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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 3, 2024

Lexicon Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-30111
(Commission File Number)

76-0474169
(I.R.S. Employer
Identification Number)

2445 Technology Forest Blvd., 11th Floor
The Woodlands, Texas 77381
(Address of principal executive offices and Zip Code)

(281) 863-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001	LXRX	The Nasdaq Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(c) (d) (e) *Michael Exton, Ph.D.* Effective as of July 8, 2024, Michael Exton, Ph.D. was appointed as our chief executive officer (in which capacity he will function as our principal executive officer) and elected to serve as a member of our board of directors.

Dr. Exton, 54, served for fourteen years in a series of senior leadership positions at Novartis, most recently as cardiometabolism therapeutic head from August 2022 to June 2024. In such role, Dr. Exton led the global cross functional commercial therapeutic areas of cardiovascular and metabolic disease, with key responsibilities in discovery, development, commercial launch preparation, business development, investor relations and media engagement. Dr. Exton's previous positions with Novartis included vice president and global head, cardiovascular renal and metabolism franchise from November 2021 to August 2022 and vice president and head, cardiovascular renal and metabolism franchise of Novartis USA from January 2018 to August 2022. Prior to joining Novartis, Dr. Exton was director of business development with Invida Pty Ltd and spent nine years with Eli Lilly Australia, where he held a variety of research, business development and commercial positions. Dr. Exton holds a B.Sc. and a Ph.D. in neuroscience from the University of Newcastle and a Ph.D. in immunology from the University of Essen, Germany. We believe that Dr. Exton's extensive experience in a wide variety of disciplines within the pharmaceutical industry, including research, development, commercialization and the evaluation and negotiation of strategic acquisitions, licensing and partnerships, qualifies him to serve as a member of our board of directors.

In connection with his appointment, we entered into an offer letter with Dr. Exton dated July 3, 2024. Under the terms of the offer letter, Dr. Exton will receive an initial annual base salary of \$636,000 and will be eligible to receive an annual cash bonus, with a bonus target of 70% of his base salary. The actual cash bonus, if any, will be determined in the discretion of the compensation committee of our board of directors based on the achievement of certain corporate goals and in accordance with the process applicable to all named executive officers; provided, that we will pay Dr. Exton a prorated cash bonus for 2024 at no less than the bonus target level. If we terminate Dr. Exton's employment without "cause," as defined in the offer letter, we will pay Dr. Exton his then-current salary for twelve months following such termination. If such termination is in connection with a "change in control," as defined in the offer letter, we will pay Dr. Exton an additional one-time payment equal to his bonus target for the year of termination.

In addition, we have granted Dr. Exton a stock option under our 2017 Equity Incentive Plan (the "Plan") to purchase 1,675,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the grant date, as determined in accordance with the terms of the Plan. The stock option expires on the tenth anniversary of the grant date and vests with respect to 25% of the shares underlying the stock option on the first anniversary of the grant date and 1/48th per month for each month of service thereafter. The stock option becomes fully vested with respect to all remaining unvested shares upon a change in control of our company.

Dr. Exton will be eligible to receive additional long-term stock-based incentive awards under the Plan, with an initial potential target of aggregate grant amount value of 400% of his annual base salary. Actual long-term stock-based incentive awards, if any, will be determined in the discretion of the compensation committee of our board of directors in accordance with the process applicable to all named executive officers.

Neither the election of Dr. Exton as a director nor his appointment as chief executive officer were made pursuant to any other arrangement or understanding between Dr. Exton and any other person. Dr. Exton will not initially serve on any committees of the board of directors, and we do not expect that Dr. Exton will ultimately be appointed to any such committees. Dr. Exton will not receive any additional compensation for his service as a director.

There are no family relationships involving Dr. Exton which would require disclosure under Item 401(d) of Regulation S-K. There are no current or proposed transactions in which Dr. Exton or any member of his immediate family has, or will have, a direct or indirect material interest which would require disclosure under Item 404(a) of Regulation S-K.

A copy of the offer letter with Dr. Exton is attached to this current report on Form 8-K as Exhibit 10.1 and the above summary is qualified in its entirety by reference to the full text of such offer letter.

Jeffrey L. Wade. Also effective as of July 8, 2024, Jeffrey L. Wade was promoted from our president and chief financial officer to our president and chief operating officer, in which capacity Mr. Wade will report to Dr. Exton and perform the functions of our president, principal operating officer and principal financial officer.

Mr. Wade, 59, has been our president and chief financial officer since 2021 and previously served in a series of finance, corporate development, administrative and legal leadership positions since joining our company in 1999. Before joining our company, Mr. Wade was a partner with the law firm of Andrews & Kurth L.L.P., where he represented companies in the biotechnology, information technology and energy industries in venture capital financings, public offerings and private placements, mergers and acquisitions, collaborations and licensing, and other corporate matters. Mr. Wade is a member of the boards of directors of the Texas Healthcare and Bioscience Institute and BioHouston. He received his B.A. and J.D. from the University of Texas.

