

Xenon Pharmaceuticals Inc.
Form DEF 14A
March 30, 2015

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

SCHEDULE 14A INFORMATION
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

XENON PHARMACEUTICALS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: Xenon Pharmaceuticals Inc. - Form DEF 14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

XENON PHARMACEUTICALS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the **Meeting**) of the holders of common shares (**Common Shares**) of Xenon Pharmaceuticals Inc. (**Xenon** or the **Corporation**) will be held at the offices of the Corporation at #200 - 3650 Gilmore Way, Burnaby, British Columbia, on Monday, May 4, 2015 at 9:00 a.m. (PDT) for the following purposes:

1. to receive the financial statements of the Corporation for the financial year ended December 31, 2014 and the report of the Corporation's auditors thereon;
2. to elect as directors of the Corporation the eight nominees named in the accompanying Proxy Statement and Management Information Circular to hold office until the next annual meeting of the Corporation or until their successors are duly elected;
3. to appoint KPMG LLP as the Corporation's auditors to hold office until the next annual meeting of the Corporation;
4. to authorize the Audit Committee of the board of directors of the Corporation to fix the remuneration to be paid to the auditors of the Corporation; and
5. to conduct such other business as may properly be brought before the Meeting or any adjournment thereof.

The accompanying Proxy Statement and Management Information Circular provides additional information as to the matters to be dealt with at the Meeting and is deemed to form a part of this Notice. Shareholders of record at the close of business on March 17, 2015 are entitled to receive notice of and to vote at the Meeting.

Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their Common Shares will be voted at the Meeting are requested to complete, date and execute the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Proxy Statement and Management Information Circular.

Proxies to be used at the Meeting must be received by American Stock Transfer & Trust Company, LLC, not later than 11:59 p.m. (EDT) on Sunday, May 3, 2015 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting). Proxies may be submitted by one of the following alternative methods:

By Internet: <http://www.voteproxy.com> and follow the on-screen instructions or scan the QR code provided on the form of proxy;

By Telephone: 1-800-PROXIES (1-800-776-9437) (toll-free in the United States and Canada) or 1-718-921-8500 and enter the 11 digit control number printed on the form of proxy;

Edgar Filing: Xenon Pharmaceuticals Inc. - Form DEF 14A

By Email: Complete, date and sign your proxy and email a scanned copy to proxy@amstock.com;

By Fax: Complete, date and sign your proxy and fax a copy to 718-765-8730; or

By Mail: Complete, date and sign your proxy and mail a copy to American Stock Transfer & Trust Company, LLC, at 6201 15th Avenue, Brooklyn, NY 11219, United States.

If you hold your Common Shares in a brokerage account you are not a registered shareholder. Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the voting instruction form provided to them by their broker or other intermediary to ensure that their Common Shares will be voted at the Meeting.

DATED at Burnaby, British Columbia this 30th day of March, 2015.

By Order of the Board of Directors

Simon N. Pimstone
President & Chief Executive Officer

XENON PHARMACEUTICALS INC.

PROXY STATEMENT AND

MANAGEMENT INFORMATION CIRCULAR

Annual Meeting of Shareholders

to be held on Monday, May 4, 2015

GENERAL PROXY INFORMATION

Information in this Proxy Statement and Management Information Circular (this **Circular**) is provided as of March 17, 2015, unless otherwise indicated. In this Circular, we , us , our , Xenon and the Corporation refers to Xenon Pharmaceuticals Inc. All references in this Circular to \$ or USD\$ are to U.S. dollars and all references to CAD\$ are to Canadian dollars, unless otherwise indicated.

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the board of directors and management of the Corporation for use at the annual meeting (the Meeting) of shareholders of the Corporation to be held at the offices of the Corporation at #200 3650 Gilmore Way, Burnaby, British Columbia on Monday, May 4, 2015, at 9:00 a.m. (PDT). The cost of solicitation will be borne by the Corporation. The address of the principal executive office of Xenon is 200 3650 Gilmore Way, Burnaby, British Columbia V5G 4W8, Canada. This Circular, the accompanying notice and the enclosed form of proxy are expected to first be mailed to shareholders on or about Monday, March 30, 2015.

Management expects that proxies will be solicited primarily by mail. Employees and directors of Xenon or persons retained by Xenon for that purpose may also solicit proxies personally or by telephone. If a holder holds his, her or its common shares of the Corporation (the **Common Shares**) in the name of a bank, broker or other nominee, please see the section of this Circular entitled **Beneficial Shareholders** below.

Appointment of Proxyholders

The persons named in the accompanying form of proxy are officers of the Corporation.

A shareholder has the right to appoint a person or company to attend and act for the shareholder and on that shareholder's behalf at the Meeting other than the persons designated in the enclosed form of proxy. A shareholder wishing to exercise this right may strike out the names now designated in the enclosed form of proxy and insert the name of the desired person or company in the blank space provided. The desired person need not be a shareholder of the Corporation.

Only a registered shareholder at the close of business on March 17, 2015 (the **Record Date**) will be entitled to vote, or grant proxies to vote, his, her or its Common Shares at the Meeting.

If your Common Shares are registered in your name, then you are a registered shareholder. However, if, like most shareholders, you keep your Common Shares in a brokerage account, then you are a beneficial shareholder. The process for voting is different for registered shareholders and beneficial shareholders. Registered shareholders and beneficial shareholders should carefully read the instructions herein if they wish to vote their Common Shares at the

Meeting.

Page 1

Voting of Shares Represented by Proxy

Proxies can be voted on a vote by show of hands or on a vote where a poll is required. **All Common Shares represented by proxy will be voted for, voted against or withheld from voting on each motion, as applicable, on which a poll is taken at the Meeting in accordance with the direction of each shareholder appointing them.**

If no choice is specified by the shareholder, the Common Shares will be voted FOR the matters described herein. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and to other matters which may properly come before the Meeting or any adjournment or postponement thereof. If any matters which are not now known should properly come before the Meeting, persons named in the form of proxy will vote on such matters in accordance with their best judgement. At the time of printing this Circular, management of the Corporation is not aware of any amendment, variation or other matters which are to come before the Meeting other than those matters identified in the accompanying Notice of Meeting.

Validity of Proxy

Proxies to be used at the Meeting must be received by American Stock Transfer & Trust Company, LLC, in accordance with the instructions contained in the accompanying form of proxy, not later than 11:59 p.m. (EDT) on Sunday, May 3, 2015 (or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting). A proxy form will not be valid unless completed and deposited in accordance with the instructions set out in the enclosed form of proxy.

Revocation of Proxies

A registered shareholder executing the accompany form of proxy has the power to revoke it at any time before it is exercised. The revocation of a proxy by a registered shareholder may be effected by the registered shareholder either (a) attending the Meeting and voting in person, or (b) giving written notice of the revocation executed by the registered shareholder in the same manner as provided for the execution of the instrument of proxy. To be effective, the written notice of revocation must be deposited (i) with American Stock Transfer & Trust Company, LLC, in the manner for the deposit of proxies set forth herein and in the accompanying form of proxy or at the registered office of the Corporation at any time up to and including the last business day preceding the Meeting, or any adjournment thereof, or (ii) with the Chair of the Meeting, on the date of the Meeting or any adjournment thereof, and upon deposit the proxy will be revoked. A proxy may also be revoked by the giving of a subsequent proxy with a later date. To be effective, the subsequent proxy must be deposited (i) (in original form or by internet, telephone, email or fax in accordance with the instructions in the proxy) at any time up to 11:59 p.m. (EDT) on Sunday, May 3, 2015; or (ii) at the Meeting, with the Chair of the Meeting before the commencement of the Meeting (or any adjournment thereof).

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. If Common Shares are listed in an account statement provided to a shareholder by an intermediary, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation and such shareholder will be considered a beneficial shareholder. Such Common Shares will more likely be registered under the names of the shareholder's intermediary or an agent of that intermediary. In the United States, the vast majority of shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Beneficial shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares). Beneficial shareholders who wish to vote their Common Shares at the Meeting should follow the instructions set out in this Section.

Beneficial shareholders will receive instructions from their intermediary as to how to vote their Common Shares. Every intermediary has its own mailing procedures and provides its own return instructions to clients. Beneficial shareholders who wish to vote at the Meeting should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting. Generally, intermediaries will provide beneficial shareholders with either: (a) a voting instruction form for completion and execution by the beneficial shareholder, or (b) a proxy form, executed by the intermediary and restricted to the number of Common Shares owned by the beneficial shareholder, but otherwise uncompleted. These are procedures to permit beneficial shareholders to direct the voting of the Common Shares that they beneficially own.

If a beneficial shareholder wishes to attend and vote in person at the Meeting, he, she or it must insert their own name in the space provided for the appointment of a proxyholder on the voting instruction form or proxy form provided by the intermediary, and carefully follow the intermediary's instructions for return of the executed form or other method of response.

If a beneficial shareholder does not provide voting instructions to its intermediary, the beneficial shareholder's Common Shares will not be voted at the Meeting on any matter on which the intermediary does not have discretionary authority to vote. Under current rules, certain intermediaries may not have discretionary authority to vote Common Shares at the Meeting on matters relating to the election of directors. We encourage all beneficial shareholders to provide instructions to the securities broker, financial institution, trustee, custodian or other nominee who holds Common Shares on their behalf by carefully following the instructions provided.

