

CareDx, Inc.  
Form DEF 14A  
April 30, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**CareDx, 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):

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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:
  
  
  
  
  
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**CAREDX, INC.**

**3260 Bayshore Blvd.**

**Brisbane, California 94005**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held at 10:00 a.m. Pacific Time on Wednesday, June 20, 2018**

Dear Stockholder:

You are cordially invited to attend the 2018 annual meeting of stockholders (the "Annual Meeting") of CareDx, Inc., a Delaware corporation ( "CareDx," "we," "us," "our," or the "Company"). The Annual Meeting will be held on **Wednesday, June 20, 2018, at 10:00 a.m. Pacific Time**, at our headquarters, located at 3260 Bayshore Blvd., Brisbane, California 94005, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect two Class I directors to serve until the 2021 annual meeting of stockholders or until their successors are duly elected and qualified;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018;
3. To approve an amendment to the Company's 2014 Equity Incentive Plan (the "2014 Plan") to increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares and to eliminate the fixed share cap included in the evergreen provision; and
4. To conduct any other business properly brought before the Annual Meeting and any adjournments or postponements thereof.

Our board of directors has fixed the close of business on April 23, 2018 as the record date for the Annual Meeting. Only stockholders of record on April 23, 2018 are entitled to notice of and to vote at the Annual Meeting. Further information regarding voting rights and the matters to be voted upon are more fully described in the accompanying proxy statement.

On or about May 2, 2018, we expect to mail our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy statement and our annual report. The Notice provides instructions on how to vote via the Internet or by telephone and includes instructions on how to receive a paper copy of our proxy materials by mail. The accompanying proxy statement and our annual report can be accessed directly at <http://investors.caredxinc.com/annuals-proxies.cfm>.

**YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to submit your vote via the Internet, telephone or mail as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions.**

Thank you for your continued support of CareDx.

By order of the Board of Directors,

/s/ Peter Maag, Ph.D.

Peter Maag, Ph.D.

*Chief Executive Officer and President*

Brisbane, California

April 30, 2018

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**CAREDX, INC.**

**PROXY STATEMENT**

**FOR 2018 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held at 10:00 a.m. Pacific Time on June 20, 2018**

We sent you this proxy statement and the enclosed proxy card because the Board of Directors ( Board of Directors ) of CareDx, Inc. (sometimes referred to as we , CareDx or the Company ) is soliciting your proxy to vote at the Company 2018 annual meeting of stockholders (the Annual Meeting ) and any postponements, adjournments or continuations thereof. The Annual Meeting will be held on Wednesday, June 20, 2018, at 10:00 a.m. Pacific Time, at our headquarters, located at 3260 Bayshore Blvd., Brisbane, California 94005. You are invited to attend the Annual Meeting and we request that you vote on the proposals described in this Proxy Statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may complete, sign and return the enclosed proxy card or submit your proxy through the Internet or by telephone according to the instructions contained in the enclosed proxy card.

The Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access this proxy statement and our annual report is first being mailed on or about May 2, 2018 to all stockholders entitled to receive notice of and to vote at the Annual Meeting.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

The information provided in the question and answer format below addresses certain frequently asked questions but is not intended to be a summary of all matters contained in this proxy statement. Please read the entire proxy statement carefully before voting your shares.

**What matters am I voting on?**

You will be voting on:

the election of two Class I directors to hold office until the 2021 annual meeting of stockholders or until their successors are duly elected and qualified;

a proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018;

the approval of amendment to the Company's 2014 Equity Incentive Plan (the 2014 Plan ) to: (1) increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares, and (2) eliminate the fixed share cap included in the evergreen provision; and

any other business properly brought before the Annual Meeting or any adjournments or postponements thereof.



**How does our Board of Directors recommend that I vote?**

Our Board of Directors recommends that you vote:

FOR the election of each of the two directors nominated by our Board of Directors and named in this proxy statement as Class I directors to serve for a three-year term;

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018; and

FOR the amendment to the 2014 Plan to: (1) increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares, and (2) eliminate the fixed share cap included in the evergreen provision.

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### **Will there be any other items of business on the agenda?**

If any other items of business or other matters are properly brought before the Annual Meeting, your proxy gives discretionary authority to the persons named on the proxy card concerning those items of business or other matters. The persons named on the proxy card intend to vote the proxy in accordance with their best judgment. Our Board of Directors does not intend to bring any other matters to be voted on at the Annual Meeting, and we are not currently aware of any matters that may be properly presented by others for consideration at the Annual Meeting.

### **Who is entitled to vote at the Annual Meeting?**

Holders of our common stock at the close of business on April 23, 2018, the record date for the Annual Meeting (the Record Date), are entitled to notice of and to vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of our common stock held as of the Record Date. Stockholders are not permitted to cumulate votes with respect to the election of directors.

As of the Record Date, there were 35,253,393 shares of common stock outstanding and entitled to vote.

### **What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

*Stockholder of Record: Shares Registered in Your Name.* If, at the close of business on the Record Date, your shares were registered directly in your name with Computershare Trust Company, N.A., our transfer agent, then you are the stockholder of record for such shares. As the stockholder of record, you may vote either in person at the Annual Meeting or by proxy.

*Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee.* If, at the close of business on the Record Date, your shares were held, not in your name, but rather in a stock brokerage account or by a bank or other nominee on your behalf, then you are considered the beneficial owner of shares held in street name. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote your shares by following the voting instructions your broker, bank or other nominee provides. If you do not provide your broker, bank or other nominee with instructions on how to vote your shares, your broker, bank or other nominee may, in its discretion, vote your shares with respect to routine matters but may not vote your shares with respect to any non-routine matters. Please see *What if I do not specify how my shares are to be voted?* for additional information.

### **Do I have to do anything in advance if I plan to attend the Annual Meeting in person?**

*Stockholder of Record: Shares Registered in Your Name.* If you were a stockholder of record at the close of business on the Record Date, you do not need to do anything in advance to attend and/or vote your shares in person at the Annual Meeting, but you will need to present government-issued photo identification for entrance to the Annual Meeting.

*Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee.* If you were a beneficial owner at the close of business on the Record Date, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from your broker, bank or other nominee who is the stockholder of record with respect to your shares. You may still attend the Annual Meeting even if you do not have a legal proxy. For entrance to the Annual Meeting, you will need to provide proof of beneficial ownership as of the Record Date, such as the notice or voting instructions you received from your broker, bank or other nominee or a brokerage statement reflecting your ownership of shares as of the Record Date, and present government-issued photo identification.

*Please note that no cameras, recording equipment, large bags, briefcases or packages will be permitted in the Annual Meeting.*

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### **How do I vote and what are the voting deadlines?**

*Stockholder of Record: Shares Registered in Your Name.* If you are a stockholder of record, you can vote in one of the following ways:

**You may vote via the Internet or by telephone.** To vote via the Internet or by telephone, follow the instructions provided in the Notice of Internet Availability of Proxy Materials. If you vote via the Internet or by telephone, you do not need to return a proxy card by mail. Internet and telephone voting are available 24 hours a day. Votes submitted through the Internet or by telephone must be received by 11:59 p.m. Pacific Time on June 19, 2018. Alternatively, you may request a printed proxy card by telephone at 1-866-641-4276, over the Internet at [www.investorvote.com/cdna](http://www.investorvote.com/cdna), or by e-mail at [investorvote@computershare.com](mailto:investorvote@computershare.com) with Proxy Material CareDx, Inc. in the subject heading, and then follow the instructions under the heading You may vote by mail immediately below.

**You may vote by mail.** If you have received printed proxy materials by mail and would like to vote by mail, you need to complete, date and sign the proxy card that accompanies this proxy statement and promptly mail it to the tabulation agent in the enclosed postage-paid envelope so that it is received no later than June 19, 2018. You do not need to put a stamp on the enclosed envelope if you mail it from within the United States. The persons named in the proxy card will vote the shares you own in accordance with your instructions on the proxy card you mail.

**You may vote in person.** If you plan to attend the Annual Meeting, you may vote by delivering your completed proxy card in person or by completing and submitting a ballot, which will be provided at the Annual Meeting.

**Note:** If you vote via the Internet, return a proxy card by mail or vote in person, but do not give any instructions on a particular matter to be voted on at the Annual Meeting, Peter Maag, Ph.D. and Michael Bell, the persons who have been designated as proxy holders by our Board of Directors, will vote the shares you own in accordance with the recommendations of our Board of Directors. Our Board of Directors recommends that you vote FOR the election of each of the two directors nominated by our Board of Directors and named in this proxy statement as Class I directors to serve for a three-year term (Proposal No. 1), FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018 (Proposal No. 2) and FOR the amendment to the 2014 Plan to (1) increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares, and (2) eliminate the fixed share cap included in the evergreen provision (Proposal No. 3).

**Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee.** If you are the beneficial owner of shares held of record by a broker, bank or other nominee, you will receive voting instructions from your broker, bank or other nominee. You must follow the voting instructions provided by your broker, bank or other nominee in order to instruct your broker, bank or other nominee how to vote your shares. The availability of Internet and telephone voting options will depend on the voting process of your broker, bank or other nominee. **As discussed above, if you are a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from your broker, bank or other nominee.**

### **Can I change my vote or revoke my proxy?**

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*Stockholder of Record: Shares Registered in Your Name.* If you are a stockholder of record, you may revoke your proxy or change your proxy instructions at any time before your proxy is voted at the Annual Meeting by:

entering a new vote by Internet or telephone;

signing and returning a new proxy card with a later date;

delivering a written notice of revocation to our Corporate Secretary prior to the Annual Meeting; or

attending the Annual Meeting and voting in person.

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*Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee.* If you are the beneficial owner of your shares, you must contact the broker, bank or other nominee holding your shares and follow their instructions to change your vote or revoke your proxy.

### **What is the effect of giving a proxy?**

Proxies are solicited by and on behalf of our Board of Directors. Peter Maag, Ph.D. and Michael Bell have been designated as proxy holders by our Board of Directors. When a proxy is properly dated, executed and returned, the shares represented by the proxy will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our Board of Directors. If any matters not described in this proxy statement are properly presented at the Annual Meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the Annual Meeting is postponed or adjourned, the proxy holders can vote your shares on the new meeting date, unless you have properly revoked your proxy, as described above.

### **What if I do not specify how my shares are to be voted?**

*Stockholder of Record: Shares Registered in Your Name.* If you are a stockholder of record and you submit a proxy but you do not provide voting instructions, your shares will be voted:

FOR the election of each of the two directors nominated by our Board of Directors and named in this proxy statement as Class I directors to serve for a three-year term (Proposal No. 1);

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018 (Proposal No. 2);

FOR the approval of the amendment to the 2014 Plan to: (1) increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares, and (2) eliminate the fixed share cap included in the evergreen provision (Proposal No. 3); and

In the discretion of the named proxy holders regarding any other matters properly presented for a vote at the Annual Meeting.

*Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee.* If you are a beneficial owner and you do not provide your broker, bank or other nominee that holds your shares with voting instructions, then your broker, bank or other nominee will determine if it has discretion to vote on each matter. Brokers do not have discretion to vote on non-routine matters. Proposal No. 1 (election of directors) and Proposal No. 3 (approval of amendment to the 2014 Plan) are non-routine matters, while Proposal No. 2 (ratification of appointment of independent registered public accounting firm) is a routine matter. As a result, if you do not provide voting instructions to your broker, bank or other nominee, then your broker, bank or other nominee may not vote your shares with respect to Proposal No. 1 or Proposal No. 3, which would result in a broker non-vote, but may, in its discretion, vote your shares with respect to Proposal No. 2. For additional information regarding broker non-votes, see *What are the effects of abstentions and broker non-votes?* below.

**What is a quorum?**

A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our amended and restated bylaws and Delaware law. A majority of the shares of common stock outstanding and entitled to vote, in person or by proxy, constitutes a quorum for the transaction of business at the Annual Meeting. As noted above, as of the Record Date, there were a total of 35,253,393 shares of common stock outstanding, which means that 17,626,697 shares of common stock must be represented in person or by proxy at the Annual Meeting to have a quorum. If there is no quorum, a majority of the shares present at the Annual Meeting may adjourn the meeting to a later date.

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**What are the effects of abstentions and broker non-votes?**

An abstention represents a stockholder's affirmative choice to decline to vote on a proposal. If a stockholder indicates on its proxy card that such stockholder wishes to abstain from voting such stockholder's shares, or if a broker, bank or other nominee holding its customers' shares of record causes abstentions to be recorded for shares, these shares will be considered present and entitled to vote at the Annual Meeting. As a result, abstentions will be counted for purposes of determining the presence or absence of a quorum and will also count as votes against a proposal in cases where approval of the proposal requires the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting (e.g., Proposal No. 2 and Proposal No. 3). However, because the outcome of Proposal No. 1 (election of directors) will be determined by a plurality vote (see the next question below for an explanation of what a plurality vote means), abstentions will have no impact on the outcome of such proposal as long as a quorum exists.

A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker, bank or other nominee does not have discretionary voting power with respect to such proposal and has not received voting instructions from the beneficial owner of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting but will not have any effect on the results of the proposals. Therefore, a broker non-vote will make a quorum more readily attainable but will not otherwise affect the outcome of the vote on any proposal.

**How many votes are needed for approval of each proposal and how are votes counted?**

*Proposal No. 1:* The election of Class I directors requires a plurality vote of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. This means that the two nominees who receive the most FOR votes will be elected. You may (i) vote FOR all nominees, (ii) WITHHOLD your vote as to all nominees, or (iii) vote FOR all nominees except for those specific nominees from whom you WITHHOLD your vote. Any shares not voted FOR a particular nominee (whether as a result of voting withheld or a broker non-vote) will not be counted in such nominee's favor and will have no effect on the outcome of the election. If you WITHHOLD your vote as to all nominees, you will be deemed to have abstained from voting on Proposal No. 1, and such abstention will have no effect on the outcome of the proposal.

*Proposal No. 2:* The ratification of the appointment of Deloitte & Touche LLP requires an affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. You may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on Proposal No. 2, the abstention will have the same effect as a vote AGAINST the proposal.

*Proposal No. 3:* The approval of the amendment to the 2014 Plan to (1) increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares, and (2) eliminate the fixed share cap included in the evergreen provision requires an affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. You may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on Proposal No. 3, the abstention will have the same effect as a vote AGAINST the proposal.

**How are proxies solicited for the Annual Meeting and who is paying for such solicitation?**



Our Board of Directors is soliciting proxies for use at the Annual Meeting by means of the proxy materials. We will bear the entire cost of proxy solicitation, including the preparation, assembly, printing, mailing and distribution of the proxy materials. Copies of solicitation materials will also be made available upon request to brokers, banks and other nominees to forward to the beneficial owners of the shares held of record by such brokers, banks or other nominees. The original solicitation of proxies may be supplemented by solicitation by telephone, electronic communication, or other means by our directors, officers, employees or agents. No additional compensation will be paid to these individuals for any such services, although we may reimburse such

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individuals for their reasonable out-of-pocket expenses in connection with such solicitation. We have retained Georgeson Inc. to help us solicit proxies. We will pay Georgeson Inc. \$7,000 plus reasonable expenses for its services.

If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur.

### **Why did I receive a Notice of Internet Availability of Proxy Materials (the Notice ) instead of a full set of proxy materials?**

In accordance with the rules of the Securities and Exchange Commission (the SEC ), we have elected to furnish our proxy materials, including this proxy statement and our annual report, primarily via the Internet. Stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail by following the instructions contained in the Notice. We encourage stockholders to take advantage of the availability of our proxy materials on the Internet to help reduce the environmental impact of our annual meetings of stockholders.

### **What does it mean if I received more than one Notice?**

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each Notice to ensure that all of your shares are voted.

### **Who will count the votes?**

The votes will be counted, tabulated and certified by Computershare Trust Company, N.A., the transfer agent and registrar for our common stock.

### **Is my vote confidential?**

Proxies, ballots and voting tabulations are handled on a confidential basis to protect your voting privacy. This information will not be disclosed either within CareDx or to third parties, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote, or to facilitate a successful proxy solicitation.

### **Will members of the Board of Directors attend the Annual Meeting?**

We encourage, but do not require, the members of our Board of Directors to attend the Annual Meeting. Those who do attend will be available to answer appropriate questions from stockholders.

