



Cytokinetics Announces Pricing of Public Offering of Convertible Senior Notes

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SOUTH SAN FRANCISCO, Calif., Nov. 08, 2019 (GLOBE NEWSWIRE) -- Cytokinetics, Incorporated (Nasdaq: CYTK) today announced that it has agreed to sell an aggregate of \$120.0 million principal amount of its 4.00% convertible senior notes due 2026, or the notes, in an underwritten public offering. Cytokinetics has granted the underwriters a 30-day option to purchase up to an additional \$18.0 million aggregate principal amount of the notes in connection with the offering, solely to cover over-allotments. The aggregate principal amount of the offering was increased from the previously announced offering size of \$100.0 million. The offering is expected to close on November 13, 2019, subject to customary closing conditions.

Cytokinetics intends to use the net proceeds from the proposed offering to fund (i) the continued development of and commercial readiness activities associated with *omecamtiv mecarbil*, (ii) the continued clinical development of CK-274 and related compounds in indications associated with hypertrophic cardiomyopathies and related diseases associated with diastolic dysfunction and cardiac fibrosis, including heart failure with preserved ejection fraction, (iii) the continued clinical development of reldesemtiv in patients with amyotrophic lateral sclerosis and spinal muscular atrophy, including potential Phase 3 clinical trials and other commercial readiness activities, and (iv) working capital and other general corporate purposes, including tenant improvement of the new facility Cytokinetics plans to move into in 2021, capital expenditures, debt service or retirement of debt, including existing debt outstanding under Cytokinetics' loan and security agreement. Cytokinetics also intends to use a portion of the net proceeds from the proposed offering to pay the cost of the capped call transaction described below.

The notes will be senior unsecured obligations of Cytokinetics and will bear interest at a fixed rate of 4.00% per year, payable semi-annually in arrears on May 15 and November 15 of each year, commencing on May 15, 2020. The notes will mature on November 15, 2026, unless earlier converted, redeemed or repurchased. Prior to the close of business on the business day immediately preceding July 15, 2026, the notes will be convertible at the option of the holders only upon the satisfaction of certain conditions. Thereafter, the notes will be convertible at the option of the holders at any time until the close of business on the scheduled trading day immediately before the maturity date. Upon conversion, Cytokinetics will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at its election. The initial conversion rate will be 94.7811 shares per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$10.55 per share), subject to adjustment upon the occurrence of specified events.

Cytokinetics may not redeem the notes prior to November 20, 2023. Cytokinetics has the right, at its election, to redeem all, or any portion, of the notes, at any time and from time to time, on a redemption date occurring on or after November 20, 2023 and, in the case of any partial redemption, on or before the 60th scheduled trading day before the maturity date, for cash, but only if the last reported sale price per share of Cytokinetics' common stock exceeds 130% of the conversion price then in effect for a specified period of time ending on the trading day immediately before the date the notice of redemption is sent, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

Morgan Stanley & Co. LLC and Mizuho Securities are acting as joint book-runners for the offering. JMP Securities is acting as lead manager, and H.C. Wainwright & Co. is acting as co-manager for the offering.

In connection with the pricing of the notes, Cytokinetics has entered into a privately negotiated capped call transaction (together with any additional capped call transactions entered into in connection with the exercise by the underwriters of their over-allotment option as described below, the capped call transactions), with one of the underwriters in the offering or its affiliate, or the capped call counterparty. The capped call transactions will cover, subject to customary adjustments, the number of shares of Cytokinetics' common stock that will initially underlie the notes. The capped call transactions are generally expected to reduce the potential dilution of Cytokinetics's common stock and/or offset any cash payments Cytokinetics is required to make in excess of the principal amount of converted notes, as the case may be, as a result of any conversion of the notes, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions will initially be approximately \$14.07 per share, which represents a premium of approximately 70% over the per share closing price of Cytokinetics's common stock of \$8.275 per share on November 7, 2019, and is subject to certain adjustments under the terms of the capped call transactions. If the underwriters in this offering exercise their over-allotment option, Cytokinetics expects to use a portion of the net proceeds from the sale of the additional notes to enter into an additional capped call transaction with the capped call counterparty.

In connection with establishing its initial hedge of the capped call transactions, the capped call counterparty or its affiliates have advised Cytokinetics that it or its affiliates expect to purchase Cytokinetics' common stock and/or enter into various derivative transactions with respect to Cytokinetics' common stock concurrently with, or shortly after, the pricing of the notes, including with certain investors in the notes. This activity could increase (or reduce the size of any decrease in) the market price of Cytokinetics' common stock or the notes at that time.

In addition, the capped call counterparty or its affiliates may modify its hedge positions by entering into or unwinding various derivatives with respect to Cytokinetics' common stock and/or purchasing or selling Cytokinetics' common stock or other securities of Cytokinetics in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so on each exercise date of the capped call transaction, which are expected to occur during the 60 trading day period beginning on the 61st scheduled trading day prior to the maturity date of the notes, or following any termination of any portion of the capped call transaction in connection with any repurchase, redemption or early conversion of the notes). This activity could also cause or avoid an increase or decrease in the market price of Cytokinetics' common stock or the notes, which could affect noteholders' ability to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of the notes, affect the amount and value of the consideration that noteholders will receive upon conversion of the notes.

An automatic shelf registration statement relating to the notes was previously filed with the Securities and Exchange Commission, or SEC, and became immediately effective on November 6, 2019. The offering will be conducted by means of a prospectus supplement and accompanying prospectus. The final prospectus supplement and the accompanying prospectus relating to and describing the terms of the proposed offering will be filed with the SEC and, when filed, will be available on the SEC's website at www.sec.gov. Copies of the final prospectus supplement and the accompanying prospectus related to the offering may also be obtained by contacting: Morgan Stanley & Co. LLC, Attention: Prospectus Department, 180 Varick Street, 2nd Floor, New York, New York 10014; or Mizuho Securities USA LLC, Attn: Equity Capital Markets, 320 Park Avenue, 12th Floor, New York, NY 10022-6815, by telephone (212) 205-7600, or by email: US-ECM@us.mizuho-sc.com.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the notes, nor shall there be any sale of the notes in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state

or jurisdiction.

About Cytokinetics

Cytokinetics is a late-stage biopharmaceutical company focused on discovering, developing and commercializing first-in-class muscle activators and next-in-class inhibitors as potential treatments for debilitating diseases in which muscle performance is compromised and/or declining.

Forward-Looking Statements

Certain of the statements made in this press release are forward looking, such as those, among others, relating to Cytokinetics' expectations regarding the completion of the offering and the capped call transactions. Actual results or developments may differ materially from those projected or implied in these forward-looking statements. Factors that may cause such a difference include, without limitation, risks and uncertainties related to market and other conditions and the satisfaction of customary closing conditions related to the offering. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this press release. Additional risks and uncertainties relating to the offering, Cytokinetics and its business can be found under the heading "Risk Factors" in Cytokinetics' Annual Report on Form 10-K for the year ended December 31, 2018 and other filings with the SEC, and in the preliminary prospectus supplement related to the offering, filed with the SEC on November 6, 2019. Except as otherwise required by law, Cytokinetics does not undertake any obligation to update forward-looking statements and expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

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