Voting and Broker Non-Votes

All votes will be tabulated by the inspector of election appointed for the Meeting, who will separately tabulate affirmative, negative and withheld votes. Withheld votes represent a shareholder's affirmative choice to decline to vote on the applicable matter.

Broker non-votes occur when a broker or intermediary holding Common Shares for a beneficial owner does not vote on a particular matter because such intermediary does not have discretionary authority to vote on that matter and has not received voting instructions from the beneficial owner. Intermediaries typically do not have discretionary authority to vote on non-routine matters. Under the securities laws of the U.S., and the applicable rules (the **NYSE Rules**) of the New York Stock Exchange (the **NYSE**), which apply to all NYSE-licensed intermediaries who have record ownership of listed company stock (including stock such as our Common Shares that are listed on The NASDAQ Global Market (the **NASDAQ**)), intermediaries have discretionary authority to vote on routine matters when they have not received timely voting instructions from the beneficial owner. Items 3 and 4 (Appointment and Remuneration of Auditor) set forth in the Notice of Meeting are considered routine matters under NYSE Rules and, as such, we do not expect to receive any broker non-votes at the Meeting on these matters. Item 2 in the Notice of Meeting (election of directors) is considered a non-routine matter on which the intermediaries do not have discretionary authority to vote and broker non-votes could result.

Quorum

The quorum for the Meeting shall be one person present in person holding or representing by proxy not less than 33 1/3% of the issued Common Shares entitled to be voted at the Meeting. Only a shareholder of record at the close of business on the Record Date will be entitled to vote, or grant proxies to vote, his, her or its Common Shares at the

Meeting (subject, in the case of voting by proxy, to the timely deposit of his or her executed form of proxy as described herein). Broker non-votes are included in the calculation of the number of votes considered to be present at the Meeting for purposes of determining a quorum, but otherwise will not affect the voting outcome of the matters to be acted upon at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. Our Common Shares are listed for trading on the NASDAQ. As of the Record Date, the Corporation had 14,221,600 Common Shares and no preferred shares outstanding.

At the Meeting, each holder of Common Shares as of the Record Date is entitled to one vote per Common Share held in connection with each matter to be acted upon at the Meeting. Item 2, electing the directors, and Item 3, appointing the auditor (each item as set out in the Notice of Meeting), must receive votes cast FOR such Items by holders of our Common Shares, in person or by proxy at the Meeting (or any adjournment or postponement thereof), in order to be passed. Item 4 in the Notice of Meeting, authorizing our Audit Committee of the board of directors (our **Board**) to fix the remuneration to be paid to KPMG LLP, Chartered Accountants (**KPMG**), must receive the affirmative vote of a majority of the Common Shares present in person or by proxy at the Meeting (or any adjournment or postponement thereof) and cast on the item in order to be passed. There are no broker non-votes expected on Items 3 or 4. An automated system administered by American Stock Transfer & Trust Company, LLC tabulates the votes.

To the knowledge of the directors and officers of the Corporation, as of the Record Date, no person (or group of persons) beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 5% of the voting rights attached to any class of shares of the Corporation entitled to vote at the Meeting, except the following:

Name	Number of Common Shares Held ⁽¹⁾	Percentage of Common Shares Held ⁽¹⁾
Dr. August Troendle	1,169,286	8.2%
Dr. Evan A. Stein (current director) (2)	1,039,931	7.3
Entities affiliated with Lipoterx, Ltd. (3)	1,038,964	7.3
Entities affiliated with Interwest Partners (4)	803,925	5.7
Entities affiliated with FMR LLC (5)	1,256,239	8.8

- (1) The number of Common Shares and percentage ownership information set forth in this table have been presented in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and do not include derivative securities that may be held by the persons and entities included in the table. Such figures have not been calculated pursuant to the beneficial ownership rules promulgated by the U.S. Securities and Exchange Commission (the **SEC**). For additional information regarding ownership of Common Shares presented in accordance with the SEC's beneficial ownership rules, please see the section of this Circular entitled *Item 2 Election of Directors Security Ownership of Certain Beneficial Owners and Management*.
- (2) Consists of (i) the shares listed in footnote (3) below, which are held by Lipoterx and (ii) 967 shares held by the Stein Family LLC for which Dr. Stein serves as the managing member.
- (3) According to a Schedule 13G filed by Lipoterx, Ltd. (Lipoterx) on February 17, 2015, Lipoterx is the beneficial owner of 1,038,964 of our Common Shares. Lipoterx Holdings, LLC, the general partner of Lipoterx, has sole voting and investment power with respect to the shares held by Lipoterx. Dr. Stein, the sole managing partner of

Lipoterx Holdings, LLC has sole voting and investment power with respect to the shares held by Lipoterx. The address for these entities is 25 East Superior Street, Chicago, Illinois 60611.

- (4) According to a Schedule 13G filed on February 13, 2015 by InterWest Management Partners VII, LLC (IMP7), the general partner of InterWest Partners VII, LP (IW7) and InterWest Investors VII, LP (II7), as of December 31, 2014, IMP7 has sole voting and investment power with respect to (i) 767,187 shares held by IW7 and (ii) 36,738 shares held by II7. Harvey B. Cash, Philip T. Gianos, W. Stephen Holmes, Gilbert H. Kliman and Arnold L. Oronsky as the managing directors of IMP7 share voting and investment power with respect to the shares held by IW7 and II7. Beneficial ownership is expressly disclaimed by each of them, except to the extent of their pecuniary interest therein. IMP7 has delegated shared voting and investment power with respect to the shares held by IW7 and II7 to Nina Kjellson, one of our former directors. The address for these entities is c/o InterWest Partners, 2710 Sand Hill Road, Suite 200, Menlo Park, California 94025.
- (5) According to a Schedule 13G filed by FMR LLC with the SEC on February 13, 2015, as of December 31, 2014, Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 1,256,239 Common Shares. Edward C. Johnson 3d, Director and Chairman of FMR LLC, Abigail P. Johnson, Director, Vice Chairman, Chief Executive Officer and President of FMR LLC and FMR LLC, through its control of Fidelity Management & Research Company and the Fidelity Funds, each has sole power to dispose of the 1,256,239 shares of our common stock owned by the various investment companies registered under the Investment Company Act

(Fidelity Funds). The ownership of one investment company, Select Biotechnology Portfolio, amounted to 808,705 shares of our common stock. Neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by such funds, which power resides with the funds Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the funds Boards of Trustees. Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of our common stock held by these funds. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.

EXPENSES

Xenon will pay all of the expenses of soliciting proxies for management. In addition to the mailing of the proxy material, such solicitation may be made in person or by telephone by directors, officers and employees of Xenon, whose directors, officers and employees will receive no compensation for such solicitation other than their regular salaries or fees. Xenon also will make arrangements with brokerage houses and other custodians, nominees and fiduciaries to send proxy materials to beneficial owners. Xenon will, upon request, reimburse these institutions for their reasonable charges and expenses incurred in forwarding this proxy material to beneficial owners of shares.

PARTICULARS OF MATTERS TO BE ACTED UPON

ITEM 1 RECEIPT OF FINANCIAL STATEMENTS

The audited annual financial statements of the Corporation for the year ended December 31, 2014 and the report of the auditor will be placed before shareholders at the Meeting.

ITEM 2 ELECTION OF DIRECTORS

The directors of the Corporation are elected each year at the annual meeting of the Corporation and hold office until their successors are elected or appointed. The Board proposes to nominate each of the eight persons listed below for election as a director of the Corporation and the persons named as proxyholders in the enclosed form of proxy intend to vote for the election of these nominees. Dr. Evan Stein, a current member of our Board, will not stand for election as a director of the Corporation at the Meeting. The term of office for Dr. Stein, and for each of the other current directors, will end at the conclusion of the Meeting.

Each nominee elected to the Board at the Meeting will hold office until the next annual meeting of the Corporation, subject to earlier death, resignation, retirement, disqualification or removal.

The Corporation currently has nine (9) directors and the Board has determined that eight (8) directors be elected to the Board at the Meeting. The following table sets out the names of the nominees for election as directors of the Corporation, all major offices and positions with the Corporation each now holds, each nominee's principal occupation, business or employment for the five preceding years, the period of time during which each has been a director of the Corporation and the number of Common Shares beneficially owned by each nominee, directly or indirectly, or over which each exercised control or direction, in accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, as of the Record Date.

Name and Municipality of Residence ⁽¹⁾	Position with the Corporation	Age ⁽¹⁾	Principal Occupation or Employment in past 5 years ⁽¹⁾	Previous Service as a Director	Number of Common Shares,
--	--------------------------------------	---------------------------	--	---------------------------------------	---------------------------------

					Beneficially Owned, Controlled or Directed ⁽¹⁾⁽²⁾
Michael Tarnow ⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Scottsdale, Arizona, USA</i>	Chair and Director	70	Since 1995, Mr. Tarnow has been an advisor to and member of the boards of directors of private and public healthcare and biotechnology companies in the U.S., Canada and Europe, including Axcan Pharma, Creative Biomolecules, Inc., Caprion Pharmaceuticals Inc. and	Director since March 1999	53,624 Common Shares

MediGene AG. He served as chair of EntreMed, Inc. from February 2003 to February 2009, and served as Executive Chair of EntreMed, Inc. from February 2009 to January 2012. Mr. Tarnow holds a B.B.A. in Business Administration from Wayne State University and a J.D. from the University of Illinois, College of Law. Our Board believes that Mr. Tarnow is qualified to serve on our Board because of his senior management experience in the biopharmaceutical industry and his knowledge and perspective on the Corporation.

