	—	—	300,000 ⁽⁴⁾	\$ 19.69	\$6,860,870
	8/31/2015	—	40,000	40,000	—	\$ 35.58	\$240,609
	12/21/2015	—	—	—	289,000 ⁽⁵⁾	\$ 28.24	\$7,770,221
Lakhmir S. Chawla, M.D.	2/6/2015	—	—	—	60,000	\$ 17.34	\$1,329,529
	8/31/2015	—	40,000	40,000	—	\$ 35.58	\$240,609
	8/31/2015	—	—	—	60,000	\$ 35.58	\$2,042,309
	12/21/2015	—	—	—	58,700 ⁽⁵⁾	\$ 28.24	\$1,578,242
Dennis M. Mulroy ⁽³⁾	12/21/2015	—	—	—	41,500 ⁽⁵⁾	\$ 28.24	\$1,115,793

Equity incentive plan awards consist of performance-based stock options. The number of shares issuable will range 1. from 0% to 100% based on the achievement of patient enrollment related to the Phase 3 clinical trial for the LJPC-501 program, a 17-month performance period.

This column reflects the aggregate grant date fair value of equity awards granted in 2015 and calculated in accordance with FASB ASC 718, excluding the effect of estimated forfeitures. The assumptions used in calculating 2. the fair value of the stock options and awards can be found under Note 6 to the Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015.

In April 2015, the Company made a stock option grant of 60,000 shares of common stock with an exercise price of 3. \$18.23 and grant date fair market value of \$1,057,051. This grant was awarded as an Inducement Grant outside of the 2013 Equity Plan and, therefore, is not included in the above Plan-Based Awards table.

4. These options were awarded in February 2015 for 2014 performance.

5. These options were awarded in December 2015 for 2015 performance.

Table of Contents

Outstanding Equity Awards at 2015 Year End

Name	Option Awards				Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options ⁽²⁾	Option Exercise Price (\$)	Option Expiration Date ⁽¹⁾	Number of Unearned Shares, Units or Rights that have not Vested (#)	Market or Payout Value of Unearned Shares, Units or Rights that have not Vested(\$)
George F. Tidmarsh, M.D., Ph.D.	67,877	113,123	(3)—	\$ 10.84	4/3/2024	—	—
	—	300,000	(3)—	\$ 19.69	2/23/2025	—	—
	—	—	40,000	(2) \$ 35.58	8/31/2025	—	—
	—	289,000	(4)—	\$ 28.24	12/21/2025	—	—
	—	—	—	—	—	1,042,679	\$28,152,333
Lakhmir S. Chawla, M.D.	26,250	33,750	(5)—	\$ 17.34	2/6/2025	—	—
	5,000	55,000	(6)—	\$ 35.58	8/31/2025	—	—
	—	—	40,000	(2) \$ 35.58	8/31/2025	—	—
	—	58,700	(4)—	\$ 28.24	12/21/2025	—	—
Dennis M. Mulroy	—	60,000	(4)—	\$ 18.23	4/6/2025	—	—
	—	41,500	(4)—	\$ 28.24	12/21/2025	—	—

1. All stock options expire ten years from the date of grant.
Equity incentive plan awards consist of performance-based stock options. The number of shares issuable will range from 0% to 100% based on the achievement of patient enrollment related to the Phase 3 clinical trial for the LJPC-501 program, a 17-month performance period.
2. The stock option vests and becomes exercisable with respect to 25% of the underlying shares on the one-year anniversary of the grant date and then vests and becomes exercisable ratably on a quarterly basis over the next three years.
3. The stock option vests and becomes exercisable with respect to 25% of the underlying shares on the one-year anniversary of the grant date and then vests and becomes exercisable ratably on a monthly basis over the next three years.
4. The stock option vests and becomes exercisable with respect to 25% of the underlying shares on the date of grant and then vests and becomes exercisable ratably on a quarterly basis over the next three years.
5. The stock option vests and becomes exercisable with respect to the underlying shares ratably on a monthly basis over four years after the grant date.

