ACHILLION PHARMACEUTICALS INC

FORM DEF 14A

(Proxy Statement (definitive))

Filed 04/18/14 for the Period Ending 06/03/14

Address	300 GEORGE STREET NEW HAVEN, CT 06511
Telephone	203-624-7000
CIK	0001070336
Symbol	ACHN
SIC Code	2834 - Pharmaceutical Preparations
Industry	Major Drugs
Sector	Healthcare
Fiscal Year	12/31

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

SCHEDULE 14A
(Rule 14a-101)
Information Required in Proxy Statement
Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

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

Achillion Pharmaceuticals, Inc.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

ACHILLION PHARMACEUTICALS, INC.
300 George Street
New Haven, Connecticut 06511

NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 3, 2014

To our stockholders:

We invite you to attend our 2014 annual meeting of stockholders, which will be held at our offices at 300 George Street, New Haven, Connecticut 06511 on Tuesday, June 3, 2014 at 9:00 a.m., local time. At the meeting, stockholders will consider and act upon the following matters:

1. To elect Michael Kishbauch, Robert Van Nostrand and Nicole Vitullo as our three Class II Directors for terms to expire at our 2017 annual meeting of stockholders and until their successors are duly elected and qualified;

2. To approve an advisory vote on executive compensation;

3. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year; and

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on April 9, 2014, the record date for the annual meeting, are entitled to notice of, and to vote at, the meeting. Your vote is important regardless of the number of shares you own. All stockholders are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, we hope you will take the time to vote your shares. If you are a stockholder of record, you may vote over the Internet or by completing and mailing the enclosed proxy card in the envelope provided. If your shares are held in “street name,” that is, held for your account by a broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted. You may revoke your proxy at any time prior to its exercise at the annual meeting.

This proxy statement and our 2013 Annual Report on Form 10-K are also available to our stockholders electronically via the Internet at www.achillionproxymaterials.com.

Proposal 1 requires approval by a plurality vote. Proposals 2 and 3 require that a majority of the shares of stock present or represented and voting on such matters vote in favor of the respective proposals. Each stockholder should take the time to review the attached proxy statement and to complete and return the enclosed proxy card. Our stock transfer books will remain open for the purchase and sale of our common stock.

By Order of the Board of Directors,

MARY KAY FENTON
Secretary

New Haven, Connecticut
April 18, 2014

TABLE OF CONTENTS

Table of Contents

ACHILLION PHARMACEUTICALS, INC.
300 George Street
New Haven, Connecticut 06511

Proxy Statement for the 2014 Annual Meeting of Stockholders

To Be Held on June 3, 2014

INFORMATION CONCERNING SOLICITATION AND VOTING

General

This Proxy is solicited on behalf of the Board of Directors of Achillion Pharmaceuticals, Inc., a Delaware corporation ("we", "Achillion", "us", or the "Company"), and contains information about the Annual Meeting of Stockholders to be held on June 3, 2014, at 9:00 a.m., local time, and any adjournment, continuation or postponement of the meeting, referred to throughout this proxy statement as the Annual Meeting, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders or any other purpose that may properly come before the meeting. The Annual Meeting will be held at the offices of Achillion Pharmaceuticals, Inc. at 300 George Street, New Haven, Connecticut 06511.

These proxy solicitation materials were first made available to all stockholders entitled to vote at the meeting on or about April 18, 2014.

Important Notice Regarding the Availability of Proxy Materials for our Annual Meeting to be held on June 3, 2014

This proxy statement and our 2013 Annual Report on Form 10-K are also available to our stockholders electronically via the Internet at www.achillionproxymaterials.com.

Purpose of Annual Meeting

As described above, the purpose of the Annual Meeting is to obtain approval for the proposals described herein and such other business as may properly come before the meeting, including any adjournment or postponement thereof.

Record Date and Shares Outstanding

Only stockholders who owned shares of our common stock at the close of business on April 9, 2014, referred to in this proxy statement as the Record Date, are entitled to notice of, and to vote at, the Annual Meeting. Except as otherwise provided in this proxy statement, the holders of common stock as of the Record Date are entitled to one vote per share on matters presented at the Annual Meeting. As of the Record Date, 96,794,082 shares of our common stock were issued and outstanding.

Vote Required

Proposal 1—Election of Three Class II Directors

The three nominees for director to receive the highest number of votes FOR election will be elected as directors. This is called a plurality. Abstentions are not counted for purposes of electing directors. If your shares are held by your broker in "street name," and you do not vote your shares, your brokerage firm may not vote your unvoted shares on Proposal 1. You may:

- vote FOR all nominees;
- WITHHOLD your vote from all nominees; or
- vote FOR one or more nominees and WITHHOLD your vote from one or more of the nominees.

Votes that are withheld will not be included in the vote tally for the election of directors and will not affect the results of the vote.

Proposal 2—Advisory Vote on Executive Compensation

To approve Proposal 2, stockholders holding a majority of the shares present or represented and voting on such matter must vote FOR the proposal. If your shares are held by your broker in "street name" and you do not vote your shares, your brokerage firm may not vote your unvoted shares on Proposal 2. If you vote to ABSTAIN on Proposal 2, your shares will not be voted in favor of or against the proposal and will also not be counted as votes cast or shares voting on the proposal. As a result, voting to ABSTAIN will have no effect on the voting on the proposal. This vote is advisory only and not binding on the Company. Although this is advisory, we, our Board of Directors, and our Compensation Committee value the opinions of our stockholders and expect to take the outcome of this vote into account when considering future compensation arrangements for our executive officers.

Proposal 3—Ratification of Selection of Independent Registered Public Accounting Firm

The Board has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year 2014.

To approve Proposal 3, stockholders holding a majority of the shares present or represented and voting on such matter must vote FOR the proposal. If your shares are held by your broker in "street name," and you do not vote your shares, your brokerage firm may vote your unvoted shares on Proposal 3. If you vote to ABSTAIN on Proposal 3, your shares will not be voted in favor of or against the proposal and will also not be counted as votes cast or shares voting on the proposal. As a result, voting to ABSTAIN will have no effect on the voting on the proposal.

Although stockholder approval of our Audit Committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm is not required, we believe that it is advisable to give stockholders an opportunity to ratify this selection. If this proposal is not approved at the Annual Meeting, our Audit Committee will reconsider its selection of PricewaterhouseCoopers LLP.

Revocability of Proxies

You may revoke your proxy at any time before it is exercised. Execution of the proxy will not in any way affect your right to attend the Annual Meeting in person. Revocation may be made prior to the Annual Meeting by either written revocation or through a duly executed proxy bearing a later date sent to Achillion Pharmaceuticals, Inc., Attention: Mary Kay Fenton, Secretary, 300 George Street, New Haven, Connecticut 06511, or your proxy may be revoked personally at the Annual Meeting by written notice to the Secretary at the Annual Meeting prior to the voting of the proxy. Any mailed revocation sent to Achillion must include the stockholder's name and must be received by the day prior to the Annual Meeting to be effective.

If you vote your shares over the Internet, only your latest Internet vote will be counted at the Annual Meeting. Attendance at the Annual Meeting does not in itself constitute the revocation of a proxy. Stockholders who have instructed their broker to vote their shares of common stock must follow their broker's directions in order to change those instructions. You may also attend the Annual Meeting in person instead of submitting a proxy; however, please see the instructions below under "Voting of Shares Held in Street Name" if you wish to vote such shares in person at the Annual Meeting.

How Your Proxy Will Be Voted

In the absence of specific instructions to the contrary, shares represented by properly executed proxies received by Achillion, including unmarked proxies, will be voted to approve Proposals 1 through 3. In addition, if any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as directed by the Board of Directors. We have not received notice of any other matters that may properly be presented at the Annual Meeting.

Quorum

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Achillion's common stock as of the Record Date is necessary to constitute a quorum at the Annual Meeting. As there were 96,794,082 shares eligible to vote on the Proposal as of the Record Date, we will need more than 48,397,041 shares present in person or by proxy at the Annual Meeting for a quorum to exist.

Voting

Tabulation

Shares of stockholders entitled to vote who are present at the Annual Meeting in person or by proxy, abstentions and broker non-votes are counted as present or represented at the meeting for purposes of determining whether a quorum exists. An automated system administered by our transfer agent tabulates the votes.

Voting Instructions

The following section summarizes important information on how to vote your shares of common stock.

Voting by Proxy

If you are a record holder, meaning your shares are registered in your name, you may vote over the Internet, by mail or in person at the Annual Meeting pursuant to the following instructions:

Over the Internet: Go to the website of our tabulator, Computershare Investor Services, at www.investorvote.com/achn. Use the vote control number printed on your enclosed proxy card to access your account and vote your shares. You must specify how you want your shares voted or your Internet vote cannot be completed and you will receive an error message. Your shares will be voted according to your instructions. You must submit your Internet proxy before 11:59 p.m. Eastern Time on May 30, 2014 for your proxy to be valid and your vote to count.

By Mail: Complete and sign your enclosed proxy card and mail it in the enclosed postage prepaid envelope to Computershare Investor Services. Your shares will be voted according to your instructions. If you do not specify how you want your shares voted, they will be voted as recommended by our Board of Directors. Computershare must receive your proxy card no later than May 30, 2014 for your proxy to be valid and your vote to count.

In Person at the Annual Meeting: If you attend the Annual Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which we will provide to you at the Annual Meeting.

Voting of Shares Held in Street Name

If your shares are held in "street name," meaning they are held for your account by a broker or other nominee, you will receive instructions from your broker or other nominee regarding how to vote your shares over the Internet or by mail. You should follow those instructions. If you wish to vote your shares in person at the Annual Meeting, contact your broker or other nominee who holds your shares to obtain a brokers' proxy card and bring it with you to the Annual Meeting. You will not be able to vote in person at the Annual Meeting unless you have a proxy from your broker issued in your name giving you the right to vote your shares.

Voting of Proxies at the Annual Meeting

All properly executed proxies that we receive prior to the vote at the Annual Meeting, and that are not revoked, will be voted in accordance with the instructions indicated on the proxies or, if no direction is indicated, to approve Proposals 1 through 3.

Properly executed proxies will also be voted for any adjournment or postponement of our Annual Meeting for the purpose of soliciting additional votes to approve Proposals 1 through 3, if necessary. In addition, if any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as directed by the Board of Directors. We have not received notice of any other matters that may properly be presented at the Annual Meeting.

Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock beneficially owned by others to forward to such beneficial owners. In addition to solicitation by use of the mail, proxies may be solicited by directors, officers, employees or agents of Achillion in person or by telephone, email or other means of communication. No additional compensation will be paid to directors, officers or other regular employees of Achillion for such services.

Broker Non-Votes; Abstentions

In the absence of controlling precedent to the contrary, we intend to treat broker non-votes and abstentions in the following manner:

A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have the discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Broker "non-votes" and shares as to which proxy authority has been withheld with respect to any matter are considered present for purposes of calculating a quorum but are not deemed to be entitled to vote for purposes of determining whether stockholder approval of that matter has been obtained. As a result, broker "non-votes" are not included in the tabulation of the voting results on any proposals requiring a plurality or the approval of a majority of the shares of common stock present or represented and voting on such matters and, therefore, do not have any effect on the voting proposals.

Abstentions occur when a stockholder entitled to vote and present in person or represented by proxy affirmatively votes to abstain. Votes in abstention are considered present for purposes of calculating a quorum but do not have any effect on the voting on any proposals.

Solicitation of Proxies

We will pay for all costs incurred in connection with the solicitation of proxies from our stockholders on behalf of our Board of Directors, including assembly, printing and mailing of this document, its related attachments and the proxy card. Our directors, officers and employees may solicit proxies by telephone, email, facsimile and in person, without additional compensation. Upon request, we will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for distributing proxy materials.

Householding of Proxy Materials

The Securities and Exchange Commission (the "SEC") has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders and enclosing separate proxy cards for each stockholder. This process, which is commonly referred to as "householding," potentially eliminates some duplicative mailings to stockholders and reduces our mailing costs.

For this Annual Meeting, a number of brokers with account holders who are stockholders of Achillion will be "householding" our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, please notify your broker, or direct your request via mail to Achillion Pharmaceuticals, Inc., Attention: Mary Kay Fenton, Secretary, 300 George Street, New Haven, Connecticut 06511 or via telephone to

(203) 624-7000. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker.

Stockholder Proposals for the 2015 Annual Meeting

Proposals of stockholders intended to be presented at the 2015 Annual Meeting of Stockholders must be received by us at our principal office in New Haven, Connecticut not later than December 19, 2014 for inclusion in the proxy statement for that meeting.

In addition, our by-laws require that we be given advance notice of stockholder nominations for election to our Board of Directors and of other matters which stockholders wish to present for action at an annual meeting of stockholders, other than matters included in our proxy statement in accordance with Rule 14a-8. The required notice must be in writing and received by our Corporate Secretary, Mary Kay Fenton, at our principal offices not later than March 4, 2015 nor earlier than February 3, 2015. However, if the date of our 2015 annual meeting of stockholders is before May 13, 2015 or after August 2, 2015, notice must be received not earlier than the 120 th day prior to such annual meeting and not later than the close of business on the later of (1) the 90 th day prior to such annual meeting and (2) the 10 th day following the date on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever occurs first. Our by-laws also specify requirements relating to the content of the notice which stockholders must provide, including a stockholder nomination for election to the Board of Directors, to be properly presented at the 2015 Annual Meeting of Stockholders.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of January 31, 2014, or such date as indicated below, the table below indicates the shares of our common stock beneficially owned by (1) each of our directors, (2) our principal executive officer, our former principal executive officer, our principal financial officer and our three other most highly compensated executive officers who were serving as executive officers on December 31, 2013, whom we refer to collectively as our "named executive officers," (3) all of our directors and executive officers as a group and (4) all persons known by us to beneficially own more than 5% of our outstanding common stock.

Beneficial ownership is determined in accordance with rules of the SEC and includes shares over which the indicated beneficial owner exercises voting and/or investment power. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days are deemed outstanding for computing the percentage ownership of the person holding the options but are not deemed outstanding for computing the percentage ownership of any other person.