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**I share an address with another stockholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?**

We are sending only one annual report and proxy materials to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. This practice, known as householding, reduces our printing and mailing costs. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will promptly deliver a separate copy of the proxy materials and annual report to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy, or, if you are receiving multiple copies, to request that we only send a single copy of next year's proxy materials and annual report, you may contact us as follows:

CareDx, Inc.

Attention: Corporate Secretary

3260 Bayshore Blvd.

Brisbane, CA 94005

(415) 287-2300

Stockholders who hold shares in street name may contact their broker, bank or other nominee to request information about householding.

**How can I find out the results of the voting at the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a Current Report on Form 8-K ( Form 8-K ) that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us by such date, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an amendment to the Form 8-K to publish the final results.

**What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?**

*Stockholder Proposals*

Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to our Corporate Secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for our 2019 annual meeting of stockholders, our Corporate Secretary must receive the written proposal at our principal executive offices not later than January 2, 2019. In addition, stockholder proposals must comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act ), regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals should be addressed to:

CareDx, Inc.

Attention: Corporate Secretary

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3260 Bayshore Blvd.

Brisbane, CA 94005

Our amended and restated bylaws also establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders but do not intend for the proposal to be included in our proxy statement. Our amended and restated bylaws provide that the only business that may be conducted at an annual meeting is business that is brought (i) pursuant to our proxy materials with respect to the annual meeting specified in the notice of meeting (or any supplement thereto), (ii) by or at the direction of our Board of

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Directors, or (iii) properly before the annual meeting by a stockholder of record entitled to vote at the annual meeting who has delivered timely written notice to our Corporate Secretary, which notice must contain the information specified in our amended and restated bylaws.

To be timely for our 2019 annual meeting of stockholders, our Corporate Secretary must receive the written notice at our principal executive offices:

not earlier than February 16, 2019; and

not later than March 18, 2019.

In the event that we hold our 2019 annual meeting of stockholders more than 30 days before or after the first anniversary of the date of the Annual Meeting, then notice of a stockholder proposal that is not intended to be included in our proxy statement must be received no earlier than the close of business on the 120th day before such annual meeting and no later than the close of business on the later of the following two dates:

the 90th day prior to such annual meeting; or

the 10th day following the day on which public announcement of the date of such annual meeting is first made. If a stockholder who has notified us of his, her or its intention to present a proposal at an annual meeting does not appear to present his, her or its proposal at such annual meeting, we are not required to present the proposal for a vote at such annual meeting.

### *Nomination of Director Candidates*

You may propose director candidates for consideration by our Nominating and Corporate Governance Committee. Any such recommendations should include the nominee's name and qualifications for membership on our Board of Directors and should be directed to our Secretary at the address set forth above. For additional information regarding stockholder recommendations for director candidates, see Board of Directors and Corporate Governance Stockholder Recommendations for Nominations to the Board of Directors.

In addition, our amended and restated bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. To nominate a director, the stockholder must provide the information required by our amended and restated bylaws. The stockholder must also give timely notice to our Secretary in accordance with our amended and restated bylaws, which, in general, require that the notice be received by our Secretary within the time period described above under Stockholder Proposals for stockholder proposals that are not intended to be included in a proxy statement.

### *Availability of Amended and Restated Bylaws*

A copy of our amended and restated bylaws may be obtained by accessing our public filings on the SEC's website at [www.sec.gov](http://www.sec.gov). You may also contact our Corporate Secretary at our principal executive office for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director

candidates.

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**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Our Board of Directors is currently composed of six members. In accordance with our certificate of incorporation, our Board of Directors is divided into three classes with staggered three-year terms. At the Annual Meeting, two Class I directors will be elected for a three-year term to succeed the same class whose term is then expiring.

Each director's term continues until the election and qualification of such director's successor, or such director's earlier death, resignation, or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our Board of Directors may have the effect of delaying or preventing changes in control of our company.

**Nominees**

Our Nominating and Corporate Governance Committee has recommended, and our Board of Directors has approved, George W. Bickerstaff, III and Ralph Snyderman, M.D. as nominees for election as Class I directors at the Annual Meeting. If elected, Mr. Bickerstaff and Dr. Snyderman will each serve as Class I directors until the 2021 annual meeting of stockholders or until their successors are duly elected and qualified. Each of the nominees is currently a director of our company. For information concerning the nominees, please see the section titled "Board of Directors and Corporate Governance."

If you are a stockholder of record and you sign your proxy card or vote over the Internet or by telephone but do not give instructions with respect to the voting of directors, your shares will be voted FOR the re-election of Mr. Bickerstaff and Dr. Snyderman. We expect that Mr. Bickerstaff and Dr. Snyderman will each accept such nomination; however, in the event that a director nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by our Board of Directors to fill such vacancy. If you are a beneficial owner of shares of our common stock and you do not give voting instructions to your broker, bank or other nominee, then your broker, bank or other nominee will leave your shares unvoted on this matter.

**Vote Required**

The election of Class I directors requires a plurality vote of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. Broker non-votes will have no effect on this proposal.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE TWO DIRECTORS NOMINATED BY OUR BOARD OF DIRECTORS AND NAMED IN THIS PROXY STATEMENT AS CLASS I DIRECTORS TO SERVE FOR A THREE-YEAR TERM.**

**Table of Contents****BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

Our business affairs are managed under the direction of our Board of Directors, which is currently composed of six members. Our Board of Directors is divided into three classes with staggered three-year terms. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the same class whose term is then expiring.

The following table sets forth the names, ages as of April 30, 2018, and certain other information for each of our directors:

Name	Class	Age	Position	Director Since	Current Term Expires	Expiration of Term For Which Nominated
<b>1. Directors with Terms Expiring at the Annual Meeting/ Nominees</b>						
George W. Bickerstaff, III <sup>(1)*</sup>	I	62	Director	2014	2018	2021
Ralph Snyderman, M.D. <sup>(3)(4)</sup>	I	78	Director	2005	2018	2021
<b>2. Continuing Directors</b>						
Fred E. Cohen, M.D., D. Phil <sup>(2)(4)</sup>	II	61	Director	2003	2019	
William A. Hagstrom <sup>(1)(2)</sup>	II	60	Director	2015	2019	
Michael D. Goldberg <sup>(1)(2)(3)</sup>	III	60	Director, Chairman of the Board of Directors	2011	2020	
Peter Maag, Ph.D.	III	51	President, Chief Executive Officer, and Director	2012	2020	

(1) Member of our Audit Committee.

(2) Member of our Compensation Committee.

(3) Member of our Nominating and Corporate Governance Committee.

(4) Member of our Science and Technology Committee.

\* Mr. Bickerstaff was appointed to the Audit Committee on May 10, 2017.

**Directors with Terms Expiring at the Annual Meeting Nominees for Director**

*George W. Bickerstaff, III* has served as a member of our Board of Directors since April 2014. Mr. Bickerstaff is currently the Managing Director of M.M. Dillon & Co., LLC, an investment banking firm, which he joined in 2005. Prior to joining M.M. Dillon & Co., LLC, Mr. Bickerstaff held various positions with Novartis International AG, a global leader in pharmaceuticals and consumer health, including Chief Financial Officer of Novartis Pharma AG from October 2000 to May 2005. From December 1999 to September 2000, Mr. Bickerstaff served as Executive Vice President and Chief Financial Officer of Workscape, Inc., a provider of employee-related information services. From July 1998 to December 1999, Mr. Bickerstaff served as Executive Vice President and Chief Financial Officer of Uniscribe Professional Services, Inc., a nationwide provider of paper and technology-based document management solutions. From January 1998 to June 1998, Mr. Bickerstaff served as Executive Vice President and Chief Financial Officer of Intellisource Group, Inc., a provider of information technology solutions to the federal, state and local



governments and utility markets. From July 1997 to December 1997, Mr. Bickerstaff served as Vice President of Finance of Cognizant Corporation, a global business information services company. From January 1990 to June 1997, Mr. Bickerstaff served in various senior finance roles, including Chief Financial Officer of IMS Healthcare, a global business information services company in the healthcare and pharmaceutical industries. Before that, Mr. Bickerstaff held various finance, audit and engineering positions with the Dun & Bradstreet Corporation from 1985 to 1989 and General Electric Company from 1978 to 1985. Mr. Bickerstaff currently serves on the Boards of Directors of Axovant Sciences Ltd., Innoviva, Inc., Inovio Pharmaceuticals, Inc. and Cardax, Inc., and recently served on the Board of Directors of

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Viventia Biotechnologies, Inc. until its sale in October of 2016 and on the Board of Directors of Ariad Pharmaceuticals, Inc. until its sale in February 2017. Mr. Bickerstaff's non-profit activities include serving on the Board of Directors of the International Vaccine Institute, the International Centre for Missing and Exploited Children and Global Oncology. Mr. Bickerstaff received a Bachelor of Science degree in Engineering and a Bachelor of Arts degree in Business Administration from Rutgers University in 1978. Our Board of Directors has concluded that Mr. Bickerstaff possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his substantial financial experience in the healthcare industry and substantial experience with organ transplant markets.

*Ralph Snyderman, M.D.* has served as a member of our Board of Directors since May 2005. Dr. Snyderman has held the position of Chancellor Emeritus and James B. Duke Professor of Medicine at Duke University since July 2004. From January 1989 to June 2004, he served as Chancellor for Health Affairs at the Duke University School of Medicine and was the founding CEO and President of the Duke University Health System. From January 2006 to November 2009, he consulted for New Enterprise Associates, a venture capital firm, as a venture partner. He previously served on the Boards of Directors of The Procter and Gamble Company, Pharmaceutical Product Development, LLC, Trevena, Inc., Crescendo Bioscience, Inc., Targacept, Inc. Press Ganey Associates, Inc. and Argos Therapeutics, Inc. He currently serves on the Boards of Directors of Essential Health Solutions, Inc., iRhythm Technologies, Inc., Liquida Technologies, Inc., Linus Oncology, SenGenix, Inc. and Veritas Collaborative Holdings, LLC. Dr. Snyderman is a member of the Association of American Physicians, where he served as president from 2003 to 2004, the Association of American Medical Colleges, where he served as chair from 2001 to 2002, the Institute of Medicine and the American Academy of Arts and Sciences. Dr. Snyderman holds a B.S. in Pre-Medical Studies from Washington College, an M.D. from the State University of New York, Downstate Medical Center, and completed an internship and residency in medicine at Duke University. Our Board of Directors has concluded that Dr. Snyderman possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his strong background in personalized medicine and broad experience in the healthcare industry.

## **Continuing Directors**

*Fred E. Cohen, M.D., D. Phil, F.A.C.P.*, has served as a member of our Board of Directors since January 2003. Dr. Cohen is Senior Managing Director of Vida Ventures, a venture capital fund. He served as a Partner and Founder of TPG Biotechnology, a life sciences focused investment effort, from 2001 to 2016. Dr. Cohen is also a former member of the faculty at the University of California, San Francisco, where he taught and conducted research from 1988 through 2014. Dr. Cohen serves as a director of the following public companies: Genomic Health Inc., a company focused on providing actionable genomic health information; Five Prime Therapeutics, Inc., a clinic-stage biotechnology company focused on discovering and developing novel protein therapeutics; Veracyte, Inc., a diagnostics company in the field of molecular cytology; Tandem Diabetes Care, Inc., a medical device company that designs, develops and commercializes products for people with insulin-dependent diabetes; BioCryst Pharmaceuticals, Inc., a pharmaceutical company focused on the development of novel small molecule drugs that block key enzymes involved in infectious and rare diseases; and Urogen Pharma, a urologic oncology company. He previously served on the board of directors of Roka BioScience, Inc., a food safety diagnostics business, from September 2008 until October 2017. He is a member of the National Academy of Medicine and the American Academy of Arts and Sciences. Dr. Cohen holds a Bachelor of Science degree in Molecular Biophysics and Biochemistry from Yale University, a D.Phil. in Molecular Biophysics from Oxford University, where he was a Rhodes Scholar, and an M.D. from Stanford University. Our Board of Directors has concluded that Dr. Cohen possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his significant leadership experience in the medical and finance fields, his background as an M.D. and a venture capitalist, his extensive technical expertise relevant to our business, and his service as an investor in and director of numerous life sciences and healthcare companies.

*William A. Hagstrom* has served as a member of our Board of Directors since March 2015. Since 2014, Mr. Hagstrom has served as the founder and CEO of Octave Bioscience, an early stage molecular diagnostics

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company focused on neurodegenerative diseases and conditions. Since June 2016, Mr. Hagstrom has served on the Board of Directors of Genalyte, Inc. In 2007, Mr. Hagstrom secured financing for Crescendo Bioscience, a specialty diagnostics company focused on autoimmune and inflammatory diseases managed by rheumatologists. Serving as president and chief executive officer, he led the development of the company's product pipeline, operations infrastructure and commercial strategy. In 2014, Crescendo Bioscience was acquired by Myriad Genetics as a wholly owned subsidiary. Before founding Crescendo Bioscience, Mr. Hagstrom was president of Alpha BioPartners, a strategic consulting firm for early stage biotechnology companies. While at Alpha BioPartners, Mr. Hagstrom co-founded Biolytx Pharmaceuticals and Altheus Therapeutics. Mr. Hagstrom also served as interim CEO of Selexys Pharmaceuticals and Inoveon. Prior to this he was Chairman and CEO of UroCor, a specialty diagnostics company focused on urological cancers and complex diseases. Under Mr. Hagstrom's leadership, the company was an Inc. 500 company from 1992 through 1995, before becoming public in 1996. Previously, Mr. Hagstrom held executive positions at some of the largest multinational healthcare companies in the world, including Becton Dickinson, American Hospital Supply and Baxter International, where he served as vice president of the company's billion-dollar scientific products division. Mr. Hagstrom has served on a variety of Boards over the last 15 years, including Prometheus Laboratories. Mr. Hagstrom received a B.S. degree in Business Management from Bob Jones University. Our Board of Directors has concluded that Mr. Hagstrom possesses specific attributes that would qualify him to serve as a member of our Board of Directors, including his management experience in building and growing specialty diagnostics companies, launching new products and integrating high value informatics into clinical paradigms.

*Michael D. Goldberg* has served as a member and chairman of our Board of Directors since November 2011. Mr. Goldberg has served as a director and executive chairman of the Board of Directors of DNAnexus, Inc., a cloud-based genome informatics and data management company, and as an advisor to other private life science companies since May 2011. Mr. Goldberg has also served on the Board of Directors for eHealth, Inc. since 1999. From January 2005 to May 2011, Mr. Goldberg was a partner at Mohr Davidow Ventures, a venture capital firm, where he led life sciences investments in the area of molecular diagnostics, personalized medicine and wireless healthcare. From October 2000 to December 2004, Mr. Goldberg operated a management and financial consultancy business. In 1995, Mr. Goldberg founded OnCare, Inc., an oncology disease management company, and served as its chairman until August 2001 and as its chief executive officer until March 1999. In 1987, Mr. Goldberg founded Axion, Inc., a cancer treatment services company, and served as its Chief Executive Officer until its sale in 1995. Prior to Axion, Mr. Goldberg was a partner at the venture capital firm of Sevin Rosen Management Company from 1985 to 1987, where he established the firm's life science practice, and director of corporate development at Cetus Corporation from 1981 to 1985. Mr. Goldberg has served as a member of the Board of Directors of numerous companies in the biotech and health sciences industry. Mr. Goldberg has served on boards and advisory boards of a number of industry, academic and public policy institutions in biotechnology and finance, including the Board of the Independent Citizens Oversight Committee, which is the governing board for the California Institute for Regenerative Medicine, the Board of the Western Association of Venture Capitalists, the Advisory Boards for the Harvard Center for Genetics and Genomics, the Berkeley Center for Law and Technology, and the UCSF Center for Translational and Policy Research on Personalized Medicine. Mr. Goldberg holds a B.A. from Brandeis University and an M.B.A. from the Stanford Graduate School of Business. Our Board of Directors has concluded that Mr. Goldberg possesses specific attributes that qualify him to serve as a member of our Board of Directors, including his experience as a senior executive, board member and venture capital investor with numerous companies in the life sciences industry and in personalized medicine and genomics.