Option Exercises and Stock Vested

Name	Options Awards		Stock Awards	
	Number of Shares Acquired on	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on	Value Realized on Vesting (\$)

	Exercise		Vesting	
	(#)		(#)	
George F. Tidmarsh, M.D., Ph.D.	—	—	94,790	\$1,894,852
Lakhmir S. Chawla, M.D.	—	—	—	—
Dennis M. Mulroy	—	—	—	—

Value realized on exercise of option awards is computed by determining the difference between the closing market price of our common stock on The NASDAQ Global Select Market on the dates of exercise and the exercise price per share exercised.

Table of Contents

Pension Benefits

We do not maintain any pension benefits.

Non-qualified Defined Contribution and Other Non-qualified Deferred Compensation Plans

We do not maintain a defined benefit pension plan or a non-qualified deferred compensation plan.

Potential Payments upon Termination or Change in Control

Employment Agreements

The Company entered into an employment agreement with Dr. Tidmarsh on January 19, 2012. The annual base salary was \$240,000 for the first year of employment with the Company and was increased to \$420,000 on the one-year anniversary of the employment start date. The employment agreement does not provide for any severance or other benefits upon a change of control or any termination of his employment. Under the agreement, an option to purchase the number of shares of common stock equal to 7.5% of the Company's fully diluted, as-converted shares of common stock was awarded (the "First Option"), subject to the terms and conditions of any applicable award agreements and other restrictions and limitations generally applicable to common stock or equity awards held by Company executives or otherwise imposed by law. Subject to applicable terms and conditions, the First Option was to vest with respect to 25% of the underlying shares on the one-year anniversary of the employment start date, with the remainder vesting monthly, in equal monthly installments, over the three years thereafter. The First Option was exercisable at a price equal to \$3.00 per share of common stock. The First Option was canceled on September 24, 2013, and as a replacement for the First Option, Dr. Tidmarsh received shares of restricted stock. This award accelerates upon any termination of Dr. Tidmarsh's employment without cause or if he elects to terminate his employment with good reason, as shown in the table below.

The Company entered into an employment agreement with Dr. Chawla on July 1, 2015. Dr. Chawla receives an annual salary of \$380,000 and is eligible for a target bonus in an amount equal to 35% of his annual base salary. Dr. Chawla received an option to purchase a total of 60,000 shares of the Company's common stock in February 2015 pursuant to a consultancy arrangement. The option was fully vested with respect to one quarter of the underlying shares on the date of grant, and the remaining shares are to vest quarterly thereafter over the next three years. The option was granted and governed in all respects under the Company's 2013 Equity Incentive Plan.

The Company entered into an employment agreement with Mr. Mulroy on April 6, 2015. Mr. Mulroy receives an annual salary of \$320,000 and is eligible for a target bonus in an amount equal to 35% of his annual base salary. In connection with his appointment as Chief Financial Officer, Mr. Mulroy was granted an option to purchase up to 60,000 shares of the Company's common stock (the "Inducement Option"). The Inducement Option has an exercise price equal to the fair market value of the Company's common stock on the date of the grant (the "Inducement Grant Date"). The Inducement Option vests and becomes exercisable: (i) with respect to 15,000 shares, on the first anniversary of the Inducement Grant Date; and (ii) with respect to the remaining shares, ratably each month over the subsequent three years, such that the Inducement Option will be fully vested and exercisable on the fourth anniversary of the Inducement Grant Date. The Inducement Option was granted outside of the Company's shareholder-approved equity incentive plans, but is governed in all respects as if granted under the Company's 2013 Equity Incentive Plan.

Table of Contents

The following table sets forth information regarding potential payments that would have been made to our Named Executive Officers upon various termination or change in control events assuming such events occurred as of December 31, 2015.