Except as otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each stockholder identified in the table has sole voting and investment power with respect to all shares listed opposite their names.

Percentage of common stock outstanding is based on 96,792,144 shares of our common stock outstanding as of January 31, 2014. Shares of common stock subject to stock options and warrants that are currently exercisable, or exercisable within 60 days of January 31, 2014, are deemed outstanding for the purpose of computing the percentage ownership of the person holding such securities but are not deemed outstanding for computing the percentage ownership of any other person.

Table of Contents

Unless otherwise indicated below, the address for each person is to the care of Achillion Pharmaceuticals, Inc., 300 George Street, New Haven, Connecticut 06511.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders		
RA Capital Management, LLC(1) 20 Park Plaza, Suite 200 Boston, MA 02116	23,366,007	24.14%
QVT Financial LP(2) 1177 Avenue of the Americas Ninth Floor New York, NY 10036	10,816,953	11.18
Domain Associates, LLC(3) One Palmer Square Princeton, NJ 08542	8,828,270	8.86
BlackRock, Inc.(4) 40 East 52 nd Street New York, NY 10022	7,377,619	7.62
State Street Corporation(5) One Lincoln Street Boston, MA 02111	6,160,872	6.37
Duke University(6) c/o DUMAC, Inc. 280 S. Mangum St., Suite 210 Durham, NC 27701	5,240,892	5.41
The Goldman Sachs Group, Inc. (7) 200 West Street New York, NY 10282	5,176,543	5.35
Directors and Named Executive Officers		
Nicole Vitullo(8)	8,913,582	8.94
Michael D. Kishbauch(9)	1,037,774	1.06
Milind S. Deshpande, Ph.D(10)	510,162	*
Mary Kay Fenton(11)	424,124	*
Joseph Truitt(12)	387,562	*
Dennis Liotta(13)	230,312	*
David I. Scheer(14)	228,561	*
Gautam Shah, Ph.D(15)	190,937	*
Jason Fisherman, M.D.(16)	180,312	*
Robert L. Van Nostrand(17)	165,312	*
Kurt Graves(18)	130,104	*
Gary Frashier(19)	129,062	*
David Apelian, M.D., Ph.D.	—	—
All current executive officers and directors as a group (13 individuals)(20)	12,527,804	12.15%

* Represents holdings of less than one percent of our outstanding stock.

(1) Consists of (i) 18,125,115 shares of common stock held by RA Capital Healthcare Fund, L.P. (the "RA Capital Fund") for which RA Capital Management, LLC ("RA Capital") serves as the sole general partner and (ii) 5,240,892 shares of common stock held in a separately managed account for the benefit of Duke University for which RA Capital serves as investment adviser. See footnote 6 below. This information is from a Schedule 13D/A filed by RA Capital Fund on March 21, 2014.

(2) Consists of 10,816,953 shares held by QVT Financial LP. QVT Financial LP is the investment manager for QVT Fund V LP and other private investments funds (collectively, the "Funds"). The Funds aggregately own 10,816,953 shares of common stock. Accordingly, QVT Financial LP may be deemed to be the beneficial owner of an aggregate amount of 10,816,953 shares of common stock consisting of shares owned by the Funds. This information is from a Schedule 13G/A filed by QVT Financial, LP on February 14, 2014.

(3) Consists of 5,772,968 shares of common stock and 2,790,539 shares of common stock issuable upon the exercise of warrants held by Domain Partners VIII, L.P., 59,161 shares of common stock and 20,706 shares of common stock issuable upon the exercise of warrants held by DP VIII Associates, L.P., 25,000 shares held by Domain Associates, LLC and 159,896 shares held by One Palmer Square Associates VIII. Under the terms of the warrants, Domain Partners VIII, L.P. and DP VII Associates, L.P. are not permitted to exercise a warrant for common stock or any portion thereof if the number of shares of our common stock beneficially owned by such investor would exceed 19.99% of the number of shares of our common stock outstanding, unless and until such limitation is no longer required by Nasdaq Marketplace Rules. Nicole Vitullo, a director of Achillion, is a Managing Member of Domain Associates, LLC. Ms. Vitullo disclaims beneficial ownership of such shares except to the extent of her pecuniary interest therein.

(4) Consists of 7,377,619 shares of common stock held by BlackRock, Inc. This information is from a Schedule 13G filed by BlackRock, Inc. on January 28, 2014.

(5) Consists of 6,160,872 shares of common stock held by State Street Corporation. This information is from a Schedule 13G filed by State Street Corporation on February 3, 2014.

(6) Duke University beneficially owns, and has shared voting and dispositive power over, 5,240,892 shares of common stock. DUMAC, Inc. ("DUMAC") manages the investment of endowment and other assets of Duke University and Blackwell Partners, LLC ("Blackwell"). Duke University, DUMAC and Blackwell are parties to an investment management agreement with RA Capital. This information is from a Schedule 13G filed by Duke University on March 26, 2014.

(7) Consists of 5,176,543 shares of common stock held by The Goldman Sachs Group, Inc. This information is from a Schedule 13G filed by The Goldman Sachs Group, Inc. on February 13, 2014.

(8) Consists of the shares of common stock and shares of common stock issuable upon the exercise of warrants, each as described in footnote 3, as well as stock options to purchase 85,312 shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014 held by Nicole Vitullo. Nicole Vitullo, a director of Achillion, is a Managing Member of Domain Associates, LLC. Ms. Vitullo disclaims beneficial ownership of such shares except to the extent of her pecuniary interest therein.

(9) Consists of stock options to purchase shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(10) Consists of stock options to purchase shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(11) Consists of stock options to purchase shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(12) Consists of stock options to purchase shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(13) Includes stock options to purchase 130,312 shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(14) Consists of stock options to purchase 165,312 shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014 held by David Scheer and 63,249 shares of common stock held by Scheer Investment Holdings III, LLC. Mr. Scheer, a director of Achillion, is the Managing Member of Scheer Investment Holdings III, LLC. As such, he may be deemed to have sole or shared voting and investment power with respect to the shares held by Scheer Investment Holdings III, LLC. Mr. Scheer disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(15) Includes stock options to purchase 187,812 shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(16) Includes stock options to purchase 140,312 shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(17) Consists of stock options to purchase shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(18) Includes stock options to purchase 107,395 shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(19) Consists of stock options to purchase shares of our common stock currently exercisable or exercisable within 60 days of January 31, 2014.

(20) Includes stock options to purchase 3,465,451 shares of our common stock and 2,811,245 shares issuable upon exercise of warrants currently exercisable or exercisable within 60 days of January 31, 2014.

PROPOSAL 1—ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes. One class is elected each year and members of each class hold office for three-year terms. The Board has set the number of directors at nine. There are currently three Class I Directors, three Class II Directors and three Class III Directors. The Class I, Class II and Class III Directors will serve until the annual meeting of stockholders to be held in 2016, 2014 and 2015, respectively, and until their respective successors are elected and qualified.

The persons named in the enclosed proxy card will vote to elect Messrs. Kishbauch and Van Nostrand and Ms. Vitullo as Class II Directors unless you indicate on your proxy that your shares should be withheld from one or more of the nominees. Each of the nominees is currently a member of our Board of Directors.

If they are elected, Messrs. Kishbauch and Van Nostrand and Ms. Vitullo will each hold office until our annual meeting of stockholders in 2017 and until his or her respective successor is duly elected and qualified. Each of the nominees has indicated their willingness to serve, if elected; however, if any nominee should be unable to serve, the shares of common stock represented by proxies may be voted for a substitute nominee designated by the Board of Directors.

There are no family relationships between or among any of our officers or directors.

Below are the names, ages and certain other information for each member of the Board of Directors, including the nominees for election as Class II Directors. The information presented includes each director's and nominee's principal occupation and business experience for the past five years, and the names of other public companies of which he or she has served as a director during the past five years. The information presented below regarding the specific experience, qualifications, attributes and skills of each director and nominee led our Nominating and Corporate Governance Committee and our Board to conclude that he or she should serve as a director. In addition, we believe that all of our directors and nominees possess the attributes or characteristics described below under the heading "Director Nomination Process" that the committee expects of each director, including the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, age, lack of conflicts of interest, the ability to act in the interests of all stockholders and whether the candidate enhances the diversity of our board. Information with respect to the number of shares of common stock beneficially owned by each director, directly or indirectly, as of January 31, 2014 appears above under the heading "Security Ownership of Certain Beneficial Owners and Management."

Nominees Whose Terms Expire in 2014 (Class II Directors)

Michael D. Kishbauch, age 65 . Mr. Kishbauch has served as a director of Achillion since July 2004 and currently serves as chair of our Strategy and Corporate Development Committee. Mr. Kishbauch was President and Chief Executive Officer of Achillion from July 2004 until his retirement in September 2013. From September 1996 to July 2004, Mr. Kishbauch founded and served as President and Chief Executive Officer of OraPharma, Inc., a publicly traded, commercial-stage pharmaceutical company focused on oral health care, which was acquired by Johnson & Johnson in 2003. Prior to OraPharma, Inc., Mr. Kishbauch held senior management positions with MedImmune, Inc., a biotechnology company. Mr. Kishbauch serves on the Board of Directors of Progenics Pharmaceuticals, Inc., a biopharmaceutical company. Mr. Kishbauch holds a M.B.A. from the Wharton School of the University of Pennsylvania and a B.A. in biology from Wesleyan University. Mr. Kishbauch has held senior management positions in the life sciences industry for over 28 years. His extensive operational, strategic and product planning and promotion experience is coupled with extensive sales, marketing and product launch experience. In addition, Mr. Kishbauch has held board positions with several other life sciences companies. This comprehensive knowledge of the industry adds significant value to our Board.

Robert L. Van Nostrand, age 57 . Mr. Van Nostrand has served as a director of Achillion since April 2007 and currently serves as chair of our Audit Committee and as a member of our Compensation Committee. Mr. Van Nostrand was Executive Vice President and Chief Financial Officer of Aureon Laboratories, Inc., a pathology life science company, from January 2010 to July 2010. Prior to joining Aureon Laboratories, Mr. Van Nostrand served as Executive Vice President and Chief Financial Officer of AGI Dermatics, a private biotechnology company, from July 2007 to September 2008 when the company was acquired. From May 2005 to July 2007, Mr. Van Nostrand served as the Senior Vice President and Chief Compliance Officer of OSI Pharmaceuticals, Inc. a biotechnology company, where he previously served as Vice President and Chief Financial Officer from December 1996 through May 2005 and as Vice President, Finance and Administration prior to that. He also served as OSI's Treasurer from March 1992 to May 2005 and Secretary from March 1995 to January 2004. Mr. Van Nostrand joined OSI as Controller and Chief Accounting Officer in September 1986. Prior to joining OSI, Mr. Van Nostrand served in a managerial position with the accounting firm, Touche Ross & Co., currently Deloitte. Mr. Van Nostrand is on the Board of Directors of Intra-Cellular Therapies, a biopharmaceutical company, Metabolix, Inc., a biotechnology company, and the Biomedical Research Alliance of New York, a private company providing clinical trial services. Mr. Van Nostrand is also on the Board of the New York Biotechnology Association and was the former chairman, and is on the Foundation Board of Farmingdale University. Mr. Van Nostrand holds a B.S. in Accounting from Long Island University, New York. He is a Certified Public Accountant. Mr. Van Nostrand held board and executive positions with several life sciences companies, particularly contributing his financial management expertise. Mr. Van Nostrand's vast industry experience, as well as his expertise in financial operations, transaction structuring and risk management, make him a significant contributor to our Board.

Nicole Vitullo, age 56. Ms. Vitullo has served as a director of Achillion since September 2010 and currently serves on our Nominating and Corporate Governance Committee. Ms. Vitullo joined Domain Associates, a venture capital firm with an exclusive focus on life sciences, in 1999 and became a Partner in 2004. In addition to investment responsibilities, she is involved in the distribution/liquidation strategies for the public companies in Domain's Venture Capital portfolios. Ms. Vitullo is on the Board of Directors of Cotera, Inc., Marinus Pharmaceuticals and VentiRx Pharmaceuticals, all privately-held biopharmaceutical companies and Celator Pharmaceuticals, Inc., Durata Therapeutics and Esperion Pharmaceuticals, Inc., all publicly traded pharmaceutical companies. From 1992 through 1999, Ms. Vitullo was Senior Vice President at Rothschild Asset Management, Inc. where she had responsibility for the U.S. public market investments of International Biotechnology Trust plc and Biotechnology Investments Limited. From 1991 to 1992, Ms. Vitullo served as the Director of Corporate Communications and Investor Relations at Cephalon, a publicly traded biotechnology company. Prior to Cephalon, Ms. Vitullo spent 12 years at Eastman Kodak, most recently in Corporate Development where she was involved in the development and management of Eastman Kodak's venture capital activities. Ms. Vitullo received a B.A. and M.B.A. from the University of Rochester. Ms. Vitullo's extensive industry knowledge allows her to contribute to our Board in such matters as strategic product development and planning, financing, alliance formation, and market communications. Ms. Vitullo's extensive board membership with other companies provides her with very broad experience across several therapeutic areas in the life sciences, and her contributions to our Board span multiple disciplines.

Directors Whose Terms Expire in 2015 (Class III Directors)

Jason S. Fisherman, M.D., age 56 . Dr. Fisherman has served as a director of Achillion since March 2000 and currently serves on our Audit and Strategy and Corporate Development Committees. Since 2007, Dr. Fisherman has been a Managing Director of Synthesis Capital (formerly known as Advent Healthcare Ventures), a life science venture capital firm he co-founded in 2007. From 2002 to 2007, Dr. Fisherman was a Managing Director of Advent International, a global private equity firm which he joined in 1994. Prior to Advent, Dr. Fisherman served for four years as Senior Director of Medical Research for Enzon Pharmaceuticals and previously managed the clinical development of a number of oncology drugs at the National Cancer Institute. Dr. Fisherman is currently a director of several private biopharmaceutical companies. Dr. Fisherman received his B.A. from Yale University, his M.D. from the University of Pennsylvania and his M.B.A. from the Wharton School of the University of Pennsylvania. Dr. Fisherman's qualifications include his scientific experience, notably in clinical development and strategic product development. In addition to drug research and clinical development expertise, Dr. Fisherman brings a wealth of venture capital management experience in such areas as financing, business development and alliance formation. Finally, his broad knowledge of the life sciences industry is of significant value to our Board.