Mohammad Azab (4)(5) <i>San Francisco, California, USA</i>	Director	58	<p>Dr. Azab has been the Chief Medical Officer of Astex Pharmaceuticals, Inc., a pharmaceutical company focused on the discovery and development of drugs in oncology and other areas, since July 2009 and has been President and Chief Medical Officer of Astex since January 2014. Prior to joining Astex, he was with Intradigm Corporation, a developer of RNAi therapeutics acquired by Silence Therapeutics PLC, where he served as President and Chief Executive Officer from July 2006 until November 2008 and as a director from July 2006 until January 2010. Prior to Intradigm Corporation, he served as Executive Vice President, of Research and Development and Chief Medical Officer for QLT Inc., and held several senior positions at AstraZeneca and Sanofi. Dr. Azab holds an M.B.A. from the Richard Ivey School of Business, University of Western Ontario, and an M.B. ChB. from Cairo University. He received post-graduate training and degrees in oncology research from the University of Paris-Sud and biostatistics from the University of Pierre et Marie Curie in Paris, France. Our Board believes Dr. Azab is qualified to serve on the Board because of his extensive senior management experience in our industry.</p>	Director since October 2003	2,469 Common Shares
Johnston L. Evans (3) <i>Brookville, New York, USA</i>	Director	66	<p>Mr. Evans has been a General Partner at INVESCO Private Capital, Inc., a venture capital firm, and its predecessor since 1995. He has served as a member of the board of directors of Elusys Therapeutics Inc. since September 2006. He previously served as a director of Cellzome Inc. and Cellzome AG from June 2007 to November 2013 and a director of E2open Inc., a publicly traded software solutions provider, from June 2005 to November 2013. Mr. Evans holds a B.A. in Political Science from Boston University. Our Board believes that Mr. Evans' qualifications to serve on our Board include</p>	Director since June 2008	444,655 (6) Common Shares

his extensive experience as a venture capital investor and a director of a public company.

Michael Hayden Vancouver, British Columbia, Canada	Director	62	Dr. Hayden previously served as our Chief Scientific Officer from January 1997 to September 2012. Since September 2012, Dr. Hayden has been Chief Scientific Officer and President of Global Research & Development of Teva Pharmaceutical Industries Ltd. (Teva). From January 2010 to November 2010, Dr. Hayden served on the board of directors of Med Biogene Inc., a publicly-traded life sciences company. Dr. Hayden has also been a professor of Medical Genetics at the University of British Columbia since August 1983, Director of the Center for Molecular Medicine and Therapeutics from 1992 to 2012 and Director of the Michael Smith Foundation for Health Research from 2011 to 2012. He is presently the Program Director of the Translational Laboratory in Genetic Medicine in Singapore. He received his Ph.D. and M.B. ChB. from the University of Cape Town and completed his post-doctoral fellowship and training at Harvard Medical School. Our Board believes Dr. Hayden is qualified to serve on our Board because of his scientific background, experience in the industry, and his extensive knowledge and perspective on the Corporation.	Director since November 1996	183,493 ⁽⁷⁾ Common Shares
Frank Holler ⁽³⁾ North Vancouver, British Columbia, Canada	Director	57	Mr. Holler previously served as our President and Chief Executive Officer from February 1999 until June 2003. Since March 2004, Mr. Holler has been the Chief Executive Officer at BC Advantage Funds (VCC) Ltd., a venture capital firm and public company that invests in emerging life science, cleantech and information technology companies, where he has served as a director since March 2004 and as chair since January 2010. Since February 2014, Mr. Holler has served as a director of Sernova Corporation, a publicly-traded biotechnology company, where he is also a member of the audit and compensation committees. Mr. Holler has served on the board of directors of publicly-traded companies Prottox Therapeutics (now Sophiris Bio) as chair and audit committee member from 2004 to 2011, Allon Therapeutics as director and chair of the Audit Committee from 2005 to 2013, and Aquinox Pharmaceuticals, Inc., a publicly-traded clinical stage pharmaceutical company, as director and chair of the Audit Committee from 2010 to 2013. He has also served as chair of the Audit Committee and chair of the Investment Committee for Genome BC, a large publicly funded research	Director since February 1999	174,802 ⁽⁸⁾ Common Shares

organization, from 2005 to 2011. In addition, Mr. Holler served as President and Chief Executive Officer of ID

			<p>Biomedical Corporation, a publicly-traded biotechnology company, from 1991 to 1998 and was a founding director of Angiotech Pharmaceuticals, a publicly-traded biotechnology company, from 1992 to 1997. Mr. Holler was an Investment Banker with Wood Gundy Inc. (now CIBC World Markets) from 1984 to 1988 and Merrill Lynch Canada from 1988 to 1989. Mr. Holler holds a B.A. in Economics and an M.B.A. from the University of British Columbia. Our Board believes Mr. Holler is qualified to serve on our Board because of his experience as a biotechnology entrepreneur and venture capitalist, his investment banking experience, and his knowledge and perspective on the Corporation.</p>		
Gary Patou ⁽⁴⁾⁽⁵⁾ <i>Los Altos Hills, California, USA</i>	Director	55	<p>Dr. Patou has been a managing director of MPM Capital, a venture capital fund, since May 2005. He has served as Chief Medical Officer of Pacira Pharmaceuticals, Inc., a specialty pharmaceutical company, since January 2009 and is senior medical advisor to Chiasma. Dr. Patou has previously served in various positions at private pharmaceutical companies, including as Chief Medical Officer for Peplin, Ltd. from June 2006 to April 2007, Chief Medical Officer at Cerimon Pharmaceuticals, Inc., from June 2005 to June 2006, and Chief Medical Officer at Oscient Pharmaceuticals, Inc. from February 2004 to April 2005. Dr. Patou has held a number of academic appointments at University College & Middlesex School of Medicine in London and holds an M.B.B.S. from University College Hospital, London and a B.Sc. in immunology from University College London. Our Board believes that Dr. Patou's qualifications to serve on our Board include his scientific background and extensive senior management experience in our industry.</p>	Director since January 2004	2,544 Common Shares
Simon N. Pimstone <i>Vancouver, British Columbia, Canada</i>	President and Chief Executive Officer; Director	47	<p>Dr. Pimstone has served as our President and Chief Executive Officer since January 2003. Prior to founding our Corporation, Dr. Pimstone trained as a clinical research fellow with the Department of Medical Genetics at the University of British Columbia from 1994 until 1998, where he was responsible for managing a provincial lipid clinic outreach program providing lipid management to at risk patients in the Province of British Columbia. Dr. Pimstone holds an M.B. ChB. from the University of Cape Town, a FRCPC from the University of British Columbia, and a Ph.D. from the University of Amsterdam in cardiovascular genetics. Dr. Pimstone is a former director of Indel</p>	Director since November 1996	208,767 ⁽⁹⁾ Common Shares

Therapeutics and a

Page 8

former director and chair of the Board of Directors of LifeSciences British Columbia, a non-profit industry association that supports the life science community, and a former director of the Providence Healthcare Research Trust, BC Advantage Life Sciences Fund, and BIOTECanada. Dr. Pimstone also serves as director of the private biotechnology company Enject Therapeutics Inc. since 2008 and a director of Eupraxia Pharmaceuticals Inc. since 2012, where he is also a member of the Compensation Committee. Our Board believes that Dr. Pimstone possesses specific attributes that qualify him to serve as a director, including his extensive executive leadership experience, many years of service on our Board and as our Chief Executive Officer and extensive knowledge of the Corporation and industry.

