Ignyta, Inc.
Form DEF 14A
April 30, 2014
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SCHEDULE 14A INFORMATION

(Rule 14a-101)

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF

THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant x 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))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

Ignyta, 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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11095 Flintkote Avenue, Suite D

San Diego, California 92121

NOTICE OF 2014 ANNUAL MEETING OF

STOCKHOLDERS AND PROXY STATEMENT

Dear stockholder:

The annual meeting of stockholders of Ignyta, Inc. will be held at the offices of Latham & Watkins LLP located at 12670 High Bluff Drive, San Diego, California 92130 on June 11, 2014 at 8:00 a.m. local time, for the following purposes:

1. To elect five directors for a one-year term to expire at the 2015 annual meeting of stockholders.

2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

3. To approve an agreement and plan of merger pursuant to which Ignyta, Inc. will merge with and into Ignyta Operating, Inc., a Delaware corporation and a wholly-owned subsidiary of Ignyta, Inc., with Ignyta Operating, Inc. being the surviving entity to the merger and changing its name to Ignyta, Inc., which will result in our reincorporation from the State of Nevada to the State of Delaware.

4. To approve the Ignyta, Inc. 2014 Incentive Award Plan.

5. To transact any other business that may properly come before our annual meeting or any adjournment or postponement of the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

Our board of directors has fixed April 17, 2014 as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting and at any adjournment or postponement of the meeting.

All stockholders are cordially invited to attend the annual meeting. **Whether or not you expect to attend the annual meeting, please complete, sign and date the enclosed proxy and return it promptly.** If you plan to attend the annual meeting and wish to vote your shares personally, you may do so at any time before the proxy is voted.

By Order of the Board of Directors,

Jonathan E. Lim, M.D.
President and Chief Executive Officer

San Diego, California

April 30, 2014

Your vote is important. Please vote your shares whether or not you plan to attend the meeting.

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11095 Flintkote Avenue, Suite D

San Diego, California 92121

PROXY STATEMENT FOR THE 2014 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 11, 2014

The board of directors of Ignyta, Inc. is soliciting the enclosed proxy for use at the annual meeting of stockholders to be held on June 11, 2014 at 8:00 a.m., local time, at the offices of Latham & Watkins LLP located at 12670 High Bluff Drive, San Diego, California 92130. If you need directions to the location of the annual meeting, please contact us at (858) 255-5959.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on June 11, 2014.

This proxy statement and our annual report are available electronically at www.proxyvote.com.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why did you send me this proxy statement?

We sent you this proxy statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote at the 2014 annual meeting of stockholders. This proxy statement summarizes information related to your vote at the annual meeting. All stockholders who find it convenient to do so are cordially invited to attend the annual meeting in person. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card in the envelope provided.

We intend to begin mailing this proxy statement, the attached notice of annual meeting and the enclosed proxy card on or about April 30, 2014 to all stockholders of record entitled to vote at the annual meeting. Only stockholders who owned our common stock on April 17, 2014 are entitled to vote at the annual meeting. On this record date, there were 19,576,255 shares of our common stock outstanding. Common stock is our only class of stock entitled to vote.

What am I voting on?

There are five proposals scheduled for a vote:

Proposal 1: Election of Five Directors:

James Bristol, Ph.D.;

Alexander Casdin;

Heinrich Dreismann, Ph.D.;

James Freddo, M.D.; and

Jonathan E. Lim, M.D.

Proposal 2: Ratification of the appointment of Mayer Hoffman McCann P.C. as the company s independent registered public accountants for the fiscal year ending December 31, 2014.

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Proposal 3: Approval of an agreement and plan of merger pursuant to which Ignyta, Inc. will merge with and into Ignyta Operating, Inc., a Delaware corporation and a wholly-owned subsidiary of Ignyta, Inc., with Ignyta Operating, Inc. being the surviving entity to the merger and changing its name to Ignyta, Inc., which will result in our reincorporation from the State of Nevada to the State of Delaware. We refer to this proposal as the Reincorporation Proposal.

Proposal 4: Approval of the Ignyta, Inc. 2014 Incentive Award Plan.

How many votes do I have?

Each share of our common stock that you own as of April 17, 2014 entitles you to one vote.

How do I vote by proxy?

With respect to the election of directors, you may either vote For all of the nominees to the board of directors or you may Withhold your vote for any nominee you specify. For ratification of the appointment of Mayer Hoffman McCann P.C. as the company s independent registered public accountant and for approval of the Reincorporation Proposal and the approval of the Ignyta, Inc. 2014 Incentive Award Plan, you may vote For or Against or abstain from voting.

Stockholders of Record: Shares Registered in Your Name

If your shares are held in your name you are considered, with respect to those shares, the stockholder of record. You have three options for returning your proxy:

By Mail. If you choose to return your proxy by mail, please mark, sign, date and mail back the enclosed form of proxy, which requires no postage if mailed in the United States. If you properly complete your proxy card and send it to us in time to vote, your proxy (one of the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your shares will be, as permitted, voted as recommended by our board of directors. If any other matter is presented at the annual meeting, your proxy (one of the individuals named on your proxy card) will vote in accordance with his or her best judgment. As of the date of this proxy statement, we knew of no matters that needed to be acted on at the meeting, other than those discussed in this proxy statement.

Voting by Telephone or Internet. Please call the toll-free telephone number on the proxy card (1-800-690-6903) and follow the recorded instructions; or access our secure website registration page through the Internet (at www. proxyvote.com), as identified on the proxy card and follow the instructions, using the unique control number printed on the proxy card. Please note that the Internet and telephone voting facilities for stockholders of record will close at 11:59 p.m. Eastern Time on June 10, 2014.

In Person at the Annual Meeting. You may attend the annual meeting and vote in person even if you have already voted by proxy. To vote in person, come to the annual meeting, and we will give you a ballot at the annual meeting.

Beneficial Owners: Shares Registered in the Name of a Broker or Bank

If your shares are registered in the name of your broker, bank or other agent, you are the beneficial owner of those shares and those shares are held in street name. You should have received a proxy card and voting instructions with these proxy materials from that organization rather than directly from us. Generally you have three options for returning your proxy:

By Mail. You may vote by signing, dating and returning your voting instruction card in the pre-addressed envelope provided by your broker, bank or other agent.

By Method Listed on Voting Instruction Card. Please refer to your voting instruction card or other information provided by your bank, broker or other agent to determine whether you may vote by telephone

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or electronically on the Internet, and follow the instructions on the voting instruction card or other information provided by your broker, bank or other agent. If your bank, broker or other agent does not offer Internet or telephone voting information, please complete and return your voting instruction card in the pre-addressed, postage-paid envelope provided.

In Person at the Annual Meeting. To vote in person at the annual meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request the proxy form authorizing you to vote the shares. You will need to bring with you to the annual meeting the legal proxy form from your broker, bank or other agent authorizing you to vote the shares as well as proof of identity.

May I revoke my proxy?

If you give us your proxy, you may revoke it at any time before it is exercised. You may revoke your proxy in any one of the three following ways:

- you may send in another signed proxy with a later date;
- you may notify our corporate secretary, Matthew W. Onaitis, in writing before the annual meeting that you have revoked your proxy; or
- you may notify our corporate secretary in writing before the annual meeting and vote in person at the meeting.

What constitutes a quorum?

The presence at the annual meeting, in person or by proxy, of holders representing a majority of our outstanding common stock as of April 17, 2014, or approximately 9,788,128 shares, constitutes a quorum at the meeting, permitting us to conduct our business.

What vote is required to approve each proposal?

Proposal 1: Election of Directors. For Proposal 1, the five nominees who receive the most For votes (among votes properly cast in person or by proxy) will be elected. Only votes For or Withheld will affect the outcome.

Proposal 2: Ratification of Independent Registered Public Accounting Firm. To be approved, Proposal 2 must receive For votes from the holders of a majority of the shares of common stock present or represented by proxy and entitled to vote at the annual meeting.

Proposal 3: Reincorporation Proposal. To be approved, Proposal 3 must receive For votes from the holders of a majority of the shares of common stock outstanding and eligible to vote at the annual meeting.

Proposal 4: Approval of the Ignyta, Inc. 2014 Incentive Award Plan. To be approved, Proposal 4 must receive For votes from the holders of a majority of the shares of common stock present or represented by proxy and entitled to vote at the annual meeting.

Voting results will be tabulated and certified by our mailing and tabulating agent, Broadridge Financial Solutions, Inc.

What is the effect of abstentions and broker non-votes?

Shares of common stock held by persons attending the annual meeting but not voting, and shares represented by proxies that reflect abstentions as to a particular proposal, will be counted as present for purposes

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of determining the presence of a quorum. Abstentions are treated as shares present in person or by proxy and entitled to vote, so abstaining has the same effect as a negative vote for purposes of determining whether our stockholders have approved the Reincorporation Proposal or the Ignyta, Inc. 2014 Incentive Award Plan, or ratified the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm. However, because the election of directors is determined by a plurality of votes cast, abstentions will not be counted in determining the outcome of that proposal.

Shares represented by proxies that reflect a broker non-vote will be counted for purposes of determining whether a quorum exists. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received instructions from the beneficial owner and does not have discretionary authority to vote the shares for certain non-routine matters. With regard to the election of directors and the approval of the Reincorporation Proposal or the Ignyta, Inc. 2014 Incentive Award Plan, broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote. However, ratification of the appointment of Mayer Hoffman McCann P.C. is considered a routine matter on which a broker or other nominee has discretionary authority to vote. As a result, broker non-votes will be counted for purposes of this proposal.

Who is paying the costs of soliciting these proxies?

We will pay all of the costs of soliciting these proxies. Our directors, officers and other employees may solicit proxies in person or by telephone, fax or email. We will pay our directors, officers and other employees no additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their expenses. Our costs for forwarding proxy materials will not be significant.

How do I obtain an Annual Report on Form 10-K?

If you would like a copy of our annual report on Form 10-K for the fiscal year ended December 31, 2013 that we filed with the Securities and Exchange Commission (SEC) on February 28, 2014 we will send you one without charge. Please write to:

Ignyta, Inc.

11095 Flintkote Avenue, Suite D

San Diego, California 92121

Attn: Corporate Secretary

All of our SEC filings are also available free of charge in the investor relations section of our website at www.ignyta.com.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in our current report on Form 8-K to be filed with the SEC within four business days after the annual meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

Explanatory Note

Ignyta, Inc. was incorporated under the laws of the State of Nevada on August 21, 2012, with the name Infinity Oil & Gas Company. Ignyta Operating, Inc. was incorporated under the laws of the State of Delaware on August 29, 2011, with the name NexDx, Inc. and changed its name to Ignyta, Inc. on October 8, 2012. On October 31, 2013, IGAS Acquisition Corp, a wholly-owned subsidiary of Infinity Oil & Gas Company, merged

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with and into Ignyta, Inc. and Ignyta, Inc. survived the merger and became our wholly-owned subsidiary. Upon the closing of the merger, we ceased to be a shell company under applicable rules of the SEC. In connection with the closing of the merger, Infinity Oil & Gas Company changed its name to Ignyta, Inc. and Ignyta, Inc. changed its name to Ignyta Operating, Inc.

As used in this proxy statement, unless the context indicates or otherwise requires, our company, Ignyta, we, us, an our refer to Ignyta, Inc., a Nevada corporation, and its consolidated subsidiary, and the term Ignyta Operating refers to Ignyta Operating, Inc., a private Delaware corporation that, through a reverse merger acquisition completed on October 31, 2013, became our wholly-owned subsidiary.

Ignyta and Ignyta Operating effected reverse stock splits of their capital stock at the ratios of 100-to-one and three-to-one, respectively, on October 31, 2013. Unless the context indicates or otherwise requires, all share numbers and share price data included in this proxy statement have been adjusted to give effect to those reverse stock splits.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will remain an emerging growth company until the earlier of (i) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act of 1933, as amended, or the Securities Act, which was on February 15, 2013; (ii) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under applicable SEC rules. We expect that we will remain an emerging growth company for the foreseeable future, but cannot retain our emerging growth company status indefinitely and will no longer qualify as an emerging growth company on or before December 31, 2018. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from specified disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced related disclosure;
- not being required to comply with the requirement of auditor attestation of our internal controls over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor s report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- not being required to hold a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

For as long as we continue to be an emerging growth company, we expect that we will take advantage of the reduced disclosure obligations available to us as a result of that classification. We have taken advantage of certain of reduced

reporting burdens in this proxy statement. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

We are also a smaller reporting company as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and have elected to take advantage of certain of the scaled disclosure available for smaller reporting companies.

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PROPOSAL 1:

ELECTION OF DIRECTORS

Our bylaws currently specify that the number of directors shall be at least one and no more than 13 persons. Our board of directors currently consists of five persons and all of them have been nominated by our Nominating and Corporate Governance Committee to stand for re-election. You are requested to vote for five nominees for director, whose terms expire at this annual meeting and who will be elected for a new one-year term and will serve until their successors are elected and qualified. The nominees are James Bristol, Ph.D., Alexander Casdin, Heinrich Dreismann, Ph.D., James Freddo, M.D. and Jonathan E. Lim, M.D. If these nominees are elected and the Reincorporation Proposal is approved and effected, these nominees will continue to serve in accordance with their designated class as more fully described below under the heading Proposal 3 Approval of Reincorporation in Delaware and Related Transactions Comparison of Certain Rights of Stockholders under Nevada and Delaware Law Size of the Board of Directors and Staggered Ignyta-Delaware Board.

If no contrary indication is made, proxies in the accompanying form are to be voted for each of Dr. Bristol, Mr. Casdin, Dr. Dreismann, Dr. Freddo and Dr. Lim, or in the event that any of them is not a candidate or is unable to serve as a director at the time of the election (which is not currently expected), for any nominee who is designated by our board of directors to fill the vacancy. Each of Dr. Bristol, Mr. Casdin, Dr. Dreismann, Dr. Freddo and Dr. Lim is currently a member of our board of directors.

All of our directors bring to the board of directors significant leadership experience derived from their professional experience and service as executives or board members of other corporations. The process undertaken by the nominating and corporate governance committee in recommending qualified director candidates is described below under Director Nominations Process. Certain individual qualifications and skills of our directors that contribute to the board of directors effectiveness as a whole are described in the following paragraphs.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

For a One-Year Term Expiring at the

2015 Annual Meeting of Stockholders

Name	Age	Present Position with Ignyta, Inc.
James Bristol, Ph.D.	67	Director
Alexander Casdin	46	Director
Heinrich Dreismann, Ph.D.	60	Director
James Freddo, M.D.	59	Director
Jonathan E. Lim, M.D.	42	Director, President and Chief Executive Officer

Jonathan E. Lim, M.D. Dr. Lim is a co-founder of Ignyta Operating and joined that company as Chairman, President and Chief Executive Officer at its inception in August 2011, and has continued in those roles with Ignyta since the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary. Prior to joining Ignyta Operating, Dr. Lim most recently served as Chairman and Chief Executive Officer of Eclipse Therapeutics, Inc., a private biotechnology company discovering and developing monoclonal antibody therapeutics targeting cancer stem cells, that he co-founded in March 2011 as a spinout from Biogen Idec and that was sold to Bionomics Ltd., an Australian public biotechnology company discovering and developing drugs targeting oncology

and central nervous system disorders, in September 2012. Dr. Lim currently serves as a member of the board of directors of Bionomics Ltd. Prior to founding Eclipse Therapeutics, Dr. Lim served as the President, Chief Executive Officer and a Director of Halozyme Therapeutics, Inc., a public biotechnology company, from May 2003 to December 2010. Prior to that, Dr. Lim s experience included management consulting at McKinsey & Company, a National Institutes of Health Postdoctoral Fellowship at

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Harvard Medical School and two years of general surgery residency at New York Hospital-Cornell. Dr. Lim has B.S. and M.S. degrees from Stanford, an M.D. from McGill University and an M.P.H. from Harvard University. We believe that Dr. Lim adds value to our board of directors based on his intimate knowledge of our business plans and strategies as a co-founder of our business and his extensive experience as an executive officer and director of multiple public and private biotechnology companies.

James Bristol, Ph.D. Dr. Bristol joined the board of directors of Ignyta on February 28, 2014. Dr. Bristol worked for 33 years in drug discovery research and pre-clinical development at Schering-Plough, Parke-Davis and Pfizer, serving in various senior research and development roles. From 2003 until his retirement in 2007, Dr. Bristol was Senior Vice President of Worldwide Drug Discovery Research at Pfizer Global Research & Development. Dr. Bristol has been a Co-Chairman of the Board of Managers at Deciphera Pharmaceuticals, LLC since 2007 and serves as a Member of the Managing Board. He has also served as a Director of Mnemosyne Pharmaceuticals, Inc. since 2011. In 2009, Dr. Bristol joined Frazier Healthcare Ventures as a Senior Advisor. Dr. Bristol is the author of over 100 publications, abstracts and patents. He conducted postdoctoral research at the University of Michigan (N.I.H. Postdoctoral Fellow) and at The Squibb Institute for Medical Research. Dr. Bristol holds a Ph.D. in organic chemistry from the University of New Hampshire and a B.S. in Chemistry from Bates College. We believe that Dr. Bristol adds value to our board of directors based on his experience in the biopharmaceutical industry including in management and as a director, as well as his expertise in drug discovery and development.

Alexander Casdin. Mr. Casdin joined the board of directors of Ignyta upon the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary. Alex Casdin is a private investor focused on the healthcare sector. From October 2011 through September 2012, Mr. Casdin was the Chief Financial Officer of Sophiris Bio, Corp., a Canadian public urology company. Prior to Sophiris Bio, Mr. Casdin served as the Vice President, Finance of Amylin Pharmaceuticals, a biopharmaceutical company that was acquired by Bristol-Myers Squibb in 2012, a position he held from October 2009 to October 2011. Prior to his position at Amylin Pharmaceuticals, Mr. Casdin founded and operated Casdin Advisors LLC, where he served as a strategic advisor to companies in the life sciences industry. Before founding Casdin Advisors, Mr. Casdin was the Chief Executive Officer and Portfolio Manager of Cooper Hill Partners, LLC, a healthcare investment fund. Mr. Casdin has also held previous positions at Pequot Capital Management and Dreyfus Corporation. Mr. Casdin currently serves on the board of directors of DiaVacs, a private clinical-stage biotechnology company focused on a treatment for Type 1 Diabetes, and as a member of the advisory boards of the Hassenfeld Center For Cancer & Blood Disorders and the Social Enterprise Program of the Columbia Business School, each of which are non-profit entities, and served on the board of directors of DUSA Pharmaceuticals, a specialty pharmaceutical company in the field of dermatology that was previously listed on the NASDAQ Stock Market and was acquired by Sun Pharmaceutical Industries Limited in December 2012, from January 2009 until December 2012. Mr. Casdin earned his B.A. degree from Brown University and his M.B.A., Beta Gamma Sigma, from Columbia Business School. We believe that Mr. Casdin adds value to our board of directors based on his experience with the financing and other aspects of company-building for enterprises in our industry.

Heinrich Dreismann, Ph.D. Dr. Dreismann joined the board of directors of Ignyta upon the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary. Dr. Dreismann currently serves on the boards of directors of several public and private diagnostic companies, including Myriad Genetics, Inc., a public molecular diagnostic company, GeneNews, a Canadian public molecular diagnostics company, and Med BioGene, Inc., a Canadian public life sciences company focused on genomic-based clinical laboratory diagnostic tests. Dr. Dreismann also served on the board of directors of Shrink Nanotechnologies, Inc., a nanotechnology company, from June 2009 until November 2011. Dr. Dreismann completed a career at Roche Molecular Systems in 2006, where he served since 1985 and held several senior positions, including President and Chief Executive Officer of Roche Molecular Systems, Head of Global Business Development at Roche Diagnostics and Member of Roche s Global

Diagnostic Executive Committee. Dr. Dreismann earned a Master of Science in biology and a Doctor of Philosophy in microbiology/molecular biology from Westfaelische Wilhelms University in Muenster, Germany. He conducted his Post-Doctoral studies in microbial genetics at the Centre

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d Etudes Nucleaires de Saclay, France. We believe that Dr. Dreismann adds value to our board of directors based on his experience as a member of boards of directors and senior management of public companies and his expertise in the molecular diagnostics field.