*Peter Maag, Ph.D.* has served as our President and Chief Executive Officer since October 2012 and as a member of our Board of Directors since November 2012. Before joining the Company, Dr. Maag held numerous positions with increasing responsibility at Novartis International AG, a global healthcare company from September 2001 to April 2012, including Global Head of Novartis Diagnostics, a business unit of Novartis A.G., from 2009 to 2012. Dr. Maag also served as Country President for Novartis Pharma AG in Germany from 2006 to 2008, Country

President for Novartis Korea operations from 2003 to 2005, and the Head of Strategy for the pharmaceutical division of Novartis A.G. from 2001 to 2002. Dr. Maag also worked at McKinsey & Company,

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focusing on healthcare and globalization from 1995 to 2001. Dr. Maag also serves on the Board of Directors at Phoenix Pharmahandel GmbH & Co KG and Molecular MD. Dr. Maag studied pharmaceutical sciences at the University of Heidelberg and University of London and received his Ph.D. from the University of Berlin, Germany. Our Board of Directors has concluded that Dr. Maag should serve on our Board of Directors due to his position as President and Chief Executive Officer of the Company as well as his extensive experience in the pharmaceuticals and life sciences industries.

## **Director Independence**

Our common stock is listed on the NASDAQ Global Market. Under the rules of The NASDAQ Stock Market LLC (the "NASDAQ Rules"), independent directors must comprise a majority of a listed company's Board of Directors. In addition, the NASDAQ Rules require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent. Under the NASDAQ Rules, a director will only qualify as an independent director if, in the opinion of the listed company's Board of Directors, the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit Committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act and the NASDAQ Rules. In addition, Compensation Committee members must satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act and the NASDAQ Rules.

Our Board of Directors has undertaken a review of the independence of each director and considered whether such director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our Board of Directors has determined that Messrs. Bickerstaff, Goldberg and Hagstrom and Drs. Cohen and Snyderman are independent directors as defined under the applicable rules and regulations of the SEC and the NASDAQ Rules.

## **Board Leadership Structure**

Our Board of Directors has an independent Chairman, Mr. Goldberg, who has authority, among other things, to preside over Board of Directors meetings, including meetings of the independent directors, and to call special meetings of our Board of Directors. Accordingly, the Chairman has substantial ability to shape the work of our Board of Directors. We believe that separation of the roles of Chairman and Chief Executive Officer reinforces the independence of our Board of Directors in its oversight of the business and affairs of our Company. In addition, we currently believe that having an independent Chairman creates an environment that is more conducive to objective evaluation and oversight of management's performance, increasing management accountability and improving the ability of our Board of Directors to monitor whether management's actions are in the best interests of the Company and its stockholders. However, no single leadership model is right for all companies and at all times. Our Board of Directors recognizes that depending on the circumstances, other leadership models, such as combining the role of Chairman with the role of Chief Executive Officer, might be appropriate. Accordingly, our Board of Directors may periodically review its leadership structure.

## **Legal Proceedings with Directors**

There are no legal proceedings related to any of the directors or director nominees which require disclosure pursuant to Items 103 or 401(f) of Regulation S-K.

## **Agreements with Directors**

None of the directors or nominees for director was selected pursuant to any arrangement or understanding, other than compensation arrangements in the ordinary course of business.

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**Board and Committee Meetings**

During fiscal year 2017, our Board of Directors held five meetings (including regularly scheduled and special meetings), and took action by written consent three times. Each director attended at least 75% of the aggregate of (i) the total number of meetings of our Board of Directors held during the period for which he served as a director, and (ii) the total number of meetings held by all committees of our Board of Directors on which he served during the periods that he served.

It is the policy of our Board of Directors to regularly have separate meeting times for independent directors without management.

Although we do not have a formal policy regarding attendance by members of our Board of Directors at annual meetings of stockholders, we encourage, but do not require, our directors to attend. Mr. Goldberg and Dr. Maag attended our 2017 annual meeting of stockholders.

Our Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Science and Technology Committee. The composition and responsibilities of each of the committees of our Board of Directors are described below. Members will serve on these committees until their resignation or until otherwise determined by our Board of Directors.

***Audit Committee***

We have a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our Audit Committee is currently comprised of George Bickerstaff, Michael D. Goldberg and William A. Hagstrom, each of whom is a non-employee member of our Board of Directors. Mr. Bickerstaff serves as the current chair of our Audit Committee. Our Board of Directors has determined that each of the members of our Audit Committee satisfies the requirements for independence and financial literacy under the rules and regulations of the SEC, including Rule 10A-3 under the Exchange Act and the NASDAQ Rules. Our Board of Directors has determined that Mr. Bickerstaff qualifies as an audit committee financial expert as defined by the applicable SEC rules and satisfies the financial sophistication requirements of the NASDAQ Rules. This designation does not impose on Mr. Bickerstaff any duties, obligations or liabilities that are greater than those generally imposed on members of our Audit Committee and our Board of Directors. Our Audit Committee is responsible for, among other things:

appointing, compensating and overseeing the work of our independent registered public accounting firm;

reviewing the qualifications, performance and independence of our independent registered public accounting firm; pre-approving any audit and permissible non-audit services to be performed by our independent registered public accounting firm;

overseeing the Company's internal accounting and financial controls, including procedures for the treatment of complaints on accounting controls, internal accounting controls or auditing matters and procedures for the submission of confidential, anonymous employee comments about questionable accounting or auditing matters;



reviewing with our management and independent registered public accounting firm the organization and performance of our internal audit function;

reviewing and discussing with our management and the independent registered public accounting firm the results of our annual audit, our quarterly financial statements and financial statements included in our publicly filed reports;

reviewing and approving related person transactions; and

preparing and providing the Audit Committee report that the SEC requires in our annual proxy statements.

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Our Audit Committee operates under a written charter that satisfies the applicable rules and regulations of the SEC and the NASDAQ Rules. A copy of the charter of our Audit Committee is available on our website at [www.caredx.com](http://www.caredx.com) in the Corporate Governance section of our Investors webpage. During fiscal year 2017, our Audit Committee held ten meetings and took action by written consent two times.

### ***Compensation Committee***

Our Compensation Committee is comprised of Fred E. Cohen, M.D., D. Phil, Michael D. Goldberg and William A. Hagstrom, each of whom is a non-employee member of our Board of Directors. Dr. Cohen is the chair of our Compensation Committee. Our Board of Directors has determined that each member of our Compensation Committee meets the requirements for independence under the rules and regulations of the SEC, including Rule 10C-1 under the Exchange Act, and the NASDAQ Rules, is a non-employee director within the meaning of Rule 16b-3 under the Exchange Act and is an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Our Compensation Committee is responsible for, among other things:

reviewing and approving all salaries, incentive awards and bonuses, equity awards, severance arrangements, change in control agreements and any other compensation and benefit plans for our Chief Executive Officer and all other executive officers;

administering our equity compensation plans and the issuance of stock options and other stock-related awards not granted pursuant to a plan;

reviewing, at least annually, the Company's stock plans, performance goals, incentive awards and the overall composition and coverage of its compensation plans;

preparing and providing the annual report on executive compensation that the SEC requires in our annual proxy statements;

evaluating and making recommendations to our Board of Directors about director compensation;

overseeing our overall compensation philosophy, compensation plans and benefits programs; and

reviewing and evaluating, at least annually, the performance of the Compensation Committee and its members, including compliance of the Compensation Committee with its charter.

Our Compensation Committee operates under a written charter that satisfies the applicable rules and regulations of the SEC and the NASDAQ Rules. A copy of the charter of our Compensation Committee is available on our website at [www.caredx.com](http://www.caredx.com) in the Corporate Governance section of our Investors webpage. During fiscal year 2017, our Compensation Committee held three meetings and took action by written consent eight times.

### ***Nominating and Corporate Governance Committee***

Our Nominating and Corporate Governance Committee is comprised of Ralph Snyderman, M.D. and Michael D. Goldberg, each of whom is a non-employee member of our Board of Directors. Dr. Snyderman is the chair of our Nominating and Corporate Governance Committee. Our Board of Directors has determined that each member of our Nominating and Corporate Governance Committee meets the requirements for independence under the NASDAQ Rules. Our Nominating and Corporate Governance Committee is responsible for, among other things:

reviewing and making recommendations regarding the composition and size of our Board of Directors and determine the relevant criteria (including any minimum qualifications) for membership on our Board of Directors;

overseeing our Board of Directors' evaluation process, including conducting periodic evaluations of the performance of our Board of Directors as a whole and each committee of our Board of Directors, and evaluating the performance of members of our Board of Directors eligible for re-election;

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reviewing disclosures about the Company's nomination process in our annual proxy statement;

reviewing and making recommendations about our corporate governance guidelines and overseeing compliance with laws and regulations by our Board of Directors and its committees;

determining the manner in which stockholders may send communications to our Board of Directors, as well as the process by which stockholder communications will be relayed to our Board of Directors and what our Board of Directors' response, if any, should be;

reviewing governance-related stockholder proposals and recommending our Board of Directors' responses;

reviewing and approving conflicts of interest of our directors and corporate officers, other than related person transactions reviewed by the Audit Committee; and

reviewing and evaluating, at least annually, the performance of the Compensation Committee and its members, including compliance of the Compensation Committee with its charter.

Our Nominating and Corporate Governance Committee operates under a written charter that satisfies the NASDAQ Rules. A copy of the charter of our nominating and corporate governance committee is available on our website at [www.caredxinc.com](http://www.caredxinc.com) in the Corporate Governance section of our Investors webpage. During fiscal year 2017, our Nominating and Corporate Governance Committee held one meeting and did not take any action by written consent.

### ***Science and Technology Committee***

Our Science and Technology Committee is comprised of Fred E. Cohen, M.D., D. Phil, and Ralph Snyderman, M.D., each of whom is a non-employee member of our Board of Directors. Dr. Snyderman is the chair of our Science and Technology Committee. Our Science and Technology Committee is responsible for, among other things:

meeting with the Company's science and technology leaders to review the Company's internal research and technology development activities and provide input as it deems appropriate;

reviewing technologies that the Company considers for licensing or acquisition; and

reviewing the Company's development of its technical goals and research and development strategies.

Our Science and Technology Committee operates under a written charter. During fiscal year 2017, our Science and Technology Committee held two meetings and did not take any action by written consent.

### **Considerations in Evaluating Director Nominees**

Our Nominating and Corporate Governance Committee uses a variety of methods for identifying and evaluating director nominees. In its evaluation of director candidates, our Nominating and Corporate Governance Committee will consider the composition of our Board of Directors, including, without limitation, issues of character, integrity, judgment, diversity, age, independence, skills, education, expertise, business acumen, business experience, length of service, understanding of our business and other commitments. Members of our Board of Directors are expected to prepare for, attend, and participate in all Board of Directors and applicable committee meetings. Our Nominating and Corporate Governance Committee requires the following minimum qualifications to be satisfied by any nominee for a position on our Board of Directors: (i) the highest personal and professional ethics and integrity, (ii) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, (iii) skills that are complementary to those of the existing Board of Directors, (iv) the ability to assist and support management and make significant contributions to our success, and (v) an understanding of the fiduciary responsibilities that are required of a member of our Board of Directors and the commitment of time and energy necessary to diligently carry out those responsibilities. Other than the foregoing, there are no stated minimum criteria for director nominees, although our Nominating and Corporate Governance Committee may also consider such other factors as it may deem, from time to time, are in our and our stockholders' best interests.

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Although our Board of Directors does not maintain a specific policy with respect to board diversity, our Board of Directors believes that our Board of Directors should be a diverse body, and our Nominating and Corporate Governance Committee considers a broad range of backgrounds and experiences. In determining nominations of directors, our Nominating and Corporate Governance Committee may take into account the benefits of diverse viewpoints. Our Nominating and Corporate Governance Committee also considers these and other factors as it oversees the annual Board of Directors and committee evaluations. After completing its review and evaluation of director candidates, our Nominating and Corporate Governance Committee recommends to our full Board of Directors the director nominees for selection.

## **Stockholder Recommendations for Nominations to the Board of Directors**

Our Nominating and Corporate Governance Committee will consider candidates for director recommended by stockholders holding at least one percent (1%) of the fully diluted capitalization of the Company continuously for at least 12 months prior to the date of the submission of the recommendation. Our Nominating and Corporate Governance Committee will evaluate such recommendations in accordance with its charter, our amended and restated bylaws, our policies and procedures for director candidates, as well as the regular director nominee criteria described above. This process is designed to ensure that our Board of Directors includes members with diversity of experience, skills and experience, including appropriate financial and other expertise relevant to our business. Stockholders wishing to recommend a candidate for nomination should contact our Corporate Secretary in writing. Such recommendations must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve on our Board of Directors, information regarding any relationships between the candidate and CareDx and evidence of the recommending stockholder's ownership of our common stock. Such recommendations must also include a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for Board of Directors membership. Our Nominating and Corporate Governance Committee has discretion to decide which individuals to recommend for nomination as directors.

A stockholder can nominate a candidate directly for election to our Board of Directors by complying with the procedures in Section 2.4(ii) of our amended and restated bylaws and the rules and regulations of the SEC. Any eligible stockholder who wishes to submit a nomination should review the requirements in our amended and restated bylaws on nominations by stockholders. Any nomination should be sent in writing to our Corporate Secretary at CareDx, Inc., 3260 Bayshore Blvd., Brisbane, California 94005. To be timely for our 2019 annual meeting of stockholders, our Corporate Secretary must receive the nomination no earlier than February 16, 2019 and no later than March 18, 2019. The notice must state the information required by Section 2.4(ii) of our amended and restated bylaws and otherwise must comply with applicable federal and state law.

## **Communications with the Board of Directors**

Stockholders wishing to communicate with our Board of Directors or with an individual member of our Board of Directors may do so by writing to our Board of Directors or to the particular member of our Board of Directors, and mailing the correspondence to our Chief Financial Officer at CareDx, Inc., 3260 Bayshore Blvd., Brisbane, CA 94005. Our Chief Financial Officer will review all incoming stockholder communications (excluding mass mailings, product complaints or inquiries, job inquiries, business solicitations and patently offensive or otherwise inappropriate material), and if deemed appropriate, the stockholder communications will be forwarded to the appropriate member or members of our Board of Directors, or if none is specified, to the chairman of our Board of Directors. This procedure does not apply to stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act.

## **Corporate Governance Guidelines and Code of Business Conduct and Ethics**

Our Board of Directors has adopted Corporate Governance Guidelines. These guidelines address items such as the qualifications and responsibilities of our directors and director candidates and corporate governance policies

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and standards applicable to us in general. In addition, our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. The full text of our Corporate Governance Guidelines and our Code of Business Conduct and Ethics is posted on our website at [www.caredx.com](http://www.caredx.com) in the Corporate Governance section of our Investor Relations webpage. We intend to post any amendments to our Code of Business Conduct and Ethics, and any waivers of our Code of Business Conduct and Ethics for directors and executive officers, on the same website.

## **Board of Directors Role in Risk Oversight**

Risk is inherent with every business, and we face a number of risks, including strategic, financial, business and operational, legal and compliance, and reputational. We have designed and implemented processes to manage risk in our operations. Management is responsible for the day-to-day management of risks we face, while our Board of Directors, as a whole and assisted by its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are appropriate and functioning as designed.

Our Board of Directors believes that open communication between management and our Board of Directors is essential for effective risk management and oversight. Our Board of Directors meets with our Chief Executive Officer and other members of the senior management team at quarterly meetings of our Board of Directors, where, among other topics, they discuss strategy and risks facing the Company, as well as at such other times as they deemed appropriate.

While our Board of Directors is ultimately responsible for risk oversight, our board committees assist our Board of Directors in fulfilling its oversight responsibilities in certain areas of risk. Our Audit Committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to risk management in the areas of internal control over financial reporting and disclosure controls and procedures, legal and regulatory compliance, and discusses with management and the independent auditor guidelines and policies with respect to risk assessment and risk management. Our Audit Committee also reviews our major financial risk exposures and the steps management has taken to monitor and control these exposures. In addition, our Audit Committee monitors certain key risks on a regular basis throughout the fiscal year, such as risk associated with internal control over financial reporting and liquidity risk. Our Nominating and Corporate Governance Committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to the management of risk associated with board organization, membership and structure, and corporate governance. Our Compensation Committee assesses risks created by the incentives inherent in our compensation policies. Finally, our full Board of Directors reviews strategic and operational risk in the context of reports from the management team, receives reports on all significant committee activities at each regular meeting, and evaluates the risks inherent in significant transactions.