<p>Richard Scheller Stanford, California, USA</p>	<p>Director</p>	<p>Dr. Scheller was the Executive Vice President of Research and Early Development and a member of the Executive Committee at Genentech, Inc. (Genentech) from January 2001 to December 2014. From January 2009 to December 2014, Dr. Scheller was also a member of the Enlarged Executive Committee at Hoffmann-La Roche Ltd. Since February 2015, Dr. Scheller has served as a member of the Board of Directors for ORIC Pharmaceuticals, Inc., a biopharmaceutical company. Dr. Scheller holds a B.S. in Biochemistry from the University of Wisconsin and a Ph.D. in Chemistry from the California Institute of Technology. He completed his post-doctorate in Neurobiology at Columbia University. Our Board believes that Dr. Scheller's qualifications to serve on our Board include his scientific background and extensive senior management experience in our industry.</p>	<p>Director since March 2015</p>	<p>Nil</p>
---	-----------------	---	----------------------------------	------------

- (1) This information has been provided by the respective nominee as of the Record Date.
- (2) The number of Common Shares set forth in this table have been presented in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and do not include derivative securities that may be held by the persons included in the table. Such figures have not been calculated pursuant to the beneficial ownership rules promulgated by the SEC. For additional information regarding ownership of Common Shares presented in accordance with the SEC's beneficial ownership rules, please see the section of this Circular entitled *Security Ownership of Certain Beneficial Owners and Management*.
- (3) Member of the Audit Committee of the Board.
- (4) Member of the Compensation Committee of the Board.
- (5) Member of the Nominating and Corporate Governance Committee of the Board.
- (6) Consists of (i) 264,349 shares held by Chancellor V, L.P. (Chancellor V); (ii) 138,644 shares held by Chancellor V-A, L.P. (Chancellor V-A); and (iii) 41,662 shares held by Citiventure 2000, L.P. (Citiventure). Invesco Private

Capital, Inc. is the managing member of IPC Direct Associates V, LLC, which is a Managing Director of each of Chancellor V, Chancellor V-A and Citiventure (collectively referred to as the Invesco Capital Entities). Mr. Evans is the Head of Invesco Private Capital, Inc. and a member of the investment committee of IPC Direct Associates V, LLC. Accordingly, Mr. Evans shares voting and investment power of the shares held by the Invesco Capital Entities. Mr. Evans disclaims beneficial ownership of these shares except with respect to his pecuniary interest therein.

- (7) Consists of (i) 97,319 shares held by Dr. Hayden; (ii) 75,886 shares held by Dr. Hayden s spouse; and (iii) 10,288 shares held by Genworks Inc., Dr. Hayden s consulting company.

- (8) Consists of (i) 173,618 shares held by Mr. Holler and (ii) 1,184 shares held by Mr. Holler's spouse.
- (9) Consists of (i) 192,307 shares held by Dr. Pimstone and (ii) 16,460 shares held by Dr. Pimstone's spouse.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS

A VOTE FOR ELECTION OF THE PROPOSED DIRECTORS

Page 10

Directors Not Standing for Re-election

The following director is not standing for re-election to our Board at the Meeting:

Name and Municipality of Residence ⁽¹⁾	Position with the Corporation	Age⁽¹⁾	Principal Occupation or Employment in past 5 years ⁽¹⁾	Previous Service as a Director	Number of Common Shares, Beneficially Owned, Controlled or Directed ⁽¹⁾⁽²⁾
Evan Stein Cincinnati, Ohio, USA	Director	68	Dr. Stein is an advisor to private and public healthcare and biotechnology companies in the U.S., Canada and Europe, Director Emeritus of the Metabolic Atherosclerosis Research Center, and voluntary Professor of Pathology and Laboratory Medicine at the University of Cincinnati. Dr. Stein served as Chief Scientific Officer and a director of Medpace LLC, a contract research organization servicing the pharmaceutical industry from January 2006 to December 2012 and as Chief Scientific Officer of Medpace Reference Laboratories International. Medpace LLC was acquired by CCMP, a private equity firm in 2011. Since January 2006, Dr. Stein has served as a managing partner of Lipoterx Ltd. Dr. Stein holds an M.B., ChB. and Ph.D. from the University of Witwatersrand Medical School in Johannesburg, South Africa, and FRCP(C) from the Royal College of Physicians of Canada and FCAP from the American Board of Pathology in the U.S.	Director from June 2006 to June 2009 and since June 2011	1,039,931 Common Shares ⁽³⁾

(1) This information has been provided by the director as of the Record Date.

(2) The number of Common Shares set forth in this table have been presented in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and do not include derivative securities that may be held by the persons included in the table. Such figures have not been calculated pursuant to the beneficial ownership rules promulgated by the SEC. For additional information regarding ownership of Common Shares presented in accordance with the SEC's beneficial ownership rules, please see the section of this Circular entitled *Security Ownership of Certain Beneficial Owners and Management*.

(3) Consists of (i) 1,038,964 shares held by Lipoterx, Ltd. for which Dr. Stein is an officer and director of its general partner and also a limited partner thereof and (ii) 967 shares held by the Stein Family LLC for which Dr. Stein

serves as the managing member.

Penalties, Sanctions and Orders

As at the date of this Circular and within the past 10 years, other than disclosed herein, no proposed nominee for election as a director of the Corporation:

- (a) is or was a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
 - i. was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days (any such order being an **Order**), that was issued while the proposed nominee was acting in the capacity as director or executive officer; or

ii. was subject to an Order that was issued after the proposed nominee ceased to be a director or executive officer and which resulted from an event that occurred while the proposed nominee was acting in the capacity as director or executive officer;

(b) is or was a director or executive officer of any company (including the Corporation) that while the proposed nominee was acting in that capacity or within a year of the proposed nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) is or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee.

Notwithstanding the foregoing: (a) Gary Patou was a director of Oscient Pharmaceuticals, Corp. (**Oscient**) and ceased to be a director of that company effective October 21, 2008. Oscient filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court for the District of Massachusetts on July 13, 2009; (b) Mohammad Azab was a director of Chemokine Therapeutics Corp. (**Chemokine**) and ceased to be a director of that company effective December 4, 2007. On December 5, 2008, Chemokine and its subsidiary Chemokine (B.C.) Ltd. filed Notices of Intention to make proposals under the Bankruptcy and Insolvency Act, and a trustee was subsequently appointed under said proposals. Such proposals and the sale of Chemokine and Chemokine (B.C.) Ltd. s assets were approved by orders of the Supreme Court of British Columbia. In addition, a Chapter 15 petition was filed in the U.S. Bankruptcy Court for the District of Delaware, and by order on April 28, 2009, the U.S. Court recognized the prior Canadian order. Cease trade orders were issued against Chemokine by the Manitoba Securities Commission on April 20, 2009 and the Alberta Securities Commission on July 9, 2009; and (c) Frank Holler was a director of Allon Therapeutics Inc. (**Allon**) and ceased to be a director of that company effective July 16, 2013. On July 5, 2013, Allon made a proposal to its creditors under the *Bankruptcy and Insolvency Act* and a reorganization of its share structure was approved by order of the Supreme Court of British Columbia. Following such Supreme Court approval, all of the issued and outstanding shares of Allon were acquired by Paladin Labs Inc. The common shares of Allon were delisted from the TSX on June 28, 2013. Mr. Holler is currently a director of Contech Enterprises Inc. (**Contech**). On December 23, 2014, Contech made a proposal to its creditors under the *Bankruptcy and Insolvency Act* and a reorganization of its capital structure was approved by an order of the Supreme Court of British Columbia dated January 27, 2015.

No proposed nominee for election as a director of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of our Common Shares outstanding as of the Record Date for:

each person who, to the knowledge of the directors and officers of the Corporation, owns more than 5% of our Common Shares;

each of our current directors and each nominee for election to our Board;

each of our executive officers named in the Summary Compensation Table included in this Circular; and

all current directors and executive officers as a group.

The percentage of beneficial ownership shown in the table is based upon 14,221,600 Common Shares outstanding as of the Record Date.

Information with respect to beneficial ownership has been furnished by each director, officer and, to the knowledge of the Corporation, each beneficial owner of more than 5% of our Common Shares. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules take into account Common Shares issuable pursuant to the exercise of stock options that are either immediately exercisable or exercisable on or before the 60th date after the Record Date. These Common Shares are deemed to be outstanding and beneficially owned by the persons holding the stock options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the beneficial ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all Common Shares shown as beneficially owned by them, subject to applicable common property laws.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o Xenon Pharmaceuticals Inc., 200 - 3650 Gilmore Way, Burnaby, British Columbia V5G 4W8.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% and Greater Shareholders		
August Troendle	1,171,959 ⁽¹⁾	8.2%
Entities affiliated with Lipoterx, Ltd.	1,038,964 ⁽²⁾	7.3
Entities affiliated with InterWest Partners	803,925 ⁽³⁾	5.7
Entities affiliated with FMR LLC	1,256,239 ⁽⁴⁾	8.8
Executive Officers and Directors		
Simon N. Pimstone	416,067 ⁽⁵⁾	2.9
Ian Mortimer	27,550 ⁽⁶⁾	*
Y. Paul Goldberg	77,525 ⁽⁷⁾	*
Michael M. Tarnow	141,557 ⁽⁸⁾	1.0
Mohammad Azab	47,737 ⁽⁹⁾	*
Gary Bridger	32,144 ⁽¹⁰⁾	*
Karen Corraini	70,182 ⁽¹¹⁾	*
Johnston L. Evans	444,655 ⁽¹²⁾	3.1
Michael Hayden	304,548 ⁽¹³⁾	2.1
Frank A. Holler	284,267 ⁽¹⁴⁾	2.0
Gary Patou	44,054 ⁽¹⁵⁾	*
Richard Scheller	0	*
Robin Sherrington	70,556 ⁽¹⁶⁾	*
Evan A. Stein	1,049,415 ⁽¹⁷⁾	7.4
Charles J. Cohen	41,405 ⁽¹⁸⁾	*

Edgar Filing: Xenon Pharmaceuticals Inc. - Form DEF 14A

All current executive officers and directors as a group (15 persons)	3,051,661 ⁽¹⁹⁾	21.3
---	---------------------------	------