James Freddo, M.D. Dr. Freddo joined the board of directors of Ignyta on February 28, 2014. Previously Dr. Freddo was a consultant to Ignyta Operating from July 2013 to February 2014 holding the position of Chief Medical Officer. Prior to joining Ignyta Operating, he served as a consultant from April 2012 until May 2012 and as the Executive Vice President, Clinical Development and Chief Medical Officer from June 2012 until May 2013, in each case for Ruga Corporation, a private oncology biopharmaceutical company. Prior to that, he was the Chief Medical Officer and Senior Vice President, Drug Development at Anadys Pharmaceuticals, a drug development company focused on small molecule therapeutics that was previously listed on the NASDAQ Stock Market and was acquired by Roche in 2011, from July 2006 until March 2012, where he also served as a member of the board of directors from January 2011 until November 2011. Prior to joining Anadys Pharmaceuticals, Dr. Freddo served at Pfizer, a global research-based pharmaceutical company, in La Jolla, California from June 2002 until July 2006, holding the positions of Vice President, Clinical Site Head and Development Site Head and, prior to that, Executive Director and leader of Oncology Clinical Development. Prior to joining Pfizer, Dr. Freddo held a variety of senior management positions at Wyeth-Ayerst Research from 1996 to 2002, in the Oncology, Infectious Diseases and Transplantation Immunology therapeutic areas. He has also served as a member of the board of directors for InfuSystems, Inc., a public healthcare products and services company, from 2008 until 2011. Dr. Freddo received an M.D. degree from the University of North Carolina, Chapel Hill, completed his residency training at University of California, San Diego and returned to Chapel Hill for his fellowship training in gynecologic oncology. We believe that Dr. Freddo adds value to our board of directors based on his experience as a member of boards of directors and senior management of life sciences companies and his expertise in drug development, clinical investigations and other aspects of our industry.

Board Independence

Our board of directors has determined that all of our directors are independent directors within the meaning of the applicable NASDAQ Stock Market LLC, or Nasdaq, listing standards, except for Jonathan E. Lim, our president and chief executive officer.

Board Leadership Structure

The board believes that Dr. Lim s service as both chairman of the board and Chief Executive Officer is in the best interest of the company and its stockholders. Dr. Lim possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the company and its businesses and is thus best positioned to develop agendas that ensure that the board s time and attention are focused on the most critical matters.

Although we believe that the combination of the chairman and Chief Executive Officer roles is appropriate at this time based upon the current circumstances, our Corporate Governance Guidelines do not establish this approach as a policy. Pursuant to our Corporate Governance Guidelines, the board determines the best board leadership structure for our company from time to time. As part of our annual board self-evaluation process, we evaluate our leadership structure to ensure that the board continues to believe that it provides the optimal structure for our company and stockholders. We recognize that different board leadership structures may be appropriate for companies in different situations. We believe our current leadership structure is the optimal structure for our company at this time.

Dr. Lim s combined role enables decisive leadership, ensures clear accountability, and enhances our ability to communicate our message and strategy clearly and consistently to our stockholders, partners and suppliers, particularly during times of turbulent economic and industry conditions. This is expected to be particularly beneficial

in driving a unified approach to core operating processes as we experience significant growth.

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Each of the directors other than Dr. Lim is independent, and the board believes that the independent directors provide effective oversight of management. Moreover, in addition to feedback provided during the course of board meetings, the independent directors have regular executive sessions. Following an executive session of independent directors, the independent directors communicate with Dr. Lim directly regarding any specific feedback or issues, provide Dr. Lim with input regarding agenda items for board and board committee meetings, and coordinate with Dr. Lim regarding information to be provided to the independent directors in performing their duties. The board believes that this approach appropriately and effectively complements the combined Chief Executive Officer/chairman structure.

The Board s Role in Risk Oversight

The responsibility for day-to-day risk management lies with our management; however, our board of directors is responsible for risk oversight as part of its fiduciary duty of care to effectively monitor our business operations. Our audit committee, pursuant to its charter, is primarily responsible for overseeing the company s risk management processes on behalf of the full board. The audit committee receives reports from management at least quarterly regarding the company s assessment of risks. In addition, the audit committee reports regularly to the full board of directors, which also considers the company s risk profile. The audit committee and the full board of directors focus on the most significant risks facing the company s business and the company s general risk management strategy, and also ensure that risks undertaken by the company are consistent with the board s appetite for risk. We believe this division of responsibilities is the most effective approach for addressing the risks facing our company and that our board leadership structure supports this approach.

Board of Directors Meetings

On October 31, 2013, Ignyta Operating merged with and into IGAS Acquisition Corp., a wholly-owned subsidiary of Ignyta, Inc., formerly a shell company under applicable rules of the SEC, with Ignyta Operating, Inc. surviving the merger as a wholly-owned subsidiary of Ignyta, Inc. During the period from January 1, 2013 through October 31, 2013, the board of directors of Ignyta Operating, Inc. acted by written consent of the sole director five times. During the period from November 1, 2013 through December 31, 2013, the board of directors of Ignyta, Inc. met two times, including telephonic meetings, and acted by unanimous written consent once. All directors attended all of the meetings of the board.

Committees of the Board of Directors

We have three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. Each of these committees has a written charter approved by our board of directors. A copy of each charter can be found under the Investors-Corporate Governance section of our website at www.ignyta.com. The current members of the committees are identified in the following table.

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Jonathan E. Lim, M.D.			
James Bristol, Ph.D.		X	X
Alexander Casdin	X	X	X
Heinrich Dreismann, Ph.D.	X	X	

James Freddo, M.D.	X	X

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Audit Committee

The audit committee of our board of directors currently consists of Mr. Casdin, Dr. Dreismann and Dr. Freddo. Mr. Casdin serves as the chairman of the committee. The audit committee was established on February 28, 2014, and as such it did not meet during fiscal year 2013. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NASDAQ Capital Market. Our board of directors has determined that Mr. Casdin is an audit committee financial expert as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable NASDAQ rules and regulations. The audit committee is governed by a written charter adopted by our board of directors. The audit committee s main function is to oversee our accounting and financial reporting processes and the audits of our financial statements. This committee s responsibilities include, among other things:

appointing our independent registered public accounting firm;

evaluating the qualifications, independence and performance of our independent registered public accounting firm;

approving the audit and non-audit services to be performed by our independent registered public accounting firm;

reviewing the design, implementation, adequacy and effectiveness of our internal accounting controls and our critical accounting policies;

discussing with management and the independent registered public accounting firm the results of our annual audit and the review of our quarterly unaudited financial statements;

reviewing, overseeing and monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;

reviewing on a periodic basis, or as appropriate, our investment policy and recommending to our board any changes to such investment policy;

reviewing with management and our auditors any earnings announcements and other public announcements regarding our results of operations;

preparing the report that the SEC requires in our annual proxy statement;

reviewing and approving any related party transactions and reviewing and monitoring compliance with our code of conduct and ethics; and

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

Report of the Board of Directors Related to Audited Financial Statements

Prior to February 28, 2014, our full board of directors had responsibility for the activities that were delegated to the audit committee. This report of the board of directors is required by the SEC and, in accordance with the SEC s rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed soliciting material or filed under either the Securities Act or the Exchange Act.

Our management is responsible for the preparation, presentation, and integrity of our financial statements, for the appropriateness of the accounting principles and reporting policies that we use and for establishing and maintaining adequate internal control over financial reporting. Mayer Hoffman McCann P.C., our independent registered public accounting firm for 2013, was responsible for performing an independent audit of our consolidated financial statements and expressing an opinion on the conformity of those financial statements with generally accepted accounting principles.

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Our board of directors reviewed and discussed with management our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 that was filed with the SEC on February 28, 2014, or the Form 10-K.

Our board of directors also reviewed and discussed with Mayer Hoffman McCann P.C. the audited financial statements in the Form 10-K. In addition, the board of directors discussed with Mayer Hoffman McCann P.C. those matters required to be discussed by Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board, or the PCAOB. Additionally, Mayer Hoffman McCann P.C. provided to our board of directors the written disclosures and the letter required by applicable requirements of the PCAOB regarding Mayer Hoffman McCann P.C. s communications with the board of directors concerning independence. The board of directors also discussed with Mayer Hoffman McCann P.C. its independence from the company.

Based upon the review and discussions described above, our board of directors approved the inclusion of the audited financial statements in the Form 10-K for filing with the SEC.

The foregoing report has been furnished by the board of directors.

Respectfully submitted,

Jonathan E. Lim, M.D., Chairman

James Bristol, Ph.D.

Alexander Casdin,

Heinrich Dreismann, Ph.D.

James Freddo, M.D.

Compensation Committee

The compensation committee of our board of directors currently consists of Dr. Bristol, Mr. Casdin and Dr. Dreismann. Dr. Dreismann serves as the chairman of the committee. The compensation committee was established in February 2014, and as such it did not meet during fiscal year 2013. Our board of directors has determined that all members of the compensation committee are independent directors, as defined in the Nasdaq qualification standards. The compensation committee is governed by a written charter approved by our board of directors. The compensation committee reviews and approves policies relating to compensation and benefits of our officers and employees. The compensation committee reviews and approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of such goals and objectives and approves the compensation of these officers based on such evaluations. The compensation committee also reviews and approves the issuance of stock options and other awards under our equity plan. The compensation committee will review and evaluate, at least annually, the performance of the compensation committee and its members, including compliance by the compensation committee with its charter.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee of our board of directors currently consists of Dr. Bristol, Mr. Casdin and Dr. Freddo. The nominating and corporate governance committee was established in February 2014,

and as such it did not meet during fiscal year 2013. Our board of directors has determined that all members of the nominating and corporate governance committee are independent directors, as defined in the Nasdaq qualification standards. The nominating and corporate governance committee is governed by a written charter approved by our board of directors. The nominating and corporate governance committee is responsible for assisting our board of directors in discharging the board s responsibilities regarding the identification of qualified candidates to become board members, the selection of nominees for election as directors at our annual meetings of stockholders (or special meetings of stockholders at which directors are to be elected), and the

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selection of candidates to fill any vacancies on our board of directors and any committees thereof. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies, reporting and making recommendations to our board of directors concerning governance matters and oversight of the evaluation of our board of directors.

Director Nomination Process

Director Qualifications

The nominating and corporate governance committee s goal is to assemble a board of directors that brings to our company a variety of perspectives and skills derived from high quality business and professional experience. In evaluating director nominees, the nominating and corporate governance committee considers the following factors:

- personal and professional integrity, ethics and values;
- experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- strong finance experience;
- experience relevant to our industry and with relevant social policy concerns;
- experience as a board member or executive officer of another publicly held company;
- relevant academic expertise or other proficiency in an area of our operations, such as clinical, medical or commercial experience in the pharmaceutical and/or companion diagnostics areas;
- diversity of expertise and experience in substantive matters pertaining to our business relative to other board members;
- diversity of background and perspective, including, but not limited to, with respect to age, gender, race, place of residence and specialized experience;
- practical and mature business judgment, including, but not limited to, the ability to make independent analytical inquiries; and
- any other relevant qualifications, attributes or skills.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the nominating and corporate governance committee may also consider such other factors as it may deem to be in the best interests of our company and our stockholders. The nominating and corporate governance committee does, however, believe it appropriate for at least one, and preferably, several, members of our board of directors to meet the criteria for an audit committee financial expert as defined by SEC rules, and that a majority of the members of our board of directors meet the definition of independent director under Nasdaq qualification standards. The nominating and corporate governance committee also believes it appropriate for our President and Chief Executive Officer to serve as a member of our board of directors.

Identification and Evaluation of Nominees for Directors

The nominating and corporate governance committee identifies nominees for director by first evaluating the current members of our board of directors willing to continue in service. Current members with qualifications and skills that are consistent with the nominating and corporate governance committee s criteria for board service and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of our board of directors with that of obtaining a new perspective.

If any member of our board of directors does not wish to continue in service or if our board of directors decides not to re-nominate a member for re-election, the nominating and corporate governance committee identifies the desired skills and experience of a new nominee in light of the criteria above. The nominating and corporate governance committee generally polls our board of directors and members of management for their

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recommendations. The nominating and corporate governance committee may also review the composition and qualification of the boards of directors of our competitors, and may seek input from industry experts or analysts. The nominating and corporate governance committee reviews the qualifications, experience and background of the candidates. In making its determinations, the nominating and corporate governance committee evaluates each individual in the context of our board of directors as a whole, with the objective of assembling a group that can best perpetuate the success of our company and represent stockholder interests through the exercise of sound business judgment. After review and deliberation of all feedback and data, the nominating and corporate governance committee makes its recommendation to our board of directors. Historically, the nominating and corporate governance committee has not relied on third-party search firms to identify director candidates. The nominating and corporate governance committee may in the future choose to do so in those situations where particular qualifications are required or where existing contacts are not sufficient to identify an appropriate candidate.

We have not received director candidate recommendations from our stockholders, and we do not have a formal policy regarding consideration of such recommendations. However, any recommendations received from stockholders will be evaluated in the same manner that potential nominees suggested by board members, management or other parties are evaluated.

Director Compensation

On December 16, 2013, our board of directors approved a director compensation program applicable to our non-employee directors. That program provides for annual cash compensation of $35,000 for each non-employee member of our board of directors. In addition, our lead independent director, if any, will receive an additional annual cash retainer of $20,000, the chair of our audit committee will receive an additional annual cash retainer of $15,000, the chair of our compensation committee will receive an additional annual cash retainer of $10,000 and the chair of our nominating and corporate governance committee will receive an additional annual cash retainer of $7,500. Audit committee members will receive an additional annual cash retainer of $7,500, compensation committee members will receive an additional annual cash retainer of $5,000 and nominating and corporate governance committee members will receive an additional annual cash retainer of $3,500.

In addition, it is contemplated that each of our non-employee directors will be eligible to receive annual equity awards, and that upon appointment, new non-employee directors will be eligible to receive an initial equity award. It is anticipated that all such equity awards will be granted under the Ignyta, Inc. 2014 Incentive Award Plan, if approved by our stockholders, or the 2014 Plan, or any other equity compensation plan our board of directors and stockholders may approve and adopt in the future. The type of any such award, the amount of shares subject to the award, the vesting schedule and all other terms thereof will be subject to the discretion and approval of our board of directors on an annual basis.

On February 28, 2014, in connection with their appointment as non-employee directors, our board of directors granted to each of Dr. Freddo and Dr. Bristol an option to purchase 24,000 shares of our common stock under the Ignyta, Inc. Amended and Restated 2011 Stock Incentive Plan, or the Ignyta Plan, at an exercise price equal to $8.95, the fair market value of our common stock on the grant date. The options will vest as to 1/3 of the total number of shares subject to the award on the one year anniversary of the vesting commencement date, and 1/36th of the total number of shares subject to the award on each monthly anniversary thereafter, subject to the recipient s continued service with us as a member of our board of directors on each vesting date.

Summary of Director Compensation

Ignyta s sole director prior to the October 2013 merger resigned as a director and appointed Dr. Lim, Mr. Casdin and Dr. Dreismann as our directors. Following the closing of the merger, our newly appointed directors appointed Dr. Lim as the chairman of the board. On February 28, 2014, Dr. Bristol and Dr. Freddo were appointed as members of our board of directors. As is described in more detail elsewhere in this proxy statement, Dr. Bristol, Mr. Casdin, Dr. Dreismann and Dr. Freddo are independent non-employee members of our board of

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directors. Dr. Lim, who also serves (and has served since its inception) as the sole director of Ignyta Operating, was the president and Chief Executive Officer of Ignyta and Ignyta Operating during our 2013 fiscal year.

The table below summarizes all compensation earned by each of our non-employee directors for services performed during our fiscal year ended December 31, 2013. Ignyta s sole director before completion of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary is not in the table below because she received no compensation for her services as a director of our company. Dr. Lim is not in the table below because he receives no separate compensation for his services as a director of our company; all of the compensation earned by Dr. Lim during our 2013 fiscal year as an executive officer of our company is reflected in the Summary Compensation Table above.

Name	Fees earned or paid in cash ($)	Stock awards ($)	Option awards ($)	All other compensation ($)	Total ($)
Alexander Casdin[1]	5,833		99,138[3]	7,024[4]	111,995
Heinrich Dreismann, Ph.D.[2]	5,833		99,138[3]	32,024[5]	136,995

(1) As of December 31, 2013, Alexander Casdin had the following options outstanding: 2,222 shares at an exercise price of $0.57 and 833 shares at an exercise price of $1.02.

(2) As of December 31, 2013, Heinrich Dreismann had the following options outstanding: 4,259 shares at an exercise price of $0.18 and 833 shares at an exercise price of $1.02.

(3) The option award has a grant date of December 16, 2013 and vests pursuant to the following schedule: 33% of the shares subject to the award vest on December 2, 2014, and 1/24th of the remaining shares subject to the award on each monthly anniversary thereafter. Amounts represent the grant date fair value of the option awards, determined in accordance with FASB ASC Topic 718. All awards are amortized over the vesting life of the award. For information on the valuation assumptions with respect to this option grant, refer to footnotes 1 and 7 in our financial statements for the fiscal year ended December 31, 2013.

(4) Other compensation consists of an option award to purchase up to 10,000 shares of our common stock, which has a grant date of September 9, 2013 and an exercise price of $1.02 and vests pursuant to the following schedule: 1/36th of the shares subject to the award vest on October 9, 2013, and 1/36th of the shares subject to the award vest on each monthly anniversary thereafter. Such option award was issued as consideration for advisory services performed by Mr. Casdin for Ignyta Operating prior to his appointment to our board of directors, and was assumed by us upon the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary. The amount represents the grant date fair value of the option award, determined in accordance with FASB ASC Topic 718.

(5) Other compensation consists of (i) $25,000 in cash and (ii) an option award to purchase up to 10,000 shares of our common stock, which has a grant date of September 9, 2013 and an exercise price of $1.02 and vests pursuant to the following schedule: 1/36th of the shares subject to the award vest on October 9, 2013, and 1/36th of the shares subject to the award vest on each monthly anniversary thereafter. Such cash amount and option award were paid and issued, as applicable, as consideration for advisory services performed by Dr. Dreismann for Ignyta Operating prior to his appointment to our board of directors. The option award was assumed by us upon the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary, and the amount reflected for the option award represents its grant date fair value, determined in accordance with FASB ASC Topic 718.

Director Attendance at Annual Meetings

Although we do not have a formal policy regarding attendance by members of our board of directors at our annual meeting, we encourage all of our directors to attend.

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Communications with our Board of Directors

Stockholders seeking to communicate with our board of directors should submit their written comments to our corporate secretary, Ignyta, Inc., 11095 Flintkote Avenue, Suite D, San Diego, California 92121. The corporate secretary will forward such communications to each member of our board of directors; provided that, if in the opinion of our corporate secretary it would be inappropriate to send a particular stockholder communication to a specific director, such communication will only be sent to the remaining directors (subject to the remaining directors concurring with such opinion).

Corporate Governance

Our company s Code of Business Conduct and Ethics, Corporate Governance Guidelines, Audit Committee Charter, Compensation Committee Charter and Nominating and Corporate Governance Committee Charter are available, free of charge, on our website at www.ignyta.com. Please note, however, that the information contained on the website is not incorporated by reference in, or considered part of, this proxy statement. We will also provide copies of these documents as well as our company s other corporate governance documents, free of charge, to any stockholder upon written request to Ignyta, Inc., 11095 Flintkote Avenue, Suite D, San Diego, California 92121.

Vote Required; Recommendation of the Board of Directors

If a quorum is present and voting at the annual meeting, the five nominees receiving the highest number of votes will be elected to our board of directors. Votes withheld from any nominee, abstentions and broker non-votes will be counted only for purposes of determining a quorum. Broker non-votes will have no effect on this proposal as brokers or other nominees are not entitled to vote on such proposal in the absence of voting instructions from the beneficial owner.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF JAMES BRISTOL, PH.D., ALEXANDER CASDIN, HEINRICH DREISMANN, PH.D., JAMES FREDDO, M.D., AND JONATHAN E. LIM, M.D. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE SO VOTED UNLESS YOU SPECIFY OTHERWISE ON YOUR PROXY CARD.

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PROPOSAL 2:

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The audit committee has selected Mayer Hoffman McCann P.C. as the company s independent registered public accountants for the fiscal year ending December 31, 2014 and has further directed that management submit the selection of independent registered public accountants for ratification by the stockholders at the annual meeting. Mayer Hoffman McCann P.C. has audited Ignyta Operating s financial statements since its inception in 2011, and has audited Ignyta s financial statements (together with its consolidated subsidiary) since 2013. Representatives of Mayer Hoffman McCann P.C. are expected to be present at the annual meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Mayer Hoffman McCann P.C. as the company s independent registered public accountants is not required by Nevada law, the company s amended and restated articles of incorporation, or the company s bylaws. However, the audit committee is submitting the selection of Mayer Hoffman McCann P.C. to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of different independent registered public accountants at any time during the year if the audit committee determines that such a change would be in the best interests of the company and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of Mayer Hoffman McCann P.C. Abstentions will be counted toward the tabulation of votes cast on Proposal 2 and will have the same effect as negative votes. Broker non-votes will be counted towards a quorum, but will not be counted for any purpose in determining whether Proposal 2 has been approved.