## **Director Compensation**

Directors who are employees do not receive any additional compensation for their service on our Board of Directors. We reimburse our non-employee directors for their reasonable out-of-pocket costs and travel expenses in connection with their attendance at Board of Directors and committee meetings. In 2017, certain of our non-employee directors received cash compensation and options to purchase shares of our common stock pursuant to our 2014 Equity Incentive Plan in effect during 2017 as set forth below.

Our non-employee directors received an annual retainer of \$30,000 for their service on our Board of Directors and any committee thereof. Members of our Audit Committee, Compensation Committee, Nominating and Corporate



Governance Committee and Science and Technology Committee, other than the chair of each such committee, received an additional annual retainer of \$10,000, \$6,000, \$4,000 and \$5,000, respectively. The chair of our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and

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Science and Technology Committee each received an additional annual retainer of \$20,000, \$12,000, \$8,000 and \$10,000, respectively. Additionally, the individual acting as Chairman of our Board of Directors received an additional annual retainer of \$65,000. All annual retainers were paid quarterly and pro-rated for partial service in any year. Our non-employee directors are entitled to elect the ratio of shares of common stock of the Company to cash issuable or payable to the non-employee director for the payment of the annual retainers.

We will also continue to reimburse our non-employee directors for their reasonable out-of-pocket costs and travel expenses in connection with their attendance at Board of Directors and committee meetings in accordance with our travel policy.

In addition, nondiscretionary, automatic grants of non-statutory stock options will be made to our non-employee directors. Any non-employee director who first joins our Board of Directors will be automatically granted an initial stock option to purchase 30,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the date of grant and an award of 10,000 restricted stock units ( RSUs ). Each of these options will vest and become exercisable in equal monthly installments beginning with the first monthly anniversary after the grant date over the following three years, and each of these RSUs will vest in three equal, annual installments beginning with the first annual anniversary after the grant. On the first business day after each annual meeting of our stockholders, each non-employee director who continues to serve on our Board of Directors will be automatically granted an option to purchase an additional 15,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the date of grant and an award of 5,000 RSUs. Each of these options will vest and become exercisable in equal monthly installments beginning with the first monthly anniversary after the grant date over the following one year, and each of these RSUs will vest in one installment on the one year anniversary of the grant date. The vesting of the options and the RSUs described above will accelerate in full upon a change in control as defined in our 2014 Equity Incentive Plan. The option and RSU amounts set forth above are subject to adjustment for stock dividends, stock splits, combinations or other similar recapitalizations with respect to our common stock.

The following table sets forth the compensation accrued or paid by us to our non-employee directors during the year ended December 31, 2017, for service on our Board of Directors and its committees.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)(1)(2)</b>	<b>Option Awards (\$)(3)(4)</b>	<b>Total (\$)</b>
Michael D. Goldberg	19,168	101,617	9,487	130,272
George W. Bickerstaff, III	5,002	47,527	9,487	62,016
Fred E. Cohen, M.D., D. Phil	23,500	22,176	9,487	55,163
William A. Hagstrom	19,169	38,381	9,487	67,037
Douglas Miller <sup>(5)</sup>	14,574	11,401		25,975
Ralph Snyderman, M.D.	4,001	53,544	9,487	67,032

- (1) The amounts in this column represent the fair value of common stock granted in lieu of cash retainers pursuant to our outside director compensation plan. Amounts represent the aggregate fair value of the stock awards computed as of the grant date of each stock award in accordance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 718. Our assumptions with respect to the calculation of these values are set forth in Note 13 of the consolidated financial statements included in our Annual Report on Form

10-K for the year ended December 31, 2017.

- (2) As of December 31, 2017, each of our current non-employee directors held the following number of RSUs:  
Mr. Goldberg: 5,000; Mr. Bickerstaff: 5,000; Dr. Cohen: 5,000; Mr. Hagstrom: 5,000 and Dr. Snyderman: 5,000.
- (3) Amounts represent the aggregate fair value of the option awards computed as of the grant date of each option award in accordance with FASB ASC Topic 718. Our assumptions with respect to the calculation of these values are set forth in Note 13 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. There can be no assurance that option awards will be

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exercised (in which case no value will be realized by the individual) or that the value on exercise will approximate the fair value as computed in accordance with FASB ASC Topic 718.

- (4) As of December 31, 2017, each of our current non-employee directors held options to purchase the following number of shares of common stock: Mr. Goldberg: 142,488; Mr. Bickerstaff: 47,189; Dr. Cohen: 47,189; Mr. Hagstrom: 46,203 and Dr. Snyderman: 61,787.
- (5) Mr. Miller resigned from our Board of Directors on May 19, 2017.

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**PROPOSAL NO. 2**

**RATIFICATION OF APPOINTMENT OF**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has appointed Deloitte & Touche LLP ( Deloitte ) as our independent registered public accounting firm to audit our consolidated financial statements for our fiscal year ending December 31, 2018.

At the Annual Meeting, stockholders are being asked to ratify the appointment of Deloitte as our independent registered public accounting firm for our fiscal year ending December 31, 2018. Stockholder ratification of the appointment of Deloitte is not required by our amended and restated bylaws or other applicable legal requirements. However, our Board of Directors is submitting the appointment of Deloitte to our stockholders for ratification as a matter of good corporate governance. In the event that this appointment is not ratified by the affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote, such appointment will be reconsidered by our Audit Committee. Even if the appointment is ratified, our Audit Committee, in its sole discretion, may appoint another independent registered public accounting firm at any time during our fiscal year ending December 31, 2018 if our Audit Committee believes that such a change would be in the best interests of CareDx and its stockholders. A representative of Deloitte is expected to be present at the Annual Meeting, will have an opportunity to make a statement if he or she wishes to do so, and is expected to be available to respond to appropriate questions from stockholders.

**Changes in Independent Registered Public Accounting Firm**

On April 10, 2018, the Audit Committee dismissed Ernst & Young LLP ( EY ) as the Company's independent registered public accounting firm.

The reports of EY on the Company's consolidated financial statements for the fiscal years ended December 31, 2017 and 2016 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that the report of EY on the Company's consolidated financial statements for the fiscal year ended December 31, 2016 contained an explanatory paragraph describing conditions that raise substantial doubt about the Company's ability to continue as a going concern.

During the fiscal years ended December 31, 2017 and 2016 and the subsequent interim period through April 10, 2018, there have been no disagreements (as defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) with EY on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of EY, would have caused EY to make reference thereto in their reports on the consolidated financial statements for such fiscal years.

During the fiscal years ended December 31, 2017 and 2016 and any subsequent interim period through April 10, 2018, there have been no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K), except that, as of December 31, 2016, the Company identified the following four material weaknesses in the Company's internal control over financial reporting relating to: (i) certain areas of the Company's financial statement close process, specifically with respect to an incorrect classification of the deferred consideration payable to the former majority shareholders of CareDx International AB ( CareDx International AB ), within the Company's statement of cash flows following the CareDx International AB acquisition, ensuring that the Company's bonus accrual and contingent liability balances were accurate, ensuring the proper application of foreign exchange rates in the Company's consolidation process, and ensuring the proper review of terms and conditions of a debt agreement, (ii) a failure to design and implement

transaction level or management review controls for the oversight, integration and consolidation of the acquired entities or controls to assess the completeness and accuracy of information, including key inputs and assumptions used by third party specialists, used in estimating the fair value of assets acquired and liabilities assumed, (iii) a failure to properly apply the revenue recognition criteria to certain contractual arrangements with payers, specifically with respect to controls over the proper analysis and

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review of the terms and conditions of contractual arrangements and controls over the review of the Company's aged accounts receivables, and (iv) a failure in the design and implementation of controls over the Company's accounting for inventory overhead absorption. The Company remediated each of these material weaknesses as of December 31, 2017.

The Company provided EY with a copy of the disclosure set forth in Item 4.01 of the Current Report on Form 8-K that was filed with the SEC on April 16, 2018 (the "Form 8-K") and requested that EY furnish the Company with a copy of its letter addressed to the SEC, pursuant to Item 304(a)(3) of Regulation S-K, stating whether or not EY agrees with the statements related to them made by the Company in the Form 8-K. A copy of EY's letter to the SEC dated April 16, 2018 was filed as Exhibit 16.1 to the Form 8-K.

On April 10, 2018, the Audit Committee approved the appointment of Deloitte as the Company's new independent registered public accounting firm, effective immediately. During the fiscal years ended December 31, 2017 and 2016 and the subsequent interim period through April 10, 2018, neither the Company, nor anyone on its behalf, consulted Deloitte regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the financial statements of the Company, and no written report or oral advice was provided to the Company by Deloitte that Deloitte concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

**Fees Paid to the Independent Registered Public Accounting Firm**

The following table presents fees for professional audit services and other services rendered to us by EY for our fiscal years ended December 31, 2017 and 2016.

	<b>2017</b>	<b>2016</b>
Audit Fees <sup>(1)</sup>	\$ 2,335,000	\$ 5,143,000
Audit-Related Fees <sup>(2)</sup>		736,000
Tax Fees <sup>(3)</sup>		
All Other Fees <sup>(4)</sup>	2,000	
	<b>\$ 2,337,000</b>	<b>\$ 5,879,000</b>

- (1) Audit Fees include fees and out-of-pocket expenses, whether or not yet invoiced, for professional services associated with the annual audit of our financial statements, the reviews of our interim financial statements, the issuance of consents and comfort letters in connection with registration statement filings with the SEC, and review services related to regulatory filings for the acquisition of CareDx International AB.
- (2) Audit-Related Fees consist of fees for other audit-related professional services. In 2017, no such services were incurred. In 2016, this fee was for professional services rendered for audits in connection with the CareDx International AB acquisition.
- (3) No tax services were provided in 2017 and 2016.
- (4) All Other Fees include any fees billed that are not audit, audit related or tax fees. In 2017, this fee was for access to an online accounting literature database.

### **Auditor Independence**

In 2017, there were no other professional services provided by EY that would have required our Audit Committee to consider their compatibility with maintaining the independence of EY.



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**Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

Our Audit Committee has established a policy governing our use of the services of our independent registered public accounting firm. Under the policy, our Audit Committee is required to pre-approve all audit and permissible non-audit services performed by our independent registered public accounting firm to ensure that the provision of such services does not impair such accounting firm's independence. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services, tax services and other services up to specified amounts. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee at its next scheduled meeting. In the years ended December 31, 2017 and 2016, services and related fees identified above under the captions Audit Fees, Audit-Related Fees, Tax Fees, and All Other Fees that were billed by EY were approved by the Audit Committee in accordance with SEC requirements.

**Recommendation and Vote**

The ratification of the appointment of Deloitte requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote AGAINST the proposal.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR OUR FISCAL YEAR ENDING DECEMBER 31, 2018.**

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**AUDIT COMMITTEE REPORT**

*The information contained in the following Audit Committee Report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that CareDx, Inc. (the Company) specifically incorporates it by reference in such filing.*

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements with management and Ernst & Young LLP (EY), the Company's independent registered public accounting firm for the fiscal year ended December 31, 2017. The Audit Committee has discussed with EY the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees* of the Public Company Accounting Oversight Board.

The Audit Committee has received and reviewed the written disclosures and the letter from EY required by the applicable requirements of the Public Company Accounting Oversight Board regarding EY's communications with the Audit Committee concerning independence, and has discussed with EY its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the Securities and Exchange Commission.

Respectfully submitted by the members of the Audit Committee of the Board of Directors:

George Bickerstaff (Chair)

Michael D. Goldberg

William A. Hagstrom

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**PROPOSAL NO. 3**

**AMENDMENT TO THE 2014 PLAN TO (1) INCREASE THE NUMBER OF SHARES OF COMMON STOCK THAT MAY BE ISSUED UNDER THE 2014 PLAN BY 1,600,000 SHARES, AND (2) ELIMINATE THE FIXED SHARE CAP INCLUDED IN THE EVERGREEN PROVISION**

On April 19, 2018, our Board of Directors approved an amendment to our 2014 Plan, subject to approval by our stockholders. The 2014 Plan was originally adopted by our Board of Directors in March 2014 and originally adopted by the stockholders in July 2014.

We have amended the 2014 Plan to provide for, and submit to our stockholders for approval, (1) an increase in the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares, and (2) the elimination of the fixed share cap included in the evergreen provision. The additional shares will increase the total shares of common stock reserved for issuance under the 2014 Plan to an aggregate of 3,866,995 shares, plus an additional number of shares in an amount not to exceed 865,252 comprised of shares added to the Amended 2014 Plan as the result of expiration or termination of options issued under our 2008 Equity Incentive Plan, all of which may be issued pursuant to the exercise of stock options, upon the vesting of RSUs or pursuant to any other type of award described below. The 2014 Plan currently includes an evergreen provision, which provides that the number of shares available for issuance under the 2014 Plan shall be increased annually on the first day of each year by a number of shares of common stock as is equal to the least of: (i) 357,075 shares, (ii) 4.0% of the outstanding shares of common stock as of the last day of our immediately preceding fiscal year, or (iii) such other amount as our Board of Directors may determine. The amendment to the 2014 Plan also provides for the elimination of the 357,075 share cap such that the shares available for issuance under the 2014 Plan shall be increased annually on the first day of each year by a number of shares of common stock as is equal to the least of: (a) 4.0% of the outstanding shares of common stock as of the last day of our immediately preceding fiscal year, or (b) such other amount as our Board of Directors may determine. In this Proposal No. 3, stockholders are requested to approve the foregoing amendment to the 2014 Plan (as amended, the Amended 2014 Plan ).

Our executive officers and members of our Board of Directors will be eligible to receive awards under the Amended 2014 Plan and therefore have an interest in this proposal.

**Reasons for Approving the Amended 2014 Plan**

***Equity Grants are an Important Part of Our Compensation Philosophy***

We strongly believe that the approval of the Amended 2014 Plan is critical to our ongoing effort to build stockholder value. We rely on highly skilled employees to implement our strategic goals and expand our business. There is significant competition for these types of skilled professionals and many other companies also use stock-based awards to attract, motivate and retain their best employees. Our Board of Directors and its Compensation Committee believe that our ability to grant equity incentive awards to new and existing employees, directors and eligible consultants has helped us attract, retain and motivate professionals with superior ability, experience and leadership capability. Historically, we have issued stock options and restricted stock units, including new hire stock awards, under the 2014 Plan. We believe these forms of equity compensation align the interests of our employees, directors and consultants with the interests of our stockholders, encourage retention and promote actions that result in long-term stockholder value creation.

***Limited Shares Remain Available under the 2014 Plan***

## Edgar Filing: CareDx, Inc. - Form DEF 14A

As of March 31, 2018, a total of 270,899 shares of common stock were available for future equity awards that may be granted under the 2014 Plan, which constitutes approximately 0.8% of our outstanding shares of common stock as of such date. Additionally, we have proposed amending the 2014 Plan to eliminate the 357,075 share cap from the evergreen provision such that the number of shares added to the Amended 2014 Plan will no longer be capped at 357,075 shares and the number of shares added to the Amended 2014 Plan annually will be equal to

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4.0% of the outstanding shares of common stock as of the last day of our immediately preceding fiscal year or any lower number that our Board of Directors may determine. We believe that the share cap is no longer appropriate in light of the fact that the number of outstanding shares of common stock has increased since the initial adoption of the Amended 2014 Plan and that an annual 4.0% increase will provide us with sufficient shares to continue to grant equity awards to attract, motivate and retain our employees.

In fiscal years 2017, 2016 and 2015, the Company's annual equity burn rates (calculated by dividing the number of shares subject to equity awards granted during the year by the weighted-average number of shares outstanding during the applicable year) under our equity plans were 5.2%, 5.4% and 6.5%, respectively.

We expect the proposed aggregate share reserve under the Amended 2014 Plan to provide us with enough shares for awards for approximately two years, assuming we continue to grant awards consistent with our current practices and historical burn rate, assuming we receive the maximum annual evergreen increases under the Amended 2014 Plan, and further dependent on the price of our shares and hiring activity during the next few years, forfeitures of outstanding awards and nothing that future circumstances may require us to change our current equity grant practices. We cannot predict our future equity grant practices, the future price of our shares or future hiring activity with any degree of certainty at this time, and the share reserve under the Amended 2014 Plan could last for a shorter or longer time than estimated.