* Denotes less than 1% beneficial ownership

Page 13

- (1) Consists of (i) 1,169,286 shares held by Dr. Troendle and (ii) 2,673 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015. According to a Schedule 13G filed by Dr. Troendle with the SEC on January 12, 2015, as of December 31, 2014, Dr. Troendle holds and has the sole voting and dispositive power over a total of 1,171,959 shares.
- (2) According to a Schedule 13G filed by Lipoterx, Ltd. (Lipoterx) of February 17, 2015, Lipoterx is the beneficial owner of 1,038,964 of our Common Shares. Lipoterx Holdings, LLC, the general partner of Lipoterx, has sole voting and investment power with respect to the shares held by Lipoterx. Dr. Stein, the sole managing partner of Lipoterx Holdings, LLC has sole voting and investment power with respect to the shares held by Lipoterx. The address for these entities is 25 East Superior Street, Chicago, Illinois 60611.
- (3) According to a Schedule 13G filed on February 13, 2015 by InterWest Management Partners VII, LLC (IMP7), the general partner of InterWest Partners VII, LP (IW7) and InterWest Investors VII, LP (II7), as of December 31, 2014, IMP7 has sole voting and investment power with respect to (i) 767,187 shares held by IW7 and (ii) 36,738 shares held by II7. Harvey B. Cash, Philip T. Gianos, W. Stephen Holmes, Gilbert H. Kliman and Arnold L. Oronsky as the managing directors of IMP7 share voting and investment power with respect to the shares held by IW7 and II7. Beneficial ownership is expressly disclaimed by each of them, except to the extent of their pecuniary interest therein. IMP7 has delegated shared voting and investment power with respect to the shares held by IW7 and II7 to Nina Kjellson, one of our former directors. The address for these entities is c/o InterWest Partners, 2710 Sand Hill Road, Suite 200, Menlo Park, California 9402.
- (4) According to a Schedule 13G filed by FMR LLC with the SEC on February 13, 2015, as of December 31, 2014, Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 1,256,239 shares of our common stock. Edward C. Johnson 3d, Director and Chairman of FMR LLC, Abigail P. Johnson, Director, Vice Chairman, Chief Executive Officer and President of FMR LLC and FMR LLC, through its control of Fidelity Management & Research Company and the Fidelity Funds, each has sole power to dispose of the 1,256,239 of our Common Shares owned by the various investment companies registered under the Investment Company Act (Fidelity Funds). The ownership of one investment company, Select Biotechnology Portfolio, amounted to 808,705 shares of our common stock. Neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by such funds, which power resides with the funds Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the funds Boards of Trustees. Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of our common stock held by these funds. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.
- (5) Consists of (i) 192,307 shares held by Dr. Pimstone; (ii) 16,460 shares held by Dr. Pimstone's spouse; and (iii) 207,300 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (6) Consists of 27,550 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (7) Consists of (i) 4,320 shares held by Dr. Goldberg and (ii) 73,205 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (8) Consists of (i) 53,624 shares held by Mr. Tarnow and (ii) 87,933 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (9) Consists of (i) 2,469 shares held by Dr. Azab and (ii) 45,268 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (10) Consists of 32,144 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (11) Consists of (i) 2,057 shares held by Ms. Corraini and (ii) 68,125 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (12) Consists of (i) 264,349 shares held by Chancellor V, L.P. (Chancellor V); (ii) 138,644 shares held by Chancellor V-A, L.P. (Chancellor V-A); and (iii) 41,662 shares held by Citiventure 2000, L.P. (Citiventure). Invesco Private Capital, Inc. is the managing member of IPC Direct Associates V, LLC, which is a Managing Director of each of Chancellor V, Chancellor V-A and Citiventure (collectively referred to as the Invesco Capital Entities).

Mr. Evans is the Head of Invesco Private Capital, Inc. and a member of the investment committee of IPC Direct Associates V, LLC. Accordingly, Mr. Evans shares voting and investment power of the shares held by the Invesco Capital Entities. Mr. Evans disclaims beneficial ownership of these shares except with respect to his pecuniary interest therein.

- (13) Consists of (i) 97,319 shares held by Dr. Hayden; (ii) 75,886 shares held by Dr. Hayden's spouse; (iii) 10,288 shares held by Genworks Inc., Dr. Hayden's consulting company; (iv) 53,842 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015 held by Dr. Hayden; and (v) 67,213 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015 held by Genworks Inc.
- (14) Consists of (i) 173,618 shares held by Mr. Holler and (ii) 1,184 shares held by Mr. Holler's spouse; and (iii) 109,465 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (15) Consists of (i) 2,544 shares held by Dr. Patou and (ii) 41,510 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (16) Consists of (i) 2,057 shares held by Dr. Sherrington and (ii) 68,499 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.
- (17) Consists of (i) the shares listed in footnote (2) above; (ii) 967 shares held by the Stein Family LLC for which Dr. Stein serves as the managing member; and (iii) 9,484 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.

(18) Consists of 41,405 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.

(19) Consists of (i) 2,118,719 shares beneficially owned by our current executive officers and directors and (ii) 932,942 shares issuable upon exercise of options exercisable within 60 days of March 17, 2015.

Information about the Board and Corporate Governance

Our Board oversees the management of the business and affairs of Xenon as required under the applicable rules and regulations of the SEC, NASDAQ and Canadian laws. Our Board conducts its business through meetings of the Board and three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. A copy of the Corporation's Corporate Governance Guidelines is attached hereto as Schedule A.

Our Board has established guidelines for determining director independence, and all current directors, with the exception of Drs. Pimstone and Hayden, have been determined by our Board to be independent under applicable NASDAQ rules, the Board's governance principles and Canadian securities laws. Dr. Pimstone is not considered independent due to his role as President and Chief Executive Officer of the Corporation. Dr. Hayden is not considered independent due to his role as Chief Scientific Officer of the Corporation until September 2012 and his role as the Chief Scientific Officer and President of Global Research & Development of Teva, with whom the Corporation has an active collaboration agreement.

Xenon has also adopted a written Code of Conduct in order to help directors, officers and employees resolve ethical issues in an increasingly complex business environment. The Code of Conduct applies to all directors, officers and employees. The Code of Conduct covers topics including, but not limited to, conflicts of interest, confidentiality and compliance with laws. In addition, our Board adopted a set of Corporate Governance Guidelines as a framework within which the Board and its committees conduct business. The Corporation's General Counsel is responsible for overseeing and monitoring compliance with the Code of Conduct. The General Counsel reports directly to the Chief Executive Officer with respect to these matters and also will make periodic reports to the Corporation's Audit Committee regarding the implementation and effectiveness of the Code of Conduct as well as the policies and procedures put in place to ensure compliance with the Code of Conduct.

In addition, the Nominating and Corporate Governance Committee reviews actual and potential conflicts of interests of officers and members of our Board, other than related party transactions, which are reviewed by our Audit Committee. The Corporation is committed to maintaining the highest standards of corporate governance and this philosophy is continually communicated by our Board to management which in turn is emphasized to the employees of the Corporation on a continuous basis.

A copy of the Code of Conduct is available under the Investors tab at Xenon's website located at <http://www.xenon-pharma.com>. A copy is also available free of charge in print to any shareholder upon written request to 200 3650 Gilmore Way, Burnaby, British Columbia V5G 4W8, Canada, Attention: Investor Relations.

Meetings

Our Board held nine (9) meetings in 2014. Michael Tarnow, Frank Holler, and Simon Pimstone attended each of these meetings. Mohammad Azab and Gary Patou attended eight (8) of these meetings, Johnston Evans attended seven (7) of these meetings, Evan Stein attended six (6) of these meetings, and Michael Hayden attended three (3) of these meetings. Other than Drs. Hayden and Stein, no director attended fewer than 75% of the total number of meetings of the Board and the committees of which he was a member.

The various Board committees met the number of times shown in parentheses: Audit Committee (4); Compensation Committee (2); and Nominating and Corporate Governance Committee (1). Each incumbent director attended all meetings of all Board committees on which they served during such period. Xenon has a formal policy regarding

attendance by directors at its annual meetings of shareholders which states that all directors are expected to attend, provided that a director who is unable to attend such a meeting is expected to notify the Chair of the Board in advance of any such meeting.

Committees of the Board

Our Board currently has three committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Our Board has not adopted descriptions for the positions of Chair of the Board or Chair for each of the Board committees; however the roles and responsibilities for each of the committees of the Board is set forth in the charter for each committee of the Board, which are summarized below.

Audit Committee

Our Audit Committee oversees our corporate accounting and financial reporting process. Among other matters, our Audit Committee:

approves the hiring, discharging and compensation of our independent auditors;

oversees the work of our independent auditors;

approves engagements of the independent auditors to render any audit or permissible non-audit services;

reviews on a periodic basis, or as appropriate, our investment policy and recommends to our Board any changes to such policy;

reviews company compliance with our investment policy;

reviews the qualifications, independence and performance of the independent auditors;

reviews and/or approves financial statements, critical accounting policies and estimates;

reviews the adequacy and effectiveness of our internal controls; and

reviews and discusses with management and the independent auditors the results of our annual audit, our quarterly financial statements and our publicly filed reports.