Independent Registered Public Accountants Fees

The following table represents aggregate fees billed to us for services related to the fiscal years ended December 31, 2013 and 2012, by Mayer Hoffman McCann P.C., our independent registered public accounting firm.

	Year Ended December 31,	
	2013	2012
Audit Fees[1]	$ 125,108	$ 25,000
Audit Related Fees		
Tax Fees		
All Other Fees		
	$ 125,108	$ 25,000

(1) Audit Fees consist of fees billed for professional services performed by Mayer Hoffman McCann P.C. for the audit of our annual financial statements, due diligence procedures to support consent letters in connection with

the resale registration statement relating to our 2013 PIPE stock offering and related services that are normally provided in connection with statutory and regulatory filings or engagements. Mayer Hoffman McCann P.C. leases substantially all its personnel, who work under the control of Mayer Hoffmann McCann P.C. shareholders, from wholly-owned subsidiaries of CBIZ, Inc., in an alternative practice structure.

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Pre-Approval Policies and Procedures

Our audit committee has established a policy that all audit and permissible non-audit services provided by our independent registered public accounting firm will be pre-approved by the audit committee. Prior to February 28, 2014 when our audit committee was formed, our full board of directors had responsibility for the activities that were delegated to the audit committee. All audit and permissible non-audit services were pre-approved by the board of directors in accordance with this policy during the fiscal year ended December 31, 2013. These services may include audit services, audit-related services, tax services and other services. The audit committee considers whether the provision of each non-audit service is compatible with maintaining the independence of our auditors. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Our independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date.

Vote Required; Recommendation of the Board of Directors

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting will be required to ratify the selection of Mayer Hoffman McCann P.C. Abstentions will be counted toward the tabulation of votes cast on this proposal and will have the same effect as negative votes. The approval of Proposal 2 is a routine proposal on which a broker or other nominee has discretionary authority to vote. Accordingly, no broker non-votes will likely result from this proposal.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE TO RATIFY THE SELECTION OF MAYER HOFFMAN MCCANN P.C.AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014. PROXIES SOLICITED BY OUR BOARD OF DIRECTORS WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY OTHERWISE ON THEIR PROXY CARDS.

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PROPOSAL 3:

APPROVAL OF REINCORPORATION IN DELAWARE AND RELATED TRANSACTIONS

Our board of directors has unanimously approved the reincorporation of the company in Delaware, or the Reincorporation, which includes the adoption of a new charter and bylaws. Further, our board of directors has determined that the terms of the Merger Agreement by which the Reincorporation will be effected are fair to, and in the best interests of, the company and our stockholders. For the reasons discussed below, we are requesting in this Proposal 3 that the stockholders approve the Reincorporation Proposal. Approval of the Reincorporation Proposal also will constitute approval of the form of Agreement and Plan of Merger, or the Merger Agreement, the new certificate of incorporation and the new bylaws, each substantially in the form attached to this proxy statement as Annexes A, B and C, respectively.

Our corporate affairs currently are governed by Nevada law and the provisions of the amended and restated articles of incorporation and the amended bylaws of Ignyta, Inc. Copies of these amended and restated articles of incorporation and the amended bylaws are included as exhibits to our filings with the SEC. If the Reincorporation Proposal is approved at the annual meeting and effected, our corporate affairs will be governed by Delaware law and the provisions of the second amended and restated certificate of incorporation and the amended and restated bylaws of Ignyta Operating. Although the second amended and restated certificate of incorporation and amended and restated bylaws of Ignyta Operating contain many similar provisions from the amended and restated articles of incorporation and the amended bylaws of Ignyta, Inc., they do include certain provisions that are different from the provisions contained in the current amended and restated articles of incorporation, in the amended bylaws and under Nevada Law. Copies of the forms of the second amended and restated certificate of incorporation and the amended and restated bylaws of Ignyta Operating are attached to this proxy statement as Annexes B and C, respectively. See Comparison of Certain Rights of Stockholders under Nevada and Delaware Law below for a discussion of some similarities and important differences in the rights of our stockholders before and after the Reincorporation.

We believe that the Reincorporation will give us a greater measure of flexibility and certainty in corporate governance than is available under Nevada law and may enhance investors perception of the company. The State of Delaware is recognized for adopting comprehensive, modern and flexible corporate laws, which are revised periodically to respond to the changing legal and business needs of corporations. Delaware s specialized business judiciary are experts in corporate law matters, and a substantial body of court decisions has developed construing Delaware corporation law. Delaware law, accordingly, has been, and is likely to continue to be, interpreted in many significant judicial decisions, which may provide greater clarity and predictability with respect to our corporate legal affairs than is currently the case under Nevada law. For these and other reasons, many major U.S. corporations have incorporated in Delaware or have changed their corporate domiciles to Delaware in a manner similar to the Reincorporation.

Principal Features of the Reincorporation

The Reincorporation will be effected by the merger of Ignyta, Inc. with and into Ignyta Operating pursuant to the Merger Agreement. Ignyta Operating is a wholly-owned subsidiary of Ignyta, Inc. The Reincorporation will become effective upon the filing of the requisite merger documents in Delaware and Nevada, which we expect will occur as soon as practicable after the annual meeting if the Reincorporation is approved by stockholders. Our board of directors, however, may determine to abandon the Reincorporation and the merger either before or after stockholder approval has been obtained. The discussion below is qualified in its entirety by reference to the Merger Agreement and by the applicable provisions of Nevada law and Delaware law.

Upon effectiveness of the Reincorporation:

Each outstanding share of our common stock will be converted into one share of Ignyta Operating common stock with the same par value, or Ignyta Operating Common Stock;

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Each outstanding share of Ignyta Operating Common Stock held by Ignyta, Inc. will be retired and canceled and will resume the status of authorized and unissued Ignyta Operating stock;

Each outstanding option or warrant to purchase shares of our common stock will be deemed to be an option or warrant to purchase the same number of shares of Ignyta Operating Common Stock with no change in the exercise price or other terms or provisions of the option or warrant; and

Each other equity award relating to our common stock will be deemed to be an equity award for the same number of shares of Ignyta Operating Common Stock, with no change in the terms or provisions of the option or equity award.

Following the Reincorporation, stock certificates previously representing our common stock may be delivered in effecting sales through a broker, or otherwise, of shares of Ignyta Operating stock. ***It will not be necessary for you to exchange your existing stock certificates for stock certificates of Ignyta Operating***, and if you do so, it will be at your own cost.

The Reincorporation will not effect any change in our business, management or operations or the location of our principal executive offices. Upon effectiveness of the Reincorporation, our directors and officers will become all of the directors and officers of Ignyta Operating, all of our employee benefit and incentive plans will become Ignyta Operating plans, and each option or right issued under such plans will automatically be converted into an option or right to purchase or receive the same number of shares of Ignyta Operating Common Stock, at the same price per share, upon the same terms and subject to the same conditions as before the Reincorporation. Stockholders should note that approval of the Reincorporation will also constitute approval of these plans continuing as plans of Ignyta Operating. Our employment arrangements also will be continued by Ignyta Operating upon the terms and subject to the conditions in effect at the time of the Reincorporation. We believe that the Reincorporation will not affect any of our material contracts with any third parties, and that our rights and obligations under such material contractual arrangements will continue as rights and obligations of Ignyta Operating.

Other than receipt of stockholder approval and the filing of articles of merger with the Nevada Secretary of State and a certificate of merger with the Delaware Secretary of State, there are no federal or state regulatory requirements or approvals that must be obtained in order for us to consummate the Reincorporation.

Authorized and Outstanding Capital Stock

Our amended and restated articles of incorporation authorize the issuance of 100,000,000 shares of common stock, par value $0.00001 per share, and 10,000,000 shares of preferred stock, par value $0.00001 per share. The second amended and restated Ignyta Operating certificate of incorporation, which will govern the rights of our stockholders after the Reincorporation, authorizes the issuance of 150,000,000 shares of common stock, par value $0.0001 per share, and 10,000,000 shares of preferred stock, par value $0.0001 per share.

Corporate Name Following the Reincorporation

Following the Reincorporation, Ignyta Operating, Inc. will change its name to Ignyta, Inc.

Securities Act Consequences

The shares of Ignyta Operating Common Stock to be issued upon conversion of shares of our common stock in the Reincorporation are not being registered under the Securities Act. In this regard, we are relying on Rule 145(a)(2) under the Securities Act, which provides that a merger that has as its sole purpose a change in the domicile of a corporation does not involve the sale of securities for purposes of the Securities Act, and on interpretations of Rule 145(a)(2) by the SEC to the effect that certain changes in the redomiciled corporation s charter or bylaws in connection with the Reincorporation that otherwise could be made only with the approval of

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stockholders does not render Rule 145(a)(2) inapplicable. After the Reincorporation, Ignyta Operating will be a publicly held company, Ignyta Operating Common Stock will continue to be qualified for trading on the NASDAQ Capital Market under the symbol RXDX , and Ignyta Operating will file periodic reports and other documents with the SEC and provide to its stockholders the same types of information that we have previously filed and provided.

Holders of shares of our common stock that are freely tradable before the Reincorporation will continue to have freely tradable shares of Ignyta Operating Common Stock. Stockholders holding so-called restricted shares of our common stock will have shares of Ignyta Operating Common Stock that are subject to the same restrictions on transfer as those to which their shares of our common stock are subject at the time of the Reincorporation, and their stock certificates, if surrendered for replacement certificates representing shares of Ignyta Operating Common Stock, will bear the same restrictive legend as appears on their present stock certificates. For purposes of computing compliance with the holding period requirement of Rule 144 under the Securities Act, stockholders will be deemed to have acquired their shares of Ignyta Operating Common Stock on the date they acquired their shares of our common stock.

Material United States Federal Income Tax Consequences

The following is a summary of the material U.S. federal income tax consequences to U.S. holders (as defined below) of the Reincorporation, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the IRS), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a U.S. holder of our common stock.

This discussion is limited to U.S. holders that hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a U.S. holder s particular circumstances. In addition, it does not address consequences relevant to U.S. holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons who are not U.S. holders;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;

brokers, dealers or traders in securities;

controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;

partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);

tax-exempt organizations or governmental organizations;

persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation; and

tax-qualified retirement plans.

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If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. YOU SHOULD CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION AS WELL AS ANY TAX CONSEQUENCES OF THE REINCORPORATION ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

For purposes of this summary, a U.S. holder is, a beneficial owner of our common stock who is, for U.S. federal income tax purposes (1) an individual who is a citizen or resident of the United States, (2) a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate, the income of which is subject to U.S. federal income tax regardless of its source, or (4) a trust that (A) is subject to the primary supervision of a U.S. court and the control of one or more United States persons (within the meaning of Section 7701(a)(30) of the Code), or (B) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

We believe that the Reincorporation of the Company from Nevada to Delaware should constitute a tax-free reorganization within the meaning of Section 368(a) of the Code. Assuming that the Reincorporation will be treated for U.S. federal income tax purposes as a reorganization, (i) U.S. holders of Company common stock will not recognize any gain or loss as a result of the consummation of the Reincorporation, (ii) the aggregate tax basis of shares of Ignyta Operating Common Stock received in the Reincorporation will be equal to the aggregate tax basis of the shares of Company common stock converted therefor, and (iii) the holding period of the shares of Ignyta Operating Common Stock received in the Reincorporation will include the holding period of the shares of Company common stock converted therefor.

No ruling will be sought from the IRS with respect to the U.S. federal income tax consequences of the Reincorporation, and no assurance can be given that the U.S. federal income tax consequences described above will not be challenged by the IRS or, if challenged, will be upheld by a court. Accordingly, U.S. holders are urged to consult their tax advisors regarding the tax consequences of the Reincorporation.

Comparison of Certain Rights of Stockholders under Nevada and Delaware Law

Ignyta, Inc. currently is a Nevada corporation and, as such, the rights of its stockholders are governed by the Nevada Revised Statutes Chapters 78 and 92, or the NRS, and by the amended and restated articles of incorporation and the amended bylaws of Ignyta, Inc., or the Ignyta-Nevada Articles and Ignyta-Nevada Bylaws, respectively. Upon completion of the Reincorporation, the stockholders of Ignyta, Inc. will become stockholders of Ignyta Operating and their rights will be governed by the Delaware General Corporation Law, or the DGCL, and by the forms of the second amended and restated Ignyta Operating certificate of incorporation and amended and restated bylaws substantially as attached to this proxy statement as Annexes B and C, or the Ignyta-Delaware Certificate and Ignyta-Delaware Bylaws, respectively, which differ in some important respects from the NRS and the Ignyta-Nevada Articles and Ignyta-Nevada Bylaws.

The following comparison of the DGCL and the Ignyta-Delaware Certificate and Ignyta-Delaware Bylaws with the NRS and the Ignyta-Nevada Articles and Ignyta-Nevada Bylaws summarizes important differences but is not intended

to list all differences or to be a comprehensive summary of such laws or documents. In addition, the foregoing summary does not purport to be a complete statement of the respective rights of holders of Ignyta

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Operating Common Stock and of our common stock, and is qualified in its entirety by reference to the DGCL and the NRS, respectively, and to the Ignyta-Delaware Certificate and Ignyta-Delaware Bylaws and the Ignyta-Nevada Articles and Ignyta-Nevada Bylaws, respectively.

Business Combinations

Generally, under the DGCL and the NRS, the approval by the affirmative vote of the holders of a majority of the outstanding stock (or, if the certificate or articles of incorporation, as the case may be, provides for more or less than one vote per share, a majority of the votes of the outstanding stock) of a corporation entitled to vote on the matter is required for a merger or consolidation or sale, lease or exchange of all or substantially all the corporation s assets to be consummated. Neither the Ignyta-Delaware Certificate nor the Ignyta-Nevada Articles provides for a required vote that is different than is required in its respective jurisdiction.

State Takeover Legislation

DGCL Section 203, or the Delaware Business Combination Law, in general, prohibits a business combination between a corporation and an interested stockholder within three years of the time such stockholder became an interested stockholder, unless:

- prior to such time the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, exclusive of shares owned by directors who are also officers and by certain employee stock plans; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized by the affirmative vote at a stockholders meeting of at least 66⅔% of the outstanding voting stock that is not owned by the interested stockholder.

The term business combination is defined to include, among other transactions between an interested stockholder and a corporation or any direct or indirect majority owned subsidiary thereof, a merger or consolidation; a sale, lease, exchange, mortgage, pledge, transfer or other disposition (including as part of a dissolution) of assets having an aggregate market value equal to 10% or more of either the aggregate market value of all assets of the corporation on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation; certain transactions that would result in the issuance or transfer by the company of any of its stock to the interested stockholder; certain transactions that would increase the interested stockholder s proportionate share ownership of the stock of any class or series of the corporation or such subsidiary; and any receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation or any such subsidiary.

In general, and subject to certain exceptions, an interested stockholder is any person who is the owner of 15% or more of the outstanding voting stock of the corporation, an affiliate or associate of the corporation who was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the

relevant date, or the affiliates and associates of such person. The term owner is broadly defined to include any person that individually or with or through such person s affiliates or associates, among other things, beneficially owns such stock, or has the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement or understanding or upon the exercise of warrants or options or otherwise or has the right to vote such stock pursuant to any agreement or understanding, or has an agreement or understanding with the beneficial owner of such stock for the purpose of acquiring, holding, voting or disposing of such stock.

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The restrictions of the Delaware Business Combination Law do not apply to corporations that have elected, in the manner provided therein, not to be subject to the Delaware Business Combination Law or, with certain exceptions, which do not have a class of voting stock that is listed on a national securities exchange or held of record by more than 2,000 stockholders. The Ignyta-Delaware Certificate has not opted out of the Delaware Business Combination Law.

NRS 78.411-78.444, or the Nevada Combinations with Interested Stockholders Statutes, generally prevent an interested stockholder and a Nevada corporation from entering into a combination, unless certain conditions are met. A combination means any merger or consolidation with an interested stockholder, or any sale, lease, exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions with an interested stockholder having: (i) an aggregate market value equal to 5% or more of the aggregate market value of the assets of a corporation; (ii) an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of a corporation; or (iii) representing 10% or more of the earning power or net income of the corporation. An interested stockholder means a person or entity holding the beneficial ownership of 10% or more of the outstanding voting shares of a corporation, or an affiliate or associate thereof. A corporation may not engage in a combination with the interested stockholder within two years after the interested stockholder first acquires his shares unless (i) the combination or the transaction by which the person first became an interested stockholder is approved by the board of directors before the interested stockholder acquired such shares, or (ii) during such two-year period, such combination is approved by the board of directors and by 60% of the disinterested stockholders at an annual or special meeting. If approval is not obtained, after the expiration of the two-year period, the combination may be consummated (i) if the board of directors approved such combination or the transaction by which the person first became an interested stockholder before the interested stockholder acquired such shares, or (ii) such combination is approved by a majority of the voting power held by disinterested stockholders at an annual or special meeting, or (iii) if the consideration to be paid by the interested stockholder is at least equal to the greater of (x) the highest price per share paid by the interested stockholder within the two years immediately preceding the date of the announcement of the combination or within the two years immediately preceding, or in, the transaction in which he became an interested stockholder, whichever is higher, (y) the market value per common share on the date of announcement of the combination or the date the interested stockholder acquired the shares, whichever is higher, or (z) if higher for the holders of preferred stock, the highest liquidation value of the preferred stock. Nevada law does not require a tender offer or that a registration statement or information statement be filed with the State of Nevada.

The restrictions of the Nevada Combinations with Interested Stockholders Statutes do not apply to corporations that have elected in their articles, in the manner provided in the NRS, not to be subject to these statutes or, with certain exceptions, which do not have a class or series of voting stock which is a covered security under section 18(b)(1)(A) or (B) of the Securities Act of 1933, as amended, or traded in an organized market and that has at least 2,000 stockholders and a market value of at least $20,000,000. The Ignyta-Nevada Articles have opted out of the Nevada Combinations with Interested Stockholders Statutes.

NRS 78.378-78.3793, or the Nevada Acquisition of Controlling Interest Statutes, in general, limit the rights of a person who acquires a controlling interest in a Nevada corporation (i) with 200 or more stockholders of record, at least 100 of whom have a Nevada address appearing on the stock ledger of the corporation, and (ii) that does business in Nevada directly or indirectly through an affiliated entity. Under these statutes, a person that acquires a controlling interest in such a corporation may not exercise voting rights on any of its control shares unless such voting rights are conferred by a majority vote of the disinterested stockholders of the corporation at a special or annual meeting of the stockholders. In the event that the control shares are accorded full voting rights, any stockholder that does not vote in favor of authorizing such voting rights for the control shares is entitled to demand payment for the fair value of such person s shares.

The Nevada Acquisition of Controlling Interest Statutes do not apply if the corporation has expressly opted out of such provision in either its articles of incorporation or bylaws and the opt out provision is in effect on the tenth day following the date of the acquisition of a controlling interest. The Ignyta-Nevada Bylaws have not opted out of the Nevada Acquisition of Controlling Interest Statutes.

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Appraisal or Dissenter s Rights

Under the DGCL, except as otherwise provided by the DGCL, stockholders of a constituent corporation in a merger or consolidation have the right to demand and receive payment of the fair value of their stock in a merger or consolidation. However, except as otherwise provided by the DGCL, stockholders do not have appraisal rights in a merger or consolidation if, among other things, their shares are:

- listed on a national securities exchange; or
- held of record by more than 2,000 stockholders;

and, in each case, the consideration such stockholders receive for their shares in a merger or consolidation consists solely of:

- shares of stock of the corporation surviving or resulting from such merger or consolidation;
- shares of stock of any other corporation that at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 stockholders;
- cash in lieu of fractional shares of the corporations described in the two immediately preceding bullet points; or
- any combination of shares of stock and cash in lieu of fractional shares described in the three immediately preceding bullet points.

A stockholder of a Nevada corporation, with certain exceptions, has the right to dissent from, and to obtain payment of the fair value of its shares in the event of:

- consummation of a plan of merger to which the corporation is a party;
- consummation of a plan of conversion to which the corporation is a party as a corporation whose shares will be converted;
- consummation of a plan of exchange to which the corporation is a party as the corporation whose shares will be acquired, if the stockholder will be acquired in the plan; or

any corporate action taken pursuant to a vote of the stockholders to the extent that the articles of incorporation, bylaws or a resolution of the board of directors provides that voting or non-voting stockholders are entitled to dissent and obtain payment for their shares.