Gary E. Frashier, age 76 . Mr. Frashier has served as a director of Achillion since March 2008 and currently serves as chair of our Compensation Committee and as a member of our Audit Committee. Mr. Frashier, through his company Management Associates, has been a strategic consultant to emerging growth companies in the life sciences field since 2000. From 1990 until 1998, he served as Chief Executive Officer of OSI Pharmaceuticals, Inc., a biotechnology company, and from 1997 until 2000, as its Chairman of the Board. From 1987 until 1990, he served as President and CEO of Genex Corporation, a protein engineering company, and from 1984 until 1987, as Chairman and CEO of Continental Water Systems, Inc., a manufacturer and marketer of equipment to produce high purity water used by the pharmaceutical, medical, electronics and research industries. Mr. Frashier also served as Executive Vice President of Millipore Corporation, a provider of products and services to biopharmaceutical, manufacturing, clinical, analytical and research laboratories, and as President of Millipore's Waters Associates subsidiary. Mr. Frashier also serves on the Board of Directors of privately held Metric Medical Devices, a medical device company, StemBioSys, a stem cell technology company and Viroxis Corporation, a biopharmaceutical company. Mr. Frashier received a B.S. in Chemical Engineering from Texas Tech University and received his M.B.A. from the Massachusetts Institute of Technology, where he was a Sloan Fellow. Mr. Frashier's qualifications include extensive managerial, manufacturing and merger and acquisition experience as a chief executive officer of multiple life sciences industry companies. As a director with several emerging technology companies, and as a consultant in the industry, Mr. Frashier also provides extensive experience in compensation management, alliance management and strategy development, all of which enhances his value on our Board.

Milind S. Deshpande, age 57 . Dr. Deshpande was appointed our President and Chief Executive Officer in May 2013, at which time he was also elected to our Board of Directors. Prior to that, he was our President of Research and Development and Chief Scientific Officer. Prior to joining Achillion in September 2001, Dr. Deshpande was Associate Director of Lead Discovery and Early Discovery Chemistry at the Pharmaceutical Research Institute at Bristol-Myers Squibb, a pharmaceutical company, from 1991 to 2001, where he managed the identification of new clinical candidates to treat infectious and neurological diseases. From 1988 to 1991, he held a faculty position at Boston University Medical School. Dr. Deshpande is on the Board of Directors of Spero Therapeutics, a private biotechnology company. Dr. Deshpande received his Ph.D. in Organic Chemistry from Ohio University, following his undergraduate education in India.

Directors Whose Terms Expire in 2016 (Class I Directors)

Kurt Graves, age 46. Mr. Graves has served as a director of Achillion since June 2012 and currently serves as a member of our Compensation and Strategy and Corporate Development Committees. Mr. Graves has served as Executive Chairman and Chief Executive Officer of Intarcia Therapeutics, a biotechnology company, since September 2010 and has been an independent consultant since October 2009. Prior to joining Intarcia Therapeutics, Mr. Graves served as Executive Vice President, Chief Commercial Officer and Head of Corporate and Strategic Development at Vertex Pharmaceuticals, a pharmaceutical company, from July 2007 to November 2009. From January 1999 to July 2007, Mr. Graves held various positions at Novartis, a pharmaceutical company, most recently as Global Head of the General Medicines Business Unit and Chief Marketing Officer for the Pharmaceuticals division. Prior to Novartis, Mr. Graves held commercial and general management positions of increasing responsibility at Merck and Astra Merck Pharmaceuticals. Mr. Graves currently serves as Chairman of the Board of Intarcia Therapeutics and is also a director of several private biopharmaceutical companies. Mr. Graves earned his B.S. in Biology from Hillsdale College and has attended executive leadership programs at Harvard, Wharton School of Management and University of Michigan. Mr. Graves is a global industry leader with more than twenty years of U.S. and global general management experience in top-tier US and European based pharmaceutical and biotech companies. He has successfully built and managed several of the largest multi-billion dollar franchises in the industry and developed and launched more than 10 blockbuster brands in a broad range of general medicine, specialty and orphan disease areas. Mr. Grave's extensive commercial experience in the pharmaceutical industry makes him an important contributor as we move closer to the possible launch of our drug candidates.

Dennis Liotta, Ph.D. *, age 66* . Dr. Liotta has served as a director of Achillion since December 2008. Dr. Liotta has been a Professor of Chemistry at Emory University since 1976. Dr. Liotta is a member of the Board of Directors of privately-held Altiris Therapeutics, Inc., iThemba Pharmaceuticals, Cerecor, Inc. and NeurOp, Inc., all pharmaceutical companies. Dr. Liotta is also on the Board of Directors of DRIVE (Drug Innovation Ventures at Emory), a not-for-profit drug development company. Dr. Liotta is on the Scientific Advisory Boards of several biopharmaceutical companies, has served as a consultant to several major pharmaceuticals companies, serves as Executive Director of the Emory Institute for Drug Development and is co-director of the Emory/Republic of South Africa Drug Discovery Training Program. Dr. Liotta has also served on numerous NIH Study Sections. Dr. Liotta received a B.A. from Queens College and a Ph.D. from the City University of New York, and Honorary Doctorates from both Queens College and the University of Queensland, Australia. Dr. Liotta has extensive experience in multidisciplinary research and has focused on the discovery and development of novel antiviral and anticancer therapeutics. He is the inventor of record for several clinically important antivirals. Dr. Liotta's wealth of broad scientific knowledge, most notably his expertise in synthetic and medicinal chemistry, adds significant value to our Board. Dr. Liotta also brings the managerial experience gained on several life sciences company boards, in addition to the extensive managerial expertise he utilizes in his international philanthropic work.

David I. Scheer, *age 61* . Mr. Scheer has served as Chairman of our Board since March 2010, as a director of Achillion since August 1998, and currently serves as chair of our Nominating and Corporate Governance Committee and as a member of our Compensation and Strategy and Corporate Development Committees. Since 1981, Mr. Scheer has been President of Scheer & Company, Inc., which focuses on venture capital activities, corporate strategy, and transactional advisory services focused on life sciences. Mr. Scheer is on the Board of Directors, and serves as Chairman of the Board, of Agerion Pharmaceuticals, Inc., a biopharmaceutical company, and Tengion, Inc., a biotechnology company. Mr. Scheer also serves as Chairman of the Board of privately-held biotechnology companies Angiochem, Axerion Therapeutics, Inc. and Optherion, Inc. Additionally, Mr. Scheer serves on the Board of Directors of Connecticut United for Research Excellence, an educational and business advocacy network. He has served as Chair of the Strategic Advisory Committee for the Global Task Force to Expand Access to Cancer Care in the Developing World, and as chair of the Unfinished Agenda in Infectious Diseases, both of which are initiatives associated with the Harvard School of Public Health. Mr. Scheer received an A.B. from Harvard College and a M.S. from Yale University. Mr. Scheer's significant role in the launch, growth, and corporate governance experience in the life sciences provide significant value to our Board. In addition, Mr. Scheer's extensive experience in transactions involving corporate alliances, licensing arrangements, divestments, and mergers and acquisitions in the life sciences complements our Board.

Board Recommendation

The Board of Directors believes that the election of Messrs. Kishbauch and Van Nostrand and Ms. Vitullo to serve as Class II directors is in the best interests of Achillion and the best interests of our stockholders and therefore recommends a vote FOR this proposal.

Table of Contents

PROPOSAL 2—ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing our stockholders the opportunity to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. This proposal, which is commonly referred to as "say-on-pay," is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which added Section 14A to the Securities Exchange Act of 1934, or the Exchange Act.

Our executive compensation programs are designed to attract, motivate, and retain our executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of our near-term and longer-term financial and strategic goals and for driving corporate financial performance and stability. The programs contain elements of cash and equity-based compensation and are designed to align the interests of our executives with those of our stockholders.

The section of this proxy statement titled "Information About Executive and Director Compensation" beginning on page 20, including "Compensation Discussion and Analysis," describes in detail our executive compensation programs and the decisions made by the Compensation Committee with respect to the fiscal year ended December 31, 2013. As we describe in the Compensation Discussion and Analysis, our executive compensation program embodies a pay-for-performance philosophy that supports our business strategy and aligns the interests of our executives with our stockholders. The Board believes this link between compensation and the achievement of our near- and long-term business goals has helped drive our performance over time. At the same time, we believe our program does not encourage excessive risk-taking by management.

Our Board of Directors is asking stockholders to approve a non-binding advisory vote on the following resolution:

> RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this proxy statement, is hereby approved.

As an advisory vote, this proposal is not binding. The outcome of this advisory vote does not overrule any decision by the Company or the Board of Directors (or any committee thereof), create or imply any change to the fiduciary duties of the Company or the Board of Directors (or any committee thereof), or create or imply any additional fiduciary duties for the Company or the Board of Directors (or any committee thereof). However, our Compensation Committee and Board of Directors value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

Section 14A of the Exchange Act also requires that stockholders have the opportunity, at least once every six years, to cast an advisory vote with respect to whether future executive compensation advisory votes will be held every one, two, or three years. At our 2011 Annual Meeting of Stockholders, our stockholders indicated their preference for an advisory vote on the compensation of our named executive officers to be held annually, which annual frequency was also the recommendation of our Board. Our Board subsequently determined that we will hold an advisory vote on the compensation of our named executive officers on an annual basis until the next required vote on the frequency of such advisory votes, or until the Board otherwise determines that a different frequency for such votes is in the best interests of our stockholders.

Board Recommendation

The Board of Directors recommends that stockholders vote to approve the compensation of our named executive officers by voting 'FOR' this proposal.

PROPOSAL 3—RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has selected the firm of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year. PricewaterhouseCoopers LLP has served as our independent registered public accounting firm since 2002. Although stockholder approval of the selection of PricewaterhouseCoopers LLP is not required by law, the Board of Directors believes that it is advisable to give stockholders an opportunity to ratify this selection. If this proposal is not approved at our Annual Meeting, our Audit Committee will reconsider its selection of PricewaterhouseCoopers LLP. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from stockholders.

Board Recommendation

The Board of Directors believes that the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm is in the best interests of Achillion and the best interests of our stockholders and therefore recommends a vote FOR this proposal.

CORPORATE GOVERNANCE

General

This section describes key corporate governance guidelines and practices that we have adopted. Complete copies of our corporate governance guidelines, committee charters and code of conduct described below are available on our website at www.achillion.com. Alternatively, you can request a copy of any of these documents by writing to: Investor Relations, Achillion Pharmaceuticals, Inc., 300 George Street, New Haven, Connecticut 06511. Our Board of Directors believes that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders.

Corporate Governance Guidelines

Our Board of Directors adopted corporate governance guidelines to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of Achillion and our stockholders. These guidelines, which provide a framework for the conduct of the Board's business, provide that:

- the principal responsibility of the directors is to oversee management of the company;
- a majority of the members of the Board shall be independent directors;
- the independent directors meet regularly in executive session;
- directors have full and free access to senior executives and, as necessary and appropriate, independent advisors;
- new directors participate in an orientation program and all directors are expected to participate in continuing director education on an ongoing basis; and
- at least annually, the Board and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

Board of Directors' Determination of Independence

Under applicable NASDAQ rules, a director only qualifies as an "independent director" if, in the opinion of our Board of Directors, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our Board of Directors has determined that none of Messrs. Frashier, Graves, Kishbauch, Scheer, Van Nostrand, Drs. Fisherman or Liotta or Ms. Vitullo has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an "independent director" as defined under Rule 5605(a)(2) of the NASDAQ Marketplace Rules.

Rule 5605 of the NASDAQ Marketplace Rules requires a majority of a listed company's board of directors to be comprised of independent directors within one year of listing. In addition, the NASDAQ Marketplace Rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and corporate governance and nominating committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under Rule 5605(a)(2), a director will only qualify as an "independent director" if, in the opinion of our board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries. In addition, in affirmatively determining the independence of any director who will serve on a company's compensation committee, Rule 10C-1 under the Exchange Act requires that a company's board of directors consider all factors specifically relevant to determining whether a director has a relationship to such company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (i) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by such company to the director; and (ii) whether the director is affiliated with the company or any of its subsidiaries or affiliates.

Director Nomination Process

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate candidates includes requests to our board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the committee and the full Board. In considering whether to recommend any particular candidate for inclusion in our Board's slate of recommended director nominees, including candidates recommended by stockholders, the Nominating and Corporate Governance Committee considers the criteria as set forth in our Corporate Governance Guidelines. These criteria include the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, age, conflicts of interest, the ability to act in the interests of all stockholders and whether the candidate enhances the diversity of our Board. Nominees are not discriminated against on the basis of race, religion, national origin, gender or any other basis as proscribed by law. The Nominating and Corporate Governance Committee considers diversity as one of a number of factors in identifying nominees for director and views diversity broadly to include diversity of experience, skills and viewpoint as well as traditional concepts such as race or gender. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our board to fulfill its responsibilities.

Stockholders may recommend individuals to the Nominating and Corporate Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to our Nominating and Corporate Governance Committee, c/o Secretary, Achillion Pharmaceuticals, Inc., 300 George Street, New Haven, Connecticut 06511. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Nominating and Corporate Governance Committee will evaluate those candidates by following substantially the same process and applying substantially the same criteria, as for candidates submitted by others.

Our stockholders also have the right to nominate director candidates themselves, without any prior review or recommendation by the Nominating and Corporate Governance Committee or the Board, by following the procedures set forth above under "Stockholder Proposals for the 2015 Annual Meeting."

Board of Directors Leadership Structure

Mr. Scheer has served as our Chairman of the Board since March 2010. We believe that having an independent director serve as our Chairman allows our Chief Executive Officer to focus on our business, while allowing the Chairman of the Board to fulfill a fundamental leadership role of providing advice to and independent oversight of our Board.