Name	Without Cause or With Good Reason	Without Cause or With Good Reason
	Within Three Months Before or After a Change in Control	Within Three Months Before or After a Change in Control
George F. Tidmarsh, M.D., Ph.D.		
Severance ⁽¹⁾	\$ —	\$ —
Benefit continuation	—	—
Accelerated vesting of stock awards ⁽²⁾	—	32,173,401
Total	\$ —	\$32,173,401
Lakhmir S. Chawla, M.D.		
Severance ⁽¹⁾	\$ —	\$ —
Benefit continuation	—	—
Accelerated vesting of stock awards ⁽²⁾	—	326,025
Total	\$ —	\$326,025
Dennis M. Mulroy		
Severance ⁽¹⁾	\$ —	\$ —
Benefit continuation	—	—
Accelerated vesting of stock awards ⁽²⁾	—	523,200
Total	\$ —	\$523,200

The executive officers' employment offer letters do not provide for severance benefits upon termination, with or without a change of control. However, pursuant to the terms of the stock options and equity awards, the executive officers, are entitled to accelerated vesting of their equity awards in certain circumstances, as set forth in this table.

Represents the value of in-the-money, unvested equity awards that would have accelerated if the Named Executive Officers were terminated on December 31, 2015, based on the closing price of our common stock of \$27.00 on December 31, 2015.

Director Compensation

Our employee directors do not receive any compensation for their Board service.

Director Compensation Table - 2015

The table below sets forth the total compensation paid to our non-employee directors for 2015. Mr. Tang elected to waive all cash compensation for his service as a director.

Name	Fees Earned or Paid in Cash	Stock Awards	Options Awarded ⁽¹⁾⁽²⁾	Total
------	-----------------------------	--------------	-----------------------------------	-------

Kevin C. Tang ⁽³⁾	—	—	\$ 475,136	\$475,136
Laura L. Douglass ⁽⁴⁾	\$60,000	—	\$ 475,136	\$535,136
Craig A. Johnson ⁽⁵⁾	\$60,000	—	\$ 475,136	\$535,136
Robert H. Rosen ⁽⁶⁾	\$60,000	—	\$ 475,136	\$535,136
Saiid Zarrabian ⁽⁷⁾	\$38,167	—	\$ 195,823	\$233,990

This column reflects the aggregate grant date fair value of equity awards granted in 2015 and calculated in accordance with FASB ASC 718, excluding the effect of estimated forfeitures. The assumptions used in calculating the fair value of the stock options and awards can be found under Note 6 to the Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015.

Table of Contents

- Each non-employee director was granted 10,000 options on February 23, 2015 with an exercise price of \$19.69 for a grant date fair value of \$195,823 for their service in 2014 and 10,000 options were granted on December 21, 2015 with an exercise price of \$28.24 for a grant date fair value of \$279,313 for their service in 2015.
3. As of December 31, 2015, Mr. Tang held option awards representing the right to acquire a total of 38,000 shares of common stock. In addition, Mr. Tang has elected to waive all cash compensation for his service as a director.
 4. As of December 31, 2015, Ms. Douglass held option awards representing the right to acquire a total of 57,000 shares of common stock.
 5. As of December 31, 2015, Mr. Johnson held option awards representing the right to acquire a total of 57,000 shares of common stock.
 6. As of December 31, 2015, Mr. Rosen held option awards representing the right to acquire a total of 38,000 shares of common stock.
 7. Mr. Zarrabian resigned as a director of the Company effective August 19, 2015. As of December 31, 2015, Mr. Zarrabian holds no option awards.

Director Compensation

Retainers and Fees for 2015. Directors who are also our employees receive no extra compensation for their service on the Board. In 2015, our non-employee directors received an annual fee of \$60,000, which is paid quarterly. The Chairman of the Board, Mr. Tang, has elected to waive all cash compensation for his service as a director.

Option Grants for 2015. Each of our non-employee directors is eligible to automatically receive, upon becoming a non-employee director, a one-time grant of a non-qualified stock option under the 2013 Plan in an amount to be determined by the Board at an exercise price equal to the fair market value of a share of the common stock on the date of grant. These non-employee director options have a term of 10 years and vest with respect to 1/3rd of the underlying shares on the one-year anniversary of the grant and with respect to the remainder of the underlying shares on a quarterly basis for two years thereafter. There were no such awards granted in 2015. Each non-employee director receives an additional grant annually of a non-qualified stock option in an amount to be determined by the Board. These non-employee director options have a term of 10 years and vest fully on the one-year anniversary of the grant. The exercise price for these additional non-employee director options is the fair market value of our common stock on the date of their grant. All outstanding non-employee director options vest in full immediately prior to any change in control. Each non-employee director is also eligible to receive additional options under the 2013 Plan at the discretion of the Board. These options vest and become exercisable pursuant to the 2013 Plan and the terms of the option grant.