The current members of our Audit Committee are Frank Holler, Johnston Evans and Michael Tarnow. Mr. Holler serves as the chair of our Audit Committee. All members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC, NASDAQ and Canadian securities laws. Our Audit Committee chair, Mr. Holler, is our Audit Committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and possesses financial sophistication, as defined under NASDAQ rules. Under the rules of the SEC and NASDAQ, members of our Audit Committee must also meet heightened independence standards. Our Board has determined that each of Frank Holler (chair), Johnston Evans and Michael Tarnow meet these heightened independence standards. See the biographies for each member of our Audit Committee under the section of this Circular entitled **Item 2 Election of Directors** for more information regarding

their respective skills and experience with respect to financial statements, accounting principles and financial reporting.

Our Audit Committee operates under a written charter initially effective on November 4, 2014, as amended from time to time that satisfies the applicable standards of the SEC, NASDAQ and Canadian securities laws. The Audit Committee's current charter is attached hereto as Schedule B and is available under the Investors tab on Xenon's website at <http://www.xenon-pharma.com>. The Corporation will disclose any amendments to, or waivers of, the charter on its website at <http://www.xenon-pharma.com> in accordance with applicable law and the requirements of the NASDAQ corporate governance standards.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee oversees and assists our Board in reviewing and recommending nominees for election as directors. Among other matters, our Nominating and Corporate Governance Committee:

evaluates and makes recommendations regarding the organization and governance of our Board and its committees;

assesses the performance of members of our Board and makes recommendations regarding committee and chair assignments;

recommends desired qualifications for Board membership and conducts searches for potential members of the Board; and

reviews and makes recommendations with regard to our Corporate Governance Guidelines.

The current members of our Nominating and Corporate Governance Committee are Mohammad Azab, Gary Patou and Michael Tarnow. Dr. Patou serves as the Chair of our Nominating and Corporate Governance Committee. Each member of our Nominating and Corporate Governance Committee is an independent director under the applicable rules and regulations of the SEC, NASDAQ and Canadian securities laws.

Our Nominating and Corporate Governance Committee operates under a written charter that satisfies the applicable standards of the SEC, NASDAQ and Canadian securities laws. Our Nominating and Corporate Governance Committee's current charter is available under the Investors tab on Xenon's website at <http://www.xenon-pharma.com>. The Corporation will disclose any amendments to, or waivers of, the charter on its website at <http://www.xenon-pharma.com> in accordance with applicable law and the requirements of the NASDAQ corporate governance standards.

Compensation Committee

Our Compensation Committee oversees our compensation policies, plans and benefits programs. Among other matters, our Compensation Committee:

reviews and recommends policies relating to compensation and benefits of our directors, officers and employees;

reviews and approves, after consultation with the Board, corporate goals and objectives relevant to compensation of our Chief Executive Officer;

reviews and approves, after consultation with the Board and the Chief Executive Officer, corporate goals and objectives related to compensation of other senior officers;

evaluates, after consultation with the Board and Chief Executive Officer, the performance of our officers in light of established goals and objectives;

recommends compensation of our officers based on its evaluations; and

reviews, approves and administers the issuance of stock options and other awards under our equity incentive plans to our employees and after consultation with the Board to our officers and directors.

The current members of our Compensation Committee are Mohammad Azab, Gary Patou and Michael Tarnow. Dr. Azab serves as the Chair of our Compensation Committee. Each of the members of our Compensation Committee is an independent director under the applicable rules and regulations of the SEC, NASDAQ, and Canadian securities laws, an outside director within the meaning of Section 162(m) of the U.S. Internal Revenue

Code of 1986, as amended and a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the **Exchange Act**). See the biographies for each member of our Compensation Committee under the section of this Circular entitled **Item 2 Election of Directors** for more information regarding their respective skills and senior management and board experience related to compensation policies and practices in our industry.

Our Compensation Committee operates under a written charter that satisfies the applicable standards of the SEC, NASDAQ and Canadian securities laws. Our Compensation Committee's current charter is available under the **Investors** tab on Xenon's website at <http://www.xenon-pharma.com>. The Corporation will disclose any amendments to, or waivers of, the charter on its website at <http://www.xenon-pharma.com> in accordance with applicable law and the requirements of the NASDAQ corporate governance standards.

Our Board may from time to time establish other committees.

Director Nominations

Our Nominating and Corporate Governance Committee identifies, selects and recommends to the Board individuals qualified to serve both on the Board and on Board committees, including persons suggested by shareholders and others. Please see **Shareholder Recommendations for Nominations to the Board of Directors** below for additional information.

In identifying candidates for nominations to the Board, our Nominating and Corporate Governance Committee seeks to maintain at all times a Board with a diverse range of experience, talent, expertise and background appropriate for the business of the Corporation. Our Nominating and Corporate Governance Committee does not require any specific minimum qualifications or specific qualities or skills, but reviews each person's qualifications on the whole, including a candidate's particular experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that our Nominating and Corporate Governance Committee considers appropriate in the context of the needs of the Board. Following that review, our Nominating and Corporate Governance Committee then selects nominees and recommends them to the Board for election by the shareholders or appointment by the Board, as the case may be. Our Nominating and Corporate Governance Committee also reviews the suitability of each Board member for continued service as a director when that member's term expires or that member experiences a significant change in status (for example, a change in employment). Our Nominating and Corporate Governance Committee has not implemented any particular additional policies or procedures with respect to suggestions received from shareholders with respect to Board or committee nominees.

Pursuant to its charter, our Nominating and Corporate Governance Committee may conduct or authorize investigations or studies into matters within its scope of responsibilities and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it may deem necessary from time to time.

The term of each director expires at the end of each annual meeting of shareholders, or when the successor of such director is elected or appointed to the Board, subject to earlier death, resignation, retirement, disqualification or removal of such director. The Corporation does not impose term limits on its directors as it takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. Instead, the Corporation believes that directors should be assessed based on their ability to continue to make a meaningful contribution. Our Board's annual assessment of directors reviews the strengths and weaknesses of directors and is, in the Board's view, together with annual elections by the shareholders, a more meaningful way to evaluate the performance of directors and to make determinations about whether a director should be removed due to under-performance.

Diversity

Our Nominating and Corporate Governance Committee believes that having a diverse Board and senior management team offers a depth of perspective and enhances Board and management operations. Our Nominating

and Corporate Governance Committee takes gender into consideration as part of its overall recruitment and selection process in respect of its Board and senior management. However, the Corporation does not have a formal policy on the representation of women on the Board or senior management of the Corporation as our Board does not believe that a formal policy will necessarily result in the identification or selection of the best candidates. In searches for new directors and senior management, our Nominating and Corporate Governance Committee will consider the level of female representation and diversity on the Board and in management and this will be one of several factors used in its search process.

The Corporation has not yet set measurable objectives for achieving gender diversity. Our Board does not support fixed percentages for any selection criteria, as the composition of the Board is based on the numerous factors established by the selection criteria and it is ultimately the skills, experience, character and behavioral qualities that are most important in determining the value which an individual could bring to the Board.

One of our seven (7) executive officers is female. There are currently no female directors on our Board.

Shareholder Recommendations for Nominations to the Board of Directors

One or more shareholders holding in the aggregate not less than five per cent (5%) of our Common Shares may make a shareholder proposal for the nomination of a director in accordance with the requirements of the Canada Business Corporations Act (the **CBCA**). Upon receipt of a proposal in compliance with the requirements of the CBCA the Corporation must set out such proposal in the management information circular sent to shareholders in advance of the Corporation's next annual meeting.

Nominations for directors not made in accordance with the shareholder proposal requirements of the CBCA shall be considered by our Nominating and Corporate Governance Committee in accordance with the requirements of our by-laws. Under our by-laws, shareholders of record may nominate a candidate for election as a director at an annual meeting of the Corporation by submitting a notice to our Corporate Secretary not less than 30 days and not more than 65 days prior to an annual meeting; provided however that in the event that the annual meeting is held less than 50 days after the first public announcement of the annual meeting is made, notice by shareholders must be given to the Corporation not later than 10 days following the date of such public announcement. A notice providing a nomination must include, among other things, certain prescribed information about the nominee and the recommending shareholder; a certification by the recommending shareholder that the recommending shareholder's notice does not contain an untrue statement and does not omit to state a material fact; and written consent of the nominee to serve as a director of the Corporation, if elected. Shareholders should refer to Section 5.5 of our by-laws for more details relating to the requirements for such notice.

Any nomination or shareholder proposal for the nomination of directors should be sent in writing to 200 - 3650 Gilmore Way, Burnaby, British Columbia, V5G 4W8, Canada, Attention: Corporate Secretary. Shareholder proposals for the nomination of a director at our 2016 annual meeting must be received by us on or before December 30, 2015. Nominations for directors pursuant to our by-laws must be received by us no earlier than February 28, 2015 and no later than April 4, 2015 for consideration at the Meeting. Shareholders wishing to nominate a director for election should review the relevant provisions of the CBCA and our by-laws.

Shareholder Communications with the Board of Directors

Shareholders wishing to communicate with a non-management member of our Board may do so by writing to such director, and mailing the correspondence to: Xenon Pharmaceuticals Inc., 200 - 3650 Gilmore Way, Burnaby, British Columbia, V5G 4W8, Canada, Attention: General Counsel. The General Counsel will forward the messages to the appropriate member of our Board.