Our Chief Executive Officer devotes a substantial amount of time and effort to his position. The Chairman of the Board role requires significant additional commitment, particularly as the Board's oversight responsibilities continue to grow. Our Board is committed to practicing good corporate governance and believes that having an independent non-executive director serving as Chairman is the appropriate leadership structure for our Company.

Our Chairman of the Board is responsible for the smooth functioning of our Board and enhancing its effectiveness. Our Chairman will guide the process of our Board, provide input on agenda items, and preside at Board meetings. Our Chairman will also act as a liaison between our Board members and our executive management team, consulting regularly and providing guidance on Board-related matters.

Board of Directors' Role in Risk Oversight

Our Board of Directors plays an important role in risk oversight directly and through its Committees. In particular, the Board of Directors meets regularly with and is updated by our executive officers on areas of material risk to the Company, including strategic planning and financial, regulatory, legal and operational updates. These reports are provided in connection with every regular Board meeting and are discussed, as necessary, at the meeting. The Board of Directors is also routinely informed of developments that affect our risk profile and those that are material to other aspects of our business. Further, significant transactions and decisions require approval by the Board of Directors, or the appropriate Board committee.

Our Audit Committee is responsible for oversight of our financial processes and for monitoring our internal controls over financial reporting, disclosure controls and procedures, our risk management and investment policies and our code of business conduct and ethics. The Audit Committee meets regularly with management and our independent registered public accounting firm and addresses risks as the Audit Committee deems appropriate.

Our Compensation Committee monitors risks associated with our compensation policies and practices, with respect to both executive compensation and compensation generally. The Committee's responsibilities include annually reviewing and approving corporate goals and objectives relevant to our Chief Executive Officer's and our other named executive officers' compensation, making recommendation to our Board with respect to the compensation of our other executive officers, overseeing an annual evaluation of our executives and reviewing our compensation policies and procedures in general.

Our Nominating and Corporate Governance Committee reviews and assesses the adequacy and risk associated with our corporate governance policies, identifies and recommends appropriate individuals to be nominated to our Board of Directors and oversees an annual evaluation to determine if our committees are functioning effectively.

Our Strategy and Corporate Development Committee assists management in carrying out its various responsibilities related to business focus, potential mergers, acquisitions, divestures, financial initiatives, and other strategic transactions. The Committee's responsibilities include reviewing and providing guidance to management and our Board of Directors with respect to our basic strategy and business model, assisting management and our Board of Directors in discussions on material changes in our strategy, as they may evolve, and reviewing with management prospective candidates for corporate strategic transactions and/or potential collaboration partners, when and as appropriate.

Board of Directors Meetings and Attendance

Our Board of Directors held nine meetings, either in person or by teleconference, during the year ended December 31, 2013, or fiscal 2013. During fiscal 2013, each of our current directors attended at least 75% of the aggregate number of Board of Directors meetings and meetings held by all committees on which he/she then served.

Our Corporate Governance Guidelines provide that our directors are expected to attend the Annual Meeting of Stockholders. In 2013, all of our current directors attended the Annual Meeting of Stockholders.

Board of Directors Committees

Our Board of Directors has established four standing committees—Audit, Compensation, Nominating and Corporate Governance and Strategy and Corporate Development. Our Audit, Compensation and Nominating and Corporate Governance committees each operate under a written charter that has been approved by the Board of Directors. Current copies of the charters for our Audit, Compensation and Nominating and Corporate Governance committees are posted on the Corporate Governance section of our website, www.achillion.com.

Table of Contents

Our Board of Directors has determined that all of the members of each of the Board's four standing committees are independent as defined under the rules of the NASDAQ Stock Market, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act and in the case of all members of the Compensation Committee, the independence requirements contemplated by Rule 10C-1 under the Exchange Act.

Audit Committee

Our Audit Committee's responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- monitoring our risk management and investment policies;
- establishing policies regarding hiring employees from the registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;
- meeting independently with our independent registered public accounting firm and management;
- reviewing and approving or ratifying any related person transactions;
- preparing the Audit Committee Report required by SEC rules;
- considering the adequacy of our internal accounting controls, critical accounting policies and audit procedures; and
- approving (or, as permitted, pre-approving) all audit and non-audit services to be performed by our independent registered public accounting firm.

The members of our Audit Committee are Messrs. Frashier and Van Nostrand and Dr. Fisherman. Mr. Van Nostrand chairs the Audit Committee. Our Board of Directors has determined that Mr. Van Nostrand is an "Audit Committee financial expert" as defined by applicable SEC rules. Our Audit Committee held four meetings, either in person or by teleconference, during fiscal 2013.

Compensation Committee

Our Compensation Committee's responsibilities include:

- annually reviewing and approving corporate goals and objectives relevant to our Chief Executive Officer and our other named executive officers' compensation;
- determining our Chief Executive Officer's compensation;
- reviewing and approving, and reporting to our Board of Directors with respect to, the compensation of our other executive officers;
- overseeing an evaluation of our senior executives;
- overseeing and administering discretionary cash bonus awards and our equity incentive plans;
- reviewing and making recommendations to our Board of Directors with respect to director compensation;

- reviewing and discussing annually with senior executives our "Compensation Discussion and Analysis"; and
- preparing the report of the Compensation Committee required by SEC rules.

The processes and procedures followed by our Compensation Committee in considering and determining compensation are described below in "Compensation Discussion and Analysis" under the heading "Compensation Processes."

The Compensation Committee is authorized to retain advisors and consultants and to compensate them for their services. Additionally, the Compensation Committee may delegate authority to one or more subcommittees as it deems appropriate.

The members of our Compensation Committee are Messrs. Frashier, Graves, Scheer, and Van Nostrand. Mr. Frashier chairs the Compensation Committee. Our Compensation Committee held six meetings, either in person or by teleconference, during fiscal 2013.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee's responsibilities include:

- identifying individuals qualified to become Board of Director members;
- recommending to our Board of Directors the persons to be nominated for election as directors and to each of the Board's committees;
- reviewing and making recommendations to the Board of Directors with respect to management succession planning;
- developing and recommending to the Board of Directors corporate governance principles; and
- overseeing an annual evaluation of the Board of Directors.

The processes and procedures followed by the Nominating and Corporate Governance Committee in identifying and evaluating director candidates are described below under the heading "Director Nomination Process". The Nominating and Corporate Governance Committee is authorized to retain advisors and consultants and to compensate them for their services.

The members of our Nominating and Corporate Governance Committee are Messrs. Graves and Scheer and Ms. Vitullo. Mr. Scheer chairs the Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee held two meetings during fiscal 2013.

Strategy and Corporate Development Committee

Our Strategy and Corporate Development Committee's responsibilities include:

- reviewing and providing guidance to management and the Board of Directors with respect to the Company's strategy and business model;
- assisting management and the Board of Directors in discussions on material changes in the Company's strategy, as they may evolve in the Company; and
- periodically reviewing with management prospective candidates for corporate strategic transactions and/or potential collaboration partners, when and as appropriate.

The members of our Strategy and Corporate Development Committee are Dr. Fisherman, and Messrs. Graves, Kishbauch and Scheer. Mr. Kishbauch chairs the Strategy and Corporate Development Committee. Our Strategy and Corporate Development Committee held two meetings during fiscal 2013.

Communicating with the Independent Directors

Our Board of Directors will give appropriate attention to written communications that are submitted by stockholders and will respond if and as appropriate. The Chairman of the Board (if an independent director), or the Lead Director (if one is appointed), or otherwise the Chairman of the Nominating and Corporate Governance Committee is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he considers appropriate.

Under procedures approved by a majority of the independent directors, communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Chairman of the Board, Lead Director or Chairman of the Nominating and Corporate Governance Committee, as appropriate, considers to be important for the directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the Board of Directors should address such communications to Board of Directors, c/o Secretary, Achillion Pharmaceuticals, Inc., 300 George Street, New Haven, CT 06511.

Code of Business Conduct and Ethics

We have adopted a written Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our chief executive officer, chief financial officer and corporate controller. We have posted a copy of the code on our website, www.achillion.com. In addition, we intend to post on our website all disclosures that are required by law or NASDAQ Global Select Market listing standards concerning any amendments to, or waivers of, our code.

INFORMATION ABOUT EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Overview

The purpose of this compensation discussion and analysis section is to discuss the principles underlying our compensation policies and decisions with respect to all of our executive officers, and specifically those who are named in the "Summary Compensation Table," whom we refer to herein as our "named executive officers," with a focus on the factors we rely upon most heavily in setting compensation for those individuals. Our Compensation Committee is the body responsible for establishing and administering our policies governing the compensation for our executive officers, including determining base salaries, cash bonuses and equity incentive compensation. The Compensation Committee also considers the recommendations of our chief executive officer when determining the appropriate levels of compensation for each of our other executive officers, including our other named executive officers, as well as for the company as a whole.

Compensation Objectives

The primary objective of the Compensation Committee of our Board of Directors with respect to executive compensation is to attract, retain and motivate the best possible executive talent. The Compensation Committee strives to tie short- and long-term cash and equity incentives to achievement of measurable corporate and individual performance objectives and to align executives' incentives with stockholder value creation. To achieve this objective, the Compensation Committee has maintained, and expects to further implement, compensation plans that tie a substantial portion of executives' overall compensation to our research, clinical, regulatory, business development, financial and operational performance.

Chief Executive Officer Transition and Other 2013 Events

In 2013, Michael Kishbauch, our chief executive officer from 2004 to 2013, announced his planned retirement. After a full search process, our Board of Directors determined that Dr. Milind Deshpande, then our president of research and development, should assume the role of chief executive officer, which he did in May 2013. Our Compensation Committee's decisions with respect to Dr. Deshpande's compensation over the course of 2013 reflect not only his transition to the chief executive officer role mid-year, but also his partial year performance as president of research and development and his partial year performance as chief executive officer. At the time of his promotion, Dr. Deshpande's salary was increased to $470,000 and he was granted a stock option on May 28, 2013 to acquire 600,000 common shares with an exercise price of $7.59, which was the closing price of our common stock on the NASDAQ Global Stock Market on the date of grant.

In addition, in July and September 2013, we announced that the Food and Drug Administration, or FDA, placed and then maintained, respectively, a clinical hold on sovaprevir, one of our drug candidates. The resulting decline in our share price posed significant challenges to our management team and our Compensation Committee as they strove to compensate, motivate and retain key employees and executives. As a result of this share price decline and as described below, cash incentives were paid to our management team at a rate lower than earned. Further, stock options were used to provide additional long-term retention incentives, to compensate for the value of equity stakes of key executives that were significantly less valuable than at the date of grant, and to further align executives with shareholders.

Compensation Processes

The Compensation Committee is responsible for reviewing and monitoring the compensation of our chief executive officer and our other named executive officers. Our chief executive officer makes recommendations regarding compensation to the Compensation Committee. Our chief executive and chief financial officer develop these recommendations by utilizing publicly available compensation data and subscription compensation survey data for national and regional companies in the biopharmaceutical industry. We believe that the information provided by these surveys provides us with an appropriate starting place for compensation benchmarks, because many of the companies included in these surveys have similar organizational structures and tend to compete with us for executives and other employees.

In addition to the use of publicly available and subscription compensation data, in December 2010 and December 2012 and regularly on a bi-annual basis, the Compensation Committee retains Radford, an Aon Corporation company, in a comprehensive engagement to assist in evaluating the compensation of our employees, executives and directors. The Committee's objectives in obtaining this review were to ensure competitive compensation practices overall, to focus on retaining employees and to continue to explore the possible migration from an equity strategy that historically involved only option grants to one which might include use of restricted stock, restricted stock units or performance shares.

The first step in the compensation review process is the compilation of an appropriate peer group. After discussion with and review by the Compensation Committee, in December 2012, Radford recommended and the Compensation Committee approved a peer group of publicly traded companies to benchmark competitive pay levels and compensation practices. Peer group companies are those which are:

- in a similar industry;
- have market capitalizations ranging from $200.0 million to $1.0 billion;
- have 20 to 200 employees; and
- are in mid- to late-stage clinical development.

In December 2013, the Compensation Committee assessed the companies in the peer group and eliminated two companies that, over the course of 2013, fell outside the parameters outlined above. In addition, we replaced one peer group company that had been acquired. We then reviewed the publicly available compensation data from this peer group to set compensation for our chief executive officer, our other named executive officers and our Board of Directors. The peer group consisted of the following companies:

ArQule	Cell Therapeutics	Dynavax Technologies
Enanta Pharmaceuticals	Idenix Pharmaceuticals	Infinity Pharmaceuticals
Insmed	Lexicon Pharmaceuticals	Neurocrine Biosciences
Novavax	Rigel Pharmaceuticals	Sangamo BioSciences
Sarepta Therapeutics	Sunesis Pharmaceuticals	Synta Pharmaceuticals
Ziopharm Oncology		

In addition to this named peer group, we also reviewed a wider data set from the Radford Global Life Sciences Survey (October 2013 Edition) that included all life sciences companies with 50-149 employees.

We operate within the framework of a pay-for-performance philosophy which is intended to bring base salaries and total executive compensation in line with the median of companies with a similar number of employees and in a similar stage of development represented in the compensation data that we review.

To determine each component of an executive's initial compensation package, we utilize numerous factors, including:

- the individual's particular background and circumstances, including training and prior relevant work experience, as well as past compensation;
- the individual's role with us and the compensation paid to similar persons in the companies represented in the compensation data that we review;
- the demand for individuals with the individual's specific expertise and experience at the time of hire;
- performance goals and other expectations for the position;

- comparison to other executives within our company having similar levels of expertise and experience; and
- uniqueness of industry skills and the relative need within Achillion for someone with those skills.

We have implemented, and the Compensation Committee has approved, an annual performance review process under which annual performance objectives are determined and set forth in writing at the beginning of each calendar year for the corporation as a whole, for each individual executive and by extension, the functional department that each executive oversees. Annual corporate goals are proposed by senior executives and approved by the Board of Directors at the beginning of each calendar year. These corporate goals target the achievement of specific research, clinical, regulatory, business development and financial and operational milestones. Individual and department goals are proposed by each executive and approved by the chief executive officer during the first quarter of each calendar year. Annual individual and department goals focus on contributions which facilitate the achievement of the corporate goals. The chief executive officer's goals and our other named executive officers' individual goals are reviewed and approved by the Compensation Committee. In addition to individual goals for each executive officer, the executive team establishes a shared goal over which the executive officers as a group have combined control. These shared goals typically involve share price accretion and targets for limiting total operating expenditures.