For their service in 2014, each non-employee director was awarded in February 2015 an option to purchase up to 10,000 shares of common stock at \$19.69 per share, a price per share equal to the fair value of the common stock on the date of grant. In December 2015 each non-employee director was awarded an option to purchase up to 10,000 shares of common stock at \$28.24 per share, a price per share equal to the fair value of the common stock on the date of grant for their service in 2015.

Table of Contents

Equity Compensation Plan Information

The following table provides information as of December 31, 2015 with respect to shares of our common stock that may be issued under our equity compensation plans.

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a) (c)
Equity compensation plans approved by security holders	2,258,685	(1)\$ 22.11	786,525
Equity compensation plans not approved by security holders	60,000	(2)\$ 18.23	—
Total	2,318,685	\$ 22.01	786,525

1. Outstanding options to purchase shares of our common stock under the La Jolla Pharmaceutical Company 2013 Equity Incentive Plan.

2. See our discussion of the Inducement Option above.

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

The following table sets forth information regarding beneficial ownership of our common stock as of March 31, 2016, based on information available to us and filings with the SEC by:

• Each of our directors;

• Each of our “named executive officers” as defined by SEC rules;

• All of our current directors and executive officers as a group; and

• Each persons or group of affiliated persons known by us to be a beneficial owner of more than 5% of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to shares of stock. This information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, shares of common stock issuable under stock options that are exercisable within 60 days of March 31, 2016 are deemed outstanding for the purpose of computing the percentage ownership of the person holding the options, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

Table of Contents

Unless otherwise indicated and subject to applicable community property laws, to our knowledge, each shareholder named in the following table possesses sole voting and investment power over his, her or its shares of common stock, except for those jointly owned with that person's spouse. Percentage of beneficial ownership of common stock is based on 18,254,009 shares of common stock outstanding as of March 31, 2016. Unless otherwise noted below, the address of each person listed on the table is c/o La Jolla Pharmaceutical Company, 10182 Telesis Court, 6th Floor, San Diego, California 92121.

Name and Address	Shares of Common Stock Owned ⁽¹⁾	Shares with Right to Acquire Within 60 Days	Total Beneficial Ownership	Percentage of Common Stock
Greater than 5% Shareholders				
Tang Capital Partners, LP ⁽²⁾	3,052,130	—	3,052,130	16.72 %
FMR LLC ⁽³⁾	2,736,226	—	2,736,226	14.99 %
RTW Investments, LLC ⁽⁴⁾	1,084,416	263,029	1,347,445	7.28 %
Visium Balanced Mast Fund, Ltd. ⁽⁵⁾	1,182,013	—	1,182,013	6.48 %
Broadfin Capital, LLC ⁽⁶⁾	1,165,373	—	1,165,373	6.38 %
Franklin Resources, Inc. ⁽⁷⁾	965,600	—	965,600	5.29 %
Directors and Executive Officers				
Kevin C. Tang ⁽²⁾	3,052,130	20,500	3,072,630	16.81 %
George F. Tidmarsh, M.D., Ph.D.	1,447,086	184,253	1,631,339	8.85 %
Lakhmir S. Chawla, M.D.	485	43,750	44,235	*
Laura L. Douglass	—	38,625	38,625	*
Craig A. Johnson	—	38,625	38,625	*
Robert H. Rosen	—	21,000	21,000	*
Dennis M. Mulroy	—	16,250	16,250	*
Jennifer A. Carver	—	26,971	26,971	*
All Directors and Executive Officers as a group	4,499,701	389,974	4,889,675	26.23 %

* Represents beneficial ownership of less than one percent (1%).