The NRS provides that unless a corporation s articles of incorporation provide otherwise, which the Ignyta-Nevada Articles do not, a stockholder does not have dissenters rights with respect to a plan of merger or share exchange if the class or series of shares held by the stockholder are of a class or series which is (i) a covered security under Section 18(b)(1)(A) or (B) of the Securities Act of 1933, as amended, (ii) traded in an organized market and has at least 2,000 stockholders and a market value of at least $20,000,000 (exclusive of the value of such shares held by certain persons), or (iii) issued by an open end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and which may be redeemed at the option of the holder as net asset value. A stockholder of record of a Nevada corporation may assert dissenter s rights as to less than all of the shares registered in his name only if he dissents with respect to all shares beneficially owned by any one person and notifies the corporation in writing of the name and address of each person on whose behalf he asserts dissenter s rights. In such event, the stockholder s rights shall be determined as if the shares as to which he dissents and his other shares were registered in the names of different stockholders. Because our common stock is listed on the NASDAQ Capital Market, the NRS does not afford Ignyta stockholders dissenters rights in connection with the Reincorporation.

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Amendments to Charter

Under the DGCL, unless a corporation s certificate of incorporation requires a greater vote, a proposed amendment to the certificate of incorporation requires an affirmative vote of a majority of the voting power of the outstanding stock entitled to vote thereon and a majority of the voting power of the outstanding stock of each class entitled to vote thereon. The approval of the holders of a majority of the outstanding shares of any class of capital stock of a corporation, voting separately as a class, is required under the DGCL to approve a proposed amendment to a corporation s certificate of incorporation, whether or not entitled to vote on such amendment by the certificate of incorporation, if the amendment would increase or decrease the aggregate number of authorized shares of such class (except as provided in the penultimate sentence of this paragraph), increase or decrease the par value of the shares of such class, or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. For this purpose, if a proposed amendment would alter or change the powers, preferences or special rights of one or more series of any class so as to affect them adversely, but would not so affect the entire class, then only the shares of the series so affected by the amendment would be entitled to vote as a separate class on the amendment. Accordingly, a proposed amendment the adverse effect of which on the powers, preferences or special rights of any series of stock does not differ from its adverse effect on the powers, preferences or special rights of any other series of stock would not entitle such series to vote as a class separately from the other series of stock. The authorized number of shares of any class of stock may be increased or decreased (but not below the number of shares of such class outstanding) by the requisite vote described above if so provided in the original certificate of incorporation or in any amendment thereto that created such class of stock or that was adopted prior to the issuance of any shares of such class, or in an amendment authorized by a majority vote of the holders of shares of such class. The Ignyta-Delaware Certificate requires approval by the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding shares of capital stock entitled to vote thereon relating to (i) amending the bylaws; (ii) amending the certificate of incorporation with respect to stockholder meetings, elimination of stockholder action by written consent, classified board structure and board term or the Court of Chancery as the exclusive forum provision; or (iii) removing directors from office for cause.

An amendment to a Nevada corporation s articles of incorporation must be approved by the corporation s stockholders. Under the NRS, unless a corporation s articles of incorporation require a greater vote, an amendment to a Nevada corporation s articles of incorporation must generally be approved by a majority of the votes entitled to be cast on the amendment. If such amendments would adversely alter or change any preference or any relative or other right given to any class or series of outstanding shares, the holders of shares representing a majority of the voting power of each such class or series would also have to approve the amendment. The Ignyta-Nevada Articles do not include any provision requiring a greater vote than a majority of votes entitled to be cast on the amendment.

Amendments to Bylaws

Under the DGCL, the power to adopt, alter and repeal bylaws of a corporation is vested in its stockholders, except to the extent that a corporation s certificate of incorporation vests concurrent power in the board of directors or the bylaws state otherwise. Both the Ignyta-Delaware Certificate and the Ignyta-Delaware Bylaws provide that the Ignyta-Delaware Bylaws may be altered or amended by a majority vote of the Ignyta Operating board of directors or by the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding shares of capital stock entitled to vote thereon.

Under the NRS, except as otherwise provided in any bylaw adopted by the stockholders, bylaws may be amended, repealed or adopted by the board of directors. The Ignyta-Nevada Bylaws provide that the Ignyta-Nevada Bylaws may be altered, amended or repealed by either a majority vote of the outstanding capital stock entitled to vote thereon or by a majority of the entire board of directors then in office.

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Stockholder Action

Under the DGCL, unless otherwise provided in a corporation s certificate of incorporation, and under the NRS unless otherwise provided in a corporation s articles of incorporation or bylaws, any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a written consent or consents setting forth the action taken is signed by the holders of outstanding stock having not less than a majority of the voting power or the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote upon such action were present and voted. The Ignyta-Nevada Bylaws are consistent with the NRS. The Ignyta-Delaware Certificate does not permit stockholders to take any action by written consent in lieu of a meeting.

Under both the DGCL and the NRS, directors of a corporation are generally elected by a plurality of the votes cast by the stockholders entitled to vote at a stockholders meeting at which a quorum is present. The Ignyta Nevada Bylaws and the Ignyta-Delaware Bylaws do not vary from this voting standard.

With respect to matters other than the election of directors, unless a greater number of affirmative votes is required by the statute or the corporation s articles or certificate of incorporation (and the bylaws with respect to the NRS), if a quorum exists, action on any matter is generally approved by the stockholders if the votes cast by the holders of the shares represented at the meeting and entitled to vote on the matter favoring the action exceed the votes cast opposing the action. In the case of a merger, the affirmative vote of the holders of a majority of the issued and outstanding shares entitled to vote is required under both the DGCL and the NRS.

The Ignyta-Nevada Bylaws provide that matters brought before the stockholders shall be decided by the vote of the holders of a majority of the total number of votes of the corporation s capital stock represented at the meeting and entitled to vote on such matter, and, except as provided by the Ignyta-Delaware Certificate, the Ignyta-Delaware Bylaws provide that matters brought before the stockholders, other than the election of directors, shall be decided by the affirmative vote of the holders of a majority in voting power of the votes cast affirmatively or negatively (excluding abstentions) at the meeting by the holders entitled to vote thereon.

Quorum

Under both the DGCL and the NRS, unless otherwise provided in a corporation s articles or certificate of incorporation or bylaws, a majority of shares entitled to vote on a matter constitutes a quorum at a meeting of stockholders. The Ignyta-Nevada Bylaws and the Ignyta-Delaware Bylaws provide that a majority of the outstanding shares of the Corporation entitled to vote, represented in person or proxy, will constitute a quorum at the meeting.

Nomination Procedures and Stockholder Proposals

Neither the DGCL nor the NRS provides procedures for the nomination for election of directors by stockholders or the submission of other stockholder proposals at an annual or special meeting of stockholders.

The Ignyta-Nevada Bylaws do not contain procedures for nomination for election of directors by stockholders or the submission of other stockholder proposals at an annual or special meeting of stockholders.

The Ignyta-Delaware Bylaws require that nominations (other than by the board of directors or a nominating committee) for the election of directors at a meeting of stockholders must be made by written notice, delivered or mailed by first class mail to Ignyta-Delaware not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided,

however, that in the event that the annual meeting is called for a date that is more than thirty (30) days prior or more than sixty (60) days after such anniversary date, notice by the stockholder in order to be timely must be received not later than the close of business on the tenth (10th) day following the day on which such public disclosure of the date of the annual meeting was made.

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Special Stockholder Meetings

The DGCL provides that a special meeting of stockholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or the bylaws. The Ignyta-Delaware Certificate and the Ignyta-Delaware Bylaws provide that a special meeting of stockholders may be called by the board of directors, the chairperson of the board of directors, the chief executive officer or the president (in the absence of a chief executive officer). The Ignyta-Delaware Certificate specifically denies stockholders the ability to call a special meeting of stockholders. The DGCL and the Ignyta-Delaware Bylaws require that a notice of stockholders meeting be delivered to stockholders not less than ten days or more than 60 days before the meeting. The notice must state the place, if any, day and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date of determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting and the purpose for which the meeting is called.

The NRS provides that, unless a corporation s articles of incorporation or bylaws provide otherwise, the entire board of directors, any two directors or the president may call annual or special meetings of the stockholders or directors. The NRS does not grant stockholders the authority to call annual or special meetings of the stockholders. The Ignyta-Nevada Bylaws provide that a special meeting of stockholders may be called by the holders of ten percent of the voting shares of the Corporation, or by the President, or by the board of directors or a majority thereof. The Ignyta-Nevada Bylaws require that a notice of stockholders meeting be delivered to stockholders not less than ten (10) days or more than fifty (50) days before the meeting. The notice must state the place, day, hour and, in the case of special meetings, the purpose or purposes for which the meeting is called.

Stockholder Inspection of Books and Records

Under the DGCL, any stockholder may, upon five days written demand, inspect, in person or by agent or attorney, the stockholder ledger or other record of stockholders during usual business hours. The written demand must be under oath and state the purpose of such an inspection. The stockholder may, unless denied for cause, copy such records. The DGCL also allows stockholders, by the same written demand, to inspect the corporation s other books and records.

Pursuant to the NRS, a stockholder of record for at least six months immediately preceding his demand, or any person holding at least 5% of all outstanding shares, or authorized in writing by at least 5% of all outstanding shares, is entitled to inspect the corporation s articles and bylaws, including any amendments thereto, and a stock ledger of the names of the corporation s stockholders during usual business hours, if the stockholder gives at least five business days prior written notice to the corporation. The stockholders may also copy such records, provided that the corporation may impose a reasonable charge to recover the costs of labor and materials and the costs of copies of such records provided to such stockholders. The NRS also permits stockholders of record (combined or individually) of 15% or more of the outstanding stock, upon five days written demand, the right to inspect during normal business hours, the books of accounts and all financial records of the corporation, to make copies thereof and to conduct an audit of such records. This right may not be limited by a corporation s bylaws or articles of incorporation. The NRS also provides that a corporation may deny any demand for inspection if the stockholder refuses to furnish the corporation with an affidavit that such inspection, copies or audit are not desired for any purpose unrelated to their interest in the corporation as a stockholder. The NRS also provides that costs of copying financial records or conducting an audit must be borne by the person exercising such rights. Generally, this provision does not apply to public reporting companies.

Cumulative Voting

Under both the DGCL and the NRS, a corporation s certificate of incorporation or articles of incorporation, as the case may be, may provide that at all elections of directors, or at elections held under specified

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circumstances, each stockholder is entitled to cumulate such stockholder s votes. Under the NRS, this applies to the election of all directors. Neither the Ignyta-Delaware Certificate nor the Ignyta-Nevada Articles provide for cumulative voting for the election of directors.

Size of the Board of Directors and Staggered Ignyta-Delaware Board

The DGCL permits the certificate of incorporation or the bylaws of a corporation to contain provisions governing the number and terms of directors. However, if the certificate of incorporation contains provisions fixing the number of directors, such number may not be changed without amending the certificate of incorporation. The DGCL permits the certificate of incorporation of a corporation or a bylaw adopted by the stockholders to provide that directors be divided into one, two or three classes, with the term of office of one class of directors to expire each year. The Ignyta-Delaware Certificate and Ignyta-Delaware Bylaws provides for a board of directors divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. The board of directors is authorized under the Ignyta-Delaware Certificate to assign members of the board of directors to Class 1, Class II or Class III. Each director initially assigned to Class I shall serve for a term expiring at Ignyta Operating s first annual meeting of stockholders held after the effectiveness of the Ignyta-Delaware Certificate; each director initially assigned to Class II shall serve for a term expiring at Ignyta Operating s second annual meeting of stockholders held after the effectiveness of the Ignyta-Delaware Certificate; and each director initially assigned to Class III shall serve for a term expiring at Ignyta Operating s third annual meeting of stockholders held after the effectiveness of the Ignyta-Delaware Certificate. If the Reincorporation is approved and effected, James Bristol, Ph.D. will be assigned to Class I, Heinrich Dreismann, Ph.D. and James Freddo, M.D. will be assigned to Class II, and Jonathan E. Lim, M.D. and Alexander Casdin will be assigned to Class III.

The DGCL also permits the certificate of incorporation to confer upon holders of any class or series of stock the right to elect one or more directors to serve for such terms and have such voting powers as are stated in the certificate of incorporation, and the terms of office and voting powers of directors so elected may be greater or less than those of any other director or class of directors. The Ignyta-Delaware Bylaws provide for a board of directors of not less than 1 member. The exact number of directors may be fixed from time to time by resolution of the Ignyta-Delaware board of directors.

The NRS permits the articles of incorporation or the bylaws of a corporation to contain provisions governing the number and terms of directors. The Ignyta-Nevada Bylaws provide for a board of directors of not less than one nor more than thirteen members, to be elected for a one-year term. The NRS provides that a corporation s board of directors may be divided into up to four classes with staggered terms of office. The Ignyta-Nevada Articles and Ignyta-Nevada Bylaws do not provide for a classified board.

Removal of Directors

Unless the certificate of incorporation provides otherwise, the DGCL provides that a director or directors may be removed with or without cause by the holders of a majority in voting power of the shares then entitled to vote at an election of directors, except that members of a classified board of directors may be removed only for cause. The Ignyta-Delaware Certificate provides that no member of the board of directors may be removed from office by our stockholders, except for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of our outstanding capital stock entitled to vote in the election of directors.

The NRS provides that any director may be removed from office by the vote of stockholders holding not less than two-thirds of the issued and outstanding stock entitled to vote. Pursuant to the Ignyta-Nevada Bylaws, stockholders may remove one or more directors, with or without cause, by the affirmative vote of the holders of a majority of the

voting power of our issued and outstanding capital stock entitled to vote in the election of directors.

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Vacancies

Under the DGCL, unless otherwise provided in a corporation s certificate of incorporation or bylaws, vacancies on a board of directors and newly created directorships resulting from an increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. In addition, if, at the time of the filling of any such vacancy or newly created directorship, the directors in office constitute less than a majority of the whole board of directors (as constituted immediately prior to any such increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of outstanding shares entitled to vote for such directors, summarily order an election to fill any such vacancy or newly created directorship, or replace the directors chosen by the directors then in office.

The Ignyta-Delaware Bylaws provide that any vacancies or newly created directorships on the board of directors, however occurring, shall be filled only by the vote of a majority of the directors then in office, though less than a quorum, or by a sole remaining director and shall not be filled by the stockholders, unless the board of directors determines by resolution that any such vacancy or newly created directorship shall be filled by the stockholders. The Ignyta-Delaware Bylaws also provide that any directors chosen to fill a vacancy on the board of directors or newly created directorships will hold office until the next election of the class for which such director was chosen, subject to the election and qualification of a successor and to such director s earlier death, resignation or removal.

The NRS provides that a vacancy on the board of directors of a corporation may generally be filled by the affirmative vote of a majority of the remaining directors, though constituting less than a quorum of the board of directors, unless the articles of incorporation provide otherwise. The Ignyta-Nevada Articles do not alter this provision.

Indemnification of Directors and Officers

Pursuant to Section 145 of the DGCL, a corporation has the power to indemnify its directors and officers against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with a third-party action, other than a derivative action, and against expenses actually and reasonably incurred in the defense or settlement of a derivative action, provided that there is a determination that the individual acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe the individual s conduct was unlawful. Such determination shall be made, in the case of an individual who is a director or officer at the time of such determination:

- a majority of the disinterested directors, even though less than a quorum;
- by a committee of such directors designated by a majority vote of such directors, even though less than a quorum;
- if there are no disinterested directors, or if such directors so direct, by independent legal counsel; or
- by a majority vote of the stockholders, at a meeting at which a quorum is present.

Without court approval, however, no indemnification may be made in respect of any derivative action in which such individual is adjudged liable to the corporation.

The DGCL requires indemnification of directors and officers for expenses relating to a successful defense on the merits or otherwise of a derivative or third-party action.

The DGCL permits a corporation to advance expenses relating to the defense of any proceeding to directors and officers contingent upon such individuals commitment to repay any advances unless it is determined ultimately that such individuals are entitled to be indemnified.

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Under the DGCL, the rights to indemnification and advancement of expenses provided in the law are non-exclusive, in that, subject to public policy issues, indemnification and advancement of expenses beyond that provided by statute may be provided by bylaw, agreement, vote of stockholders, disinterested directors or otherwise.

The Ignyta-Delaware Certificate provides that Ignyta Operating shall have the power to indemnify directors, officers, employees and agents of Ignyta Operating to the fullest extent permitted by the DGCL. The Ignyta-Delaware Bylaws provide that Ignyta Operating officers and directors shall be indemnified to the fullest extent permitted by applicable law, and that Ignyta Operating shall pay the expenses incurred in defending any proceeding in advance of its final disposition. Payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding shall be made only upon the receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified.

Under the NRS, a corporation may generally indemnify its officers, directors, employees and agents against expenses (including attorneys fees), judgments, fines and amounts paid in settlement (actually and reasonably incurred) of any proceedings (other than derivative actions), investigations, whether civil or administrative or criminal in nature, if they are not liable for a breach of their fiduciary duties (which breach involved intentional misconduct, fraud or a knowing violation of law) to the corporation or acted in good faith on behalf of the corporation and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. Similar standards are applicable in derivative actions, except that indemnification may be made only for (a) reasonable expenses (including attorneys fees) and certain amounts paid in settlement and (b) in the event the person seeking indemnification has been adjudicated liable, a court of competent jurisdiction determines that the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper. The NRS provides that to the extent that such persons have been successful on the merits or in defense of any proceeding, they must be indemnified by the corporation against expenses incurred in connection with the defense. Generally, the termination of any action, suit or proceeding by judgment, order, settlement, conviction upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that such person acted in breach of his fiduciary duties or not in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the corporation, and with respect to a criminal investigation, or action, he had reasonable cause to believe that his conduct was lawful. If a corporation does not so indemnify such persons, they may seek, and a court may order, indemnification under certain circumstances even if the board of directors or stockholders of the corporation have determined that the persons are not entitled to indemnification.

In addition, under the NRS, expenses incurred by an officer or director in connection with a proceeding may be paid by the corporation in advance of the final disposition, upon receipt of an undertaking by such director or officer to repay such amount if he is ultimately found not to be entitled to indemnification by the corporation.

The Ignyta-Nevada Articles provide that Ignyta Operating officers and directors shall be indemnified to the fullest extent permitted by the NRS.

The NRS, the DGCL and the respective bylaws of Ignyta Operating and Ignyta may permit indemnification for liabilities arising under the Securities Act or the Exchange Act. The board of directors of Ignyta and Ignyta Operating herein has been advised that, in the opinion of the SEC, indemnification for liabilities arising under the Securities Act or the Exchange Act is contrary to public policy and is therefore unenforceable absent a decision to the contrary by a court of competent jurisdiction.

Fiduciary Duties of Directors.

A director s fiduciary duties are governed by state law and cannot be altered in a corporation s charter documents. Both Delaware and Nevada law provide that the board of directors has the ultimate responsibility for managing the business and affairs of a corporation. In discharging this function, directors of Nevada and Delaware corporations owe fiduciary duties of care and loyalty to the corporations they serve.

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Under Nevada law, a director must perform his or her duties as a director in good faith and with a view to the interests of the corporation and is entitled to rely, in good faith, on (i) information prepared by any of the corporation s directors, officers or employees so long as the director reasonably believes such persons to be reliable and competent in such matters; (ii) counsel, public accountants, financial advisers, valuation advisers, investment bankers or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such persons; and (iii) a duly designated committee of the board of directors which the director reasonably believes merits confidence and upon which the director does not serve, but only as to matters within the committee s designated authority. A director is not considered to be acting in good faith if the director has knowledge concerning the matter in question which would cause such reliance to be unwarranted.

In discharging their duties, the board of directors, committees of the board of directors and individual directors may, in exercising their respective powers with a view to the interests of the corporation, choose, to the extent they deem appropriate, to subordinate the interests of stockholders to the interests of employees, suppliers, customers or creditors of the corporation or to the interests of the communities served by the corporation. Furthermore, the officers and directors may consider the long-term and short-term interests of the corporation and its stockholders.

Unless there is a breach of fiduciary duty or a lack of good faith, any act of the board of directors, any committee of the board of directors or any individual director is presumed to be in the corporation s best interest. No higher burden of proof or greater obligation to justify applies to any act relating to or affecting an acquisition or a potential or proposed acquisition of control of the corporation than to any other action. Nevada law imposes a heightened standard of conduct upon directors who take action to resist a change or potential change in control of a corporation if such action impedes the exercise of the stockholders right to vote for, or remove, directors.