During the last two months of the calendar year, our chief executive officer, other senior executives and the Compensation Committee evaluate individual, department and corporate performance against the written goals for the year. Annual salary increases, annual bonuses and annual stock option awards granted to our employees are tied to the achievement of these goals. Consistent with our compensation philosophy, each non-executive employee's evaluation begins with a written self-assessment, which is submitted to the employee's supervisor. The supervisor then prepares a written evaluation based on the employee's self-assessment, the supervisor's own evaluation of the employee's performance, and, in some cases, input from others within the Company. This process leads to a recommendation by senior executives for annual employee salary increases, annual stock option awards and bonuses, if any, which is then reviewed and approved by the Compensation Committee. Our executive officers, other than the chief executive officer, are evaluated by the chief executive officer, who submits recommendations for salary increases, bonuses and stock option awards to the Compensation Committee for review and approval. In the case of the chief executive officer, the individual performance evaluation is evaluated by the Compensation Committee and the Compensation Committee determines his salary increases, bonuses and stock option awards. For all employees, including our executive officers, annual base salary increases, to the extent granted, are implemented effective the first day of the new calendar year.

In December 2010 and 2012, the Compensation Committee engaged Radford in a separate process to fully assess the competitive pay position of the Company's employees, executives and directors. As part of this process, the Committee reviewed the Company's peer group, asked Radford to provide observations and recommendations based on peer group comparison, including Radford's assessment of all elements of pay (base salary, target incentive bonus as a percentage of base salary, target total cash and long-term incentive compensation), the Company's historical equity program, including the Company's potential equity ownership level relative to its peer companies, current "in-the-money" gains and retention value from the Company's unvested outstanding equity program, potential wealth creation opportunities based on potential future stock prices, and the Company's aggregate and annual dilution relative to its peer companies.

In summary, the data from these engagements demonstrated that the Company's base salaries generally were positioned near the 50th percentile, with a few exceptions that have since been adjusted to be at or near the 50th percentile. Further, the Company's executive short-term incentive opportunities were generally aligned with market practice. Thus, the Company's aggregate total cash compensation was generally aligned with the market 50th percentile. Similarly, the Company's annual equity incentives were positioned between the market 50th and 75th percentiles, while total equity ownership in some cases was between the 25th and 50th percentiles. Overall, the Company's aggregate total compensation was positioned near the 50th percentile. In December 2013, the Compensation Committee again considered the results of Radford's analysis in making year-end compensation adjustment decisions. Specifically, the Compensation Committee increased the base salaries of our chief executive officer and other named executive officers in response to the updated comparative data reviewed for 2013, again targeting the 50th percentile for cash compensation, including salary and cash incentives. In addition, the Compensation Committee approved the annual grant of stock options to employees and executives at approximately the 75th percentile level in response to the historically comparatively low level of equity participation outlined in past Radford analyses, and with the longer term objective of bringing employees and executives closer to the 50th percentile of equity participation. In addition to the value of annual stock option grants, the Compensation Committee also considered the percentage of fully-diluted shares outstanding potentially held by each officer, making grants aimed toward the longer term objective of bringing employees and executives closer to the 50th percentile of equity participation.

Say-on-Pay

Beginning in 2011, we gave our stockholders an opportunity to provide feedback on our executive compensation program and related proxy disclosure through an advisory vote at our annual stockholders meeting. Stockholders were asked to approve, on an advisory basis, the compensation paid to our named executive officers. A significant percentage of stockholders have indicated approval of the compensation of the named executive officers, with approximately 94% of the votes of the shares present or represented and voting on such matter cast in favor of the proposal at our 2013 annual stockholders meeting.

In light of the results of the advisory vote, the Compensation Committee approached decisions regarding executive compensation policies and decisions for 2014 in a manner consistent with 2013.

Compensation Components

The components of our compensation package are as follows:

Base Salary

Base salaries for our executives and non-executive employees are established based on the scope of their responsibilities and their prior relevant background, training and experience, taking into account competitive market compensation paid by the companies represented in the compensation data we review for similar positions and the overall market demand for such executives at the time of hire. As with total executive compensation, we believe that executive base salaries should generally target the mean of the salaries for executives in similar positions and with similar responsibilities in the companies of similar size to us represented in the compensation data we review. An executive’s base salary is also evaluated together with other components of the executive’s compensation to ensure that the executive’s total compensation is in line with our overall compensation philosophy.

Base salaries are reviewed annually as part of our performance review process and increased for merit, as determined through an assessment of each employee’s or executive’s success in meeting or exceeding individual performance objectives and an assessment of whether significant corporate goals were achieved. If we identify significant market changes in our data analysis, we also realign base salaries with market levels for the same positions in the companies of similar size to us represented in the compensation data we review. Additionally, we adjust base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an employee’s or executive’s role or responsibilities.

In December 2013, our Compensation Committee approved an increase in aggregate non-executive employee base salaries of 4.0% based upon merit and to reflect pending non-executive employee promotions. The aggregate increase in base salaries was also based upon competitive life sciences industry information which indicated that peer companies were utilizing an average 3% merit increase for 2013 salary adjustments. The Compensation Committee also approved increases in executive base salaries ranging from 3.0% to 4.0%. The increases to our executives’ salaries were based upon merit and maintenance of base salaries in line with market levels for similar positions in comparable companies. The Compensation Committee’s analysis was based upon a review of comparable positions in our peer group and of comparable positions in life sciences companies with 50-149 employees.

Milind S. Deshpande, Ph.D., President and Chief Executive Officer. Dr. Deshpande's annual base salary, beginning in May 2013 with his promotion to chief executive officer, was $470,000. In December 2013, the Compensation Committee approved an increase to Dr. Deshpande's annual base salary to $484,100, effective in January 2014. In making its determination to increase Dr. Deshpande's salary, our Compensation Committee considered two key factors: (i) the implementation of a new development strategy necessary after the sovaprevir clinical hold, and (ii) the advancement of that development strategy, most notably the advancement of ACH-3422.

Mary Kay Fenton, Executive Vice President and Chief Financial Officer . Ms. Fenton's annual base salary in 2013 was $326,400. In December 2013, the Compensation Committee approved an increase to Ms. Fenton's annual base salary to $337,824, effective in January 2014. In making its determination to increase Ms. Fenton's salary, our Compensation Committee considered two key factors: (i) the level of achievement of Ms. Fenton's financial, operational and strategic goals during the year, and (ii) the success of the follow-on financing that raised net proceeds of $133 million from the sale of shares of our common stock in February 2013. On March 4, 2014, Ms. Fenton was promoted to Executive Vice President and Chief Financial Officer at which time her annual base salary was increased to $349,650.

David Apelian, M.D., Ph.D., Executive Vice President and Chief Medical Officer. Dr. Apelian's annual base salary in 2013 was $440,000. In December 2013, the Compensation Committee approved an increase to Dr. Apelian's annual base salary to $457,600, effective in January 2014. In making its determination to increase Dr. Apelian's base salary, our Compensation Committee considered two key factors: (i) the level of leadership and strategic contribution Dr. Apelian made during the period after the sovaprevir clinical hold, and (ii) the operational improvements made by him during 2013 that support future clinical development efforts.

Gautam Shah, Ph.D., Executive Vice President and Chief Compliance Officer. Dr. Shah's annual base salary in 2013 was $334,400. In December 2013, the Compensation Committee approved an increase to Dr. Shah's annual base salary to $344,500, effective in January 2014. In making its determination to increase Dr. Shah's base salary, our Compensation Committee considered two key factors: (i) his effective support of the clinical advancement of the Company's HCV early-stage pipeline, including ACH-3422 and ACH-3102, and (ii) his effective completion of regulatory filings outside the U.S. in support of initiating combination clinical trials with ACH-3102 and ACH-2684.

Joseph Truitt, Executive Vice President and Chief Commercial Officer. Mr. Truitt's annual base salary in 2013 was $313,300. In December 2013, the Compensation Committee approved an increase to Mr. Truitt's annual base salary to $325,900, effective in January 2014. In making its determination to increase Mr. Truitt's base salary, our Compensation Committee considered two key factors: (i) the clarification and advancement of the Company's commercial plans during 2013, and (ii) the key role Mr. Truitt played in communicating those commercial plans to stockholders and key opinion leaders in the medical community. On March 4, 2014, Mr. Truitt was promoted to Executive Vice President and Chief Commercial Officer at which time his annual base salary was increased to $337,310.

Annual Performance-Based Cash Bonus

Our compensation program includes eligibility for an annual performance-based discretionary cash bonus. We believe that annual performance-based discretionary cash bonuses compensate for the achievement of strategic, operational and financial objectives. Our Board of Directors has established cash bonus targets for different positions or ranks of employees within our organization that range from 5% to 60% of base salary. Our Board of Directors and Compensation Committee may adjust these targets based upon their evaluation of whether our bonus targets are externally competitive and internally equitable. The amount of the cash bonus paid depends on the level of achievement of the stated corporate, department and individual performance goals. For 2013, the target annual performance-based cash bonus percentage was 60% of base salary for our chief executive officer and 35% of base salary for all our other executives. Upon review of 2013 corporate and individual results against the pre-defined metrics and goals, the Compensation Committee may award bonus payments to our executives above or below the target amount, particularly in cases in which goals are not achieved or exceeded.

In December 2013, our Compensation Committee approved cash bonus compensation at 65% of target for executives. In making this determination, the Committee gave consideration to both scientific and business accomplishments that were completed during the annual period, as well as external factors that also impacted the Corporation's market value. The Compensation Committee considered the level of annual goal achievement for the organization as a whole, which totaled approximately 80%. With respect to individual executives, the Committee also assessed the level of specific annual goal achievement, which totaled 85%. In determining this quantification of annual goal achievement for 2013, management and the Compensation Committee considered, among other objectives, the completion of the following achievements and the level of effort applied towards each during 2013:

(i) the discovery and development of HCV drug candidate, ACH-3422, including nomination and advancement through pre-clinical studies to prepare for human clinical trials;

(ii) the completion of two clinical trials with ACH-3102, including a 12-week therapeutic trial with ribavirin, and a 12-week therapeutic combination trial with sovaprevir and ribavirin, demonstrating safety and efficacy in genotype 1b HCV patients;

(iii) the initiation of combination clinical trials with ACH-3102 and ACH-2684, which were prepared to enter the clinic substantially during the second half of 2013;

(iv) the completion of a successful follow-on financing transaction in February 2013 that raised $133 million in net proceeds for the Company and provided for operating resources through 2015; and

(v) the development of a commercial assessment and strategy that was effectively communicated to external stakeholders including shareholders, key opinion leaders in the medical community and potential collaboration partners.

In determining year-end cash incentives for each of our named executive officers, the Compensation Committee considered the complexity of the annual period under review including the several successful initiatives outlined above, countered by the clinical hold placed on sovaprevir and the resultant decline in share value. Despite the overall corporate goal achievement rate of 80% and the individual officer goal achievement rates of 85%, the Compensation Committee determined to pay cash bonus awards at 65% of target. While the Committee believes each named executive officer performed at a high level and successfully achieved his/her enumerated individual objectives, the Committee approved payment of cash incentives at a rate less than each executive's individual goal achievement level as a result of the significant decline in share price. In addition, because the managerial challenges that resulted from the clinical hold required a high degree of collaboration among the executive team members, the Committee set each executive's bonus award at the same 65% level, wishing to recognize not only the challenges that impacted share value for all shareholders but also the collaboration and teamwork that was the hallmark of the annual period.

Mr. Kishbauch's annual cash bonus award for 2013 was $96,759, which represents 65% of target level for the pro-rated portion of the year during which he was our chief executive officer. In making this award, the Compensation Committee considered the achievement of the Company's key strategic objectives during the first half of 2013 and the successful transition made in the chief executive role from Mr. Kishbauch to Dr. Deshpande, which Mr. Kishbauch facilitated.

Dr. Deshpande's annual cash bonus award for 2013 was $148,893 which represents 65% of his target bonus award. In making this award, the Compensation Committee considered, in addition to the Company's overall strategic goals, his individual objectives for 2013 including: (i) effectively assuming leadership of the Company, particularly when immediately faced with a challenging clinical event in the hold placed on sovaprevir, (ii) leading the change in portfolio strategy that refocused on ACH-3102 and ACH-2684, (iii) completing two therapeutic clinical trials with ACH-3102 during 2013, and (iv) broadening and deepening the Company's HCV pipeline with the advancement of ACH-3422.

Ms. Fenton's annual cash bonus award for 2013 was $74,256, which represents 65% of her target bonus award. In making this award, the Compensation Committee considered her individual objectives for 2013 including: (i) developing and implementing a resource and capital plan consistent with the Company's strategic goals, including leading the successful follow-on financing that raised net proceeds of $133 million in February 2013, (ii) managing the Company's investor relations efforts, (iii) providing timely and accurate financial reporting and compliance, budget management and operations management, (iv) providing a high level of operations support for research and development staff, and (v) supporting business development activities from a strategic and financial standpoint.

Dr. Apelian's annual cash bonus award for 2013 was $100,100 which represents 65% of his target bonus award based on his non pro-rated annual salary. In making this award, the Compensation Committee considered, in addition to the Company's overall strategic goals, his individual objectives for 2013 including: (i) effectively resetting the Company's HCV clinical development strategy in light of the sovaprevir clinical hold, (ii) reinitiating clinical studies with ACH-2684 and its combination with ACH-3102, (iii) developing and implementing the proxy studies which put ACH-3102 and ACH-2684 in combination with sofosbuvir, and (iv) accelerating preclinical development of ACH-3422.

Dr. Shah's annual cash bonus award for 2013 was $76,076, which represents 65% of his target bonus award. In making this award, the Compensation Committee considered his individual objectives for 2013 including: (i) leading the data investigation necessary to respond to the FDA's clinical hold on sovaprevir, (ii) supporting the amended clinical plans that refocus on ACH-2684 and ACH-3102 to ensure achievement of proof-of-concept by year-end, (iii) driving formulation and drug product development of ACH-2684 and ACH-3422 to ensure acceptable clinical formulations for use in 2014, and (iv) supporting business development diligence activities.