In connection with his promotion, Mr. Wade's base annual salary was increased from \$560,000 to \$585,000 and his bonus target was increased from 50% to 60% of his base salary. In addition, we have granted Mr. Wade a stock option under the Plan to purchase 307,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the grant date, as determined in accordance with the terms of the Plan. The stock option expires on the tenth anniversary of the grant date and vests with respect to 25% of the shares underlying the stock option on the first anniversary of the grant date and 1/48th per month for each month of service thereafter. The stock option becomes fully vested with respect to all remaining unvested shares upon a change in control of our company.

Mr. Wade's promotion to president and chief operating officer was not made pursuant to any arrangement or understanding between Mr. Wade and any other person. There are no family relationships involving Mr. Wade which would require disclosure under Item 401(d) of Regulation S-K. There are no current or proposed transactions in which Mr. Wade or any member of his immediate family has, or will have, a direct or indirect material interest which would require disclosure under Item 404(a) of Regulation S-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	— Offer Letter, dated July 3, 2024, with Michael Exton, Ph.D.
EX-104	— Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 thereunto duly authorized.

Lexicon Pharmaceuticals, Inc.

Date: July 8, 2024

By: /s/ Brian T. Crum
Brian T. Crum
Senior Vice President and General Counsel

July 2, 2024

Dr. Mike Exton
[Address]

Dear Mike:

I extend this offer for you to join us as the Chief Executive Officer of Lexicon Pharmaceuticals, Inc. (the “Company”) with the backing and enthusiasm of the entire board of directors. We believe you have the right blend of leadership and personal and professional qualities to lead Lexicon in the next phase of its growth and development and bring breakthrough treatments to patients. Lexicon is at a pivotal point in its story, with programs at each stage of development, and your leadership will help propel it forward in this journey.

As CEO, you will be responsible for directing the activities of the Company and you will report directly to the board of directors. Additionally, you will be elected as a member of the Company’s board of directors and will be nominated for reelection to such position by the Company’s stockholders as long as you are the Company’s CEO.

The terms under which we are offering you this position are outlined below:

Base Salary

You will receive a monthly salary of \$53,000 (\$636,000 per year), paid in accordance with our standard payroll policies and subject to all withholdings and deductions as required by applicable law. We currently pay employees on the 15th and last day of each month.

Cash Bonus

You will be eligible for an annual cash bonus with a bonus target of 70% of your annual base salary (with an opportunity to earn a greater bonus for over-achievement). The actual amount of your bonus will be based upon achievement of corporate objectives established at the beginning of each year. As is the case with all Lexicon officers, decisions regarding the payment of bonuses are subject to the discretion of the compensation committee of the board of directors.

For 2024, your bonus will be prorated based on your start date with the Company and we will guarantee a payout of this prorated amount at least at target level for the 2024 year. Bonuses for 2024 are expected to be determined and paid in the first quarter of 2025.

All bonus payments shall be subject to our standard bonus payment policies, including tax withholding obligations.

Initial Stock Option Award

You will receive an option award under our 2017 Equity Incentive Plan (the “Plan”) giving you the right to purchase 1,675,000 shares of common stock at an exercise price equal to the fair market value of the common stock, as defined in the Plan, on the date your employment with the Company commences. The stock option will vest and become exercisable according to the following schedule: (a) twenty-five percent (25%) of the total after twelve months from grant date and (b) one forty-eighth (1/48th) of the total after each subsequent month of employment thereafter, in each case if you have continuous employment. The stock option will have a ten-year term and will be subject to the terms and conditions of the Plan and our standard form of stock option agreement for Company officers (which includes acceleration of vesting in the event of a change in control, as defined in that agreement), which you will receive after the stock option is granted.

Annual Equity Incentive Awards

You will also be eligible to receive annual equity incentive awards under the Plan (with an initial aggregate target grant date value of 400% of your then-current salary), which have historically been awarded as (i) restricted stock units granting employees the right to receive shares of common stock for no additional

consideration and/or (ii) stock options granting employees the right to purchase shares of common stock at an exercise price equal to the fair market value of the common stock, as defined in the Plan, on the date of grant. Such annual equity incentive awards are contingent upon approval by the compensation committee of the board of directors and are granted during our annual compensation cycle, which typically occurs each February. All terms and conditions of such awards will be governed by the terms of the Plan and any award agreement provided to you at the time of grant.

Benefits

You will be eligible to participate in the employee benefits plans we make available to our employees generally, which currently include health, dental, vision, life and disability insurance, as well as a 401(k) retirement plan. We currently make matching contributions under our 401(k) plan in an amount equal to 100% of an employee's contributions up to four percent of eligible compensation. You are also eligible for 20 days of Paid Time Off (PTO) annually, which is accrued per pay period. All such benefits will be subject to eligibility and other provisions contained in the applicable governing documents or programs.