Under the DGCL, directors of a Delaware corporation are responsible for managing the business and affairs of the corporation. In fulfilling their managerial responsibilities, directors of a Delaware corporation are charged with a fiduciary duty to the corporation and to the corporation s stockholders. Under Delaware law, the legal obligations of corporate fiduciaries fall into two broad categories: a duty of care and a duty of loyalty. The duty of care essentially requires a director be attentive and inform himself of all material facts regarding a decision before taking action. The duty of loyalty generally requires that directors actions be motivated solely by the best interests of the corporation and its stockholders. A director, in performing his or her duties, is protected in relying, in good faith, upon the records of the corporation and upon such information presented to the corporation by any of its officers or employees, by a committee of the board of directors or by any other person as to matters the director reasonably believes are within such other person s professional or expert competence. Such other person must also have been selected with reasonable care by or on behalf of the corporation. Delaware courts have also imposed a heightened standard of conduct on directors in matters involving a contest for control of the corporation.

The board of directors, committees of the board of directors and individual directors, when discharging their duties, generally are not permitted to consider the interests of any constituencies other than the corporation or its stockholders. The interests of non-stockholder constituencies can only be considered to the extent they are consistent with the interests of stockholders. Furthermore, directors actions are normally reviewed under the business judgment rule under which directors are presumed to have acted on an informed basis, in good faith and in the honest belief that their actions were in the best interests of the corporation. This presumption may be overcome if a preponderance of the evidence shows that the directors decision involved director self-interest, lack of good faith, or failure of the board of directors to exercise due care. If the presumptions of the business judgment rule are rebutted, the action is reviewed under the entire fairness standard, and directors have the burden of proving the challenged transaction is fair to the corporation. Delaware courts have applied enhanced scrutiny to the actions of directors of a Delaware corporation taken in response to takeovers and in the context of changes in control.

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Limitation of Personal Liability of Directors

The DGCL provides that a corporation s certificate of incorporation may include a provision limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. However, no such provision can eliminate or limit the liability of a director for:

- any breach of the director s duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- violation of certain provisions of the DGCL;
- any transaction from which the director derived an improper personal benefit; or
- any act or omission prior to the adoption of such a provision in the certificate of incorporation.

The Ignyta-Delaware Certificate provides that a director of Ignyta Operating shall not be personally liable to Ignyta Operating or any of its stockholders for monetary damages for breach of fiduciary duty as a director except to the extent provided by applicable law for the actions described above.

The NRS provides that a director or officer will not be personally liable for monetary damages to the corporation, its stockholders or its creditors for breach of fiduciary duty as a director or officer, unless it is proven that the director or officer committed a breach of fiduciary duty and such breach involved intentional misconduct, fraud or a knowing violation of law.

Derivative Actions

Under the DGCL and Nevada Rule 23.1 of Civil Procedure, or the Nevada Rule, a person may not bring a derivative action unless the person was a stockholder of the corporation at the time of the challenged transaction or unless the person acquired the shares by operation of law from a person who was a stockholder at such time. The Delaware Court of Chancery Rules and the Nevada Rule also provide that a complaint in a derivative proceeding must be verified and must allege with particularity the efforts, if any, made by the plaintiff to obtain the desired action, and the reasons for such plaintiff s failure to obtain the desired action or for not making the effort. The Nevada Rule also provides that a derivative action may not be maintained if it appears that the plaintiff does not fairly and adequately represent the interests of similarly situated stockholders. The Delaware Court of Chancery Rules and the Nevada Rule further provide that an action shall not be dismissed or compromised without the approval of the court having jurisdiction of the action.

Distributions and Redemptions

Under the DGCL, unless otherwise restricted in its certificate of incorporation, a corporation may only pay dividends out of surplus or net profit. Additionally, under the DGCL, a corporation may not redeem any shares if such redemption would cause an impairment of its capital. The Ignyta-Delaware Certificate does not otherwise restrict the

right to pay dividends or redeem shares.

Under the NRS, a Nevada corporation may make distributions to its stockholders as long as, after giving effect to such distribution, (a) the corporation would be able to pay its debts as they become due in the usual course of business or (b) the corporation s total assets would not be less than the sum of its total liabilities plus (unless the articles of incorporation permit otherwise, which the Ignyta-Nevada Articles do not) the amount that would be needed if the corporation were to be dissolved at the time of the distribution to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the distribution. Such determinations may be made by the board of directors based on financial statements, fair market valuation or any other reasonable method. Under the NRS, a distribution may include a redemption, including a corporation s redemption of its own capital stock.

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Franchise Taxes

All corporations organized under the laws of the State of Nevada, regardless of capitalization or whether the corporation transacts business in Nevada, are required to pay an annual flat fee of $200 to obtain a business license and a fee for filing the annual list of officers and directors based on the number of authorized shares, which currently equates to $125 for Ignyta. Nevada imposes no franchise tax or similar fee on Nevada corporations. After the Reincorporation, we will be required to pay annual franchise taxes to Delaware based on a formula involving the number of our authorized shares, or the value of our assets, whichever would result in a lesser tax. We will pay a prorated share of the annual Delaware franchise tax for 2014 if the Reincorporation is approved and effected, based upon the effective date of the Reincorporation.

Exclusive Forum

The Ignyta-Delaware Certificate provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for any derivative action, any claim of breach of fiduciary duty owed to the corporation, any claim arising pursuant to the DGCL, the Ignyta-Delaware Certificate or Ignyta-Delaware Bylaws, any action to interpret the Ignyta-Delaware Certificate or Ignyta-Delaware Bylaws or any action asserting a claim governed by the internal affairs doctrine. The Ignyta-Nevada Articles and the Ignyta-Nevada Bylaws do not have an exclusive forum clause.

The Merger Agreement

The following is only a summary of the material provisions of the Merger Agreement between Ignyta, Inc. and Ignyta Operating, is not complete and is qualified by reference to the full text of the Merger Agreement attached to this proxy statement as Annex A. Please read the Merger Agreement in its entirety.

General

The Merger Agreement provides that, subject to the approval and adoption of the Merger Agreement by the stockholders of Ignyta, Inc. and the authority of our board of directors (and Ignyta Operating) to abandon the merger:

Ignyta, Inc. will merge with and into Ignyta Operating;

Ignyta, Inc. will cease to exist and Ignyta Operating will continue as the surviving corporation; and

Ignyta Operating, Inc. will change its name to Ignyta, Inc.

As a result of the merger, and as of the effective time of the merger, Ignyta Operating will succeed to and assume all rights and obligations of Ignyta, Inc., in accordance with Delaware law.

Effective Time

The Merger Agreement provides that, subject to the approval of the stockholders of Ignyta, Inc., the merger will be consummated by the filing of articles of merger, a certificate of merger, and any other appropriate documents in accordance with the relevant provisions of the NRS and the DGCL, with the Secretaries of State of the States of Nevada and Delaware.

Merger Consideration

Upon consummation of the merger, each outstanding share of our common stock will be converted into the right to receive one share of Ignyta Operating Common Stock. The shares of our common stock will no longer be outstanding and will automatically be cancelled and retired and will cease to exist. Each holder of a certificate representing shares of our common stock immediately prior to the merger will cease to have any rights with respect to such certificate, except the right to receive shares of Ignyta Operating Common Stock upon surrender of such certificate.

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Effect of the Reincorporation on Stock Certificates

The Reincorporation will not have any effect on the transferability of outstanding stock certificates representing our common stock. The Reincorporation will be reflected by our transfer agent in book-entry. For those stockholders that hold physical certificates, please do not destroy or send us your stock certificates. Following the Reincorporation, stock certificates previously representing the common stock may be delivered in effecting sales (through a broker or otherwise) of shares of Ignyta Operating Common Stock. It will not be necessary for you to exchange your existing stock certificates for stock certificates of Ignyta Operating, and if you do so, it will be at your own cost.

Treatment of Stock Options and Other Equity Awards

Under the terms of the Merger Agreement, upon consummation of the merger each outstanding option to purchase a share of our common stock will be deemed to constitute an option to purchase one share of common stock of Ignyta Operating with no change in the exercise price or other terms or provisions of the option. In addition, upon consummation of the merger each outstanding warrant exercisable to purchase shares of our common stock will be deemed to constitute a warrant to purchase an equal number of shares of common stock of Ignyta Operating with no change in the exercise price or other terms or provisions of the warrant.

Under the Merger Agreement, Ignyta Operating will assume our stock option plans, including the Ignyta Plan, the 2014 Plan, if approved by our stockholders, and the Ignyta, Inc. Employment Inducement Incentive Award Plan, or the Inducement Plan. Following the Reincorporation, the 2014 Plan, if approved by our stockholders, will be used by Ignyta Operating to make awards to directors, officers and employees of Ignyta Operating and others as permitted in the 2014 Plan. If the 2014 Plan is approved by our stockholders pursuant to Proposal 4, the 2014 Plan will replace the 2011 Plan and the Inducement Plan, and our board of directors will not grant any future awards under the 2011 Plan or the Inducement Plan.

Directors and Officers

The Merger Agreement provides that the board of directors of Ignyta Operating from and after the merger will consist of the directors of Ignyta, Inc. immediately prior to the merger. The Merger Agreement further provides that the officers of Ignyta Operating from and after the merger will be the officers of Ignyta, Inc. immediately prior to the merger.

Articles of Incorporation and Bylaws

The Merger Agreement provides that the Ignyta-Delaware Certificate attached to the certificate of merger will be the certificate of incorporation of the surviving corporation, and the Ignyta-Delaware Bylaws in effect immediately before the merger will be the bylaws of the surviving corporation unless and until later amended in accordance with Delaware law.

Conditions to the Merger

The obligations of Ignyta and Ignyta Operating to consummate the merger are subject to the satisfaction or waiver of the conditions that the Merger Agreement and merger shall have been approved and adopted by the stockholders of Ignyta, Inc.

Abandonment of the Merger

Notwithstanding stockholder approval of the Merger Agreement and the merger, our board of directors may elect to abandon the merger as permitted under the NRS.

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Vote Required; Recommendation of the Board of Directors

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting will be required to approve the Reincorporation Proposal.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR APPROVAL OF THE REINCORPORATION.

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PROPOSAL 4

APPROVAL OF THE IGNYTA, INC. 2014 INCENTIVE AWARD PLAN

We are asking our stockholders to vote for approval of the proposed Ignyta, Inc. 2014 Incentive Award Plan, or the 2014 Plan.

Overview of Proposed 2014 Plan

Background and Proposed Share Reserve

Our board of directors has unanimously adopted, subject to stockholder approval, the 2014 Plan for our employees and other service providers, including service providers of our subsidiaries and affiliates. The 2014 Plan will become effective on the day of approval of the 2014 Plan by our stockholders. We are seeking approval of the 2014 Plan as it is designed to meet the needs of a publicly-traded company and will provide us with greater flexibility in the implementation of our equity award program.

If the 2014 Plan is approved by our stockholders pursuant to this Proposal 4, the 2014 Plan will replace the Ignyta, Inc. Amended and Restated 2011 Stock Incentive Plan, or the 2011 Plan, and the Ignyta, Inc. Employment Inducement Incentive Award Plan, or the Inducement Plan, and our board of directors will not grant any future awards under the 2011 Plan or the Inducement Plan. As a result, the only shares we will have available for future issuance of equity awards as of the effective date of the 2014 Plan will be the shares reserved for issuance under the 2014 Plan. If our stockholders do not approve the 2014 Plan, the 2014 Plan will not become effective, and the 2011 Plan and the Inducement Plan will continue. Stockholders should note that approval of this Proposal 4 would also constitute approval of the assumption by Ignyta Operating of the 2014 Plan following the Reincorporation.

The 2014 Plan authorizes the issuance of the sum of:

- 3,000,000 shares of our common stock; plus
- One share for each share subject to a stock option that is outstanding under the 2011 Plan as of the effective date of the 2014 Plan that subsequently expires, is forfeited or is settled in cash. A maximum of an additional 1,643,488 shares (representing the number of shares subject to stock options under the 2011 Plan as of March 31, 2014) could become available for future issuance under the 2014 Plan in respect of outstanding stock options under the 2011 Plan.

Under the terms of the 2014 Plan, the shares available for issuance may be used for all types of awards under a fungible pool formula. Pursuant to this fungible pool formula, the authorized share limit will be reduced by one share of common stock for every one share subject to an option or stock appreciation right, or SAR, granted under the 2014 Plan, and by 1.3 shares of common stock for every one share subject to a full value award granted under the 2014 Plan. For purposes of the 2014 Plan, a full value award is an award pursuant to which shares of our common stock are issuable that is granted with a per-share exercise or purchase price less than 100% of the fair market value of a share of our common stock on the date of grant.

As of March 31, 2014, there were 1,643,488 shares subject to stock options granted under the 2011 Plan, and a total of 1,048,356 shares remained available for issuance under the 2011 Plan. In addition, as of March 31, 2014, there were

135,000 shares subject to stock options granted under the Inducement Plan, and a total of 865,000 shares remained available for issuance under the Inducement Plan. Pursuant to Nasdaq Marketplace Rule 5635(c), however, awards under the Inducement Plan generally may only be granted to an individual who has not previously been an employee of our company or a member of our board of directors, and such awards must be granted in connection with such individual s commencement of employment with our company and as an inducement material to his or her entering into employment with our company.

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Equity Incentive Awards Are Critical to Long-Term Stockholder Value Creation

We believe that the adoption of the 2014 Plan is essential to our success. Equity awards are intended to motivate high levels of performance, align the interests of our directors, employees and consultants with those of our stockholders by giving directors, employees and consultants the perspective of an owner with an equity stake in our company and providing a means of recognizing their contributions to the success of our company. Our board of directors and management believe that equity awards are necessary to remain competitive in our industry and are essential to recruiting and retaining the highly qualified employees who help our company meet its goals.

Our equity incentive program is broad-based. As of March 31, 2014, all of our employees had received grants of equity awards and all four of our non-employee directors had received grants of equity awards. We believe we must continue to offer a competitive equity compensation plan in order to attract, retain and motivate the industry-leading talent imperative to our continued growth and success.

Outstanding Awards Under Existing Plans Ability to Grant Future Equity Awards is Limited

The table below presents information about the number of shares that were subject to various outstanding equity awards under the 2011 Plan and the Inducement Plan, and the shares remaining available for issuance under such plans, at each of December 31, 2013 and March 31, 2014. Note that we have not granted any full value awards to date under the 2011 Plan or the Inducement Plan.

	Total Number of Shares of Common Stock Outstanding at December 31, 2013	Shares Subject to Options Outstanding at December 31, 2013	Shares Remaining Available for Future Grant at December 31, 2013	Total Number of Shares of Common Stock Outstanding at March 31, 2014 (1)	Shares Subject to Options Outstanding at March 31, 2014	Shares Remaining Available for Future Grant at March 31, 2014 (2)
2011 Plan	13,934,876	1,133,153	1,567,209	19,575,144	1,643,488	1,048,356
Inducement Plan				19,575,144	135,000	865,000
Total	13,934,876	1,133,153	1,567,209	19,575,144	1,778,488	1,913,356
Weighted-Average Exercise Price of Options		$ 4.33			$ 6.12	
Weighted-Average Remaining Term of Options		9.71			9.66	

(1)

Reflects the issuance of 5,245,000 shares of our common stock sold in our public offering completed on March 19, 2014, in connection with which our common stock was listed on the Nasdaq Capital Market.

(2) The 2011 Plan and the Inducement Plan are the only equity incentive plans we currently have in place. As noted above, if the 2014 Plan is approved by our stockholders pursuant to this Proposal 4, the 2014 Plan will replace the 2011 Plan and the Inducement Plan, and our board of directors will not grant any future awards under the 2011 Plan or the Inducement Plan. As a result, assuming approval of this Proposal 4, the only shares we will have available for future issuance of equity awards as of the effective date of the 2014 Plan will be the shares reserved for issuance under the 2014 Plan. We may, however, make inducement grants in the future as permitted by the NASDAQ Stock Market.

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Background for the Determination of the Share Reserve Under the 2014 Plan

In determining whether to approve the 2014 Plan, our board of directors reviewed an analysis prepared by Radford Survey and Consulting, a business unit of AON, or Radford. Specifically, our board of directors considered that:

The 3,000,000 shares to be initially reserved for issuance under the 2014 Plan represent an increase of only 1,086,644 shares over the aggregate number of shares reserved for issuance and available for future grant under our 2011 Plan and the Inducement Plan as of March 31, 2014. If the 2014 Plan is approved, as of its effective date it will represent the only equity plan under which we will be able to grant future equity awards and we will no longer grant awards under the 2011 Plan and the Inducement Plan.

Based on the compensation needs of our company and our historical equity compensation practices since the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary, we would expect to exhaust the available shares under the 2011 Plan during the next twelve months (if all future awards were granted under the 2011 Plan). Although we have additional shares available for issuance under the Inducement Plan, pursuant to Nasdaq Marketplace Rule 5635(c), awards under the Inducement Plan generally may only be granted to an individual who has not previously been an employee of our company or a member of our board of directors, and such awards must be granted in connection with such individual s commencement of employment with our company and as an inducement material to his or her entering into employment with our company. Combining the outstanding share reserves under the 2011 Plan and the Inducement Plan, in addition to the reservation of the additional 1,086,644 shares over the aggregate number of shares reserved for issuance and available for future grant under our 2011 Plan and the Inducement Plan as of March 31, 2014, will allow us more flexibility in our equity grant practices and ensure that we retain an important compensation tool for all employees, not just new employees.

In setting the size of the share reserve under the 2014 Plan, as described above, our board of directors also considered the historical amounts of equity awards granted by our company and Ignyta Operating under the 2011 Plan in the past three years. In 2011, 2012 and 2013, equity awards representing a total of approximately 12,500 shares, 144,160 shares, and 1,061,324 shares, respectively, were granted under the 2011 Plan, for an annual equity burn rate of 1.15%, 4.34% and 7.62%, respectively. This level of equity awards represents a 3-year average burn rate of 4.4% of common shares outstanding. Equity burn rate is calculated by dividing the number of shares subject to equity awards granted during the fiscal year by the number of shares outstanding at the end of the period.

We expect the share authorization under the 2014 Plan (as described under Background and Proposed Share Reserve above) to provide us with enough shares for awards for approximately three years, assuming we continue to grant awards consistent with our 2013 burn rate, and further dependent on the price of our shares and hiring activity during the next few years, forfeitures of outstanding awards under the 2011 Plan and noting that future circumstances may require us to change our current equity grant practices. We cannot predict our future equity grant practices, the future price of our shares or future hiring activity with any degree of certainty at this time, and the share reserve under the 2014 Plan could last for a shorter or longer time.

In 2011, 2012 and 2013, the end of year overhang rate was 15.4%, 5.0%, and 19.4%, respectively. If the 2014 Plan is approved, we expect our overhang at the end of 2014 will be approximately 18.9%. Overhang is calculated by dividing (1) the sum of the number of shares subject to equity awards outstanding at the end of the fiscal year plus shares remaining available for issuance for future awards at the end of the fiscal year by (2) the number of shares outstanding at the end of the fiscal year.

The 3,000,000 shares to be reserved under the 2014 Plan represent 15.3% of our outstanding common stock as of March 31, 2014, calculated by dividing (1) 3,000,000 shares by (2) the number of shares of our common stock outstanding as of March 31, 2014. If approved, the issuance of the shares to be

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reserved under the 2014 Plan would dilute the holdings of stockholders by an additional 5.6% over the shares reserved for issuance under the 2011 Plan and the Inducement Plan as of March 31, 2014, calculated by dividing (1) the difference between the initial 3,000,000 share reserve under the 2014 Plan and the shares reserved and available for issuance under the 2011 Plan and the Inducement Plan as of March 31, 2014, by (2) the number of shares of our common stock outstanding as of March 31, 2014.

As described in the table above, the total aggregate equity value of the 3,000,000 initial authorized shares under the 2014 Plan, based on the closing price of our common stock on March 31, 2014, is $24,900,000.

Together with Radford, we assessed the terms of the 2014 Plan generally, including the burn rate, overhang and shareholder value transfer associated with the proposed 2014 Plan and the share reserve thereunder. Based on that assessment, we designed the 2014 Plan and the share reserve thereunder to be consistent with what we believe to be the policies of shareholder proxy advisory services.

In light of the factors described above, and the fact that the ability to continue to grant equity compensation is vital to our ability to continue to attract and retain employees in the extremely competitive labor markets in which we compete, our board of directors has determined that the size of the share reserve under the 2014 Plan is reasonable and appropriate at this time. Our board of directors will not create a subcommittee to evaluate the risk and benefits for issuing shares under the 2014 Plan.

Other Key Features of the 2014 Plan

We depend on the performance and commitment of our employees to succeed. The use of equity-based long-term incentives assists us in attracting, retaining, motivating and rewarding talented employees. Providing equity grants creates long-term participation in our company and aligns the interests of our employees with the interests of our stockholders. The use of equity awards as compensation also allows us to conserve cash resources for other important purposes.