Mr. Truitt's annual cash bonus award for 2013 was $71,276, which represents 65% of his target bonus award. In making this award, the Compensation Committee considered his individual objectives for 2013 including: (i) advancing partnership activities surrounding our HCV drug candidates, (ii) updating the commercial development plan for the Company's HCV franchise, (iii) leading the strategic valuation efforts that provided benchmark valuations for the Company's combination HCV regimens, and (iv) supporting strategic project management goals.

Equity-Based Awards

We believe that long-term performance is achieved through an ownership culture that encourages long-term participation by all our employees in equity-based awards. Our 2006 Stock Incentive Plan, which we refer to as the 2006 Plan, allows for the grant to employees, including executive officers and directors, of stock options, restricted stock and other equity-based awards. We typically make an initial equity award of stock options to new employees and annual performance-based equity grants as part of our overall annual compensation review. Our Board of Directors has delegated authority to our Compensation Committee to make initial new employee equity grants, as well as annual grants of options to all of our employees. Occasionally, upon promotion or other circumstances, the Compensation Committee may grant awards at other times during the year.

Initial Stock Option Awards. Executives and other employees who join us are awarded initial stock option grants. These grants have an exercise price equal to the fair market value of our common stock on the grant date and typically have a vesting schedule of 25% on the first anniversary of the date of grant and 6.25% quarterly thereafter for the following three years. The size of the initial stock option award is determined based on the employee's position with us and analysis of the competitive practices of the companies similar in size to us represented in the compensation data that we review.

Restricted Stock Awards . Our 2006 Plan permits the issuance of restricted stock awards, however, no such restricted stock awards have been issued to date under this Plan. Prior to our initial public offering, we granted options under our 1998 Plan that were exercisable immediately for shares of restricted stock that vested over a specified period of time. The Compensation Committee may, in the future, issue restricted stock awards in order to achieve its compensation plan objectives.

Annual Stock Option Awards . Our practice is to grant annual stock option awards as part of our overall compensation review process program. The Compensation Committee believes that stock options provide management with a strong link to long-term corporate performance and the creation of stockholder value. We intend that the annual aggregate value of these awards will be set in an amount required to maintain the employee group as a whole, and executives as a subset, at or near competitive median levels for companies represented in the compensation data we review. As part of the year-end compensation review by our Compensation Committee, our senior executives recommend and the Compensation Committee approves, a pool of options to be granted to employees other than executive officers. The size of this pool is based upon the number of shares required to reach competitive levels of employee ownership for companies represented in the compensation data we review. In addition, our chief executive officer recommends and the Compensation Committee approves, certain option grants to executive officers. The size of those grants is based upon the number of shares required to trend toward meeting, over time, mean levels of stock ownership for officers in similar positions within the companies represented in the compensation data we review.

Our Compensation Committee's December 2012 consultation with Radford revealed that the value of the Company's long-term equity-based awards were between the 25 th and 50 th percentiles in terms of overall potential equity ownership by executives, and retention value was moderate, based upon the value of unvested equity awards. As a result, Radford recommended, and the Compensation Committee approved, an alternative long-term incentive delivery method that included the grant of stock option awards in December 2012 near the 75 th percentile. That methodology was continued in the grants made to employees and executives in December 2013. These grants included a grant to Dr. Deshpande of an option to purchase 400,000 shares, a grant to Dr. Apelian of an option to acquire 300,000 shares, a grant to Ms. Fenton of an option to acquire 250,000 shares, and grants to each of Dr. Shah and Mr. Truitt of an option to purchase 200,000 shares. All grants were made at a purchase price of $3.02 per share, the closing market price per share on the date of grant.

In addition to the objective of granting long-term incentives that would, over time, deliver value close to the 50% percentile of equity ownership for executives, the Compensation Committee also considered facts and circumstances specific to the decline in overall share value that occurred in 2013, the result of the continued clinical hold by the FDA on drug candidate sovaprevir. Notably, the Compensation Committee considered the value of the stock option granted to Dr. Deshpande in May 2013 when he assumed the role of chief executive officer. At year-end 2013, when we made annual grants as part of our normal practice, Dr. Deshpande's May 2013 grant had declined significantly in value. Despite the greater nominal number of shares under the stock option granted to Dr. Deshpande in Mary 2013, the Committee noted that the year-end grant to Dr. Deshpande was still less than half the value of the year-end grant made to Mr. Kishbauch as chief executive officer one year earlier. In addition, the Compensation Committee granted a greater number of shares to Dr. Apelian to counter the decline in share value that occurred only one month after he joined the Company and to reward his leadership in resetting the Company's clinical development strategy.

The Compensation Committee's objective in making grants to each of our officers was to reward positive 2013 goal achievement and to increase overall equity ownership among executives who have less than competitive ownership levels and most of whom are more than 50% vested in all awards.

Other Compensation

We maintain broad-based benefits that are provided to all employees, including health insurance, life and disability insurance, dental insurance and a 401(k) defined contribution plan. We currently match employee 401(k) contributions at a rate of $0.50 cents for each dollar contribution, up to 6% of eligible contributions. In particular circumstances, we also utilize cash signing bonuses when certain executives and non-executives join us. Such cash signing bonuses are typically repayable in full to the company if the recipient voluntarily terminates employment with us prior to the first anniversary of the date of hire. Whether a signing bonus is paid and the amount thereof is determined on a case-by-case basis under the specific hiring circumstances. For example, we will consider paying signing bonuses to compensate for amounts forfeited by an employee upon terminating prior employment, to assist with relocation expenses and/or to create additional incentive for an employee to join our company in a position where there is high market demand. We did not award any signing bonuses to executives in 2013.

In addition, we also reimburse Dr. Apelian and Mr. Truitt for reasonable travel and living expenses incurred as a result of their commuting from New Jersey and Pennsylvania, respectively, to our offices in Connecticut, and make a tax gross-up payments to Dr. Apelian and Mr. Truitt to reimburse them for any federal or state income taxes associated with receipt of such reimbursements (and related income taxes owed due to the receipt of the gross-up payment).

Termination Based Compensation

Severance. On May 28, 2013, we entered into new employment agreements with Dr. Deshpande as he assumed the role of chief executive officer, and with Dr. Apelian as he assumed the role of chief medical officer, in each case, providing for, among other things, severance and change in control benefits as described below. In setting the terms of such severance arrangements, the Compensation Committee recognizes that executives, especially highly-ranked executives, often face challenges securing new employment following termination. Before receiving such severance and change in control benefits, the executives must enter into a separation agreement and release of claims against the Company.

On April 5, 2011, we entered into new employment agreements with Mr. Truitt and Dr. Shah, providing for, among other things, severance and change in control benefits as described below. In addition, on April 5, 2011, we entered into supplemental agreement with Ms. Fenton, which along with her existing employment agreement, provides for, among other things, severance and change in control benefits as described below. In setting the terms of such severance arrangements, the Compensation Committee recognizes that executives, especially highly-ranked executives, often face challenges securing new employment following termination. Before receiving such severance and change in control benefits, the executives must enter into a separation agreement and release of claims against the Company.

In the event we terminate Dr. Deshpande’s employment for reasons other than cause, death or disability, or if Dr. Deshpande terminates his employment for good reason (as defined in his employment agreement), he is entitled to receive (i) his salary in effect on the date of termination until the date that is eighteen months following the termination date; (ii) if he is eligible for and elects to receive COBRA continuation, payment of the premiums for his medical and/or dental insurance benefits for twelve months or, if earlier, the expiration of his COBRA continuation coverage; (iii) a payment equal to a pro-rated portion of the bonus payment earned or paid for the prior fiscal year; and (iv) immediate vesting and exercisability of 25% of the original number of shares subject to unvested option grants. In the event such termination occurs within twelve months following a change in control of the company, then he will receive his current year target cash performance incentive in lieu of the pro-rated amount described above and his right to severance will not terminate upon becoming employed by another company.

In the event we terminate Ms. Fenton’s employment for reasons other than cause, death or disability, or Ms. Fenton terminates her employment for good reason (as defined in her employment agreement), she is entitled to receive (i) her salary in effect on the date of termination until the earlier of (A) the date that is six or twelve months following the termination date (depending on whether he or she resigns for good reason and which good reason is the basis for the resignation) and (B) the date she commences full-time employment with another company; (ii) if she is eligible for and elects to receive COBRA continuation, payment of the premiums for his/her medical and/or dental insurance benefits for twelve months or, if earlier, the expiration of his or her COBRA continuation coverage; (iii) a payment equal to a pro-rated portion of the bonus payment earned or paid for the prior fiscal year; and (iv) immediate vesting and exercisability of 25% of the original number of shares subject to unvested option grants. In the event the employment termination occurs within twelve months following a change in control of the company, then Ms. Fenton will receive her current year target cash performance incentive in lieu of the pro-rated amount described above and her right to severance will not terminate upon becoming employed by another company.

In the event we terminate Dr. Apelian’s, Mr. Truitt’s or Dr. Shah’s employment for reasons other than cause, death or disability, or if such executive terminates his employment for good reason (as defined in his employment agreement), such executive is entitled to receive (i) his salary in effect on the date of termination until the date that is twelve months following the termination date; (ii) if he is eligible for and elects to receive COBRA continuation, payment of the premiums for his medical and/or dental insurance benefits for twelve months or, if earlier, the expiration of his COBRA continuation coverage; (iii) a payment equal to a pro-rated portion of the bonus payment earned or paid for the prior fiscal year; and (iv) immediate vesting and exercisability of 25% of the original number of shares subject to unvested option grants. In the event such termination occurs within twelve months following a change in control of the company, then such executive will receive his current year target cash performance incentive in lieu of the pro-rated amount described above and his or her right to severance will not terminate upon becoming employed by another company.

Acceleration of Vesting of Equity-Based Awards . In addition to the benefits described above, upon a change in control, each of our named executive officers is entitled to immediate vesting and exercisability of 25% of the original number of shares subject to unvested option grants. We refer to this as “single trigger” acceleration. In the event we terminate such executive’s employment for reasons other than cause, death or disability, or if such executive terminates his employment for good reason, within twelve months following a change in control of the company, then each executive officer is entitled to immediate vesting and exercisability of all outstanding equity awards. We believe that “single trigger” acceleration prevents an unintended windfall in the event of a friendly (non-hostile) change of control and provides an incentive for executive officers to remain with Achillion despite the uncertainties raised by a possible change of control, while the “double trigger” provides an incentive for executive officers to pursue change of control events that could result in a termination of the officer’s employment but are in the best interests of our stockholders.

The agreements with our named executive officers also provide that the amount of severance benefits payable to such executive in connection with a change in control may be reduced by an amount such that the excise tax provisions of sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, would not apply to such payments. The severance benefits payable will only be so reduced if the net after-tax amount that would be received by the executive is greater than the net after-tax amount that would have been received without such reduction.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code —Section 162(m) of the Internal Revenue Code, generally disallows a tax deduction for compensation in excess of $1.0 million paid to our chief executive officer and to each other officer (other than our chief financial officer) whose compensation is required to be reported to our stockholders pursuant to the Exchange Act by reason of being among the three most highly paid executive officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. We periodically review the potential consequences of Section 162(m) and we generally intend to structure our stock options to comply with exemptions in Section 162(m) so that the compensation attributable to such options remains tax deductible to us. However, the Compensation Committee may, in its judgment, authorize compensation payments that do not comply with exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent and are in the best interests of our stockholders.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with our management. Based on this review and discussion, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

By the Compensation Committee of the Board of Directors:

Gary E. Frashier, Chair
Kurt Graves
David Scheer
Robert Van Nostrand

Table of Contents

Executive Compensation

The following table shows the total compensation paid or accrued for the fiscal years ended December 31, 2013, 2012 and 2011 for our chief executive officer, our former chief executive officer, our chief financial officer and our three other most highly compensated executive officers who served as executive officers during the year ending December 31, 2013. We refer to these officers as our named executive officers.

SUMMARY COMPENSATION TABLE FOR 2013

Name and Principal Position	Year	Salary ($)	Option Awards (1) ($)	Non-Equity Incentive Plan Compensation (2) ($)	All Other Compensation ($)	Total ($)
Michael Kishbauch,	2013	271,876(3)	—	96,759(4)	7,911(5)	376,546
Director, Former President and	2012	470,300	2,225,721	292,338	7,833(6)	2,996,192
Chief Executive Officer (Retired)	2011	450,000	694,388	270,810	7,703(7)	1,422,901
Milind Deshpande, Ph.D.	2013	435,583(8)	4,260,966	148,893(9)	7,992(10)	4,853,434
Director, President and	2012	376,100	922,084	201,272(11)	7,833(6)	1,507,289
Chief Executive Officer	2011	359,975	555,511	144,536	7,703(7)	1,067,725
Mary Kay Fenton,	2013	326,400	580,968	74,256	7,992(10)	989,616
Executive Vice President and	2012	300,800	922,084	138,176(12)	7,833(6)	1,368,893
Chief Financial Officer	2011	287,625	416,633	105,676	7,703(7)	817,637
David Apelian, M.D., Ph.D.	2013	256,667(13)	1,807,634	100,100(14)	10,726(15)	2,175,127
Executive Vice President and	2012	—	—	—	—	—
Chief Medical Officer	2011	—	—	—	—	—
Gautam Shah, Ph.D.	2013	334,400	464,775	76,076	7,992(10)	883,243
Executive Vice President and	2012	321,935(16)	1,079,761	117,282(17)	7,833(6)	1,526,811
Chief Compliance Officer	2011	300,200	416,633	103,076	7,703(7)	827,612
Joseph Truitt,	2013	313,300	464,775	71,276	37,266(18)	886,617
Executive Vice President and Chief Commercial	2012	304,200	922,084	109,558	31,738(19)	1,367,580
Officer	2011	283,000	555,511	101,920	36,437(20)	976,868

(1) The amounts in this column reflect the aggregate grant date fair value of the option awards granted in accordance with ASC 718, *Stock Compensation* . There can be no assurance that the ASC 718 amounts will ever be realized. The assumptions we used to calculate these amounts are included in Note 12 to our audited financial statements for fiscal 2013, included in our annual report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on March 7, 2014.

