



**Anacor Pharmaceuticals****ANAC** NASDAQ

Biotechnology

Market Capitalization USD:

**\$160.67 mm****CONCERN LEVEL: AVERAGE**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance. 
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: David P. Perry****Age: 44****CEO Since: 2002**

	2009	2010	2011
<b>Base Salary</b>		\$430,000	\$487,500
<b>Discretionary Bonus</b>		\$0	\$0
<b>Annual Cash Incentive</b>		\$170,925	\$146,250
<b>Benefits and Perquisites</b>		\$0	\$11,232
<b>TOTAL ANNUAL COMPENSATION</b>		<b>\$600,925</b>	<b>\$644,982</b>
<b>Increase in Post-Retirement Benefits</b>		\$0	\$0
<b>Stock Option Awards</b>		\$225,055	\$854,885
<b>Stock Awards</b>		\$0	\$0
<b>TOTAL COMPENSATION</b>		<b>\$825,980</b>	<b>\$1,499,867</b>
<b>Median of Other Named Executive Officers Total Compensation</b>		\$593,811	\$624,405
<b>Value Realized on Exercise of Stock Option</b>		\$0	\$0
<b>Value Realized on Vesting of Stock</b>		\$0	\$0
<b>TOTAL REALIZED EQUITY COMPENSATION</b>		<b>\$0</b>	<b>\$0</b>

Proxy Date: 18 Apr 2012

Annual Meeting Date: 30 May 2012

Equity Reserves: 13.11%

Stock Option Run Rate: 2.90%

# Anacor Pharmaceuticals

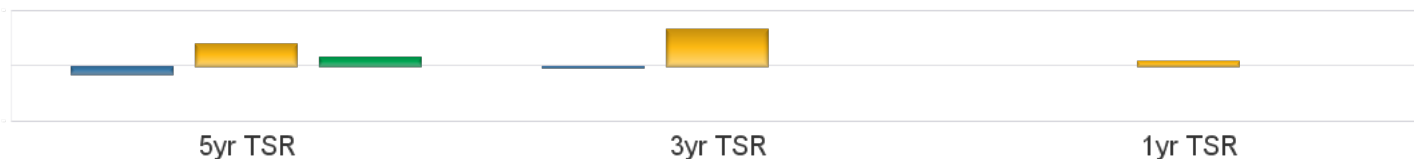
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## Performance Comparison

■ S&P500 ■ Industry ■ ANAC



## Peer Comparisons (TRBC) =Biotechnology

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
ANAC	Anacor Pharmaceuticals		\$825,980	\$1,499,867	\$160,670,100
IDIX	Idenix Pharmaceuticals, Inc.	\$1,658,767	\$4,946,378		\$479,805,401
MITI	Micromet, Inc.	\$838,801	\$2,652,871		\$441,822,791
RDEA	Ardea Biosciences, Inc.	\$1,605,630	\$3,046,536	\$2,607,924	\$418,666,468
CADX	Cadence Pharmaceuticals, Inc.	\$2,271,889	\$1,665,427		\$416,677,470
ECYT	Endocyte, Inc.		\$435,340	\$1,648,795	\$377,023,990
EXAS	Exact Sciences Corp.	\$1,900,912	\$590,250		\$349,002,178

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps.

Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

Affymax, Inc., Amicus Therapeutics, Inc., Arena Pharmaceuticals, Inc., Biocryst Pharmaceuticals, Inc., Corcept Therapeutics Incorporated, Curis, Inc., Dyax Corp., Dynavax Technologies Corporation, Inspire Pharmaceuticals, Inc. (prior to Merger with Merck & Co.), Ligand Pharmaceuticals Incorporated, MAP Pharmaceuticals, Maxygen, Medivation, Inc., Nabi Biopharmaceuticals, Neurocrine Biosciences, Inc., Novavax, Inc., NPS Pharmaceuticals, Inc., Optimer Pharmaceuticals, Inc., Orexigen Therapeutics, Inc., Osiris Therapeutics, Inc., Pain Therapeutics, Inc., Peregrine Pharmaceuticals, Inc., Rigel Pharmaceuticals, Inc., Sangamo Biosciences, Inc., XenoPort, Inc.

### Performance Peer Group

NA

## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Anders D. Hove	Chairman	46	Male	7	Outside Related
Mark Leschlv	Member	43	Male	10	Outside Related
William J. Rieflin	Member	52	Male	1	Outside