The 2014 Plan reflects a broad range of compensation and governance best practices, with some of the key features of the 2014 Plan as follows:

No Increase to Shares Available for Issuance without Stockholder Approval. Without stockholder approval, the 2014 Plan prohibits any alteration or amendment that operates to increase the total number of shares of common stock that may be issued under the 2014 Plan (other than adjustments in connection with certain corporate reorganizations and other events).

No Single-Trigger Vesting of Awards. The 2014 Plan does not have single-trigger accelerated vesting provisions for changes in control.

No Repricing of Awards. Awards may not be repriced, replaced or regranted through cancellation or modification without stockholder approval if the effect would be to reduce the exercise price for the shares under the award.

Limitations on Dividend Payments on Performance Awards. Dividends and dividend equivalents may not be paid on awards subject to performance vesting conditions unless and until such conditions are met.

Limitations on Grants. The maximum aggregate number of shares of our common stock that may be subject to one or more awards granted to any participant, other than a non-employee director, pursuant to the 2014 Plan during any calendar year cannot exceed 3,000,000. However, this number may be adjusted to take into account equity restructurings and certain other corporate transactions as described below. No participant may be granted, during any calendar year, awards initially payable in cash that could result in such participant receiving cash payments exceeding $10,000,000 pursuant to such

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awards. In addition, the maximum number of shares of our common stock that may be subject to one or more awards granted to any non-employee director pursuant to the 2014 Plan during any calendar year cannot exceed 250,000 shares.

No In-the-Money Option or Stock Appreciation Right Grants. The 2014 Plan prohibits the grant of options or SARs with an exercise or base price less than 100% of the fair market value of our common stock on the date of grant.

Section 162(m) Qualification. The 2014 Plan is designed to allow awards made under the 2014 Plan, including equity awards and incentive cash bonuses, to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code. Awards granted under the 2014 Plan will be treated as qualified performance-based compensation under Section 162(m) of the Code only if the awards and the procedures associated with them comply with all requirements of Section 162(m) of the Code.

Independent Administration. The compensation committee of our board of directors, which consists of two or more non-employee directors, generally will administer the 2014 Plan if it is approved by stockholders. The full board of directors will administer the 2014 Plan with respect to awards granted to non-employee directors. The compensation committee may delegate certain of its duties and authorities to a management committee for awards to certain individuals, within specific guidelines and limitations. However, no delegation of authority is permitted with respect to awards made to individuals who (1) are subject to Section 16 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, (2) are covered employees within the meaning of Section 162(m) of the Code, or (3) have been delegated authority to grant, amend or administer awards under the 2014 Plan.

Stockholder Approval Requirement

In general, stockholder approval of the 2014 Plan is necessary in order for us to (1) meet the stockholder approval requirements of the principal securities market on which shares of our common stock are traded, (2) take tax deductions for certain compensation resulting from awards granted in order to qualify them as performance-based compensation under Section 162(m) of the Code, and (3) grant stock options that qualify as incentive stock options, or ISOs, as defined under Section 422 of the Code.

Summary of the 2014 Plan

This section summarizes certain principal features of the 2014 Plan, subject to stockholder approval. The summary is qualified in its entirety by reference to the complete text of the 2014 Plan. Stockholders are urged to read the actual text of the 2014 Plan in its entirety which is set forth in Annex D to this proxy statement.

Authorized Shares. The 2014 Plan authorizes the issuance of the sum of:

3,000,000 shares of our common stock; plus

One share for each share subject to a stock option that is outstanding under the 2011 Plan as of the effective date of the 2014 Plan that subsequently expires, is forfeited or is settled in cash. A maximum of an additional 1,643,488 shares (representing the number of shares subject to stock options under the 2011 Plan as of March 31, 2014) could become available for future issuance under the 2014 Plan in respect of outstanding stock options under the 2011 Plan.

Shares that are subject to awards of options or SARs granted under the 2014 Plan will be counted against this limit as one share for every one share granted. Shares that are subject to full value awards granted under the 2014 Plan will be counted against this limit as 1.3 shares for every one share granted. The payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2014 Plan.

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If any award under the 2014 Plan or any option granted under the 2011 Plan is repurchased by us, forfeited, expires, lapses for any reason or is settled in cash without the delivery of shares to the holder, then the shares subject to such award may be used again for future grants of awards under the 2014 Plan in an amount corresponding to the reduction in the share reserve previously made. In addition, shares that are tendered or withheld to satisfy any tax withholding obligation with respect to a full value award granted under the 2014 Plan may be used again for new grants under the 2014 Plan. Any shares that again become available for grant will be added back in an amount corresponding to the reduction in the share reserve previously made in connection with such award, as described above. Notwithstanding the foregoing, shares tendered or withheld to satisfy the exercise price of an option granted under the 2014 Plan or an option granted under the 2011 Plan or any tax withholding obligation with respect to an option or SAR granted under the 2014 Plan or option granted under the 2011 Plan, any shares subject to a SAR that are not issued in connection with the stock settlement of such award on exercise, and shares purchased on the open market with the cash proceeds from the exercise of options granted under the 2014 Plan or options granted under the 2011 Plan, will not be added to the shares authorized for grant under the 2014 Plan.

Plan Administration. The compensation committee of our board of directors will administer the 2014 Plan (except with respect to any award granted to independent directors (as defined in the 2014 Plan), which must be administered by our full board of directors). To administer the 2014 Plan, our compensation committee must consist solely of at least two members of our board of directors, each of whom is a non-employee director for purposes of Rule 16b-3 under the Exchange Act, an independent director under the rules of any securities exchange or automated quotation system on which the shares of our common stock are listed and, with respect to awards that are intended to constitute performance-based compensation under Section 162(m) of the Code, an outside director for purposes of Section 162(m). Subject to the terms and conditions of the 2014 Plan, our compensation committee has the authority to select the persons to whom awards are to be made, to determine the type or types of awards to be granted to each person, the number of awards to grant, the number of shares to be subject to such awards, and the terms and conditions of such awards, and to make all other determinations and decisions and to take all other actions necessary or advisable for the administration of the 2014 Plan. Our compensation committee is also authorized to establish, adopt, amend or revise rules relating to administration of the 2014 Plan. Our board of directors may at any time revest in itself the authority to administer the 2014 Plan.

Eligibility. Options, SARs, restricted stock and other awards under the 2014 Plan may be granted to individuals who are then our officers or employees or are the officers or employees of any of our subsidiaries. Such awards may also be granted to our non-employee directors and consultants but only employees may be granted ISOs. As of March 31, 2014, there were four non-employee directors and 24 employees who would have been eligible for awards under the 2014 Plan had it been in effect on such date. The maximum aggregate number of shares that may be subject to one or more awards granted to any participant, other than a non-employee director, under the 2014 Plan during any calendar year cannot exceed 3,000,000 shares and the maximum amount that may be paid to a participant in cash during any calendar year with respect to one or more cash based awards under the 2014 Plan is $10,000,000. In addition, the maximum number of shares of our common stock that may be subject to one or more awards granted to any non-employee director pursuant to the 2014 Plan during any calendar year cannot exceed 250,000 shares.

Awards. The 2014 Plan provides that our compensation committee (or the board of directors, in the case of awards to non-employee directors) may grant or issue stock options, SARs, restricted stock, restricted stock units, dividend equivalents, stock payments and performance awards, or any combination thereof. Our compensation committee (or the board of directors, in the case of awards to non-employee directors) will consider each award grant subjectively, considering factors such as the individual performance of the recipient and the anticipated contribution of the recipient to the attainment of our long-term goals. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

Nonqualified stock options, or NQSOs, will provide for the right to purchase shares of our common stock at a specified price which may not be less than the fair market value of a share of common stock

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on the date of grant, and usually will become exercisable (at the discretion of our compensation committee or our board of directors, in the case of awards to non-employee directors) in one or more installments after the grant date, subject to the participant s continued employment or service with us and/or subject to the satisfaction of performance targets established by our compensation committee (or our board of directors, in the case of awards to non-employee directors). NQSOs may be granted for any term specified by our compensation committee (or our board of directors, in the case of awards to non-employee directors).

ISOs will be designed to comply with the provisions of the Code and will be subject to specified restrictions contained in the Code. Among such restrictions, ISOs must have an exercise price of not less than the fair market value of a share of common stock on the date of grant, may only be granted to employees, must expire within a specified period of time following the optionee s termination of employment, and must be exercised within ten years after the date of grant. In the case of an ISO granted to an individual who owns (or is deemed to own) more than 10% of the total combined voting power of all classes of our capital stock, the 2014 Plan provides that the exercise price must be at least 110% of the fair market value of a share of common stock on the date of grant and the ISO must expire upon the fifth anniversary of the date of grant.

Restricted stock may be granted to participants and made subject to such restrictions as may be determined by our compensation committee (or our board of directors, in the case of awards to non-employee directors). Typically, restricted stock may be forfeited for no consideration if the conditions or restrictions are not met, and it may not be sold or otherwise transferred to third parties until the restrictions are removed or expire. Recipients of restricted stock, unlike recipients of options, may have voting rights and may receive dividends, if any, prior to the time when the restrictions lapse. However, with respect to restricted stock subject to performance-based vesting, dividends will be paid only to the extent that the vesting conditions are satisfied.

Restricted stock units may be awarded to participants, typically without payment of consideration or for a nominal purchase price, but subject to vesting conditions including continued employment or performance criteria established by our compensation committee (or our board of directors, in the case of awards to non-employee directors). Like restricted stock, restricted stock units may not be sold or otherwise transferred or hypothecated until vesting conditions are removed or expire. Unlike restricted stock, stock underlying restricted stock units will not be issued until the restricted stock units have vested, and recipients of restricted stock units generally will have no voting or dividend rights prior to the time when vesting conditions are satisfied.

SARs granted under the 2014 Plan typically will provide for payments to the holder based upon increases in the price of our common stock over the exercise price of the SAR. Except as required by Section 162(m) of the Code with respect to SARs intended to qualify as performance-based compensation as described in Section 162(m) of the Code, there are no restrictions specified in the 2014 Plan on the exercise of SARs or the amount of gain realizable therefrom. Our compensation committee (or the board of directors, in the case of awards to non-employee directors) may elect to pay SARs in cash or in common stock or in a combination of both.

Dividend equivalents represent the value of the dividends, if any, per share paid by us, calculated with reference to the number of shares covered by the stock options, SARs or other awards held by the participant.

Performance awards may be granted by our compensation committee on an individual or group basis. Generally, these awards will be based upon the attainment of specific performance goals that are established by our compensation committee and relate to one or more performance criteria on a specified date or dates determined by our compensation committee. Any such cash bonus paid to a covered employee within the meaning of Section 162(m) of the Code may be, but need not be, qualified performance-based compensation as described below and will be paid in cash.

Stock payments may be authorized by our compensation committee (or our board of directors, in the case of awards to non-employee directors) in the form of common stock or an option or other right to

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purchase common stock as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any part of compensation, that would otherwise be payable to employees, consultants or members of our board of directors.

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

Qualified Performance-Based Compensation. The compensation committee may designate employees as covered employees whose compensation for a given fiscal year may be subject to the limit on deductible compensation imposed by Section 162(m) of the Code. The compensation committee may grant to such covered employees restricted stock, dividend equivalents, stock payments, restricted stock units, cash bonuses and other stock-based awards that are paid, vest or become exercisable upon the attainment of company performance criteria, which are related to one or more of the following performance criteria as applicable to our performance or the performance of a division, business unit or an individual: (1) net earnings (either before or after one or more of (a) interest, (b) taxes, (c) depreciation and (d) amortization), (2) gross or net sales or revenue, (3) net income (either before or after taxes), (4) adjusted net income, (5) operating earnings or profit, (6) cash flow (including, but not limited to, operating cash flow and free cash flow), (7) return on assets, (8) return on capital, (9) return on stockholders equity, (10) total stockholder return, (11) return on sales, (12) gross or net profit or operating margin, (13) operating or other costs and expenses, (14) improvements in expense levels, (15) working capital, (16) earnings per share, (17) adjusted earnings per share, (18) price per share of our common stock, (19) regulatory body approval for commercialization of a product, (20) implementation or completion of critical projects, (21) market share, (22) economic value, (23) comparisons with various stock market indices, (24) capital raised in financing transactions or other financing milestones, (25) stockholders equity, (26) market recognition (including, but not limited to, awards and analyst ratings), (27) financial ratios, and (28) implementation, completion or attainment of objectively determinable objectives relating to research, development, regulatory, commercial, or strategic milestones or developments. These performance criteria may be measured in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

The compensation committee may provide that one or more objectively determinable adjustments will be made to one or more of the performance goals established for any performance period. Such adjustments may include one or more of the following: (1) items related to a change in accounting principle, (2) items relating to financing activities, (3) expenses for restructuring or productivity initiatives, (4) other non-operating items, (5) items related to acquisitions, (6) items attributable to the business operations of any entity acquired by us during the performance period, (7) items related to the disposal of a business or segment of a business, (8) items related to discontinued operations that do not qualify as a segment of a business under applicable accounting standards, (9) items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the performance period, (10) any other items of significant income or expense which are determined to be appropriate adjustments, (11) items relating to unusual or extraordinary corporate transactions, events or developments, (12) items related to amortization of acquired intangible assets, (13) items that are outside the scope of our core, on-going business activities, (14) items related to acquired in-process research and development, (15) items relating to changes in tax laws, (16) items relating to major licensing or partnership arrangements, (17) items relating to asset impairment charges, (18) items relating to gains and losses for litigation, arbitration or contractual settlements, or (19) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

Forfeiture, Recoupment and Clawback Provisions. Pursuant to its general authority to determine the terms and conditions applicable to awards under the 2014 Plan, the compensation committee has the right to provide, in an award agreement or otherwise, that an award shall be subject to the provisions of any recoupment or clawback policies implemented by us, including, without limitation, any recoupment or clawback policies adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations

promulgated thereunder.

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Adjustments. If there is any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of our assets to stockholders, or any other change affecting the shares of our common stock or the share price of our common stock other than an equity restructuring (as defined in the 2014 Plan), the plan administrator may make such equitable adjustments, if any, as the plan administrator in its discretion may deem appropriate to reflect such change with respect to (1) the aggregate number and type of shares that may be issued under the 2014 Plan (including, but not limited to, adjustments of the number of shares available under the 2014 Plan and the maximum number of shares which may be subject to one or more awards to a participant pursuant to the 2014 Plan during any calendar year), (2) the number and kind of shares, or other securities or property, subject to outstanding awards, (3) the number and kind of shares, or other securities or property, for which automatic grants are to be subsequently made to new and continuing non-employee directors, (4) the terms and conditions of any outstanding awards (including, without limitation, any applicable performance targets or criteria with respect thereto), and (5) the grant or exercise price per share for any outstanding awards under the 2014 Plan. If there is any equity restructuring, the number and type of securities subject to each outstanding award and the grant or exercise price per share for each outstanding award, if applicable, will be proportionately adjusted. Adjustments in the event of an equity restructuring will not be discretionary. Any adjustment affecting an award intended as qualified performance-based compensation will be made consistent with the requirements of Section 162(m) of the Code. The plan administrator also has the authority under the 2014 Plan to take certain other actions with respect to outstanding awards in the event of a corporate transaction, including provision for the cash-out, termination, assumption or substitution of such awards.

Corporate Transactions. In the event of a change in control where the acquirer does not assume awards granted under the 2014 Plan, awards issued under the 2014 Plan may, at the discretion of the administrator, be subject to accelerated vesting such that 100% of the awards will become vested and exercisable or payable, as applicable. Under the 2014 Plan, a change in control is generally defined as:

a transaction or series of related transactions (other than an offering of our stock to the general public through a registration statement filed with the Securities and Exchange Commission, or SEC) whereby any person or entity or related group of persons or entities (other than us, our subsidiaries, an employee benefit plan maintained by us or any of our subsidiaries or a person or entity that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, us) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 50% or more of the total combined voting power of our securities outstanding immediately after such acquisition;

during any two-year period, individuals who, at the beginning of such period, constitute our board of directors together with any new director(s) whose election by our board of directors or nomination for election by our stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of our board of directors;

our consummation (whether we are directly or indirectly involved through one or more intermediaries) of (1) a merger, consolidation, reorganization, or business combination or (2) the sale or other disposition of all or substantially all of our assets in any single transaction or series of transactions or (3) the acquisition of assets or stock of another entity, in each case other than a transaction:

which results in our voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into our voting securities or the voting securities of the person that, as a result of the transaction, controls us, directly or indirectly, or owns, directly or indirectly, all or substantially all of our assets or otherwise succeeds to our business (we or such person being referred to as a successor entity)) directly or indirectly, at least 50% of the combined voting power of the successor entity s outstanding voting securities immediately after the transaction; and

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after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the successor entity; provided, however, that no person or group is treated as beneficially owning 50% or more of combined voting power of the successor entity solely as a result of the voting power held in us prior to the consummation of the transaction; or

our stockholders approve a liquidation or dissolution of our company.

Notwithstanding the foregoing, a transaction shall not constitute a change in control if its purpose is to change the state of our incorporation.

Amendment and Termination; Repricing Without Stockholder Approval Prohibited. Our board of directors has the authority to amend, suspend or terminate the 2014 Plan at any time. However, stockholder approval of any amendment to the 2014 Plan will be obtained to the extent necessary to comply with any applicable law, regulation or stock exchange rule. Additionally, stockholder approval is required to (1) increase the maximum number of shares that may be issued under the 2014 Plan, (2) reduce the per-share exercise price of the shares subject to any option or SAR, and (3) cancel any option or SAR in exchange for cash or another award when the option or SAR price per share exceeds the fair market value of the underlying shares. Except as necessary to comply with Section 409A of the Code, no amendment, suspension or termination of the 2014 Plan will impair the rights or obligations of a holder under an award theretofore granted, unless such award expressly so provides or such holder consents. If not terminated earlier by our board of directors, the 2014 Plan will terminate on the tenth anniversary of the date of its initial approval by our board of directors.

Securities Laws. The 2014 Plan is intended to conform to all provisions of the Securities Act of 1933, as amended, and the Exchange Act and any and all regulations and rules promulgated by the SEC thereunder, including, without limitation, Rule 16b-3. The 2014 Plan will be administered, and awards will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations.

Federal Income Tax Consequences

The material federal income tax consequences of the 2014 Plan under current federal income tax law are summarized in the following discussion, which deals with the general tax principles applicable to the 2014 Plan. The following discussion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Foreign, state and local tax laws, and employment, estate and gift tax considerations are not discussed due to the fact that they may vary depending on individual circumstances and from locality to locality.

Stock Options and Stock Appreciation Rights. A 2014 Plan participant generally will not recognize taxable income and we generally will not be entitled to a tax deduction upon the grant of a stock option or SAR. The tax consequences of exercising a stock option and the subsequent disposition of the shares received upon exercise will depend upon whether the option qualifies as an ISO as defined in Section 422 of the Code. The 2014 Plan permits the grant of options that are intended to qualify as ISOs as well as options that are not intended to so qualify; however, ISOs generally may be granted only to our employees and employees of our parent or subsidiary corporations, if any. Upon exercising an option that does not qualify as an ISO when the fair market value of our stock is higher than the exercise price of the option, a 2014 Plan participant generally will recognize taxable income at ordinary income tax rates equal to the excess of the fair market value of the stock on the date of exercise over the purchase price, and we (or our subsidiaries, if any) generally will be entitled to a corresponding tax deduction for compensation expense, in the amount equal to the amount by which the fair market value of the shares purchased exceeds the purchase price for the shares. Upon a subsequent sale or other disposition of the option shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant s

tax basis in the shares.

Upon exercising an ISO, a 2014 Plan participant generally will not recognize taxable income, and we will not be entitled to a tax deduction for compensation expense. However, upon exercise, the amount by which the

fair market value of the shares purchased exceeds the purchase price will be an item of adjustment for alternative minimum tax purposes. The participant will recognize taxable income upon a sale or other taxable disposition of the option shares. For federal income tax purposes, dispositions are divided into two categories: qualifying and disqualifying. A qualifying disposition generally occurs if the sale or other disposition is made more than two years after the date the option was granted and more than one year after the date the shares are transferred upon exercise. If the sale or disposition occurs before these two periods are satisfied, then a disqualifying disposition generally will result.

Upon a qualifying disposition of ISO shares, the participant will recognize long-term capital gain in an amount equal to the excess of the amount realized upon the sale or other disposition of the shares over their purchase price. If there is a disqualifying disposition of the shares, then the excess of the fair market value of the shares on the exercise date (or, if less, the price at which the shares are sold) over their purchase price will be taxable as ordinary income to the participant. If there is a disqualifying disposition in the same year of exercise, it eliminates the item of adjustment for alternative minimum tax purposes. Any additional gain or loss recognized upon the disposition will be recognized as a capital gain or loss by the participant.