(2) The amounts in this column reflect discretionary cash performance-based bonus awards approved by the Compensation Committee in connection with our annual performance review process and paid to our named executive officers in December 2013 and 2012 and January 2012 (for 2011 service), respectively.

(3) Mr. Kishbauch announced his plans for retirement in May 2013. From May 2013 through September 2013, Mr. Kishbauch worked a reduced schedule until his retirement in September 2013. Mr. Kishbauch's annual base salary decreased from $496,200 to $248,100 during this transition period.

(4) Mr. Kishbauch's non-equity incentive plan compensation was calculated based on his salary for the six months of full time employment with us.

(5) Represents $261 of life insurance premiums paid by Achillion and $7,650 in matching company contributions pursuant to Achillion's 401 (k) defined contribution plan.

(6) Represents $370 of life insurance premiums paid by Achillion and $7,463 in matching company contributions pursuant to Achillion's 401 (k) defined contribution plan.

(7) Represents $353 of life insurance premiums paid by Achillion and $7,350 in matching company contributions pursuant to Achillion's 401 (k) defined contribution plan.

(8) In connection with his promotion to President and Chief Executive Officer in May 2013, Mr. Deshpande's annual base salary was increased from $387,400 to $470,000.

(9) Mr. Deshpande’s non-equity incentive plan compensation was calculated proportionally based on his salary and bonus rates for 2013.
(10) Represents $342 of life insurance premiums paid by Achillion and $7,650 in matching company contributions pursuant to Achillion’s 401 (k) defined contribution plan.
(11) In addition to Mr. Deshpande’s annual performance-based cash bonus, the Compensation Committee, in their discretion, granted an additional bonus award to Mr. Deshpande in the amount of $40,000 as a direct result if the rapid advancement of ACH-3102 and his oversight of the clinical development function in absence of a chief medical officer.
(12) In addition to Ms. Fenton’s annual performance-based cash bonus, the Compensation Committee, in their discretion, granted an additional bonus award to Ms. Fenton in the amount of $25,000 as a direct result of her management of the successful financing transaction in August 2012.
(13) Dr. Apelian’s employment with the Company commenced in May 2013. Dr. Apelian’s annual base salary is $440,000.
(14) Dr. Apelian’s non-equity incentive plan compensation was calculated based on his non pro-rated salary.
(15) Represents $162 of life insurance premiums paid by Achillion, $5,800 for travel and living expense reimbursement incurred as a result of Mr. Apelian’s commuting from New Jersey to our offices in Connecticut and $4,764 for a tax gross-up payment to reimburse him for the federal and state income taxes associated with receipt of the reimbursement.
(16) In connection with his promotion to Executive Vice President in April 2012, Mr. Shah’s annual base salary was increased from $313,700 to $324,680.
(17) Mr. Shah’s non-equity incentive plan compensation was calculated based on his salary as of December 31, 2012.
(18) Represents $342 of life insurance premiums paid by Achillion, $7,650 in matching company contributions pursuant to Achillion’s 401(k) defined contribution plan, $16,072 for travel and living expense reimbursement incurred as a result of Mr. Truitt’s commuting from Pennsylvania to our offices in Connecticut and $13,202 for a tax gross-up payment to reimburse him for the federal and state income taxes associated with receipt of the reimbursement.
(19) Represents $370 of life insurance premiums paid by Achillion, $7,463 in matching company contributions pursuant to Achillion’s 401(k) defined contribution plan, $13,590 for travel and living expense reimbursement incurred as a result of Mr. Truitt’s commuting from Pennsylvania to our offices in Connecticut and $10,315 for a tax gross-up payment to reimburse him for the federal and state income taxes associated with receipt of the reimbursement.
(20) Represents $353 of life insurance premiums paid by Achillion, $7,350 in matching company contributions pursuant to Achillion’s 401(k) defined contribution plan, $16,335 for travel and living expense reimbursement incurred as a result of Mr. Truitt’s commuting from Pennsylvania to our offices in Connecticut and $12,399 for a tax gross-up payment to reimburse him for the federal and state income taxes associated with receipt of the reimbursement.

Table of Contents

GRANTS OF PLAN-BASED AWARDS FOR 2013

The following table sets forth information regarding each grant of an award made to a named executive officer during fiscal 2013 under any plan, contract, authorization or arrangement pursuant to which cash, securities, similar instruments or other property may be received.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target ($)(1)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Options Awards (3)($)
Michael Kishbauch					
Director, Former President and Chief Executive Officer (Retired)	—	148,860	—	—	—
Milind Deshpande, Ph.D.		229,067			
Director, President and Chief Executive Officer	05/28/13		600,000	7.59	3,331,417
	12/17/13		400,000	3.02	929,549
Mary Kay Fenton		114,240			
Executive Vice President and Chief Financial Officer	12/17/13		250,000	3.02	580,968
David Apelian, M.D., Ph.D.		89,833			
Executive Vice President and Chief Medical Officer	05/28/13		200,000	7.59	1,110,472
	12/17/13		300,000	3.02	697,162
Gautam Shah, Ph.D.		117,040			
Executive Vice President and Chief Compliance Officer	12/17/13		200,000	3.02	464,775
Joseph Truitt		109,655			
Executive Vice President and Chief Commercial Officer	12/17/13		200,000	3.02	464,775

(1) Reflects the potential non-equity incentive compensation plan awards that could have been earned under our 2013 annual performance review process. In its discretion, the Compensation Committee may, however, award bonus payments to our executives above or below the target amounts, particularly in cases in which certain goals are not achieved or exceeded. The amounts actually paid to the named executive officers for performance in 2013 are shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(2) These options vest as to 25% on the first anniversary of the date of grant and as to an additional 6.25% at the end of each three-month period thereafter.

(3) The amounts reported in this column reflect the aggregate grant date fair value of awards computed in accordance with ASC 718.

Information Relating to Equity Awards and Holdings

Fiscal Year 2013 Equity Awards

The stock option awards disclosed in the Grants of Plan-Based Awards table were awarded by our Compensation Committee as part of the annual option award grants to our officers and employees. These awards represent compensation for performance in 2013. In addition, the Compensation Committee approved a stock option award for Dr. Deshpande in connection with his promotion to President and Chief Executive Officer and to Dr. Apelian in connection with his commencement of employment with the Company. All of the stock options in the Grants of Plan-Based Awards table were issued under our 2006 Plan and were granted with an exercise price per share equal to the closing price of our common stock on the Nasdaq Global Stock Market on the date of grant.

[Table of Contents](#)

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END FOR 2013

The following table sets forth information concerning stock options on December 31, 2013, the last day of our fiscal year, for each of the named executive officers.

	Option Awards(1)			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Michael Kishbauch	160,000	—	14.75	12/19/2016
Director, Former President and Chief	150,000	—	4.82	12/14/2017
Executive Officer (Retired)	158,000	—	1.05	12/15/2018
	133,125	—	3.28	12/18/2019
	371,937	—	3.10	12/16/2020
	54,687	—	7.59	12/12/2021
Milind Deshpande, Ph.D.	16,250	—	4.00	12/20/2015
Director, President and Chief Executive	46,000	—	14.75	12/19/2016
Officer	47,900	—	5.41	06/06/2017
	60,000	—	4.82	12/14/2017
	15,950	—	1.05	12/15/2018
	60,000	—	3.28	12/18/2019
	150,000	50,000	3.10	12/16/2020
	50,000	50,000	7.59	12/12/2021
	36,250	108,750	8.64	12/18/2022
	—	600,000	7.59	05/28/2023
	—	400,000	3.02	12/17/2023
Mary Kay Fenton	13,125	—	4.00	12/20/2015
Executive Vice President and Chief	49,000	—	14.75	12/19/2016
Financial Officer	45,000	—	4.82	12/14/2017
	43,500	—	1.05	12/15/2018
	33,250	—	3.28	12/18/2019
	141,000	47,000	3.10	12/16/2020
	37,500	37,500	7.59	12/12/2021
	36,250	108,750	8.64	12/18/2022
	—	250,000	3.02	12/17/2023
David Apelian, M.D., Ph.D.	—	200,000	7.59	05/28/2023
Executive Vice President and Chief	—	300,000	3.02	12/17/2023
Medical Officer				
Gautam Shah, Ph.D.	22,000	—	14.75	12/19/2016
Executive Vice President and	8,313	—	3.28	12/18/2019
Chief Compliance Officer	47,000	47,000	3.10	12/16/2020
	37,500	37,500	7.59	12/12/2021
	9,375	20,625	7.10	09/04/2022
	36,250	108,750	8.64	12/18/2022
	—	200,000	3.02	12/17/2023
Joseph Truitt	100,000	—	0.82	01/05/2019
Executive Vice President and	33,250	—	3.28	12/18/2019
Chief Commercial Officer	141,000	47,000	3.10	12/16/2020
	50,000	50,000	7.59	12/12/2021
	36,250	108,750	8.64	12/18/2022
	—	200,000	3.02	12/17/2023

(1) The options granted have a ten year life and vest over a four year period with 25% of the shares vesting on the first anniversary of the date of grant and an additional 6.25% vesting at the end of each three-month period thereafter.

Table of Contents

OPTION EXERCISES AND STOCK VESTED FOR 2013

Name	Option Awards Number of Shares Acquired on Exercise (#)	Option Awards Value Realized on Exercise ($)(1)
Michael Kishbauch, Director, Former President and Chief Executive Officer (Retired)	—	—
Milind Deshpande, Ph.D. Director, President Chief Executive Officer	—	—
Mary Kay Fenton, Executive Vice President and Chief Financial Officer	—	—
David Apelian, M.D., Ph.D. Executive Vice President and Chief Medical Officer	—	—
Gautam Shah, Ph.D. Executive Vice President and Chief Compliance Officer	26,965	141,792
Joseph Truitt Executive Vice President and Chief Commercial Officer	—	—

(1) Calculated by multiplying the number of shares times the difference of the market price of the stock on the date of exercise less the exercise price.

Employment Agreements and Potential Payments Upon Termination or Change in Control

We have entered into employment agreements with each of Drs. Deshpande, Apelian and Shah, Mr. Truitt and Ms. Fenton. The employment agreements for these officers generally provide base salary in an amount annually reviewable for increase, but not decrease, at the discretion of our Board of Directors or a committee of the Board of Directors. The employment agreements also entitle each officer to receive an annual cash performance bonus in an amount that is expressed as a percentage of base salary if the Board of Directors in its discretion determines that such officer has achieved or surpassed performance goals established by the Board of Directors or Compensation Committee in consultation with our management. Currently, the minimum target bonus percentage is 60% for Dr. Deshpande and 35% for Ms. Fenton, Drs. Apelian and Shah and Mr. Truitt.

Each officer is also eligible to participate in any of our equity incentive programs. In addition, each officer's employment agreement provides for severance benefits in the event Achillion terminates such officer's employment for reasons other than cause (as defined in their respective employment agreements), death or disability, or they terminate their respective employment for good reason (as defined in their respective employment agreements). In addition, if, within one year following a change in control of Achillion, such officer's employment is terminated without cause or if such officer terminates his or her employment for good reason, the officer is entitled to additional change-in-control benefits.

For additional information about our executive compensation program generally and the terms of our employment agreements with our executive officers, including officer base salaries, target bonus amounts, target option awards, option awards actually granted and severance and change in control benefits, please see the section of this proxy statement entitled "Compensation Discussion and Analysis."

Potential Termination and Change in Control Payments

Potential termination and change-in-control payments pursuant to the employment agreements assuming termination or change in control occurred on December 31, 2013 are set forth in the table below.

		Triggering Event			
Name	Benefit	Change in Control (With or Without Termination of Employment) ($)	Termination Without Cause (other than following a Change In Control) ($)	Resignation For Good Reason or Termination Without Cause Within 12 Months Following a Change-in-Control ($)	Resignation Due to Requirement For Executive to Relocate (other than following a Change In Control) ($)
Milind Deshpande, Ph.D.	Severance Payments	—	705,000(1)	705,000(1)	705,000(1)
	Bonus Payment	—	282,000(2)	282,000(3)	282,000(3)
	Continuation of Benefits	—	— (4)	— (4)	— (4)
	Market Value of Stock Vesting(5)	41,000(6)	—	131,000(7)	—
	Total	41,000	987,000	1,118,000	987,000
Mary Kay Fenton	Severance Payments	—	326,400(1)	326,400(1)	326,400(1)
	Bonus Payment	—	114,240(2)	114,240(3)	114,240(3)
	Continuation of Benefits	—	19,123(4)	19,123(4)	19,123(4)
	Market Value of Stock Vesting(5)	29,090(6)	—	85,340(7)	—
	Total	29,060	459,763	545,103	459,763
David Apelian, M.D., Ph.D.	Severance Payments	—	440,000(1)	440,000(1)	440,000(1)
	Bonus Payment	—	154,000(2)	154,000(3)	154,000(3)
	Continuation of Benefits	—	19,123(4)	19,123(4)	19,123(4)
	Market Value of Stock Vesting(5)	22,500(6)	—	90,000(7)	—
	Total	22,500	613,123	703,123	613,123
Gautam Shah, Ph.D.	Severance Payments	—	334,400(1)	334,400(1)	334,400(1)
	Bonus Payment	—	117,040(2)	117,040(3)	117,040(3)
	Continuation of Benefits	—	— (4)	— (4)	— (4)
	Market Value of Stock Vesting(5)	25,340(6)	—	70,340(7)	—
	Total	25,340	451,440	521,780	451,440
Joseph Truitt	Severance Payments	—	313,300(1)	313,300(1)	313,300(1)
	Bonus Payment	—	109,655(2)	109,655(3)	109,655(3)
	Continuation of Benefits	—	19,123(4)	19,123(4)	19,123(4)
	Market Value of Stock Vesting(5)	16,034(6)	—	61,034(7)	—
	Total	16,034	442,078	503,112	442,078

(1) Represents a lump sum payment equal to twelve months of each executive's base salary at the time of termination except in the case of Dr. Deshpande for whom the amount represents a lump sum payment equal to eighteen months of base salary.
(2) This amount is calculated under the assumption that the termination date is the last day of the fiscal year.
(3) Represents a payment equal to each executive's annual target bonus payment.
(4) Represents payment for the continuation of medical and dental benefit coverage equal to the share of the premium for such coverage currently paid by us until the earlier of the end of the 12 th month after his or her employment ends or the date the covered individual's COBRA continuation coverage expires, except in the case of Dr. Deshpande for whom the amount represents 18 months of coverage.
(5) These awards would become vested and the value of the acceleration would be equal to the shares multiplied by the excess of the then current stock price over the exercise price of the options. For purposes of this table, we have calculated the value of the acceleration using the closing price of our common stock on December 31, 2013, or $3.32 per share.
(6) Represents the acceleration of vesting as to 25% of the original number of common shares subject to options held by the executive.
(7) Represents the acceleration of vesting as to 100% of the original number of common shares subject to options held by the executive.