In fiscal years 2017, 2016 and 2015, the end of year overhang rate (calculated by dividing (1) the sum of the number of shares subject to equity awards outstanding at the end of the calendar year plus shares remaining available for issuance for future awards at the end of the calendar year by (2) the number of shares outstanding at the end of the calendar year) was 9.0%, 13.1% and 16.3%, respectively.

***The Amended 2014 Plan Contains Strong Compensation and Governance Practices***

We have included provisions in the Amended 2014 Plan that are designed to protect our stockholders' interests and to reflect what we believe to be strong corporate governance practices, including:

*Administrator Independence.* The Compensation Committee, comprised solely of independent non-employee directors, administers the Amended 2014 Plan.

*Continued broad-based eligibility for equity awards.* We grant equity to substantially all of our employees. By doing so, we link employee interests with stockholder interests throughout the organization and motivate our employees to act as owners of the business.

*No discount stock options or stock appreciation rights.* All stock options and stock appreciation rights are intended to have an exercise price equal to or greater than the fair market value of our common stock on the date the stock option or stock appreciation right is granted.

*No tax gross-ups.* The Amended 2014 Plan does not provide for any tax gross-ups.

*Limited Transferability.* Generally, a participant may not transfer an award granted under the Amended 2014 Plan other than by will or by the laws of descent or distribution.

In light of the factors described above, and the fact that the ability to continue to grant equity compensation is vital to our ability to continue to attract and retain employees in the extremely competitive labor markets in which we compete, our Board of Directors has determined that the proposed 1,600,000 increase to the share reserve under the 2014 Amended Plan is reasonable and appropriate at this time.

#### **Description of the Amended 2014 Plan**

The principal features of the Amended 2014 Plan are outlined below. This summary is qualified in its entirety by reference to the complete text of the Amended 2014 Plan. Stockholders are urged to read the actual text of the Amended 2014 Plan in its entirety, which is appended to this proxy statement as Appendix A.

**Table of Contents*****Shares Available for Issuance***

We are seeking stockholder approval to increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares. Therefore, if this Proposal No. 3 is approved, and subject to adjustment upon certain changes in capitalization, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under the Amended 2014 Plan will not exceed 3,866,995 shares of common stock, plus an additional number of shares in an amount not to exceed 865,252 comprised of shares added to the Amended 2014 Plan as the result of expiration or termination of options issued under our 2008 Equity Incentive Plan. Furthermore, (i) shares covered by awards that expire or, in the case of options or stock appreciation rights, shares that are not purchased or issued as a result of the award becoming unexercisable without having been exercised in full, (ii) shares covered by awards that are surrendered pursuant to an exchange program permitted under the Amended 2014 Plan, (iii) shares that are repurchased by, or forfeited back to, the Company due to failure to vest, (iv) shares used to pay the exercise price of an award or to satisfy tax withholding obligations related to an award, and (v) shares covered by an award that are not actually issued because the award is instead settled with a cash payment (such shares, collectively, **Returned Shares** ) shall again become available for future grant or sale under the Amended 2014 Plan. The number of shares available for issuance under the Amended 2014 Plan also includes an annual increase on the first day of each year equal to the least of:

4.0% of the outstanding shares of common stock as of the last day of our immediately preceding fiscal year; or

such other amount as our Board of Directors may determine.

***Plan Administration***

Our Board of Directors or a committee of our Board of Directors may administer the Amended 2014 Plan. In the case of stock options intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the Amended 2014 Plan will be administered by a committee of two or more outside directors within the meaning of Section 162(m) of the Code. Subject to the provisions of our Amended 2014 Plan, the administrator has the power to determine the recipients and terms of the awards, including the exercise price, the number of shares subject to each such award, the exercisability of the awards, and the form of consideration, if any, payable upon exercise. The administrator also has the authority to amend existing awards to reduce their exercise price, to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator and to institute an exchange program by which outstanding awards may be surrendered in exchange for awards with a higher or lower exercise price.

***Types of Awards and Eligibility***

The Amended 2014 Plan provides for the following types of awards: incentive stock options, nonstatutory stock options, restricted stock awards, RSU awards, stock appreciation rights, performance stock awards, and performance unit awards.

Awards may be granted under the Amended 2014 Plan to our employees, directors and consultants. Only our employees, or employees of a parent corporation or a subsidiary corporation, may receive incentive stock options; provided, however no more than 5,000,000 shares, plus Returned Shares, may be issued pursuant to awards of incentive stock options under the Amended 2014 Plan. As of March 31, 2018, there were approximately 180 employees, one consultant and five non-employee directors eligible to participate in the 2014 Plan.

***Stock Options***

A stock option is the right to purchase shares of our common stock at a fixed exercise price for a fixed period of time. Stock option grants may be incentive stock options or nonstatutory stock options. Each option is evidenced



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by a stock option agreement. The administrator determines the terms of a stock option, including the number of shares subject to each award, the form of consideration payable at exercise and the fair market value applicable to an award. The exercise price of options granted under our Amended 2014 Plan must at least be equal to the fair market value of our common stock on the date of grant. Generally, the term of an incentive stock option may not exceed ten years. However, in the case of an incentive stock option granted to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the date of grant.

After the termination of service of an employee, director or consultant, he or she may exercise his or her option for the period of time stated in his or her award agreement to the extent that the option is vested on the date of termination (but in no event later than the expiration of the term of such option as set forth in the award agreement). Generally, the option will remain exercisable for three months following the termination of service. In the event of termination of service due to the death or disability of the employee, director or consultant, such employee's option will remain exercisable for 12 months following the event causing the termination. In no event may an option be exercised later than the expiration of its term.

***Restricted Stock***

Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator determines the number of shares of restricted stock granted and may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us). The administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

***RSUs***

RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. The administrator determines the terms and conditions of RSUs, including the number of units granted, the vesting criteria (which may include accomplishing specified performance criteria or continued service to us), and the form and timing of payment. The administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

***Stock Appreciation Rights***

Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. Subject to the provisions of our Amended 2014 Plan, the administrator determines the terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our common stock, or a combination thereof. However, the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

***Performance Units and Performance Shares***

Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator establishes organizational or individual performance goals in its discretion. The extent to which these organizational or individual performance goals are met will determine the number and/or the value of performance units and performance shares to

be paid out to participants. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or performance shares. Further, the administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares, or in some combination thereof.

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***Non-Employee Directors***

Our Amended 2014 Plan provides that all outside (non-employee) directors will be eligible to receive all types of awards (except for incentive stock options) under our Amended 2014 Plan. To provide a maximum limit on the awards that can be made to our outside directors, our Amended 2014 Plan provides that in any given year, an outside director (i) will not be granted cash-settled awards having a grant-date fair value greater than \$300,000, but that in the fiscal year that an outside director first joins our board of directors, he or she may be granted a cash-settled award with a grant-date fair value of up to \$500,000; and (ii) will not be granted stock-settled awards covering more than 250,000 shares (subject to adjustment for stock dividends, stock splits, combinations or other similar recapitalizations with respect to our common stock), but that in the fiscal year that an outside director first joins our board of directors, he or she may be granted stock-settled awards covering up to 500,000 shares (subject to adjustment for stock dividends, stock splits, combinations or other similar recapitalizations with respect to our common stock). The grant-date fair values will be determined according to GAAP. The maximum limits do not reflect the intended size of any potential grants or a commitment to make grants to our outside directors under our Amended 2014 Plan in the future.

***Non-Transferability of Awards***

Unless the administrator provides otherwise, our Amended 2014 Plan generally does not allow for the transfer of awards, and only the recipient of an award may exercise an award during his or her lifetime.

***Changes to Capital Structure***

In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the Amended 2014 Plan, the administrator may adjust the number and class of shares that may be delivered under the Amended 2014 Plan and/or the number, class and price of shares covered by each outstanding award, and the numerical share limits set forth in the Amended 2014 Plan.

***Merger or Change in Control***

Our Amended 2014 Plan provides that in the event of a merger or change in control, as defined in the Amended 2014 Plan, each outstanding award will be treated as the administrator determines, including whether the successor corporation or its parent or subsidiary will assume or substitute an equivalent award for each outstanding award. The administrator is not required to treat all awards similarly. If there is no assumption or substitution of outstanding awards, the awards will fully vest, all restrictions will lapse, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and the awards will become fully exercisable. Additionally, the administrator will notify the participant in writing or electronically that the option or stock appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion, and the option or stock appreciation right will terminate upon the expiration of such period.

***Duration, Suspension, Termination, and Amendment***

The administrator may amend, alter, suspend or terminate the Amended 2014 Plan at any time; provided that no such amendment, alteration, suspension or termination may materially impair the rights of any participant without the written consent of such participant holding awards. Further, we must obtain stockholder approval of any amendment to the extent necessary to comply with applicable law.

The Amended 2014 Plan is scheduled to terminate on July 15, 2024, ten years from the date prior to the date that our first registration statement was declared effective. No awards may be granted under the Amended 2014 Plan while the

Amended 2014 Plan is suspended or after it is terminated. Termination of the Amended 2014 Plan will not affect the administrator's ability to exercise the powers granted to it hereunder with respect to awards granted under the Amended 2014 Plan prior to the date of such termination.

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**Federal Income Tax Information**

The following is a summary of the principal United States federal income taxation consequences to participants and us with respect to participation in the Amended 2014 Plan. This summary is not exhaustive, and does not discuss state, local or foreign tax laws.

***Award Implications for Us***

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code (described below) and the satisfaction of a tax reporting obligation, we are entitled to a deduction in the same amount and in the same year as the ordinary income recognized by participants with respect to the awards they receive pursuant to the Amended 2014 Plan.

***Award Implications for Participants***

An optionee who is granted an incentive stock option generally does not recognize taxable income at the time the option is granted or upon its exercise; however, the exercise is an adjustment item for alternative minimum tax purposes and may subject the optionee to the alternative minimum tax. Upon a disposition of the shares more than two years after grant of the option and more than one year after exercise of the option, any gain or loss is treated as long-term capital gain or loss. If these holding periods are not satisfied, the optionee recognizes ordinary income at the time of disposition equal to the difference between the exercise price and the lower of (i) the fair market value of the shares at the date of the option exercise, or (ii) the sale price of the shares. Any gain or loss recognized on such a premature disposition of the shares in excess of the amount treated as ordinary income is treated as long-term or short-term capital gain or loss, depending on the holding period.

No taxable income is generally recognized by an optionee upon the grant of a nonstatutory stock option. Upon exercise, the optionee will generally recognize ordinary income equal to the excess of the fair market value of the purchased shares on the exercise date over the exercise price paid for those shares. When the optionee disposes of shares granted as a nonstatutory stock option, any difference between the sale price and fair market value of the shares on the exercise date is treated as long-term or short-term capital gain or loss, depending on the holding period.

A participant acquiring restricted stock generally will recognize ordinary income equal to the difference between the fair market value of the shares on the determination date (as defined below) and their purchase price, if any. The determination date is the date on which the participant acquires the shares unless they are subject to a substantial risk of forfeiture and are not transferable, in which case the determination date is the earlier of (i) the date on which the shares become transferable or (ii) the date on which the shares are no longer subject to a substantial risk of forfeiture. If the determination date is after the date on which the participant acquires the shares, the participant may elect, pursuant to Section 83(b) of the Code, to have the date of acquisition be the determination date by filing an election with the Internal Revenue Service no later than 30 days after the date the shares are acquired. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value on the determination date, will be taxed as capital gain or loss. Such gain or loss will be long-term or short-term depending on whether the shares were held for more than one year.

No taxable income is recognized upon receipt of a RSU award. In general, the participant will recognize ordinary income, in the year in which the shares subject to that unit vest and are actually issued to the participant, in an amount equal to the fair market value of the shares on the date of issuance.

No taxable income is reportable when a stock appreciation right is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss, long-term or short-term depending on whether the shares were held for more than one year.

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A participant generally will recognize no income upon the grant of a performance award. Upon the settlement of cash awards, participants normally will recognize ordinary income in the year of receipt in an amount equal to the cash received. If the participant receives shares of restricted stock or RSUs, the participant generally will be taxed in the same manner as described above for restricted stock or RSUs, as applicable. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and income previously recognized on the shares, will be taxed as capital gain or loss, long-term or short-term depending on whether the shares were held for more than one year.

***Tax Withholding***

If the participant is an employee, any ordinary income arising from an award generally is subject to withholding of income and employment taxes.

***Section 162(m)***

Generally, Section 162(m) of the Code ( Section 162(m) ) disallows public companies a tax deduction for federal income tax purposes of compensation in excess of \$1 million paid to their chief executive officer and certain other specified officers in any taxable year. For tax years ending prior to December 31, 2017, compensation in excess of \$1 million could only be deducted if it was performance-based compensation within the meaning of Section 162(m) or qualified for one of the other exemptions from the deduction limit. The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our covered officers (which now also includes our Chief Financial Officer) in excess of \$1 million will generally not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

Because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing Section 162(m)'s performance-based compensation exemption from the deduction limit, no assurance can be given that that compensation attributable to awards granted under the Amended 2014 Plan intended to satisfy the requirements for exemption from Section 162(m) will in fact qualify.

***New Plan Benefits***

All of our directors, officers, employees and consultants are eligible to receive awards under the Amended 2014 Plan. Awards under the Amended 2014 Plan are discretionary, and we have not approved any awards, including stock options, that are conditioned on stockholder approval of the Amended 2014 Plan. Accordingly, we cannot currently determine the benefits or number of shares subject to awards, including stock options and RSUs, that may be granted in the future to executive officers, directors and employees under the Amended 2014 Plan.

***Plan Benefits***

The following table presents certain information with respect to options and RSUs granted under the 2014 Plan during fiscal year 2017 to (i) each of our named executive officers, (ii) each of our current directors, (iii) all current executive officers as a group, (iv) all current non-employee directors as a group, and (v) all current employees, excluding non-executive officers, as a group. On December 29, 2017, the last trading day of fiscal year 2017, the last reported sales price of our common stock was \$7.34.





**Table of Contents****2014 Plan**

<b>Name and Position(s)</b>	<b>Dollar Value (\$)<sup>(1)</sup></b>	<b>Number of Shares Subject to Stock Options</b>	<b>Number of RSUs</b>
Peter Maag, Ph.D., President, Chief Executive Officer, and Director	571,737	130,000	63,000
James P. Yee, M.D., Ph.D., Chief Medical Officer	129,790	37,000	20,000
Michael Bell, Chief Financial Officer	338,044	95,000	25,000
George W. Bickerstaff, III, Director	15,587	15,000	5,000
Fred E. Cohen, M.D., D. Phil., Director	15,587	15,000	5,000
Michael D. Goldberg, Director	15,587	15,000	5,000
William A. Hagstrom, Director	15,587	15,000	5,000
Ralph Snyderman, M.D., Director	15,587	15,000	5,000
Executive Officers Group	1,354,291	435,000	158,000
Non-Employee Directors Group	77,933	75,000	25,000
Non-Executive Officer Employee Group	606,454	213,200	116,500

(1) The amounts in this column reflect the aggregate fair value of the awards computed as of the grant date of each award in accordance with FASB ASC Topic 718. Our assumptions with respect to the calculation of these values are set forth in Note 13 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Since its inception, no shares have been issued to any associate of any director, nominee or executive officer under the 2014 Plan. No person has been issued or will be issued five percent or more of the total amount of shares issued under the Amended 2014 Plan.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2017 with respect to shares of our common stock that may be issued under our existing equity compensation plans.

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights<sup>(1)</sup></b>	<b>(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
	2,261,893	\$ 4.19	151,029

Equity compensation plans approved by stockholders <sup>(2)</sup>			
Equity compensation plans not approved by stockholders <sup>(3)</sup>	119,506	\$	5.30
Total:	2,381,399	N/A	156,429

- (1) The weighted average exercise price is calculated based solely on outstanding stock options and warrants and does not reflect the shares that will be issued upon the vesting of outstanding awards of RSUs, which have no exercise price.
- (2) Includes the following plans: CareDx, Inc. 1998 Equity Incentive Plan, CareDx, Inc. 2008 Equity Incentive Plan, ImmuMetrix 2013 Equity Incentive Plan, the 2014 Plan and the CareDx, Inc. 2014 Employee Stock Purchase Plan ( ESPP ). Our 2014 Plan provides that on the first day of each fiscal year beginning in 2015, the number of shares available for issuance thereunder is automatically increased by a number equal to the least of (i) 357,075 shares of common stock, (ii) four percent (4.0%) of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year, or (iii) such other amount as may be determined by our Board of Directors. Our ESPP provides that on the first day of each fiscal year beginning

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in 2015, the number of shares available for issuance thereunder is automatically increased by a number equal to the least of (i) 133,900 shares of common stock, (ii) one and one-half percent (1.5%) of the outstanding shares of Common Stock on the last day of the immediately preceding fiscal year, or (iii) such other amount as may be determined by our Board of Directors. On January 1, 2018, the number of shares available for issuance under our 2014 Plan and our ESPP increased by 357,075 shares and 133,900 shares, respectively, pursuant to these provisions. These increases are not reflected in the table above.