We will not be entitled to any tax deduction if the participant makes a qualifying disposition of ISO shares. If the participant makes a disqualifying disposition of the shares, we should be entitled to a tax deduction for compensation expense in the amount of the ordinary income recognized by the participant.

Upon exercising or settling a SAR, a 2014 Plan participant will recognize taxable income at ordinary income tax rates, and we should be entitled to a corresponding tax deduction for compensation expense, in the amount paid or value of the shares issued upon exercise or settlement. Payments in shares will be valued at the fair market value of the shares at the time of the payment, and upon the subsequent disposition of the shares the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant s tax basis in the shares.

Restricted Stock and Restricted Stock Units. A 2014 Plan participant generally will not recognize taxable income at ordinary income tax rates and we generally will not be entitled to a tax deduction upon the grant of restricted stock or restricted stock units. Upon the termination of restrictions on restricted stock or the payment of restricted stock units, the participant will recognize taxable income at ordinary income tax rates, and we should be entitled to a corresponding tax deduction for compensation expense, in the amount paid to the participant or the amount by which the then fair market value of the shares received by the participant exceeds the amount, if any, paid for them. Upon the subsequent disposition of any shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant s tax basis in the shares. However, a 2014 Plan participant granted restricted stock that is subject to forfeiture or repurchase through a vesting schedule such that it is subject to a risk of forfeiture (as defined in Section 83 of the Code) may make an election under Section 83(b) of the Code to recognize taxable income at ordinary income tax rates, at the time of the grant, in an amount equal to the fair market value of the shares of common stock on the date of grant, less the amount paid, if any, for such shares. We will be entitled to a corresponding tax deduction for compensation, in the amount recognized as taxable income by the participant. If a timely Section 83(b) election is made, the participant will not recognize any additional ordinary income on the termination of restrictions on restricted stock, and we will not be entitled to any additional tax deduction.

Dividend Equivalents, Stock Payment Awards and Cash-Based Awards. A 2014 Plan participant will not recognize taxable income and we will not be entitled to a tax deduction upon the grant of dividend equivalents, stock payment awards or cash-based awards until cash or shares are paid or distributed to the participant. At that time, any cash payments or the fair market value of shares that the participant receives will be taxable to the participant at ordinary

income tax rates and we should be entitled to a corresponding tax deduction for compensation expense. Payments in shares will be valued at the fair market value of the shares at the time of the payment, and upon the subsequent disposition of the shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant s tax basis in the shares.

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Section 409A of the Code. Certain types of awards under the 2014 Plan may constitute, or provide for, a deferral of compensation under Section 409A. Unless certain requirements set forth in Section 409A are complied with, holders of such awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% federal income tax (and, potentially, certain interest penalties). To the extent applicable, we intend to structure awards granted under the 2014 Plan to comply with Section 409A and the Department of Treasury regulations and other interpretive guidance that may be issued pursuant to Section 409A.

Section 162(m) Limitation. In general, under Section 162(m) of the Code, income tax deductions of publicly held corporations may be limited to the extent total compensation (including base salary, annual bonus, stock option exercises and non-qualified benefits paid) for certain executive officers exceeds $1 million (less the amount of any excess parachute payments as defined in Section 280G of the Code) in any one year. However, under Section 162(m), the deduction limit does not apply to certain performance-based compensation if an independent compensation committee determines performance goals and if the material terms of the performance-based compensation are disclosed to and approved by our stockholders. In particular, stock options and SARs will satisfy the performance-based compensation exception if the awards are made by a qualifying compensation committee, the plan sets the maximum number of shares that can be granted to any person within a specified period and the compensation is based solely on an increase in the stock price after the grant date. Specifically, the option exercise price must be equal to or greater than the fair market value of the stock subject to the award on the grant date. The 2014 Plan has been structured with the intent that certain awards granted under the 2014 Plan may, in the discretion of the compensation committee, be structured so as to qualify for the qualified performance-based compensation exception to the $1 million annual deductibility limit of Section 162(m) of the Code. However, awards granted under the 2014 Plan will be treated as qualified performance-based compensation under Section 162(m) of the Code only if the awards and the procedures associated with them comply with all requirements of Section 162(m) of the Code. There can be no assurance that compensation attributable to awards granted under the 2014 Plan will be treated as qualified performance-based compensation under Section 162(m) of the Code and thus be deductible to us.

New Plan Benefits

Awards are subject to the discretion of the administrator and no determinations have been made by the administrator as to any awards that may be granted pursuant to the 2014 Plan. Therefore, it is not possible to determine the benefits that will be received in the future by participants in the 2014 Plan or the benefits that would have been received by such participants if the 2014 Plan had been in effect in the year ended December 31, 2013.

Vote Required; Recommendation of the Board of Directors

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting will be required to approve the 2014 Plan.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE TO APPROVE THE IGNYTA, INC. 2014 INCENTIVE AWARD PLAN.

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SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2014, by (i) each person who, to our knowledge, owns more than 5% of our common stock, (ii) each of our current directors and the named executive officers identified under the heading Executive Compensation, (iii) certain of our other executive officers that may be named executive officers for the fiscal year ending December 31, 2014, and (iv) all of those directors and executive officers as a group. We have determined beneficial ownership in accordance with applicable rules of the SEC, and the information reflected in the table below is not necessarily indicative of beneficial ownership for any other purpose. Under applicable SEC rules, beneficial ownership includes any shares of common stock as to which a person has sole or shared voting power or investment power and any shares of common stock which the person has the right to acquire within 60 days after March 31, 2014 through the exercise of any option, warrant or right or through the conversion of any convertible security. Unless otherwise indicated in the footnotes to the table below and subject to community property laws where applicable, we believe, based on the information furnished to us, that each of the persons named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned.

The information set forth in the table below is based on 19,575,144 shares of our common stock issued and outstanding on March 31, 2014. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options, warrants, rights or other convertible securities held by that person that are currently exercisable or will be exercisable within 60 days after March 31, 2014. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Except as otherwise noted, the address for each person listed in the table below is c/o Ignyta, Inc., 11095 Flintkote Avenue, Suite D, San Diego, California 92121.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned
5% Stockholders:		
City Hill Venture Partners I, LLC[1]	3,316,668	16.94%
Millennium Management LLC(2) [2]	1,232,895	6.30%
Directors and Executive Officers:		
Jonathan E. Lim, M.D.[3]	3,327,779	16.99%
Zachary Hornby[4]	50,972	*
Sara Zaknoen, M.D.	0	*
Matthew W. Onaitis	0	*
James Bristol, Ph.D.	16,667	*
Alexander Casdin[5]	105,369	*
Heinrich Dreismann, Ph.D.[6]	7,406	*
James Freddo, M.D.[7]	6,666	*
All Current Directors and Executive Officers as a Group (eight persons)[8]	3,514,859	17.91%

(1) Dr. Jonathan E. Lim, our President, Chief Executive Officer and Chairman of our board of directors, is the Manager of City Hill Ventures, LLC, which is the Manager of City Hill Ventures Partners I, LLC, and as such he and City Hill Ventures, LLC have the power to vote or dispose of the securities held of record by City Hill Ventures Partners I, LLC and may be deemed to beneficially own those securities. Dr. Lim disclaims beneficial ownership of the securities held of record by the City Hill Venture Partners I, LLC except to the extent of his pecuniary interest therein. The address of City Hill Ventures Partners I, LLC is 11575 Sorrento Valley Road, Suite 200, San Diego, California 92121.

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(2) Based on information disclosed in the Schedule 13G filed with the SEC on March 20, 2014. Integrated Core Strategies (US) LLC, a Delaware limited liability company (Integrated Core Strategies), beneficially owns 995,000 shares and ICS Opportunities, Ltd., an exempted limited company organized under the laws of the Cayman Islands (ICS Opportunities), beneficially owns 237,895 shares. Millennium International Management LP, a Delaware limited partnership (Millennium International Management), is the investment manager to ICS Opportunities and may be deemed to have shared voting control and investment discretion over securities owned by ICS Opportunities. Millennium International Management GP LLC, a Delaware limited liability company (Millennium International Management GP), is the general partner of Millennium International Management and may also be deemed to have shared voting control and investment discretion over securities owned by ICS Opportunities. Millennium Management LLC, a Delaware limited liability company (Millennium Management), is the general partner of the managing member of Integrated Core Strategies, and may be deemed to have shared voting control and investment discretion over securities owned by Integrated Core Strategies. Millennium Management is also the general partner of the 100% shareholder of ICS Opportunities and may be deemed to have shared voting control and investment discretion over securities owned by ICS Opportunities. Israel A. Englander is the managing member of Millennium Management and Millennium International Management GP and consequently may also be deemed to have shared voting control and investment discretion over securities owned by Integrated Core Strategies and ICS Opportunities. The address of Millennium Management LLC is 666 Fifth Avenue, New York, New York 10103.

(3) Represents (a) 3,316,668 shares of our common stock held by City Hill Venture Partners I, LLC, with respect to which Dr. Lim has sole voting and investment control, and (b) 11,111 shares underlying options held by Dr. Lim and exercisable within 60 days following March 31, 2014.

(4) Includes 19,305 shares underlying options held by Mr. Hornby and exercisable within 60 days following March 31, 2014.

(5) Includes 5,369 shares underlying options held by Mr. Casdin and exercisable within 60 days following March 31, 2014.

(6) Represents 7,406 shares underlying options held by Dr. Dreismann and exercisable within 60 days following March 31, 2014.

(7) Represents 6,666 shares underlying options held by Dr. Freddo and exercisable within 60 days following March 31, 2014.

(8) Includes 49,857 shares underlying options exercisable within 60 days following March 31, 2014.

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EXECUTIVE COMPENSATION AND OTHER INFORMATION

Our Executive Officers

The table below sets forth the name, age and position of each of our executive officers and certain other non-executive officer members of our scientific and drug development team as of March 31, 2014.

Name	Age	Position
Executive Officers:		
Jonathan E. Lim, M.D.	42	President, Chief Executive Officer and Chairman of the Board
Zachary Hornby	35	Chief Financial Officer, and Vice President, Corporate Development
Sara Zaknoen, M.D.	55	Former Chief Medical Officer
Matthew W. Onaitis	43	General Counsel and Secretary
Non-Executive Officer Management Team:		
Jean-Michel Vernier, Ph.D.	52	Vice President, Medicinal Chemistry
Anthony P. Shuber	55	Vice President and Chief Technology Officer

Business Experience

The following is a brief account of the education and business experience of our current executive officers:

The biography of Jonathan E. Lim, M.D. can be found under Proposal 1 Election of Directors.

Zachary Hornby. Mr. Hornby joined Ignyta Operating in August 2012 as Vice President, Corporate Development and was appointed as its Chief Financial Officer in August 2013, and has continued in those roles with Ignyta since the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary. Prior to joining Ignyta Operating, Mr. Hornby served as senior director of business development at Fate Therapeutics, a public biopharmaceutical stem cell discovery and development company, from August 2010 to August 2012. Prior to Fate Therapeutics, Mr. Hornby was director of business development at Halozyme Therapeutics, a public biotechnology company, from January 2008 to August 2010. Prior to Halozyme Therapeutics, Mr. Hornby was senior product manager at Neurocrine Biosciences, a public biopharmaceutical company, from June 2006 to January 2008. Prior to Neurocrine Biosciences, Mr. Hornby served as a life sciences consultant at L.E.K. Consulting and in regulatory affairs and business development roles at Transkaryotic Therapies (acquired by Shire Pharmaceuticals in 2005), an orphan drug discovery and development company. Mr. Hornby is a director of Independa, Inc. Mr. Hornby holds B.S. and M.S. degrees in biology from Stanford University and an M.B.A. from Harvard Business School.

Sara Zaknoen, M.D. Dr. Zaknoen joined Ignyta on February 19, 2014. Prior to joining Ignyta, Dr. Zaknoen was Chief Medical Officer of Polynoma LLC from May 2012 to January 2014. From January 2007 until February 2012, Dr. Zaknoen served as the Chief Medical Officer of Tragara Pharmaceuticals, Inc. Prior to Tragara, Dr. Zaknoen was the Chief Medical Officer of Cabrellis Pharmaceuticals Corporation from September 2006 to December 2006, contributing to the sale of Cabrellis to Pharmion Corporation in November 2006. Dr. Zaknoen served as Executive Director of Phase 2/3 Clinical Oncology Research of Novartis Pharmaceuticals Corp. from September 2002 to September 2006, and she served as Director of Clinical Oncology Research of Schering-Plough Research Institute from April 1998 to September 2002. Dr. Zaknoen s prior positions also include Assistant Professor of Medicine at the

University of Cincinnati Medical Center; Director of Experimental Therapeutics at the Western Pennsylvania Hospital, Western Pennsylvania Cancer Institute; Medical Staff Fellow at the National Cancer Institute; and internship, residency and fellowship in hematology/oncology at the

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University of Minnesota. Dr. Zaknoen holds a B.S. in Chemistry and Biology from Valparaiso University and an M.D. degree from the Indiana University School of Medicine.

Dr. Zaknoen s employment with Ignyta terminated on April 28, 2014.

Matthew W. Onaitis. Mr. Onaitis joined Ignyta on February 3, 2014. Prior to joining Ignyta, Mr. Onaitis was General Counsel of Trius Therapeutics, Inc. from May 2013 through its acquisition by Cubist Pharmaceuticals, Inc. in September 2013. Mr. Onaitis remained with Cubist assisting with the integration through December 2013. Mr. Onaitis was Senior Vice President, General Counsel and Secretary at Somaxon Pharmaceuticals, Inc. from May 2006 through Somaxon s acquisition by Pernix Therapeutics Holdings, Inc. in March 2013. Prior to Somaxon, Mr. Onaitis served as Associate General Counsel at Biogen Idec Inc., as Director, Legal Affairs at Elan Corporation plc, and in private practice specializing in corporate and commercial law. Mr. Onaitis is a director of SNP Bio, Inc. Mr. Onaitis holds a J.D. from Stanford Law School and a B.S. in mechanical engineering from Carnegie Mellon University.

The following is a brief account of the education and business experience of the current non-executive officer members of our scientific and drug development team, who hold their respective positions with Ignyta Operating:

Jean-Michel Vernier, Ph.D. Dr. Vernier joined Ignyta Operating in June 2013 as Vice President, Medicinal Chemistry, after Ignyta Operating acquired Actagene, a discovery stage precision medicine company for which he was serving as a consultant holding the position of Vice President, Chemistry at the time of the acquisition. Prior to joining Actagene, Dr. Vernier served as Head of Chemistry of Ruga Corporation, a private oncology biopharmaceutical company, from February 2012 until April 2013. Prior to Ruga, Dr. Vernier was a Co-Founder and Vice President of Chemistry at Selexagen Therapeutics, a private cancer therapeutics company, from October 2010 until January 2012. Prior to co-founding Selexagen Therapeutics, Dr. Vernier served as Vice President of Discovery Chemistry at Ardea Biosciences, a private biotechnology small-molecule therapeutics company, from 2007 until 2010. Dr. Vernier has also led chemistry at Valeant Pharmaceuticals, Merck Research Laboratories and SIBIA Neurosciences. Dr. Vernier received a Ph.D. in synthetic organic chemistry from the University Louis Pasteur, Strasbourg, France and was a postdoctoral fellow at Colorado State University.

Anthony P. Shuber. Mr. Shuber joined Ignyta Operating as Vice President, Chief Technology Officer in March 2014. Prior to joining us, Mr. Shuber was a Co-Founder of Predictive Biosciences, Inc. and served as its Chief Technology Officer. Mr. Shuber served as Exact Sciences Corp. s Executive Vice President and Chief Technology Officer from January 2003 to March 10, 2006 and also as its Senior Vice President since April 2001. He also served as Exact Sciences Vice President of Molecular Biology from January 1998 to April 2001. From October 1993 to June 1996, Mr. Shuber served as Senior Scientist and Manager of the Technical Development Laboratory for Genzyme Corporation. From 1983 to 1989, Mr. Shuber served as a Research Scientist at Genetics Institute. Mr. Shuber holds a B.S. and M.S. degree in Biology from Marquette University.

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Summary of Executive Compensation

Summary Compensation Table

The following table summarizes the compensation earned in each of our fiscal years ended December 31, 2013 and 2012 by our named executive officers, which consisted of (i) our principal executive officer, and (ii) our next most highly compensated executive officer other than our principal executive officer who was serving as an executive officer as of December 31, 2013 and whose total compensation exceeded $100,000 during the year ended December 31, 2013 (of which there was one). The following table includes compensation earned by the parties named therein for services performed for Ignyta Operating prior to that entity becoming our wholly-owned subsidiary upon the completion of our merger on October 31, 2013, as well as compensation earned by such parties upon their appointment as executive officers of Ignyta upon the closing of the merger. The following table does not include compensation information for the individuals who served as Ignyta s executive officers prior to the completion of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary, as all such individuals tendered their resignations from all such positions with us in connection with and effective as of the closing of such merger and no compensation was earned by or paid to any such individuals for their services as officers of Ignyta.

Summary Compensation Table

Name and Principal Position	Year ended December 31,	Salary ($)	Bonus ($)[3]	Stock Awards ($)	Option Awards ($)[4]	All other Compensation ($)	Total ($)
Jonathan E. Lim, M.D.	2013	250,000	187,500		1,359,378		1,796,878
President and Chief Executive Officer[1]	2012	50,000					50,000
Zachary Hornby	2013	200,000	105,000		873,497		1,178,497
Chief Financial Officer and Vice President, Corporate Development[2]	2012	72,923			6,523		79,446

(1) Dr. Lim co-founded Ignyta Operating in August 2011, but did not become an employee of Ignyta Operating and did not begin earning compensation for the services he performed for Ignyta Operating, as an employee or otherwise, until July 1, 2012. During the period from July 1, 2012 through December 31, 2012, Dr. Lim s annual base salary for his service as an employee of Ignyta Operating was $100,000, of which he earned a pro-rated amount in 2012 as reflected in the table above based on the term of his service as an employee of Ignyta Operating during that fiscal year. Effective as of January 1, 2013, Dr. Lim s annual base salary was increased to $250,000. Effective as of January 1, 2014, Dr. Lim s annual base salary was increased to $410,000.

(2) Mr. Hornby commenced employment with Ignyta Operating in August 2012 as its Vice President, Corporate Development with an annual base salary of $180,000, of which he earned a pro-rated amount in 2012 as reflected in the table above based on the term of his service as an employee of Ignyta Operating during that fiscal year. Effective as of January 1, 2013, Mr. Hornby s annual base salary was increased to $200,000. Effective as of January 1, 2014, Mr. Hornby s annual base salary was increased to $275,000.

(3)

All such amounts were paid in 2014 as discretionary bonuses based on performance during the fiscal year ended December 31, 2013, in amounts equal to 75% and 52.5%, respectively, of Dr. Lim s and Mr. Hornby s respective annual base salaries in effect during that fiscal year.

(4) Amounts represent the grant date fair value of the option awards granted during the fiscal years presented, determined in accordance with FASB ASC Topic 718. All awards are amortized over the vesting life of the award. For information on the valuation assumptions with respect to certain of the option grants reflected in this table, refer to footnotes 1 and 7 in our financial statements for the fiscal year ended December 31, 2013.

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Narrative Disclosure to Summary Compensation Table

No Employment Agreements; At Will Employees

We do not, and neither we nor Ignyta Operating has in the past had, formal employment agreements with our named executive officers or any of our other employees, who all serve as at will employees. Neither Dr. Lim nor Mr. Hornby has a formal employment agreement with us, and neither will have such a formal employment agreement unless and until our board of directors, or a committee thereof, and the applicable executive officer approve the terms of any such agreement.

As a result, the amount of each of our executive officer s annual base salary, cash or other bonus compensation, equity compensation or any other form of compensation he may receive may be modified at any time at the discretion of our board of directors.

2014 Executive Officer Compensation Arrangements

On December 16, 2013, the independent members of our board of directors approved the compensation arrangements set forth below for Dr. Lim and Mr. Hornby, our two named executive officers, which became effective as of January 1, 2014 and, as a result, are not reflected in the Summary Compensation Table above.

	Annual Base Salary	Annual Cash Bonus Target[(2)]
Jonathan E. Lim, M.D. *President and Chief Executive Officer*[(1)]	$ 410,000	50%
Zachary Hornby *Chief Financial Officer and Vice President, Corporate Development*[(1)]	$ 275,000	35%

(1) In addition to cash compensation, each of our executive officers will be eligible to receive grants of equity awards under the 2014 Plan, if approved by our stockholders, or any other equity compensation plan our board of directors and stockholders may approve and adopt in the future, subject to the discretion of our board of directors. In the event of a grant of any such equity award, the type of award, amount of shares subject to the award, vesting schedule and all other terms thereof will be subject to the discretion and approval of our board of directors. The amount of each of our executive officer s annual base salary, cash or other bonus compensation, equity compensation or any other form of compensation he may receive may be modified at any time at the discretion of our board of directors.