Director Independence

Under the NASDAQ rules, independent directors must comprise a majority of a listed company's board of directors within a specified period of the completion of its initial public offering. In addition, NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and

nominating and governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under NASDAQ rules, a director will only qualify as an independent director if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our Board has undertaken a review of its composition, the composition of its committees and the independence of directors and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our Board has determined that none of Mohammad Azab, Johnston Evans, Frank Holler, Gary Patou, Evan Stein, Michael Tarnow or Richard Scheller, being seven of our nine current directors, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under NASDAQ rules and Canadian securities laws. Our Board also determined that Frank Holler (chair), Johnston Evans and Michael Tarnow, who comprise our Audit Committee, Mohammad Azab (chair), Gary Patou and Michael Tarnow who comprise our Compensation Committee, and Gary Patou (chair), Mohammad Azab and Michael Tarnow who comprise our Nominating and Corporate Governance Committee, satisfy the independence standards for those committees established by applicable SEC and NASDAQ rules and Canadian securities laws.

In making this determination, our Board considered the relationships that each non-employee director has with us and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director.

The Chair of our Board is Michael Tarnow. Michael Tarnow is independent as that term is defined under NASDAQ rules and Canadian securities laws. In accordance with the Corporate Governance Guidelines, meetings of the independent directors of the Corporation, without the presence of non-independent directors and members of management, are generally held following each regularly scheduled Board meeting and at such other times as requested by independent directors. The independent directors met six (6) times without the presence of non-independent directors and members of management during 2014. To date during 2015, our Board has met two (2) times without the presence of non-independent directors and members of management.

Orientation and Continuing Education

The Corporation has traditionally retained experienced people as directors and hence the orientation needed is minimized. When new directors are appointed, they are acquainted with the Corporation's operations, its charters and policies, and the expectations of directors. All new and continuing directors are encouraged to review the Board materials prepared by the Corporation consisting of filings, the charters of the Board's committees, the Corporate Governance Guidelines and the Corporation's Code of Conduct. Board meetings regularly include presentations or discussions with respect to the Corporation's corporate governance policies. Board meetings generally also include presentations by the Corporation's senior management in order to give the directors full insight into the Corporation's operations.

Assessments

Our Nominating and Corporate Governance Committee annually assesses the participation, contributions and effectiveness of the Chair and the individual members of the Board on an annual basis. Our Board also monitors the effectiveness of the Board and its committees and the actions of the Board as viewed by the individual directors and senior management.

Serving on other Boards

The following directors are also directors of the following public companies:

Director	Company
Frank Holler	Sernova Corporation

BC Advantage Fund (VCC) Ltd.

Michael Tarnow, Mohammad Azab, Johnston Evans, Michael Hayden, Gary Patou, Simon Pimstone, Richard Scheller, and Evan Stein do not currently serve on the board of directors of any other publicly listed company.

Overseeing the Chief Executive Officer

Simon Pimstone, our Chief Executive Officer, is responsible for managing the affairs of the Corporation. In accordance with its charter, our Compensation Committee, in consultation with the Board, annually establishes corporate objectives for our Chief Executive Officer and evaluates the performance our Chief Executive Officer against these corporate objectives. Our Board has not developed a written position description of our Chief Executive Officer.

Director Compensation Policy for Fiscal Year 2014

Pre-Initial Public Offering Director Compensation Policies

In January 2012, our Board established a policy (the **2012 director compensation policy**), with respect to the compensation of directors, effective January 1, 2012.

For the purposes of the director compensation policy, our Board classified each director into one of the three following categories: (1) a **management director** is a director who is also an officer, or employed by us in a management role; (2) a **non-management director** is a director who is not an officer, and not employed by us in a management role; and (3) the chair of the Board. Management directors receive no compensation for their services on our Board.

Our 2012 director compensation policy provided that, effective January 1, 2012, we pay a combination of cash compensation and equity compensation to our non-management directors and the chair of our Board.

Our 2012 director compensation policy further provided that each of our non-management directors was eligible to receive:

- (1) \$2,500 for each regular quarterly meeting of the full Board that a director attended for the full meeting either in person, or in part in person and in part by teleconference or videoconference, or \$1,250 for each regular quarterly meeting that a director attended for the full meeting by teleconference or videoconference, with such amounts payable within 30 days following the date of each Board meeting;
- (2) upon commencement of service as our director, an option to purchase a number of Common Shares determined by our Board up to a maximum of 5,144 Common Shares; and

- (3) on an annual basis, to be granted on or about January 1 of each year, stock options as determined by our Board as follows:
 - (i) up to a maximum of 1,028 stock options for service as a director,

- (ii) up to a maximum of 1,028 additional stock options for service on our Audit Committee and/or our Compensation Committee (or 2,057 additional stock options for service on both such committees),
- (iii) up to a maximum of 1,028 additional stock options for service as chair of our Audit Committee or as chair of our Compensation Committee (or 2,057 additional stock options for service as chair on both such committees),
- (iv) up to a maximum of 411 additional stock options for service as a member of our Nominating and Corporate Governance Committee, and
- (v) up to a maximum of 411 additional stock options for service as chair of our Nominating and Corporate Governance Committee.

Our 2012 director compensation policy further provided that, effective January 1, 2012, the chair of our Board received:

- (1) \$3,000 for each regular quarterly meeting of the full Board that the chair attended for the full meeting, in lieu of the amount the chair may otherwise receive for attendance as a non-management director, with such amount payable within 30 days following the date of each Board meeting; and
- (2) upon commencement of service, or agreement to continue service as the chair of our Board for a six-month term, a stock option to purchase a number of Common Shares determined by our Board up to a maximum of 2,057 Common Shares, granted on or about January 1 and July 1.

Our 2012 director compensation policy further provided that in the event that a new chair is appointed before the completion of any six-month period noted above, our Board may, at its discretion, grant up to a maximum of 2,057 stock options to such newly-appointed chair on the date of appointment.

In January 2013, our Board amended our director compensation policy by increasing the cash compensation component while maintaining the stock option component of the 2012 director compensation policy.

Our revised director compensation policy (the **2013 director compensation policy**) provided that, effective April 1, 2013, each of our non-management directors receives \$5,000 for each regular quarterly meeting of the full Board that a director attended for the full meeting in person, or \$2,000 for each regular quarterly meeting that a director attended for the full meeting either by teleconference or videoconference or in part in person and in part by teleconference or videoconference, with such amounts payable within 30 days following the date of each Board meeting.

Our 2013 director compensation policy further provided that, effective January 1, 2013, the chair of our Board received \$6,000 for each regular quarterly meeting of the full Board that the chair attended for the full meeting, in lieu of the amount the chair may otherwise receive for attendance as a non-management director, with such amount payable within 30 days following the date of each Board meeting.

All of the above stock options were granted under our then effective equity plan, and vest pursuant to a three-year vesting schedule, with one-third vesting on the first year anniversary of the grant date, and the remaining two-thirds vesting monthly over the course of the next two years, in equal amounts, on the last day of each month subject to the recipient's continued service through each vesting date and the terms of our then effective equity plan as described in

the section of this Circular entitled **Executive Compensation Employee Benefit and Stock Plans.**

Grant of Stock Option to Genworks, Inc.

Genworks, Inc. (**Genworks**) is controlled by Dr. Michael Hayden, one of our directors. From time to time, we have paid consulting fees to Genworks in consideration of certain scientific consulting services provided by

Dr. Hayden. Pursuant to the terms of our agreement with Genworks, our Board had the ability to grant discretionary bonuses to Genworks related to Dr. Hayden's provision of services as our chief scientific officer. In January 2013, in recognition of the services Dr. Hayden rendered to us as our chief scientific officer from January 2012 to September 2012, our Board exercised its discretion and granted Genworks an option to purchase 30,864 Common Shares at an exercise price of CAD\$2.67 per Common Share. One quarter of these stock options vested on the first anniversary of the grant date, with the remainder of the stock options vesting on a monthly basis over the next three years, subject to Genworks' continuing status as a service provider to us. While we do retain the services of Genworks from time to time, Dr. Hayden no longer provides services to us as our Chief Scientific Officer.

Post-Initial Public Offering Director Compensation Policy

In August 2013, our Board approved a policy (the **post-IPO director compensation policy**) with respect to the compensation of directors that became effective on November 4, 2014, and replaced our 2013 director compensation policy. For purposes of the policy, our Board maintained the categories of management director, non-management director and chair of our Board.

Non-management directors and the chair of our Board will be eligible to receive compensation in the form of equity and cash under the post-initial public offering director compensation policy, as described below. Management directors receive no compensation for their services on our Board.

Equity Compensation

Each non-management director (including the chair of the Board) received on the date of effectiveness of our initial public offering registration statement, and, if a new director, upon joining the Board, an option to purchase 5,144 Common Shares. Beginning in 2015, each non-management director (including the chair of our Board) will receive, on an annual basis, an option to purchase 3,086 Common Shares.