(3) Consists of shares available for issuance under the CareDx, Inc. 2016 Inducement Equity Incentive Plan.

**Recommendation and Vote**

The affirmative vote of a majority of the votes cast is required for stockholder approval of the proposal to approve the amendment to the 2014 Plan to (1) increase the number of shares of common stock that may be issued under the 2014 Plan by 1,600,000 shares, and (2) eliminate the fixed share cap included in the evergreen provision. Abstentions will have the effect of a vote AGAINST the proposal. Broker non-votes will have no effect on the proposal.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE AMENDMENT TO THE 2014 PLAN TO: (1) INCREASE THE NUMBER OF SHARES OF COMMON STOCK THAT MAY BE ISSUED UNDER THE 2014 PLAN BY 1,600,000 SHARES, AND (2) ELIMINATE THE FIXED SHARE CAP INCLUDED IN THE EVERGREEN PROVISION.**

**Table of Contents****EXECUTIVE OFFICERS**

The following table identifies certain information about our executive officers as of April 30, 2018. Each executive officer serves at the discretion of our Board of Directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Peter Maag, Ph.D.	51	President, Chief Executive Officer, and Director
Michael Bell	49	Chief Financial Officer
Anders Karlsson	53	Chief International Business Officer
Sasha King	32	Chief Commercial Officer
Mitchell J. Nelles, Ph.D.	65	Chief Operating Officer
James P. Yee, M.D., Ph.D.	68	Chief Medical Officer

*Peter Maag, Ph.D.* For a brief biography of Dr. Maag, please see **BOARD OF DIRECTORS AND CORPORATE GOVERNANCE** Directors with Terms Expiring at the Annual Meeting Continuing Directors.

*Michael Bell* has served as our Chief Financial Officer since April 2017. He has over 20 years of international finance and accounting experience. From January 2016 to March 2017, Mr. Bell served as the Chief Financial Officer of Metabiota, Inc., a San Francisco-based company that develops and sells risk analytics products focused on infectious disease. From May 2012 to January 2016, he served as the Chief Financial Officer of Singulex, Inc., a clinical diagnostics company. Prior to that, Mr. Bell held leadership and executive positions within Novartis, including with Novartis Diagnostics, a global provider of blood screening solutions, where he served as Chief Financial Officer from 2011 to 2012, and Senior Director, Global Head of Finance from 2008 to 2011. Mr. Bell also previously worked for several years in public accounting with both Ernst & Young LLP and Deloitte, UK. He holds a Bachelor of Science degree in Mathematics with Computing from the University of Leicester in the United Kingdom, and is a Fellow of the Institute of Chartered Accountants in England & Wales.

*Anders Karlsson, M.B.A.* has served as our Chief International Business Officer since April 2016. Prior to that, he served as the Chief Executive Officer of Allenex AB, a life sciences company that developed, manufactured, marketed and sold products for safer transplantation of blood stem cells and organs, since 2011. In April 2016, Allenex AB was acquired by us and continues operations as a wholly owned subsidiary. From 2009 to 2011, Mr. Karlsson served as the Chief Executive Officer of Olerup International AB, a global distributor of molecular diagnostic products and services. From 2008 to 2009, Mr. Karlsson served as the Chief Executive Officer of AbSorber AB, a biotech company that develops products for increasing the probability of transplantation success. Prior to that, Mr. Karlsson held positions of increasing responsibility at Novartis Pharmaceutical in Sweden, including Head of Sales, Head of Sales and Marketing, and Country President for Novartis Norway. Mr. Karlsson studied economics at University of Jönköping and marketing management at IHM Business School Linköping. Mr. Karlsson received his M.B.A. from the Henley Business School of the University of Reading, United Kingdom.

*Sasha King, M.B.A.* has served as our Chief Commercial Officer since October 2017. Ms. King brings over 10 years of diagnostics and genetic testing experience. Prior to becoming our Chief Commercial Officer, she served as our Ad Interim Chief Commercial Officer from June to October 2017 and as our Head of Marketing from March to June 2017. From August 2015 to March 2017, she worked in companion diagnostics marketing at Genentech, and was a sales leader at Ariosa Diagnostics from July 2013 to August 2015. While at Genentech, she worked on the launch of the first FDA approved cell free DNA test in oncology, the PD-L1 test launch, and the Foundation Medicine

partnership. Ms. King was an early member of the commercial team at Ariosa, a leader in the field of noninvasive prenatal testing ( NIPT ), which is now part of the Roche Group. She led the launch of their test into Asia Pacific and Canada. From August 2008 to July 2011, Ms. King worked at Fletcher Spaght, a

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life science consulting and venture capital fund. She received a bachelor of science in bioengineering from Massachusetts Institute of Technology in 2008 and an M.B.A. from Stanford Graduate School of Business in 2013.

*Mitchell J. Nelles, Ph.D.* has served as our Chief Operating Officer since January 2012. Prior to that, he served as our Vice President, Research and Development and Technical Operations since December 2006. From August 2003 to October 2006, Dr. Nelles was Vice President of North America Research and Development at bioMérieux, Inc., an *in vitro* diagnostics company. From December 2001 to July 2003, Dr. Nelles was Vice President of Research and Development at TriPath Oncology, a subsidiary of TriPath Imaging Inc., a company that develops, manufactures, markets and sells solutions to improve the clinical management of cancer. Dr. Nelles holds a B.A. in Biological Sciences from Rutgers College, a Ph.D. in Biomedical Sciences (Immunology) from the University of Texas, Health Sciences Center at Dallas, and has completed postdoctoral training in Immune Regulation at Brandeis University.

*James P. Yee, M.D., Ph.D.* has served as our Chief Medical Officer since August 2006. From January 2003 to June 2006, Dr. Yee was Vice President and Head of Development for Celera Genomics, Inc., a diagnostics company. From June 1995 to December 2002, he was Vice President of Preclinical and Clinical Development at Roche Bioscience, a division of F. Hoffmann-La Roche Ltd. Earlier in his career, Dr. Yee held a variety of research and development positions of increasing responsibility at Syntex Corporation, including Vice President and Director of the Institute for Clinical Medicine from 1989 to 1992. Dr. Yee is certified in internal medicine by the American Board of Internal Medicine. Dr. Yee holds a B.S. in Electrical Engineering and Computer Science and a Ph.D. in Biophysics from the University of California at Berkeley, and an M.D. from the University of California, Los Angeles School of Medicine.

**Legal Proceedings with Executive Officers**

There are no legal proceedings related to any of the executive officers which require disclosure pursuant to Items 103 or 401(f) of Regulation S-K.

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**EXECUTIVE COMPENSATION**

Our named executive officers for 2017, which consist of our principal executive officer and the next two most highly compensated executive officers, are:

Peter Maag, Ph.D., our President and Chief Executive Officer;

James P. Yee, M.D., Ph.D., our Chief Medical Officer; and

Michael Bell, our Chief Financial Officer.

**Processes and Procedures for Compensation Decisions**

Our Compensation Committee is responsible for the executive compensation programs for our executive officers and reports to our Board of Directors on its discussions, decisions and other actions. The salary and bonuses paid to our executive officers are reviewed annually by the Compensation Committee. Typically, our Chief Executive Officer makes recommendations to our Compensation Committee, often attends committee meetings and is involved in the determination of compensation for the respective executive officers who report to him, except that the Chief Executive Officer does not make recommendations as to his own compensation. Our Chief Executive Officer makes recommendations to our Compensation Committee regarding short- and long-term compensation for all executive officers (other than himself) based on our results, an individual executive officer's contribution toward these results and performance toward individual goal achievement. Our Chief Executive Officer recuses himself from Compensation Committee and board discussions when his compensation is reviewed. Our Compensation Committee then reviews the recommendations and other data and makes decisions as to total compensation for each executive officer other than the Chief Executive Officer, as well as each individual compensation component. Our Compensation Committee makes recommendations to our Board of Directors regarding, or determines, compensation for the Chief Executive Officer. The Compensation Committee or the independent members of our Board of Directors make the final decisions regarding executive compensation for the Chief Executive Officer.

Our Compensation Committee is authorized to retain the services of one or more executive compensation advisors, as it sees fit, in connection with the establishment of our compensation programs and related policies. Beginning in 2014, the Compensation Committee retained Radford Associates, a national compensation consultant, to provide information, recommendations and other advice about executive compensation on an ongoing basis. Accordingly, Radford now serves at the discretion of our Compensation Committee. Our Compensation Committee engaged Radford to assist in developing an appropriate group of peer companies to help us determine the appropriate level of overall compensation for our executive officers, as well as assess each separate element of compensation, with a goal of ensuring that the compensation we offer to our executive officers is competitive and fair.

**Table of Contents****Summary Compensation Table**

The following table provides information regarding the compensation awarded to, or earned by, our named executive officers during 2016 and 2017.

**Summary Compensation Table**

Name and Principal Position <sup>(1)</sup>	Year	Salary (\$)	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation	All Other Compensation	Total (\$)
					(\$) <sup>(4)</sup>	(\$)	
Peter Maag, Ph.D., <i>President and Chief Executive Officer</i>	2017	450,000	306,900	264,837	378,000	1,560	1,401,297
	2016	450,000	111,988	135,341	185,625		882,954
James P. Yee, M.D., Ph.D., <i>Chief Medical Officer</i>	2017	382,905	82,000	47,790	184,800		697,495
	2016	376,620	57,970	86,745	112,986		634,321
Michael Bell <i>Chief Financial Officer</i>	2017	237,292	147,500	190,544	114,319	1,105	690,760

- (1) In accordance with SEC guidance, compensation information for Michael Bell for fiscal year 2016 has not been included in this table because Michael Bell was not a named executive officer for fiscal year 2016.
- (2) The amounts in this column represent the fair value of the award computed as of the grant date of each stock award computed as of the grant date of each option award in accordance with FASB ASC Topic 718. Our assumptions with respect to the calculation of these values are set forth in Note 13 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.
- (3) The amounts in this column represent the aggregate fair value of the award computed as of the grant date of each option award in accordance with FASB ASC Topic 718. Our assumptions with respect to the calculation of these values are set forth in Note 13 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.
- (4) Represents amounts paid as a discretionary bonus to our executive officers, including our named executive officers, for their performance in 2017 as compared against the performance goals set in our Executive Incentive Compensation Plan.

**Non-Equity Incentive Plan Compensation**

Each of our named executive officers is eligible for cash annual incentive payments. For 2017, Dr. Maag had a target annual incentive of up to 70% of his base salary. Dr. Yee was eligible for a target annual incentive of 40% of his base salary and Mr. Bell was eligible for a target annual incentive of 35% of his base salary.

Payment of an incentive is based on our performance against certain key performance indicators. For 2017, our key performance indicators included growing AlloMap and Olerup; launching AlloSure; sales, gross margin and general and administrative cost targets; partnering; expanding the Company's pipeline and retaining developing and attracting top talent. We measure our actual performance against our budgeted goals, and then determine an incentive payout. For fiscal year 2017, our executive officers were awarded between 75% and 120% of the target annual bonus amounts, and our NEOs were specifically awarded the following percentages of their target annual bonus amounts:



Dr. Maag: 120%;

Dr. Yee: 120%; and

Mr. Bell: 130%.

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**Employment Agreements for Named Executive Officers**

***Peter Maag, Ph.D.***

We entered into a Chief Executive Employment Agreement with Dr. Maag, dated September 19, 2012, under which Dr. Maag serves as our President and Chief Executive Officer. The agreement provides for at-will employment and sets forth certain agreed upon terms and conditions of employment. During fiscal year 2017, Dr. Maag's annual base salary was \$450,000, which was increased to \$495,000 effective April 1, 2018. He is currently eligible for a target annual bonus of up to 70% of his base salary.

***James P. Yee, M.D., Ph.D.***

We entered into an offer letter with Dr. Yee, dated July 31, 2006, under which Dr. Yee serves as our Chief Medical Officer. The agreement provides for at-will employment and sets forth certain agreed upon terms and conditions of employment. During fiscal year 2017, Dr. Yee's annual base salary was \$385,000, which was increased to \$392,700 effective April 1, 2018. He is currently eligible for a target annual bonus of up to 40% of his base salary.

***Michael Bell***

We entered into an offer letter with Mr. Bell, dated April 21, 2017, under which Mr. Bell serves as our Chief Financial Officer. The agreement provides for at-will employment and sets forth certain agreed upon terms and conditions of employment. During fiscal year 2017, Mr. Bell's annual base salary was \$335,000, which was increased to \$342,538 effective April 1, 2018. He is currently eligible for a target annual bonus of up to 45% of his base salary.

**Potential Payments and Benefits upon Termination or Change of Control for Officers**

***Peter Maag, Ph.D.***

Pursuant to Dr. Maag's Change of Control and Severance Agreement, dated May 1, 2014, if within two months prior to, or twelve months following a change of control, we or our successor terminate Dr. Maag's employment without cause, Dr. Maag will be entitled to (a) twelve months' severance, (b) acceleration of vesting equal to 100% of any unvested options, (c) a lump sum payment equal to Dr. Maag's annual bonus, and (d) twelve months of continued benefits, *provided, that* such reimbursement will cease on the date that Dr. Maag becomes covered under a similar plan of a new employer. Pursuant to the agreement, if we or a successor terminate Dr. Maag's employment without cause and such termination occurs outside of a change of control event, Dr. Maag will be entitled to (a) twelve months' severance, and (b) twelve months of continued benefits, *provided, that* such reimbursement will cease on the date that Dr. Maag becomes covered under a similar plan of a new employer.

***James P. Yee, M.D., Ph.D.***

Pursuant to Dr. Yee's Change of Control and Severance Agreement, dated May 1, 2014, if within two months prior to, or twelve months following a change of control, we or our successor terminate Dr. Yee's employment without cause, Dr. Yee will be entitled to (a) twelve months' severance, (b) acceleration of vesting equal to 100% of any unvested options, (c) a lump sum payment equal to Dr. Yee's annual bonus and (d) twelve months of continued benefits, *provided, that* such reimbursement will cease on the date that Dr. Yee becomes covered under a similar plan of a new employer. Pursuant to the agreement, if we or a successor terminate Dr. Yee's employment without cause and such termination occurs outside of a change of control event, Dr. Yee will be entitled to (a) six months' severance, and (b) six months of continued benefits, *provided, that* such reimbursement will cease on the date that Dr. Yee becomes

covered under a similar plan of a new employer.

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***Michael Bell***

Pursuant to Mr. Bell's Change of Control and Severance Agreement, dated April 17, 2017, if within two months prior to, or twelve months following a change of control, we or our successor terminate Mr. Bell's employment without cause, Mr. Bell will be entitled to (a) twelve months' severance, (b) acceleration of vesting equal to 100% of any unvested options, (c) a lump sum payment equal to Mr. Bell's annual bonus and (d) twelve months of continued benefits, *provided, that* such reimbursement will cease on the date that Mr. Bell becomes covered under a similar plan of a new employer. Pursuant to the agreement, if we or a successor terminate Mr. Bell's employment without cause and such termination occurs outside of a change of control event, Mr. Bell will be entitled to (a) six months' severance, and (b) six months of continued benefits, *provided, that* such reimbursement will cease on the date that Mr. Bell becomes covered under a similar plan of a new employer.

For purposes of each of the foregoing change of control and severance agreements, "cause" means generally:

executive's material failure to perform his stated duties after a notice of failure and a cure period of ten days;

executive's material violation of our policies or any written agreement or covenant with us;

executive's conviction of, or entry of a plea of guilty or nolo contendere to, a felony;

a willful act by executive that constitutes gross misconduct and which is injurious to us;

executive's commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material injury to us;

the unauthorized use or disclosure by executive of any of our proprietary information or trade secrets or any other party to whom he owes an obligation of nondisclosure as a result of his relationship with us; or

executive's willful failure to cooperate with an investigation by a governmental authority.