Severance

In the event your employment is terminated without "cause" by the Company, you will be eligible to receive (subject to your satisfaction of the release requirement described below), and the Company shall be obligated to pay, salary continuation payments (pursuant to the Company's normal payroll procedures) in an amount equal to your then current base salary for a period of twelve months following such termination (the "Recurring Severance Payments"). In the event your employment is terminated without "cause" by the Company in connection with a "change in control," then (subject to your satisfaction of the release requirement described below) you will additionally receive a one-time payment equal to your annual cash bonus at target for the year of your termination (the "One-Time Severance Payment"). For purposes of the foregoing,

- termination for "cause" shall mean termination of employment directly resulting from (a) intentional misconduct causing a material violation by the Company of any state or federal laws, (b) a theft of corporate funds or corporate assets or in a material act of fraud upon the Company, (c) an act of personal dishonesty that was intended to result in personal enrichment at the expense of the Company or (d) conviction of a felony; and
- a "change in control" of the Company shall be deemed to have occurred if any of the following shall have taken place: (a) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, or any successor provisions thereto), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding voting securities; (b) the approval by the stockholders of the Company of a reorganization, merger, or consolidation, in each case with respect to which persons who were stockholders of the Company immediately prior to such reorganization, merger, or consolidation do not, immediately thereafter, own or control more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated Company's then outstanding securities in substantially the same proportion as their ownership of the Company's outstanding voting securities prior to such reorganization, merger or consolidation; or (c) a liquidation or dissolution of the Company or the sale of all or substantially all of the Company's assets. For the avoidance of doubt, Invus, LP or its affiliates being a majority owner or dropping below majority ownership does not by itself constitute a "change in control" and
- if you are a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of your "separation from service" (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")), and any payment or benefit pursuant to this "Severance" section constitutes a "deferral of compensation" within the meaning of Treasury Regulation Section 1.409A-1(b), you will not be entitled to such payment or benefit until the earlier of (a) the date which is six months after your separation from service for any reason other than death, or (b) the date of your death. The provisions of this subparagraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code. Any amounts otherwise payable to you upon or in the six-month period following your separation from service that are not so paid by reason of this paragraph shall be paid (without interest) as soon as practicable (and in all events

within twenty (20) days) after the date that is six months after your separation from service (or, if earlier, as soon as practicable, and in all events within 30 days, after the date of your death). Each payment under this “Severance” section shall be treated as one of a series of separate payments for purposes of Section 409A of the Code. It is intended that any amounts payable under this letter and our or your exercise of authority or discretion hereunder shall comply with and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This letter shall be construed and interpreted consistent with that intent.

The Recurring Severance Payments will be paid in substantially equal installments paid over the twelve-month period following the date on which your employment terminates (the “Termination Date”). On the Company’s first regularly scheduled pay date that is on or after the date that is sixty (60) days after the Termination Date (the “First Payment Date”), the Company shall pay to you, without interest, a number of such installments equal to the number of such installments that would have been paid during the period beginning on the Termination Date and ending on the First Payment Date had the installments been paid on the Company’s regularly scheduled pay dates on or following the Termination Date, and each of the remaining installments shall be paid on the Company’s regularly scheduled pay dates during the remainder of such twelve-month period. The One-Time Severance Payment will be paid in a lump-sum cash payment within sixty (60) days after the Termination Date. The Recurring Severance Payments and One-Time Severance Payment shall each be subject to all tax withholding obligations.

In order to receive the Recurring Severance Payments and the One-Time Severance Payment (and any portion thereof), you will be required to execute, on or before the expiration date specified therein, and not revoke within any time provided by the company to do so, a release of all claims in a form acceptable to the Company (the “Release”), which Release shall release the Company and its affiliates, and the foregoing entities’ respective shareholders, members, partners, officers, managers, directors, predecessors, successors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of your employment, engagement, or affiliation with the Company and any of its affiliates or the termination of such employment, engagement or affiliation, but excluding all claims to severance payments you may have.

Clawback Policies

All incentive compensation provided to you as an employee of the Company will be subject to any policy (whether currently in existence or later adopted) established by the Company that provides for the clawback or other recovery of applicable amounts that were paid to you.

Start Date

We expect that you will begin work on or about July 8, 2024.

Employment Location

Your primary place of employment will be our New Jersey office. You will be expected to dedicate a meaningful portion of your time working at our Texas site.

Background Check and Drug Testing

This job offer is contingent upon receipt of results of a satisfactory drug test, background check, verification of credentials and acceptable references.

Proprietary Information Agreement

We consider the protection of our confidential information and proprietary rights to be very important. As a result, our offer of employment is conditioned upon your signing our standard form of employee proprietary information agreement.

Subject to the severance obligations of the Company described herein, this letter does not create any term of employment, and both you and the Company will be free to terminate your employment at any time for any reason.

If you have any questions regarding this offer, please contact me, Philippe Amouyal, Wendy McDermott or Brian Crum.

Mike, I believe you will enjoy working with the entire Lexicon team and with the board of directors, and that your leadership will make Lexicon a remarkable success story. If you find this offer to be acceptable, please indicate your acceptance by signing and returning one of the two copies of this letter on, or before, Sunday, July 7, 2024.

Sincerely,

/s/ Raymond Debbane

Raymond Debbane
Chairman of the Board of Directors of Lexicon

Pharmaceuticals, Inc.

Accepted and agreed:

/s/ Mike Exton

Dr. Mike Exton

Date: July 3, 2024