In addition to the annual grant, the chair of our Board will receive an option to purchase 1,028 Common Shares. This additional annual grant will be granted at the same time as and have the same terms and conditions as the annual grant made to each of our non-management directors.

The exercise price per share of each of the above grants will be the fair market value of one of our Common Shares (determined pursuant to our then-effective equity plan) on the date of the grant. For the stock option grants to the non-management directors on the effective date of our initial public offering registration statement, the exercise price per share was equal to the price of our Common Shares offered pursuant to our initial public offering.

All of the above stock options granted to our non-management directors (including the chair of our Board) will be under our then-effective equity plan. The stock options underlying the above initial and annual grants will vest as to one-third of the total shares subject to such award on the one year anniversary of the grant date, one-third of the total stock options on the two year anniversary of the grant date and the balance of the total stock options on the three year anniversary of the grant date.

The vesting of each grant described above will be subject to the recipient's continued service as a director through each vesting date and the other terms and conditions of our then-effective equity plan and the applicable stock option agreement with that director.

Cash Compensation

For each fiscal year, each non-management director (including the chair of the Board) will receive an annual cash retainer of \$35,000 for serving on the Board. In addition to the annual retainer, the chair of our Board will receive an

additional annual cash retainer of \$25,000.

The chairs of the three standing committees of our Board will be entitled to the following cash retainers for each fiscal year as follows:

Board Committee	Chair Retainer
Audit Committee	\$ 15,000
Compensation Committee	10,000
Nominating and Corporate Governance Committee	7,250

The non-chair members of the three standing committees of our Board will be entitled to the following cash retainers for each fiscal year as follows:

Board Committee	Member Retainer
Audit Committee	\$ 7,500
Compensation Committee	5,000
Nominating and Corporate Governance Committee	3,750

All cash payments will be payable in four equal installments on the date of our annual meeting, and on the last day of the third month, sixth month and ninth month thereafter, during which such individual served as a director or chair of our Board or of the applicable committee (such payments to be prorated for service during a portion of such quarter).

All directors will be reimbursed for standard travel expenses incurred in their capacities as directors and/or committee members.

The following table sets forth information concerning the compensation paid or accrued for services rendered to us by members of our Board for the year ended December 31, 2014. Dr. Scheller did not join our Board until March 2015 and is, therefore, not included in the table below. Dr. Simon Pimstone, our President and Chief Executive Officer, did not receive any additional compensation for service on our Board. Compensation paid or accrued for services rendered to us by Dr. Pimstone in his role as Chief Executive Officer is included in our disclosures related to executive compensation under the section of this Circular entitled Executive Compensation.

Name	Fees Earned or Paid in Cash ⁽¹⁾	Option Awards ⁽²⁾⁽³⁾	Total ⁽¹⁾
	(\$)	(\$)	(\$)
Mohammad Azab ⁽⁴⁾	\$ 24,747	\$ 56,092	\$ 80,839
Johnston L. Evans ⁽⁴⁾	23,753	28,079	51,832
Michael R. Hayden ⁽⁴⁾	14,562	54,756	69,318
Frank A. Holler ⁽⁴⁾	24,945	57,427	82,372
Gary Patou ⁽⁴⁾	21,508	88,112	109,620
Evan A. Stein ⁽⁴⁾	22,562	34,745	57,307
Michael M. Tarnow ⁽⁴⁾⁽⁵⁾	36,116	98,564	134,680

- (1) Except as otherwise indicated, compensation amounts that were paid in Canadian dollars have been converted to U.S. dollars for purposes of the table. The U.S. dollar per Canadian dollar exchange rate used for such conversion was 0.9057, which was the average Bank of Canada exchange rate for the 2014 fiscal year. Option awards have been converted to U.S. dollars at the Bank of Canada exchange rate on the date of the grant.
- (2) Represents the aggregate grant date fair value of stock option awards granted in 2014. These amounts have been computed in accordance with Financial Accounting Standards Board (**FASB**) Accounting Standards Codification (**ASC**) Topic 718, using the Black-Scholes option pricing model without regard to estimated forfeitures. For a discussion of valuation assumptions, see the notes to our financial statements which are included in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC. The exercise price for stock options granted to our non-management directors in January 2014 and July 2014 were denominated in Canadian

dollars, while the exercise price for stock options granted to our non-management directors in November 2014 was denominated in U.S. dollars. For stock options with Canadian dollar denominated exercise prices, the amounts reflected in this column were converted to U.S. dollars using the U.S. dollar per Canadian dollar exchange rate of 0.9134 for January 14, 2014 grants and 0.9259 for July 28, 2014 grants. For further information regarding the equity compensation of our directors, please see the section of this Circular entitled Director Compensation Policy for Fiscal Year 2014 .

- (3) As of December 31, 2014, the below listed directors beneficially held outstanding options to purchase the number of Common Shares as follows: Dr. Azab (55,962 stock options); Mr. Evans (5,144 stock options); Dr. Hayden (155,346 stock options, of which 63,270 stock options are held by Dr. Hayden and 92,076 stock options are held by Genworks, Dr. Hayden's consulting company); Mr. Holler (118,718 stock options); Dr. Patou (55,753 stock options); Dr. Stein (15,427 stock options); and Mr. Tarnow (107,603 stock options).

(4) Non-management director.

(5) Chair of our Board.

Outstanding Equity Awards at Year End

The following table sets forth information regarding outstanding stock options held by our non-management directors as of December 31, 2014.

Name	Option Awards ⁽¹⁾				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$/share)	Value of Unexercised In-The-Money Options ⁽²⁾	Option Expiration Date
Mohammad Azab	2,469		CAD\$ 6.07	\$ 35,844	05/22/2015
	2,469		CAD\$ 6.07	35,844	12/31/2015
	12,345		CAD\$ 3.74	204,015	12/31/2016
	3,497		CAD\$ 3.74	57,792	12/31/2017
	10,288		CAD\$ 3.74	170,021	06/26/2018
	3,086		CAD\$ 3.74	51,000	12/31/2018
	3,086		CAD\$ 3.74	51,000	12/31/2019
	3,086		CAD\$ 3.74	51,000	12/31/2020
	3,086		CAD\$ 3.74	51,000	12/31/2021
	2,061	1,025 ⁽³⁾	CAD\$ 2.67	53,846	12/31/2022
		823 ⁽⁴⁾	CAD\$ 10.78	8,607	01/13/2024
		3,497 ⁽⁴⁾	CAD\$ 10.78	36,570	01/13/2024
		5,144 ⁽⁵⁾	USD\$ 9.00	55,298	11/03/2024
Johnston Evans		5,144 ⁽⁵⁾	USD\$ 9.00	55,298	11/03/2024
Michael Hayden	5,144		CAD\$ 6.07	74,679	05/22/2015
	5,144		CAD\$ 6.07	74,679	05/22/2015
	8,230		CAD\$ 3.74	136,010	07/31/2016
	4,115		CAD\$ 3.74	68,005	12/31/2017
	18,004		CAD\$ 3.74	297,536	06/26/2018
	4,629		CAD\$ 3.74	76,499	12/31/2018
	20,576		CAD\$ 3.74	340,041	08/31/2019
	3,086		CAD\$ 3.74	51,000	12/31/2019
	25,720		CAD\$ 3.74	425,052	12/31/2020
	3,858	1,286 ⁽³⁾	CAD\$ 3.74	85,010	12/31/2021
	7,716	2,572 ⁽³⁾	CAD\$ 3.74	170,021	12/31/2021
	3,431	1,713 ⁽³⁾	CAD\$ 2.67	89,755	12/31/2022
	15,432	15,432 ⁽⁴⁾	CAD\$ 2.67	538,529	12/31/2022
		3,086 ⁽⁴⁾	CAD\$ 10.78	32,272	01/13/2024
		1,028 ⁽⁴⁾	CAD\$ 10.78	10,750	01/13/2024
	5,144 ⁽⁵⁾	USD\$ 9.00	55,298	11/03/2024	

Edgar Filing: Xenon Pharmaceuticals Inc. - Form DEF 14A

Frank Holler	2,057	CAD\$	6.07	29,863	05/22/2015
	2,057	CAD\$	6.07	29,863	12/31/2015
	12,345	CAD\$	3.74	204,015	12/31/2016
	3,086	CAD\$	3.74	51,000	12/31/2017
	3,086	CAD\$	3.74	51,000	06/26/2018
	3,086	CAD\$	3.74	51,000	12/31/2018
	25,720	CAD\$	3.74	425,052	02/01/2019
	3,086	CAD\$	3.74	51,000	12/31/2019
	3,086	CAD\$	3.74	51,000	12/31/2020
	36,008	CAD\$	3.74	595,073	12/31/2020

Name	Option Awards ⁽¹⁾				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$/share)	Value of Unexercised In-The-Money Options ⁽²⁾	Option Expiration Date
	5,144		CAD\$ 3.74	85,010	12/31/2021
	3,086		CAD\$ 3.74	51,000	12/31/2021
	2,061	1,025 ⁽³⁾	CAD\$ 2.67	53,846	12/31/2022
	2,743	1,372 ⁽³⁾	CAD\$ 2.67	71,800	12/31/2022
		1,440 ⁽⁴⁾	CAD\$ 10.78	15,059	01/13/2024