**401(k) Plan**

Our retirement plan, which we refer to as the 401(k) plan, is qualified under Section 401 of the Code. Eligible employees, including all of our full-time employees, may elect to reduce their current compensation by an amount no greater than the statutorily prescribed annual limit and may have that amount contributed to the 401(k) plan. Matching contributions may be made to the 401(k) plan at the discretion of our Board of Directors. During 2017, we did not make any matching contributions to the 401(k) plan. On January 1, 2018, we began to make contributions to the 401(k) plan.



**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table presents certain information concerning equity awards held by our executive officers, including each of our named executive officers, as of December 31, 2017.

Name	Grant Date	Option Awards			Option Expiration Date	Stock Awards	
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$)
Peter Maag, Ph.D.	10/17/2012	189,938		0.548	10/17/2022		
	3/6/2015 <sup>(1)</sup>	58,333	21,667	6.49	3/6/2025		
	1/22/2016 <sup>(2)</sup>	30,547	33,203	5.27	1/22/2026		
	2/17/2017 <sup>(3)</sup>		60,000	2.30	02/17/2027		
	9/1/2017 <sup>(4)</sup>		25,000	2.80	09/01/2027		
	10/27/2017 <sup>(5)</sup>		45,000	5.90	10/27/2027		
	11/09/2017 <sup>(6)</sup>	23,158	46,316	5.49	11/09/2024		
	3/6/2015 <sup>(7)</sup>					12,500	91,750
	1/22/2016 <sup>(8)</sup>					15,937	116,978
	2/17/2017 <sup>(9)</sup>					18,000	134,120
	10/27/2017 <sup>(10)</sup>					45,000	
James P. Yee, M.D., Ph.D.	4/8/2010	3,649		3.699	4/8/2020		
	8/27/2010	3,649		3.014	8/27/2020		
	3/6/2015 <sup>(11)</sup>	25,521	9,479	6.490	3/6/2025		
	1/22/2016 <sup>(12)</sup>	15,813	17,187	5.27	1/22/2026		
	10/28/2016 <sup>(13)</sup>	5,417	4,583	3.67	10/28/2026		
	2/17/2017 <sup>(3)</sup>		27,000	2.3	2/17/2027		
	9/1/2017 <sup>(4)</sup>		10,000	2.8	9/1/2027		
	11/9/2017 <sup>(6)</sup>	4,453	8,906	5.49	11/9/2024		
	3/6/2015 <sup>(14)</sup>					5,000	36,700
	1/22/2016 <sup>(15)</sup>					8,250	60,555
	2/17/2017 <sup>(16)</sup>					10,000	73,400
	10/27/2017 <sup>(10)</sup>					10,000	73,400
Michael Bell	4/21/2017 <sup>(17)</sup>		40,000	1.00	4/21/2027		
	9/1/2017 <sup>(4)</sup>		10,000	2.80	9/1/2027		
	10/27/2017 <sup>(5)</sup>		45,000	5.90	10/27/2027		
	10/27/2017 <sup>(10)</sup>					25,000	183,500

- (1) One quarter of the total shares vested on January 21, 2016, and 1/48th of the shares subject to the option vested and will vest each month thereafter, subject to executive's continued employment on each applicable vesting date.
- (2) One quarter of the total shares vested on January 22, 2017, and 1/48th of the shares subject to the option vested and will vest each month thereafter, subject to executive's continued employment on each applicable vesting date.
- (3) Full grant amount is unvested as of December 31, 2017. One quarter of the total shares vested on January 27, 2018 and 1/48th of the shares subject to the option vested and will vest monthly thereafter.
- (4) Full grant amount is unvested as of December 31, 2017. One half of the total shares vest on September 1, 2018 and 1/72nd of the shares subject to the option will vest monthly thereafter.
- (5) Full grant amount is unvested as of December 31, 2017. One quarter of the total shares vest on October 20, 2018 and 1/48th of the shares subject to the option will vest monthly thereafter.
- (6) Options are scheduled to vest in three equal installments based upon the Company's achievement of certain performance goals as follows: (i) one third of the options vest upon the Company's determination, which

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has been reviewed by the Company's independent registered public accounting firm, that the Company has achieved \$10 million of total cumulative sales of AlloSure, its proprietary next-generation sequencing-based test to detect donor-derived, cell-free DNA after transplantation, commencing November 8, 2017, (ii) one third of the options vest upon the Company's determination, which has been reviewed by the Company's independent registered public accounting firm, that the Company has achieved quarterly revenues of at least \$18.75 million for two consecutive fiscal quarters commencing after November 8, 2017, and (iii) one third of the options vest in the event the closing sales price of the Company's common stock is at or above \$5.00 per share, as quoted by NASDAQ, for 10 consecutive trading days after November 8, 2017.

- (7) 6,250 of the shares subject to this RSU award vested on January 21, 2017. An additional 6,250 of the shares subject to this RSU award vested on January 21, 2018 and 6,250 of the shares will vest on January 22, 2019.
- (8) 5,313 of the shares subject to this RSU award vested on January 21, 2017. An additional 5,313 of the shares subject to this RSU award vested on January 21, 2018, and 5,313 of the shares will vest on each of January 21, 2019 and January 21, 2020.
- (9) Full grant amount is unvested as of December 31, 2017. 4,500 of the shares subject to this RSU award will vest on January 27, 2018. An additional 4,500 of the shares subject to this RSU award will on each of January 27, 2019, January 27, 2020 and January 27, 2021.
- (10) Full grant amount is unvested as of December 31, 2017. The shares subject to this RSU vest upon such time that the Company's independent registered public accounting firm has determined, pursuant to a review or audit of the Company's financial information or statements, that the Company has achieved more than \$60.0 million in revenue in 2018.
- (11) One quarter of the total shares vested on January 21, 2016, and 1/48th of the shares subject to the option vested and will vest each month thereafter, subject to executive's continued employment on each applicable vesting date.
- (12) One quarter of the total shares vested on January 22, 2017, and 1/48th of the shares subject to the option vested and will vest each month thereafter, subject to executive's continued employment on each applicable vesting date.
- (13) One half of the total shares vested on September 29, 2016 and 1/72nd of the shares subject to the option vested and will vest each month thereafter, subject to executive's continued employment on each applicable vesting date.
- (14) 2,500 of the shares subject to this RSU award vested on January 21, 2017. An additional 2,500 of the shares subject to this RSU award vested on January 21, 2018 and 2,500 shares will vest on January 22, 2019.
- (15) 2,750 of the shares subject to this RSU award vested on January 21, 2017. An additional 2,750 of the shares subject to this RSU award vested on January 21, 2018, and 2,750 of the shares will vest on each of January 21, 2019 and January 21, 2020.
- (16) Full grant amount is unvested as of December 31, 2017. 2,500 of the shares subject to this RSU award vested on January 27, 2018. An additional 2,500 of the shares subject to this RSU award will on each of January 27, 2019, January 27, 2020 and January 27, 2021.
- (17) Full grant amount is unvested as of December 31, 2017. One quarter of the total shares vest on April 17, 2018, and 1/48th of the shares subject to the option will vest each month thereafter, subject to executive's continued employment on each applicable vesting date.

**Hedging and Pledging Policies**

Our insider trading policy prohibits our directors, officers (including our executive officers), employees and agents, as well as their immediate family members, from engaging in short sales of our securities and from engaging in transactions in publicly-traded options and other derivative securities with respect to our securities. This prohibition extends to any hedging or similar transactions designed to decrease the risks associated with holding our securities. Our insider trading policy also prohibits certain individuals, including our directors and executive officers, from pledging our securities as collateral for loans.





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

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 31, 2018 for:

each of our current directors and nominees for director;

each of our named executive officers;

all of our current directors and executive officers as a group; and

each person or group who beneficially owned more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

We have based our calculation of the percentage of beneficial ownership on 35,240,782 shares of our common stock outstanding as of March 31, 2018. We have deemed shares of our common stock subject to warrants or stock options that are currently exercisable or exercisable within 60 days of March 31, 2018, or issuable pursuant to RSUs that are subject to vesting conditions expected to occur within 60 days of March 31, 2018, to be outstanding and to be beneficially owned by the person holding the warrants, stock option or RSUs for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o CareDx, Inc., 3260 Bayshore Blvd., Brisbane, CA 94005.

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Shares Beneficially Owned</b>
<b><i>5% Stockholders:</i></b>		
Entities affiliated with Gagnon Securities LLC <sup>(1)</sup>	4,199,438	11.9%
FastPartner AB <sup>(2)</sup>	2,130,996	6.0%
Midroc Invest AB <sup>(3)</sup>	2,394,504	6.7%
<b><i>Directors and Named Executive Officers:</i></b>		
Peter Maag, Ph.D. <sup>(4)</sup>	416,500	1.2%
James P. Yee, M.D., Ph.D. <sup>(5)</sup>	108,881	*
Michael Bell <sup>(6)</sup>	11,558	*

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George W. Bickerstaff, III <sup>(7)</sup>	79,023	*
Fred E. Cohen, M.D., D. Phil <sup>(8)</sup>	68,138	*
Michael D. Goldberg <sup>(9)</sup>	232,885	*
William A. Hagstrom <sup>(10)</sup>	71,862	*
Ralph Snyderman, M.D. <sup>(11)</sup>	111,413	*
All current directors and executive officers as a group (11 persons) <sup>(12)</sup>	1,237,040	3.4%

- \* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our common stock.
- (1) Based on information reported on a Schedule 13G/A filed with the SEC on February 13, 2018, this consists of (i) 458,892 shares of common stock over which Neil Gagnon has sole voting and dispositive power, and (ii) 3,740,546 shares of common stock over which Mr. Gagnon has shared dispositive power. Mr. Gagnon is the managing member and principal owner of Gagnon Securities LLC ( GS ), an investment adviser

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registered with the SEC under the Investment Advisers Act of 1940, as amended (the Advisers Act ), and a registered broker-dealer, in its role as investment manager to several customer accounts, foundations, partnerships and trusts (collectively, the Accounts ) to which it furnishes investment advice. Mr. Gagnon and GS may be deemed to share voting power with respect to 2,102,766 shares of Common Stock held in the Accounts and dispositive power with respect to 2,388,964 shares of Common Stock held in the Accounts. Mr. Gagnon is also the Chief Executive Officer of Gagnon Advisors, LLC ( Gagnon Advisors ), an investment adviser registered with the SEC under the Advisers Act. Mr. Gagnon and Gagnon Advisors, in its role as investment manager to Gagnon Investment Associates, LLC ( GIA ), a private investment fund, may be deemed to share voting and dispositive power with respect to the 1,093,506 shares of Common Stock held by GIA. The address for each of these stockholders is 1370 Ave. of the Americas, Suite 2400, New York, NY 10019.

- (2) Based on information reported on a Schedule 13G/A filed with the SEC on July 7, 2017, this consists of (i) 1,751,046 shares of common stock, and (ii) 379,950 shares of common stock issuable upon exercise of warrants. The address of FastPartner AB is Box 556 25, 102 14 Stockholm, Sweden.
- (3) Based on information reported on a Schedule 13G/A filed with the SEC on July 7, 2017, this consists of (i) 1,967,436 shares of common stock, and (ii) 427,068 shares of common stock issuable upon exercise of warrants. The address of Midroc Invest AB is P.O. Box 3002, SE-169 03 Solna, Sweden.
- (4) Represents 217,487 shares of common stock held by Dr. Maag, 2,000 shares of common stock held by Dr. Maag as custodian for minor children under the Uniform Transfer to Minors Act and 197,013 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (5) Represents 27,602 shares of common stock held by Dr. Yee and 81,279 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (6) Represents 725 shares of common stock held by Mr. Bell and 10,833 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (7) Represents 38,786 shares of common stock held by Mr. Bickerstaff and 40,237 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (8) Represents 27,901 shares of common stock held by Dr. Cohen and 40,237 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (9) Represents 117,865 shares of common stock held by Mr. Goldberg and 115,020 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (10) Represents 28,159 shares of common stock held by Mr. Hagstrom and 43,703 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (11) Represents 56,578 shares of common stock held by Dr. Snyderman, and 54,835 shares subject to options that are immediately exercisable or exercisable within 60 days of March 31, 2018.
- (12) Comprised of shares included under Directors and Named Executive Officers , 57,745 shares of common stock owned directly by our other executive officers, 2,500 shares of common stock subject RSUs that will vest within 60 days of March 31, 2018 owned directly by one of our other executive officers and options to purchase an aggregate of 76,535 shares of common stock held by our other executive officers that are immediately exercisable or exercisable within 60 days of March 31, 2018.

**Table of Contents****RELATED PERSON TRANSACTIONS**

The following is a description of transactions or series of transactions since January 1, 2017, or any currently proposed transaction, to which we were or are to be a participant in which the amount involved in the transaction or series of transactions exceeds \$120,000, and in which any of our directors, executive officers or persons who we know held more than five percent of any class of our capital stock, including their immediate family members, had or will have a direct or indirect material interest, other than compensation arrangements that are described under **Executive Compensation** above.

**Conditional Share Purchase Agreements**

On April 14, 2016, we acquired 98.3% of the outstanding common stock of CareDx International AB. Under certain Conditional Share Purchase Agreements entered into on December 16, 2015, as amended (the **Conditional Share Purchase Agreements**), and the tender offer prospectus dated March 7, 2016, and as a result of the tender offer, the aggregate purchase consideration paid by us was approximately \$34.1 million and consisted of (i) \$26.9 million of cash, of which \$5.7 million (which represents SEK 50,620,000 as of the acquisition date) was deferred purchase consideration originally payable to the Midroc Invest AB, FastPartner AB and Xenella Holding AB, the former majority shareholders of CareDx International AB (the **Majority Shareholders**), by no later than March 31, 2017, subject to certain contingencies being met, and (ii) the issuance of 1,375,029 shares of our common stock valued at \$7.2 million. The date by which the deferred purchase consideration was due to the Majority Shareholders was subsequently extended to July 1, 2017. In addition, interest began accruing on our obligations to the Majority Shareholders at a rate of 10.0% per year commencing on January 1, 2017 and continued to accrue until the date the obligations were paid in full. Of the total cash consideration, \$8.0 million of cash payable to the Majority Shareholders was deposited into an escrow account by us and subsequently invested in us by the Majority Shareholders through a purchase of our equity securities in a subsequent financing and purchasing an aggregate amount of \$8 million worth of units comprised of common stock, preferred stock and warrants. Upon the completion of the Subsequent Financing, certain contingencies in the Conditional Share Purchase Agreements were waived, and the deferred purchase consideration was due to the Majority Shareholders by no later than July 1, 2017.

On July 1, 2017, we entered into amendments to the Conditional Share Purchase Agreements with the Former Majority Shareholders, pursuant to which, among other things, we agreed (i) to immediately convert approximately \$1.1 million of the \$6.3 million deferred purchase consideration owed by us to the Former Majority Shareholders under the Conditional Share Purchase Agreements (the **Deferred Obligation**), into 1,022,544 shares of our common stock at a per share price equal to \$1.12; (ii) to make an immediate cash payment of \$0.5 million; (iii) to extend the maturity date of a portion of the obligations, totaling approximately \$2.9 million, under the Conditional Share Purchase Agreements to March 31, 2019, and (iv) that approximately \$2.1 million of the Deferred Obligation would become payable on December 31, 2017, unless earlier converted into 1,791,762 shares of common stock prior to that date, of which issuance of shares was subject to approval by our stockholders.

On November 14, 2017, we entered into amendments to the Conditional Share Purchase Agreement with the Former Majority Shareholders, whereby we immediately repaid the total remaining deferred purchase consideration of \$4.7 million, plus accrued interest.