Securities Authorized for Issuance Under Our Equity Incentive Plans

The following table provides information about the securities authorized for issuance under our equity compensation plans as of December 31, 2013.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	9,083,430(1)	$ 5.14(2)	3,637,881(3)
Equity compensation plans not approved by security holders	—	—	—
Total	9,083,430		3,637,881

(1) Includes shares of our common stock issuable upon exercise of options to purchase common stock awarded under our 1998 Plan and our 2006 Plan.
(2) Only stock option awards were used in computing the weighted average exercise price.
(3) Includes shares of our common stock issuable under our 2006 Plan and our 2006 Employee Stock Purchase Plan.

Compensation of Directors

Under our Director Compensation Policy each of our non-employee directors receives (i) a fee of $2,000 for each Board of Directors meeting that such non-employee director attended in person, (ii) a fee of $1,000 for each Board of Directors meeting at which the director participated telephonically and (iii) reimbursement for all expenses incurred in attending Board of Directors and committee meetings. In addition, non-employee directors receive an annual retainer of $30,000, payable in quarterly installments. Directors who serve on the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee or Strategy and Corporate Development Committee receive a fee of $1,000 for each such committee meeting attended outside of a regularly scheduled meeting of the full Board of Directors. The Chairman of the Board receives an additional retainer of $25,000, the Chairperson of the Audit Committee receives an additional annual retainer of $10,000 and each of the chairpersons of the Compensation Committee, Nominating and Corporate Governance Committee and Strategy and Corporate Development Committee receive an additional annual retainer of $5,000.

In addition, subject to approval of the Board of Directors, each non-employee director receives (i) upon initial election to the Board of Directors, a nonstatutory stock option for the purchase of 30,000 shares of our common stock which vests immediately upon election and (ii) an annual stock option grant for the purchase of 20,000 shares of our common stock under our 2006 Plan, which vests as to 25% on the date of grant and as to an additional 2.08% at the end of each monthly period thereafter. We do not compensate directors who are also our officers or employees for service as a director.

In December 2013, the Compensation Committee recommended that in addition to the annual stock option grant, the Board of Directors be granted a stock option grant to purchase an additional 5,000 shares of common stock to counter dilution associated with the follow-on financing that raised net proceeds of $133 million in February 2013, as well as to counter the decline in individual share value.

The following table sets forth information concerning the compensation of our non-employee directors for the fiscal year ended December 31, 2013:

	Director Compensation			
Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)(3)	All Other Compensation ($)	Total ($)
Jason Fisherman, M.D.	49,000	56,558	—	105,558
Gary Frashier	54,000	56,558	—	110,558
Kurt Graves	43,000	56,558	—	99,558
Michael D. Kishbauch(2)	14,750	69,387	—	84,137
Dennis Liotta, Ph.D.	38,000	56,558	—	94,558
David Scheer	75,000	56,558	—	131,558
Robert Van Nostrand	56,000	56,558	—	112,558
Nicole Vitullo	40,000	56,558	—	96,558
David Wright(3)	23,000	56,558	—	79,558

(1) The amounts in this column reflect the aggregate grant date fair value of the option awards granted for the fiscal year ended December 31, 2013, in accordance with ASC 718, *Stock Compensation* . There can be no assurance that the ASC 718 amounts will ever be realized. The assumptions we used to calculate these amounts are included in Note 12 to our audited financial statements for fiscal 2013, included in our annual report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on March 7, 2014.

(2) Mr. Kishbauch was elected to the Board in September 2013. Upon election, Mr. Kishbauch was granted a non-statutory stock option to purchase 6,250 shares of our common stock which vests as to 25% on the date of grant and as to an additional 2.08% at the end of each monthly period thereafter.

(3) Mr. Wright resigned from the Board in May 2013.

(4) The number of shares underlying stock options granted to our directors in 2013 are:

Name	Grant Date	Number of Shares Underlying Stock Option Grants in 2013(#)
Jason Fisherman, M.D.	12/17/2013	25,000
Gary Frashier	12/17/2013	25,000
Kurt Graves	12/17/2013	25,000
Michael D. Kishbauch	10/08/2013	6,250
	12/17/2013	25,000
Dennis Liotta, Ph.D.	12/17/2013	25,000
David Scheer	12/17/2013	25,000
Robert Van Nostrand	12/17/2013	25,000
Nicole Vitullo	12/17/2013	25,000

(5) The aggregate outstanding options for each non-employee director as of December 31, 2013 are:

Name	Aggregate Options Outstanding(#)
Jason Fisherman, M.D.	170,000
Gary Frashier	153,750
Kurt Graves	180,000
Michael D. Kishbauch	1,058,999
Dennis Liotta, Ph.D.	160,000
David Scheer	195,000
Robert Van Nostrand	195,000
Nicole Vitullo	115,000

Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Messrs. Frashier, Graves, Scheer and Van Nostrand. No member of the Compensation Committee was at any time during 2013, or formerly, an officer or employee of ours or any subsidiary of ours. Messrs. Frashier, Graves, Scheer and Van Nostrand have not had any relationship with us requiring disclosure under Item 404 of Regulation S-K under the Exchange Act.

No executive officer of Achillion has served as a director or member of the Compensation Committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director of or member of our Compensation Committee.

Table of Contents

OTHER MATTERS

Audit Committee Report

The Audit Committee has reviewed our audited financial statements for the fiscal year ended December 31, 2013 and discussed them with our senior executives and our independent registered public accounting firm.

The Audit Committee has also received from, and discussed with, our independent registered public accounting firm various communications that our independent registered public accounting firm is required to provide to the Audit Committee, including the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards* , Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received the written disclosures and the letter from our independent registered public accounting firm required by Rule 3526, *Communication with Audit Committees Concerning Independence* , as adopted by the Public Company Accounting Oversight Board, and has discussed with our independent registered public accounting firm their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2013.

By the Audit Committee of the Board of Directors:

Robert Van Nostrand, Chair
Jason Fisherman
Gary Frashier

Fees of Independent Registered Public Accounting Firm

Auditors' Fees

The following table summarizes the fees of PricewaterhouseCoopers LLP, our independent registered public accounting firm, billed to us for each of the last two fiscal years.

Fee Category	Fiscal 2013	Fiscal 2012
Audit Fees(1)	$444,700	$485,009
Audit-Related Fees(2)	—	—
Tax Fees(3)	23,000	63,500
All Other Fees(4)	1,818	1,818
Total Fees	$469,518	$550,327

(1) Audit Fees consist of fees for the audit of our financial statements, the audit of our internal control over financial reporting, the review of interim financial statements included in our quarterly reports on Form 10-Q and other professional services provided in connection with statutory and regulatory filings or engagements.
(2) Audit-Related Fees would consist of fees for assurance and related services that are reasonably related to the performance of the audit and the review of our financial statements and which are not reported under Audit Fees.
(3) Tax Fees consist of fees for tax compliance, tax advice and tax planning services. Tax compliance services, which relate to services provided for preparation of tax returns, claims for refunds and tax payment-planning services, accounted for the total tax fees billed in fiscal 2013 and 2012.
(4) All Other Fees for fiscal 2013 and 2012 consists of a subscription to PricewaterhouseCoopers LLP's online accounting research library.

Pre-Approval Policies and Procedures

Our Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy generally provides that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee or the engagement is entered into pursuant to one of the pre-approval procedures described below.

From time to time, our Audit Committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

Our Audit Committee has also delegated to the chairman of the Audit Committee the authority to approve any audit or non-audit services to be provided to us by our independent registered public accounting firm. Any approval of services by the chairman of the Audit Committee pursuant to this delegated authority is reported on at the next meeting of the Audit Committee.

In fiscal 2013, there were no audit fees approved outside of the pre-approval process outlined above.

Certain Relationships and Related Transactions

Item 404(a) of Regulation S-K requires us to disclose in our proxy statement any transaction since January 1, 2013, involving more than $120,000 in which we are a participant and in which any related person has or will have a direct or indirect material interest. A related person is any executive officer, director, nominee for director, or holder of 5% or more of our common stock, or an immediate family member of any of those persons.

Policies and Procedures Regarding Review, Approval or Ratification of Related Person Transactions

Our Board of Directors is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities and recognizes that related party transactions can present a heightened risk of potential or actual conflicts of interest. Accordingly, as a general matter, it is our preference to avoid related party transactions.

In accordance with our audit committee charter, members of the audit committee, all of whom are independent directors, review and approve all related party transactions for which approval is required under applicable laws or regulations, including SEC and the NASDAQ Stock Market rules. Current SEC rules define a related party transaction to include any transaction, arrangement or relationship in which we are a participant and the amount involved exceeds $120,000 and in which any of the following persons has or will have a direct or indirect interest:

- our executive officers, directors or director nominees;
- any person who is known to be the beneficial owner of more than 5% of our common stock;
- any person who is an immediate family member, as defined under Item 404 of Regulation S-K, of any of our executive officers, directors or director nominees or beneficial owner of more than 5% of our common stock; or
- any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person, together with any other of the foregoing persons, has a 5% or greater beneficial ownership interest.

In addition, the audit committee reviews and investigates any matters pertaining to the integrity of management, including conflicts of interest and adherence to our Code of Business Conduct and Ethics. Under our Code of Business Conduct and Ethics, our directors, officers and employees are expected to avoid any relationship, influence or activity that would cause or even appear to cause a conflict of interest. Under our Code of Business Conduct and Ethics, a director is required to promptly disclose to our Board of Directors any potential or actual conflict of interest involving him or her. In accordance with our Code of Business Conduct and Ethics, the Board of Directors will determine an appropriate resolution on a case-by-case basis. All directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests.

Pursuant to its charter, the Audit Committee has determined that there have been no related party transactions since January 1, 2013 requiring disclosure under Item 404(a) of Regulation S-K.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other of our equity securities. Based solely on our review of copies of Section 16(a) reports furnished to us and representations made to us, we believe that during 2013 all our officers, directors and holders of more than 10% of our common stock complied with all Section 16(a) filing requirements.

Stockholder Proposals for the 2015 Annual Meeting

Proposals of stockholders intended to be presented at the 2015 Annual Meeting of Stockholders must be received by us at our principal office in New Haven, Connecticut not later than December 19, 2014 for inclusion in the proxy statement for that meeting.

In addition, our by-laws require that we be given advance notice of stockholder nominations for election to our Board of Directors and of other matters which stockholders wish to present for action at an annual meeting of stockholders (other than matters included in our proxy statement in accordance with Rule 14a-8 under the Exchange Act). The required notice must be received by our Secretary at our principal offices not later than March 5, 2015 or earlier than February 3, 2015. The advance notice provisions of our by-laws supersede the notice requirements contained in Rule 14a-4 under the Exchange Act.

[Table of Contents](#)

ACHILLION

IMPORTANT ANNUAL MEETING INFORMATION

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DESIGNATION (IF ANY)
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Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

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

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet must be received by 11:59 p.m., Eastern Time, on May 30, 2014.

Vote by Internet

- Go to **www.investorvote.com/ACHN**
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

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

☒

Annual Meeting Proxy Card

1234 5678 9012 345

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

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

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1. To elect three Class II Directors for terms to expire at our 2017 annual meeting of stockholders or until their successors are duly elected and qualified.

Nominee	For	Against	Abstain
01 - Michael Kishbauch	☐	☐	☐
02 - Robert Van Nostrand	☐	☐	☐
03 - Nicole Vitullo	☐	☐	☐

Proposal	For	Against	Abstain
2. To approve an advisory vote on executive compensation.	☐	☐	☐
3. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.	☐	☐	☐

4. To transact such other business as may properly come before the meeting, including any adjournment or postponement thereof.

B Non-Voting Items

Change of Address — Please print new address below.

Comments — Please print your comments below.

C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

Please sign this proxy exactly as your name appears hereon. Joint owners should each sign personally. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation or partnership, please give full title as such. If a corporation or partnership, only authorized persons should sign.

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

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Proxy — ACHILLION PHARMACEUTICALS, INC.

ANNUAL MEETING OF STOCKHOLDERS
June 3, 2014 at 9:00 a.m.
300 George Street, New Haven, CT 06511

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF ACHILLION PHARMACEUTICALS, INC.

Those signing on the reverse side, revoking any prior proxies, hereby appoint(s) Milind S. Deshpande and Mary Kay Fenton, or each of them, with full power of substitution, as proxies for those signing on the reverse side to act and vote at the 2014 Annual Meeting of Stockholders of Achillion Pharmaceuticals, Inc. and at any adjournments thereof as indicated upon all matters referred to on the reverse side and described in the Proxy Statement for the Annual Meeting, and, in their discretion, upon any other matters which may properly come before the Annual Meeting.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF NO SUCH DIRECTIONS ARE GIVEN, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES TO THE BOARD OF DIRECTORS OF ACHILLION PHARMACEUTICALS, INC. LISTED IN PROPOSAL 1 AND FOR PROPOSALS 2 AND 3.

UNLESS YOU INTEND TO VOTE YOUR SHARES BY INTERNET, PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY IN ENCLOSED REPLY ENVELOPE

CONTINUED AND TO BE SIGNED ON REVERSE SIDE