- Shares of common stock owned are based upon the Company's review of Statement of Beneficial Ownership Filings
1. on Schedules 13D, 13D/A, 13G and 13G/A, unless otherwise indicated. Shares of common stock owned can vary since the date of such filings.
 2. Based upon a Schedule 13D filed with the SEC on March 7, 2016. The Schedule 13D was jointly filed by Tang Capital Partners, LP, Tang Capital Management, LLC and Kevin Tang. Tang Capital Partners, LP shares voting and dispositive power over such shares with Tang Capital Management, LLC and Kevin Tang. The shares of common stock owned and beneficially owned by Mr. Tang include shares of common stock owned by Tang Capital Partners, LP, and other shares of common stock for which Mr. Tang shares voting and/or dispositive power. Mr. Tang has sole voting and dispositive power over 20,500 shares underlying stock options exercisable within 60 days of March 31, 2016. The beneficial ownership for Tang Capital Partners, LP and Mr. Tang excludes approximately 6,067,299 shares of common stock that are potentially issuable upon conversion of shares of the Company's Series C-1¹ Convertible Preferred Stock. Mr. Tang's beneficial ownership excludes an additional approximately 270,693 shares of common stock that are potentially issuable upon conversion of shares of the Company's Series C-1² Convertible Preferred Stock. The shares of Series C-1² Convertible Preferred Stock have a limit on the ability of the holder to convert, to the extent that the holder would beneficially own greater than 9.999% of the Company's common stock following such conversion, provided that the holder has the ability to waive, increase or decrease this limitation on conversion upon providing the Company with 61 days of prior written notice. Mr. Tang disclaims beneficial

ownership of all shares reported herein except to the extent of his pecuniary interest therein. The address of the foregoing entities and person is 4747 Executive Drive, Suite 510, San Diego, CA 92121. Mr. Tang is the Chairman of the Board.

Based upon a Schedule 13G/A filed with the SEC on February 12, 2016. The Schedule 13G/A was filed jointly by 3. FMR LLC, Abigail P. Johnson and Select Biotechnology Portfolio. The address of the entities and persons is 245 Summer Street, Boston, MA 02210.

4. Based upon a Schedule 13G filed with the SEC on February 11, 2016. The Schedule 13G was jointly filed by RTW Investments, LLC, RTW Master Fund, Ltd. and Roderick Wong. RTW Investments, LLC, RTW Master Fund, Ltd.

Table of Contents

and Roderick Wong share voting and dispositive power over such shares. The beneficial ownership for RTW Investments, LLC includes approximately 263,029 shares of common stock that are potentially issuable upon conversion of shares of the Company's Series C-1 Convertible Preferred Stock. The address of the foregoing entities and person is 250 West 55th Street, 16th Floor, Suite A, New York, NY 10019.

Based upon a Schedule 13G filed with the SEC on February 8, 2016. The Schedule 13G was filed jointly by Visium Balanced Master Fund, LTD., Visium Asset Management, LP, JG Asset, LLC and Jacob Gottlieb. Visium Balanced

5. Master Fund, LTD., Visium Asset Management, LP, JG Asset, LLC and Jacob Gottlieb share voting and dispositive power over such shares. The address of the entities and persons is 888 Seventh Avenue, New York, NY 10019.

Based upon a Schedule 13G filed with the SEC on February 12, 2016. The Schedule 13G was jointly filed by Broadfin Capital, LLC, Broadfin Healthcare Master Fund, Ltd. and Kevin Kotler. Broadfin Capital, LLC, Broadfin

6. Healthcare Master Fund, Ltd. and Kevin Kotler share voting and dispositive power over such shares. The address of the forgoing entities and person is 300 Park Avenue, 25th Floor, New York, NY 10022.

Based upon a Schedule 13G filed with the SEC on February 9, 2016. The Schedule 13G was jointly filed by Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr. and Franklin Advisers, Inc. Franklin Advisers,

7. Inc. has sole voting and dispositive power over such shares. The address of the forgoing entities and persons is One Franklin Parkway, San Mateo, CA 94403.