**CareDx International AB Subordinated Promissory Notes*****FastPartner Subordinated Promissory Notes***

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On June 28, 2013, CareDx International AB issued a SEK 9,400,000 (approximately \$1.0 million in U.S. dollars) subordinated promissory note to FastPartner AB ( FastPartner ), a related party, which had an interest rate of 10.00%. On December 29, 2015, CareDx International AB issued a SEK 2,000,000 (approximately \$0.2 million

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in U.S. dollars) subordinated promissory note to FastPartner, which had an annual interest rate of 10.0%. On March 7, 2016, CareDx International AB issued a SEK 4,000,000 (approximately \$0.4 million in U.S. dollars) subordinated promissory note to FastPartner, which had an annual interest rate of 10.0%. Pursuant to an intercreditor agreement among CareDx International AB, Danske Bank A/B (Danske), FastPartner AB, Mohammed Al Amoudi and Olerup SSP AB, dated June 25, 2013 (the Intercreditor Agreement), until CareDx International AB's term loan facility with Danske (the Term Loan Facility) was repaid, FastPartner was not permitted demand or receive payment of its subordinated promissory notes, or foreclose on any collateral securing CareDx International AB's obligations under the subordinated promissory notes, without Danske's prior written consent. CareDx International AB's obligations under the promissory notes were secured by a pledge of CareDx International AB shares to FastPartner. The full amounts of subordinated promissory notes were outstanding as of December 31, 2016 and were due July 1, 2017.

On July 1, 2017, CareDx International AB entered into a new note agreement with FastPartner, pursuant to which the parties agreed to defer repayment of the amounts owed under the notes described above until March 31, 2019. Pursuant to the terms of the new note agreement, as of December 31, 2017, we owed principal totaling SEK 19,757,000, or approximately \$2.4 million in U.S. dollars. FastPartner is also a stockholder of the Company and is considered a related party.

On April 17, 2018, the Company entered into a Credit Agreement and Guaranty with Perceptive Credit Holdings II, LP (Perceptive), pursuant to which Perceptive provided the Company with an initial term loan of \$15.0 million, with a second tranche of \$10.0 million available at the Company's option, subject to the satisfaction of customary conditions. The Company used a portion of the proceeds from the Perceptive term loan to, among other things, repay the amounts due to FastPartner on April 17, 2018.

***Mohammed Al Amoudi Subordinated Promissory Note***

On June 28, 2013, CareDx International AB issued a SEK 10,600,000 (approximately \$1.2 million in U.S. dollars) subordinated promissory note to Mohammed Al Amoudi, which provides for an annual interest rate of 10.0%. Principal payments of SEK 1,000,000 (approximately \$0.1 million in U.S. dollars) and accrued interest are payable quarterly at September 30, December 31, March 31 and June 30, subject to meeting certain requirements for working capital. The promissory note had an initial maturity date of June 28, 2016. On December 31, 2016, the maturity date was extended until July 1, 2017. However, pursuant to the Intercreditor Agreement, until the Term Loan Facility with Danske was repaid, Mohammed Al Amoudi was not permitted to demand or receive payment of his subordinated promissory note, or foreclose on any collateral securing CareDx International AB's obligations under the subordinated promissory note, without Danske's prior written consent. CareDx International AB's obligations under the promissory note were secured by a pledge of CareDx International AB shares to Mohammed Al Amoudi. On July 1, 2017, CareDx International AB entered into a new note agreement with Mohammed Al Amoudi, pursuant to which the parties agreed to defer repayment of the amounts owed under the note until March 31, 2019. Pursuant to the terms of the new note agreement, as of December 31, 2017, we owed principal totaling SEK 14,575,000, or approximately \$1.8 million in U.S. dollars. Mohammed Al Amoudi is also a stockholder of the Company and is considered a related party.

The Company used a portion of the proceeds from the Perceptive term loan to, among other things, repay the amounts due to Mohammed Al Amoudi on April 17, 2018.

**Investors' Rights Agreement**

We are party to an investors' rights agreement which provides, among other things, that certain holders of our common stock have the right to demand that we file a registration statement or request that their shares of our common stock be

covered by a registration statement that we are otherwise filing.



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### **Indemnification Agreements**

We have also entered into indemnification agreements with our directors and certain of our executive officers. The indemnification agreements and our certificate of incorporation and amended and restated bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

### **Policies and Procedures for Related Party Transactions**

Our Audit Committee adopted a formal written policy that our Audit Committee is responsible for reviewing related party transactions. A related person transaction is a transaction, arrangement, or relationship in which we (including any of our subsidiaries) and any related person were, are, or will be participants involving an amount that exceeds \$120,000. For purposes of this policy, a related person is defined as a director, nominee for director, executive officer, or greater than 5% beneficial owner of our common stock and their immediate family members, any entity in which such person is employed or is a general partner or principal and any entity where such person has a 5% or greater beneficial ownership interest.

Under this policy, all related party transactions may be consummated or continued only if approved or ratified by our Audit Committee. In determining whether to approve or ratify any such proposal, our Audit Committee will take into account, among other factors it deems appropriate, (a) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, and (b) the extent of the related party's interest in the transaction. The policy grants standing pre-approval of certain transactions, including (1) certain compensation arrangements of executive officers, (2) certain director compensation arrangements, (3) transactions with another company at which a related party's only relationship is as a non-executive employee, director or beneficial owner of less than 5% of that company's shares, (4) transactions where a related party's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis, and (5) transactions available to all U.S. employees generally.

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**OTHER MATTERS**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires that our executive officers and directors, and persons who own more than 10% of our common stock, file reports of ownership and changes of ownership with the SEC. Such directors, executive officers and 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

SEC regulations require us to identify in this proxy statement anyone who failed to file a timely required report during the most recent fiscal year. Based solely upon our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that during our fiscal year ended December 31, 2017, all Section 16(a) filing requirements were satisfied on a timely basis except for one Form 4 for Neil Gagnon which was due on January 24, 2017, but was inadvertently filed late on March 20, 2017.

**Available Information**

Our financial statements for our fiscal year ended December 31, 2017 are included in our Annual Report on Form 10-K for the year ended December 31, 2017. This proxy statement and our annual report are posted on the Investor Relations section of our website at [investors.caredxinc.com](http://investors.caredxinc.com) and are available from the SEC at its website at [www.sec.gov](http://www.sec.gov). You may also obtain a copy of our annual report without charge by sending a written request to CareDx, Inc., Attention: Investor Relations, 3260 Bayshore Blvd., Brisbane, California 94005.

**Company Website**

We maintain a website at [www.caredx.com](http://www.caredx.com). Information contained on, or that can be accessed through, our website is not intended to be incorporated by reference into this proxy statement, and references to our website address in this proxy statement are inactive textual references only.

\* \* \*

Our Board of Directors does not know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented at the Annual Meeting, the persons named on the enclosed proxy card will have discretion to vote the shares of common stock they represent in accordance with their own judgment on such matters.

It is important that your shares of common stock be represented at the Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to vote over the Internet or by telephone as instructed on the proxy card or execute and return, at your earliest convenience, the proxy card.

**THE BOARD OF DIRECTORS**

Brisbane, California

April 30, 2018

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**APPENDIX A**

**CAREDX, INC.**

**2014 EQUITY INCENTIVE PLAN**

1. Purposes of the Plan. The purposes of this Plan are:

to attract and retain the best available personnel for positions of substantial responsibility,

to provide additional incentive to Employees, Directors and Consultants, and

to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares.

2. Definitions. As used herein, the following definitions will apply:

(a) Administrator means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) Applicable Laws means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) Award means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.

(d) Award Agreement means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) Board means the Board of Directors of the Company.

(f) Change in Control means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ( Person ), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most

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recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) Code means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(h) Committee means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4 hereof.

(i) Common Stock means the common stock of the Company.

(j) Company means CareDx, Inc., a Delaware corporation, or any successor thereto.

(k) Consultant means any natural person, including an advisor, engaged by the Company or a Parent or Subsidiary to render bona fide services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities.

(l) Director means a member of the Board.

(m) Disability means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

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(n) Employee means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute employment by the Company.

(o) Exchange Act means the Securities Exchange Act of 1934, as amended.

(p) Exchange Program means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(q) Fair Market Value means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(iii) For purposes of any Awards granted on the Registration Date, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Common Stock; or

(iv) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

(r) Fiscal Year means the fiscal year of the Company.

(s) Incentive Stock Option means an Option that by its terms qualifies and is intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(t) Inside Director means a Director who is an Employee.

(u) Nonstatutory Stock Option means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(v) Officer means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(w) Option means a stock option granted pursuant to the Plan.

(x) Outside Director means a Director who is not an Employee.

(y) Parent means a parent corporation, whether now or hereafter existing, as defined in Section 424(e) of the Code.

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(z) Participant means the holder of an outstanding Award.

(aa) Performance Share means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(bb) Performance Unit means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(cc) Period of Restriction means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(dd) Plan means this 2014 Equity Incentive Plan.

(ee) Registration Date means the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(g) of the Exchange Act, with respect to any class of the Company's securities.

(ff) Restricted Stock means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(gg) Restricted Stock Unit means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(hh) Rule 16b-3 means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(ii) Section 16(b) means Section 16(b) of the Exchange Act.

(jj) Service Provider means an Employee, Director or Consultant.

(kk) Share means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(ll) Stock Appreciation Right means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

(mm) Subsidiary means a subsidiary corporation, whether now or hereafter existing, as defined in Section 424(f) of the Code.

### 3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 3,866,995 Shares, plus the sum of (i) any Shares that, as of the Registration Date, have been reserved but not issued pursuant to any awards granted under the Company's 2008 Equity Incentive Plan (the Existing Plan) and are not subject to any awards granted thereunder, and (ii) any Shares subject to

stock options or similar awards granted under the Existing Plan that, on or after the Registration Date, expire or otherwise terminate without having been exercised in full and Shares issued pursuant to awards granted under the Existing Plan that are forfeited to or repurchased by the Company, with the maximum number of Shares to be added to the Plan from previously granted awards under the Existing Plan equal to 865,252. The Shares may be authorized, but unissued, or reacquired Common Stock.

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(b) Automatic Share Reserve Increase. Subject to the provisions of Section 14 of the Plan, the number of Shares available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2015 Fiscal Year, in an amount equal to the least of (i) four percent (4%) of the outstanding Shares on the last day of the immediately preceding Fiscal Year or (ii) such number of Shares determined by the Board; provided, however, that such determination under clause (ii) will be made no later than the last day of the immediately preceding Fiscal Year.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares, is forfeited to, or repurchased by, the Company due to failure to vest, then the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 14, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will be 5,000,000 Shares, plus, to the extent allowable under Section 422 of the Code, any Shares that become available for issuance under the Plan pursuant to this Section 3(c).

(d) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

**4. Administration of the Plan.**

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as performance-based compensation within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two (2) or more outside directors within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

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- (ii) to select the Service Providers to whom Awards may be granted hereunder;
  - (iii) to determine the number of Shares to be covered by each Award granted hereunder;
  - (iv) to approve forms of Award Agreements for use under the Plan;
  - (v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;
  - (vi) to institute and determine the terms and conditions of an Exchange Program;
  - (vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;
  - (viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;
  - (ix) to modify or amend each Award (subject to Section 19 of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(b) of the Plan regarding Incentive Stock Options);
  - (x) to allow Participants to satisfy tax withholding obligations in such manner as prescribed in Section 15 of the Plan;
  - (xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;
  - (xii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that otherwise would be due to such Participant under an Award; and
  - (xiii) to make all other determinations deemed necessary or advisable for administering the Plan.
- (c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this

Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

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(b) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws, (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise: Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

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An Option will be deemed exercised when the Company receives: (i) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

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**7. Restricted Stock.**

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 7 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

**8. Restricted Stock Units.**

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after

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the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) **Form and Timing of Payment.** Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) **Cancellation.** On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

### **9. Stock Appreciation Rights.**

(a) **Grant of Stock Appreciation Rights.** Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) **Number of Shares.** The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) **Exercise Price and Other Terms.** The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) **Stock Appreciation Right Agreement.** Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) **Expiration of Stock Appreciation Rights.** A Stock Appreciation Right granted under the Plan will expire ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement, as determined by the Administrator, in its sole discretion. Notwithstanding the foregoing, the rules of Section 6(d) relating to exercise also will apply to Stock Appreciation Rights.

(f) **Payment of Stock Appreciation Right Amount.** Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

- (i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

### **10. Performance Units and Performance Shares.**

(a) **Grant of Performance Units/Shares.** Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The

Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

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(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the Performance Period. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Outside Director Limitations.

(a) Cash-settled Awards. No Outside Director may be granted, in any Fiscal Year, cash-settled Awards with a grant date fair value (determined in accordance with U.S. generally accepted accounting principles) of greater than \$300,000, increased to \$500,000 in the Fiscal Year of his or her initial service as an Outside Director.

(b) Stock-settled Awards. Subject to the provisions of Section 14 of the Plan, no Outside Director may be granted, in any Fiscal Year, Awards covering more than 250,000 Shares, increased to 500,000 Shares in the Fiscal Year of his or her initial service as an Outside Director.

Any Awards granted to an individual while he or she was an Employee, or while he or she was a Consultant but not an Outside Director, will not count for purposes of the limitations under this Section 11.

12. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such

leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

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13. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. Adjustments; Dissolution or Liquidation; Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits in Sections 3 and 11(b) of the Plan.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it previously has not been exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a Change in Control, each outstanding Award will be treated as the Administrator determines, including, without limitation, that (i) Awards may be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this Section 14(c), the Administrator will not be required to treat all Awards similarly in the transaction.

In the event that the successor corporation does not assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately

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prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, these type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 14(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

(d) Outside Director Awards. With respect to Awards granted to an Outside Director, in the event of a Change in Control, the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which otherwise would not be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

15. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any tax withholding obligations are due, the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (a) paying cash, (b) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (c) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(c) Compliance With Code Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Code Section 409A, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code

Section 409A.

16. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will

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they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

18. Term of Plan. Subject to Section 22 of the Plan, the Plan will become effective upon the later to occur of (i) its adoption by the Board or (ii) the business day immediately prior to the Registration Date. It will continue in effect for a term of ten (10) years from the date adopted by the Board, unless terminated earlier under Section 19 of the Plan.

### 19. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will materially impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

### 20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any registration or other qualification of the Shares under any state, federal or foreign law or under the rules and regulations of the Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration, qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained.

22. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

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**CAREDX, INC.**

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

**VALIDATION DETAILS ARE LOCATED  
BELOW IN THE TITLE BAR.**

**Proxies submitted by the Internet or telephone  
must be received by 11:59 p.m., Pacific Time,  
on June 19, 2018.**

**Vote by Internet**

G o t o  
**[www.investorvote.com/CDNA](http://www.investorvote.com/CDNA)**

Or scan the QR code with your  
smartphone

Follow the steps outlined on the  
secure website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the  
USA, US territories & Canada on a touch tone

telephone

Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proposals**    **The Board of Directors recommends a vote FOR all the nominees listed in Proposal 1, FOR Proposal 2 and FOR Proposal 3.**

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1. Election of Directors:

**For   Withhold**

**For   Withhold**

01 - George W. Bickerstaff, III

02 - Ralph Snyderman, M.D.

2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018.

**For   Against   Abstain**

3. To approve an amendment to the Company's 2014 Equity Incentive Plan to increase the number of shares of common stock that may be issued under the 2014 Equity Incentive Plan by 1,600,000 shares and to eliminate the fixed share cap included in the evergreen provision.

**For   Against   Abstain**

**Non-Voting Items**

**Change of Address**

Please print your new

address below.

**Comments**

Please print your comments

below.

**Meeting Attendance**

Mark the box to the right if you plan to



attend the Annual Meeting.

**Authorized Signatures    This section must be completed for your vote to be counted.    Date and Sign Below**  
Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy)	Please print date	Signature 1	Please keep signature	Signature 2	Please keep signature
below.		within the box.		within the box.	

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**2018 Annual Meeting of  
Stockholders of CareDx, Inc.  
Wednesday, June 20, 2018 at 10:00 am Pacific Time  
CareDx, Inc. Headquarters  
3260 Bayshore Blvd., Brisbane, California 94005**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy   CareDx, Inc.**

**Notice of 2018 Annual Meeting of Stockholders**

**Proxy Solicited by Board of Directors for Annual Meeting   Wednesday, June 20, 2018**

Peter Maag and Michael Bell, or any of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of CareDx, Inc. to be held on June 20, 2018 or at any postponement or adjournment thereof.

**Shares represented by this proxy will be voted by the stockholder. If no such directions are indicated, the Proxies will have authority to vote FOR all nominees in Proposal 1, FOR Proposal 2 and FOR Proposal 3.**

**In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.**

**This proxy is governed by the laws of the State of Delaware.**

(Items to be voted appear on reverse side.)