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

Pursuant to our Code of Ethics, our executive officers, directors and employees must disclose transactions involving actual or apparent conflicts of interest, such as related-party transactions, to the Chairperson of the Audit Committee. Additionally, the Audit Committee is responsible for review and approval of all related-party transactions in which any officer, director or shareholder has a direct or indirect interest and would be required to be disclosed under Item 404(a) of SEC Regulation S-K, and has written policies and procedures for reviewing, approving or ratifying any transaction required to be reported under Item 404(a) of SEC Regulation S-K. In reviewing related-party transactions, the Audit Committee evaluates any transaction in which a "related person" (as defined in Item 404(a) of SEC Regulation S-K) was or is to be a participant and the amount involved exceeds \$120,000, and in which the related person had or will have a direct or indirect material interest. The Audit Committee also will consider whether the proposed terms are at least as favorable to the Company as could be obtained from unaffiliated third parties and will confirm that there is a bona fide business purpose for the transaction.

During the year ended December 31, 2015, the Company entered into a services agreement with a third party that is controlled by investment funds affiliated with the Chairman of the Company's Board. Pursuant to the services agreement, the Company provides certain services to this related party, including, but not limited to, research and development and clinical trial design and management for the project undertaken. In exchange for providing such services, the Company receives payments at a negotiated, arms-length rate that has been reviewed and approved by the Company's Audit Committee. As a result, the consideration received by the Company for its services is considered to be no less favorable to the Company than comparable terms that the Company could obtain from an unaffiliated third party in an arms-length transaction. The services agreement may be canceled by either party upon 60-days' written notice to the other party.

During the year ended December 31, 2015, the Company recognized approximately \$1.1 million of contract revenue for services and costs provided under the services agreement.

In addition, the Company and the Company's Chief Executive Officer hold a non-voting profit interest in the related party, which provides the potential to receive a portion of the future distributions of profits, if any, that may be distributed by the third party entity.

Item 14. Principal Accountant Fees and Services.

The following table presents the fees incurred by Squar Milner LLP for services rendered during the fiscal years ended December 31, 2015 and 2014:

	2015	2014
Audit Fees	\$ 177,656	\$ 116,603
Audit-Related Fees	31,402	62,550
Tax Fees	7,910	5,500
Total	\$216,968	\$ 184,653

20

Table of Contents

Audit Fees. The fees identified under this caption were for professional services rendered by Squar Milner for the audit of our annual financial statements. The fees identified under this caption also include fees for professional services rendered by Squar Milner for the review of the financial statements included in our quarterly reports on Form 10-Q. In addition, the amounts include fees for services that are normally provided by the auditor in connection with regulatory filings and engagements for the years identified.

Audit-Related Fees. Audit related fees consist of fees paid to Squar Milner in connection with their consents on the Company's registration statements on Forms S-1, S-3 and S-8.

Tax Fees. Tax fees consist principally of assistance related to tax compliance and reporting.

Pre-approval Policy. Our Audit Committee approves in advance all services provided by our independent registered public accounting firm. All engagements of our independent registered public accounting firm for 2015 and 2014 were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

1. **Financial Statements:** The financial statements of La Jolla Pharmaceutical Company are included in the Original Form 10-K.

2. **Financial Statement Schedule:** The other financial statement schedules have been omitted because they are either not required, not applicable, or the information is otherwise included in the Original Form 10-K.

Exhibits: The exhibits listed in the Original Form 10-K are required by Item 601 of Regulation S-K. Each management contract or compensatory plan or arrangement required to be filed as an exhibit has been identified. A list of the exhibits filed with this Amendment is provided below.

Exhibit Number Description

24.1	Power of Attorney (previously filed)
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

La Jolla Pharmaceutical Company

Date: April 29, 2016 /s/ George F. Tidmarsh
George F. Tidmarsh, M.D., Ph.D.
President, Chief Executive Officer and Secretary

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

Signature	Title	Date
/s/ George F. Tidmarsh George F. Tidmarsh, M.D., Ph.D.	President and Chief Executive Officer (Principal Executive Officer)	April 29, 2016
/s/ Dennis M. Mulroy Dennis M. Mulroy	Chief Financial Officer (Principal Financial and Accounting Officer)	April 29, 2016
* Kevin C. Tang	Director, Chairman of the Board	April 29, 2016
* Laura L. Douglass	Director	April 29, 2016
* Craig A. Johnson	Director	April 29, 2016
* Robert H. Rosen	Director	April 29, 2016
* By: /s/ Dennis M. Mulroy Attorney in Fact		