(2) Expressed as a percentage of the applicable executive officer s annual base salary. The amount represents a target cash bonus amount, eligibility for all or a portion of which will be subject to (i) the applicable executive officer s achievement of a minimum of 60% of specified performance objectives, determined annually by the independent members of our board of directors, and (ii) the discretion of the independent members of our board of directors to approve bonus amounts that are higher or lower than the stated target.

On February 3, 2014, Matthew Onaitis was appointed as our General Counsel and Secretary. Mr. Onaitis annual base salary is $300,000, and he is eligible to participate in cash or other bonus plans at the discretion and upon the approval of our board of directors. Mr. Onaitis will also be eligible to receive grants of equity awards under the 2014 Plan, if approved by our stockholders, or any other equity compensation plan our board of directors and stockholders may

approve and adopt in the future, at the discretion of our board of directors. On February 28, 2014, in connection with his appointment, our board of directors granted to Mr. Onaitis a stock option award to purchase 200,000 shares of our common stock under the Ignyta Plan at an exercise price equal to the fair market value of our common stock on the grant date. The options will vest on our standard four-year vesting schedule, with 25% of the total number of shares subject to the award vesting on the one year anniversary of the vesting commencement date and 1/48th of the total number of shares subject to the award vesting on each monthly anniversary thereafter, subject to Mr. Onaitis continued employment with us on each vesting date. As with our other employees, Mr. Onaitis does not have a formal employment agreement with us, and will not have

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such an agreement unless and until our board of directors, or a committee thereof, and Mr. Onaitis approve the terms of any such agreement. As a result, the amount of Mr. Onaitis annual base salary, cash or other bonus compensation, equity compensation or any other form of compensation he may receive may be modified at any time at the discretion of our board of directors.

On February 19, 2014, Sara Zaknoen, M.D. was appointed as our Chief Medical Officer. Dr. Zaknoen s annual base salary is $350,000, and she is eligible to participate in cash or other bonus plans at the discretion and upon the approval of our board of directors. Dr. Zaknoen will also be eligible to receive grants of equity awards under the 2014 Plan, if approved by our stockholders, or any other equity compensation plan our board of directors and stockholders may approve and adopt in the future, at the discretion of our board of directors. On February 28, 2014, in connection with her appointment, our board of directors granted to Dr. Zaknoen a stock option award to purchase 200,000 shares of our common stock under the Ignyta Plan at an exercise price equal to the fair market value of our common stock on the grant date. The options will vest on Ignyta s standard four-year vesting schedule, with 25% of the total number of shares subject to the award vesting on the one year anniversary of the vesting commencement date and 1/48th of the total number of shares subject to the award vesting on each monthly anniversary thereafter, subject to Dr. Zaknoen s continued employment with us on each vesting date. As with our other employees, Dr. Zaknoen does not have a formal employment agreement with us, and will not have such an agreement unless and until our board of directors, or a committee thereof, and Dr. Zaknoen approve the terms of any such agreement. As a result, the amount of Dr. Zaknoen s annual base salary, cash or other bonus compensation, equity compensation or any other form of compensation she may receive may be modified at any time at the discretion of our board of directors.

Dr. Zaknoen s employment with Ignyta terminated on April 28, 2014. She is entitled to severance benefits as set forth in our Severance and Change in Control Severance Plan.

Other Elements of Compensation

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not provide our named executive officers with any perquisites or other personal benefits.

No Tax Gross-Ups

We do not make gross-up payments to cover our named executive officers personal income taxes that may pertain to any of the compensation paid or provided by our company.

Change in Control Benefits

Our named executive officers may become entitled to certain benefits or enhanced benefits in connection with a change in control of our company, as described below under Potential Payments upon Termination or Change in Control Severance and Change in Control Severance Plan.

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Outstanding Equity Awards at Fiscal Year-End

The table below summarizes the aggregate stock and option awards held by our named executive officers as of December 31, 2013.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable[1]	Number of Securities Underlying Unexercised Options (#) Unexercisable[1]	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)[2]	Market Value of Shares of Units of Stock that have not Vested ($)
Jonathan E. Lim, M.D.	7,639[3]	25,694[3]	$ 0.60	2/14/2023		
President and Chief Executive Officer		400,000[4]	$ 6.00	12/16/2023		
Zachary Hornby	6,667[5]	13,333[5]	$ 0.57	12/10/2022		
Chief Financial Officer and Vice President, Corporate Development	1,527[3]	5,139[3]	$ 0.60	2/14/2023		
	3,125[6]	46,875[6]	$ 1.02	9/9/2023		
		250,000[4]	$ 6.00	12/16/2023		
					16,667[7]	116,669[7]

(1) All option awards with a grant date before October 31, 2013 were initially granted by Ignyta Operating as compensation for services performed for Ignyta Operating, and were assumed by us upon the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary.

(2) All stock awards were issued as compensation for services performed for Actagene prior to its merger with and into Ignyta Operating in May 2013. All such restricted stock awards were assumed by Ignyta Operating upon the closing of its merger with Actagene and were assumed by us upon the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary.

(3) The option award has a grant date of February 14, 2013 and vests pursuant to the following schedule: 1/48th of the shares subject to the award vested on February 14, 2013, and 1/48th of the shares subject to the award vest on each monthly anniversary thereafter.

(4) The option award has a grant date of December 16, 2013 and vests pursuant to the following schedule: 25% of the shares subject to the award vest on December 2, 2014, and 1/36th of the remaining shares subject to the award vest on each monthly anniversary thereafter.

(5) The option award has a grant date of December 10, 2012 and vests pursuant to the following schedule: 25% of the shares subject to the award vested on August 6, 2013, and 1/36th of the remaining shares subject to the award vest on each monthly anniversary thereafter.

(6) The option award has a grant date of September 9, 2013 and vests pursuant to the following schedule: 1/48th of the shares subject to the award vested on of October 9, 2013, and 1/48th of the shares subject to the award vest on

each monthly anniversary thereafter.

(7) The restricted stock award has a grant date of February 28, 2013 and vests pursuant to the following schedule: 1/3 of the shares subject to the award vested on February 28, 2014, and 1/24th of the remaining shares subject to the award vest on each monthly anniversary thereafter. The market value of the restricted stock award has been determined by multiplying the number of shares subject to the restricted stock award by the closing market price of our common stock on December 31, 2013 of $7.00, as reported by the OTCQB.

Potential Payments upon Termination or Change in Control

Except as described below, neither Ignyta nor Ignyta Operating has, and neither such entity had immediately prior to the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary, any agreements, plans or arrangements that provide for payments or benefits to their respective named executive officers in connection with the resignation, retirement or other termination of a named executive officer, a change in control of the applicable entity, or a change in a named executive officer s responsibilities following a change in control of the applicable entity.

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The Ignyta Plan provides that the administrator thereof has the authority to provide for the full or partial automatic vesting and exercisability of outstanding unvested awards under the Ignyta Plan in connection with certain corporate events and change in control transactions. The named executive officer of Ignyta Operating for its fiscal year ended December 31, 2012, and the executive officers of Ignyta as of immediately following the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary, hold outstanding option awards granted under the Ignyta Plan. There was no acceleration of vesting or exercisability for any outstanding options under the Ignyta Plan in connection with (i) the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary, (ii) our November 2013 private placements of common stock or (iii) any other corporate event or change in control transaction of Ignyta or Ignyta Operating.

Severance and Change in Control Severance Plan

On December 16, 2013, our board of directors approved and adopted the Ignyta, Inc. 2013 Severance and Change in Control Severance Plan, or the Severance Plan, for the benefit of certain employees of our company or any of our parents or subsidiaries as designated by our board of directors, each, a Covered Employee. Our board of directors adopted the Severance Plan to provide assurances of specified severance benefits to Covered Employees whose employment is subject to involuntarily termination by us other than for Cause (as defined in the Severance Plan) under the circumstances described in the Severance Plan, including, but not limited to, following a Change in Control (as defined in the Severance Plan). The severance benefits each Covered Employee could become entitled to receive under the Severance Plan are determined pursuant to each Covered Employee s classification as a Tier 1 Covered Employee, Tier 2 Covered Employee or Tier 3 Covered Employee. Covered Employees are classified as follows:

Tier 1 Covered Employee means our Chief Executive Officer, which currently consists of Jonathan E. Lim, M.D., our President and Chief Executive Officer.

Tier 2 Covered Employee means a C-level employee of our company who has been designated by our board of directors as eligible to participate in the Severance Plan. This category currently includes Zachary Hornby, our Chief Financial Officer, Matthew Onaitis, our General Counsel and Secretary and Sara Zaknoen, M.D., our Chief Medical Officer.

Tier 3 Covered Employee means a Vice President-level employee of our company who has been designated by our board of directors as eligible to participate in the Severance Plan. This category currently includes Jean-Michel Vernier, our Vice President, Medicinal Chemistry, and Anthony P. Shuber, our Vice President, Chief Technology Officer.

Pursuant to the Severance Plan, if, at any time before or after the 12-month period beginning on the date of a Change in Control, we (or any of our parents or subsidiaries) terminate a Covered Employee s employment other than for Cause (and other than due to death or Disability (as defined in the Severance Plan)), then the Covered Employee will be entitled to receive the following severance benefits, subject to his or her execution of a release of claims and compliance with certain restrictive covenants, including with respect to non-solicitation and non-disparagement:

Continued payment of Base Pay (as defined in the Severance Plan) for 12 months, nine months or six months following termination in the case of a Tier 1, Tier 2 or Tier 3 Covered Employee, respectively; and

Company-paid COBRA coverage for 12 months, nine months or six months following termination in the case of a Tier 1, Tier 2 or Tier 3 Covered Employee, respectively.

Pursuant to the Severance Plan, if, at any time on or within the 12 month period following a Change in Control, we (or any of our parents or subsidiaries) terminate a Covered Employee s employment other than for Cause (and other than due to death or Disability), then the Covered Employee will be entitled to receive the

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following severance benefits, subject to his or her execution of a release of claims and compliance with certain restrictive covenants, including with respect to non-solicitation and non-disparagement:

The following aggregate cash amount paid in installments over the following time period:

In the case of a Tier 1 Covered Employee, the sum of 1.5 times annualized Base Pay and 1.5 times Target Bonus (each as defined in the Severance Plan) paid in equal installments over the 18-month period following termination;

In the case of a Tier 2 Covered Employee, the sum of 1.0 times annualized Base Pay and 1.0 times Target Bonus paid in equal installments over the 12-month period following termination; or

In the case of a Tier 3 Covered Employee, the sum of 0.75 times annualized Base Pay and 0.75 times Target Bonus paid in equal installments over the nine-month period following termination.

Company-paid COBRA coverage for 18 months, 12 months or nine months following termination in the case of a Tier 1, Tier 2 or Tier 3 Covered Employee, respectively.

100% accelerated vesting of the Covered Employee s Equity Compensation Awards (as defined in the Severance Plan).

The severance benefits prescribed by the Severance Plan are subject to a Section 280G better-off cutback provision, which provides that, in the event that the benefits provided to the Covered Employee pursuant to the Severance Plan or otherwise constitute parachute payments with the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, or the Code, the Covered Employee s severance benefits under the Severance Plan will either be delivered in full or reduced to the extent necessary to avoid an excise tax under Section 4999 of the Code, whichever would result in the Covered Employee receiving the largest amount of severance benefits on an after-tax basis.

The Severance Plan has an initial term of three years commencing on December 16, 2013 and will automatically terminate on the third anniversary thereof unless otherwise extended by our board of directors.

Equity Compensation Plan Information

The following table summarizes securities available under our equity compensation plans as of December 31, 2013 (in thousands, except per share data).

	Number of securities to be issued upon exercise of	Weighted average exercise price of outstanding	Number of securities available for future issuance under

	outstanding options, warrants and rights		options, warrants and rights	equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders:				
Amended and Restated 2011 Stock Incentive Plan (1)	712,652	$	0.71	
Equity compensation plans not approved by security holders:				
Amended and Restated 2011 Stock Incentive Plan (1) (2)	420,501	$	6.00	1,567,209

(1) The material features of the Amended and Restated 2011 Stock Incentive Plan are described in footnote 7 to our financial statements for the fiscal year ended December 31, 2013.

(2) On December 16, 2013, our board of directors approved an amendment to the Amended and Restated 2011 Stock Incentive Plan to increase the total number of shares of our common stock available for issuance thereunder from 712,652 shares to 2,712,652 shares. That amendment became effective on December 16, 2013 upon the approval thereof by our board of directors; however, our stockholders did not approve such increase to the share reserve. The material features of our Amended and Restated 2011 Stock Incentive Plan are summarized below.

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Policies Regarding Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code restricts the ability of publicly held companies to take a federal income tax deduction for compensation paid to certain of their executive officers to the extent that compensation exceeds $1.0 million per covered officer in any fiscal year. However, this limitation does not apply to compensation that is qualified performance-based compensation under Section 162(m) of the Internal Revenue Code.

While we consider the tax deductibility of each element of executive compensation as a factor in our overall compensation program, the compensation committee, however, retains the discretion to approve compensation that may not qualify for the compensation deduction if, in light of all applicable circumstances, it would be in our best interest for such compensation to be paid without regard to whether it may be tax deductible.

Compensation Committee Interlocks and Insider Participation

We did not have a compensation committee until February 28, 2014. On that date, Dr. Bristol, Mr. Casdin and Dr. Dreismann were appointed to our compensation committee. None of the members of our compensation committee has ever been one of our officers or employees. None of our executive officers currently serves, or has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Except as described below and except for compensation for employment or services provided in other roles, since our inception in August 2012 and Ignyta Operating s inception in August 2011, there has not been, nor is there currently proposed, any transaction to which we are or were a party in which the amount involved exceeds the lesser of $120,000 and 1% of the average of our total assets at year-end for the last two completed fiscal years, and in which any of our current directors, executive officers, holders of more than 5% of any class of our voting securities or any of their respective affiliates or immediate family members, had, or will have, a direct or indirect material interest.

We also describe below certain other transactions with our directors, executive officers and stockholders. Pursuant to the written charter of our audit committee, the audit committee is responsible for reviewing and approving all transactions in which we are a participant and in which any parties related to us, including our executive officers, our directors, beneficial owners of more than 5% of our securities, immediate family members of the foregoing persons and any other persons whom our board of directors determines may be considered related parties under Item 404 of Regulation S-K, has or will have a direct or indirect material interest. All of the transactions described in this section occurred prior to the adoption of the audit committee charter

Ignyta

On November 6, 2013, City Hill Venture Partners I, LLC, or City Hill, and Alexander Casdin, among other investors, purchased shares of the common stock of Ignyta in a private placement for a per share purchase price of $6.00, with City Hill purchasing 333,334 shares for an aggregate purchase price of $2,000,004, and Mr. Casdin purchasing 50,000 shares for an aggregate purchase price of $300,000. Jonathan E. Lim, the current President, Chief Executive Officer and Chairman of the Board of Ignyta and Ignyta Operating, is the Manager of City Hill Ventures, LLC, which is the Manager of City Hill, and City Hill is a holder of more than 5% of the outstanding capital stock of Ignyta as of the date of this proxy statement. Mr. Casdin is currently a member of the board of directors of Ignyta.

Each of our directors and officers that was an investor in or held a director, officer or other position with Ignyta Operating prior to the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary, were issued shares of our common stock as consideration for the cancellation of their equity holdings in Ignyta Operating upon the closing of the merger. See the information under the heading Security Ownership of Certain Beneficial Owners and Management for information about each such party s current beneficial ownership in our common stock.

Ignyta Operating

On July 26, 2011 and March 21, 2012, City Hill purchased an aggregate of 833,334 shares of the series A preferred stock of Ignyta Operating, for a per share purchase price of $0.60 and an aggregate purchase price of $500,000. In addition, (i) on June 22, 2012, City Hill and Alexander Casdin, among other investors, purchased shares of the series B preferred stock of Ignyta Operating for a per share purchase price of $3.00, with City Hill purchasing 500,000 shares for an aggregate purchase price of $1,500,000, and Mr. Casdin purchasing 33,334 shares for an aggregate purchase price of $100,000, and (ii) on December 21, 2012, City Hill, Mr. Casdin and Zachary Hornby, among other investors, purchased shares of the series B preferred stock of Ignyta Operating for a per share purchase price of $3.00, with City Hill purchasing an additional 83,334 shares for an aggregate purchase price of $250,000, Mr. Casdin purchasing an additional 16,667 shares for an aggregate purchase price of $50,000, and Mr. Hornby purchasing 8,334 shares for an aggregate purchase price of $25,000. Jonathan E. Lim, the current President, Chief Executive Officer and Chairman of the Board of Ignyta and Ignyta Operating, is the Manager of City Hill Ventures, LLC, which is the Manager of City Hill, and City Hill was a holder of more than 5% of the outstanding capital stock of Ignyta Operating

prior to the closing of the October 31, 2013 merger in which Ignyta Operating became our wholly-owned subsidiary and is a holder of more than 5% of the

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outstanding capital stock of Ignyta as of the date of this proxy statement. Mr. Casdin is currently a member of the board of directors of Ignyta. Mr. Hornby currently serves as the Chief Financial Officer and Vice President, Corporate Development of Ignyta and in the same roles for Ignyta Operating.

On May 20, 2013, Ignyta Operating closed its acquisition of Actagene, by way of Actagene s merger with and into Ignyta Operating. As consideration for the cancellation of the shares of Actagene held by its stockholders upon the closing of that merger, Ignyta Operating issued to each such stockholder a number of shares of Ignyta Operating common stock based on a specified ratio. Jonathan E. Lim was a director, and City Hill was the controlling stockholder, of both Ignyta Operating and Actagene immediately prior to the closing of the merger. As a result of its equity ownership of Actagene, City Hill was issued an aggregate of 1,000,000 shares of Ignyta Operating common stock as consideration upon the closing of the merger. Pursuant to a valuation completed shortly following the merger with Actagene, Ignyta Operating s common stock had a fair market value of $1.02 per share as of the date of such valuation, resulting in an aggregate fair market value of approximately $1,020,000 for the shares of Ignyta Operating s common stock issued to City Hill (and thereby controlled by Dr. Lim) in connection with the merger with Actagene. Ignyta Operating has accounted for the merger with Actagene as a combination of entities under common control, and as a result the shares issued as merger consideration were valued for accounting purposes at $0.003 per share.

Registration Rights Agreement

In November 2013, we entered into a registration rights agreement with the investors that participated in private placements of our common stock. Pursuant to the terms of the registration rights agreement, on December 19, 2013 we filed with the SEC a registration statement to register for resale all of the 9,010,238 shares of our common stock issued in such private placements, which registration statement was subsequently declared effective by the SEC on February 11, 2014.

Indemnification of Officers and Directors

Our amended and restated articles of incorporation provide for indemnification of our directors and officers substantially identical in scope to that permitted under applicable Nevada law. Our amended and restated articles of incorporation also provide that the expenses of our directors and officers incurred in defending any applicable action, suit or proceeding must be paid by us as they are incurred and in advance of the final disposition of the action, suit or proceeding, provided that the required undertaking by the director or officer is delivered to us.

We have also entered into separate indemnification agreements with each of our current directors and executive officers consistent with Nevada law and in the form approved by our board of directors and our stockholders, and we contemplate entering into such indemnification agreements with directors and certain executive officers that may be elected or appointed in the future. Those indemnification agreements require that under the circumstances and to the extent provided for therein, we indemnify such persons to the fullest extent permitted by applicable law against certain expenses incurred by any such person as a result of such person being made a party to certain actions, suits and proceedings by reason of the fact that such person is or was a director, officer, employee or agent of our company, any entity that was a predecessor corporation of our company or any of our affiliates. The rights of each person who is a party to such an indemnification agreement are in addition to any other rights such person may have under applicable Nevada law, our amended and restated articles of incorporation, our bylaws, any other agreement, a vote of our stockholders, a resolution adopted by our board of directors or otherwise. We also maintain a customary insurance policy that indemnifies our directors and officers against various liabilities, including liabilities arising under the Securities Act, that may be incurred by any director or officer in his or her capacity as such.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16(a) of the Exchange Act, directors, executive officers and beneficial owners of 10% or more of our common stock, or reporting persons, are required to report to the SEC on a timely basis the initiation of their status as a reporting person and any changes with respect to their beneficial ownership of our common stock. Based solely on our review of copies of such forms that we have received, or written representations from reporting persons, we believe that during the fiscal year ended December 31, 2013, all executive officers, directors and greater than 10% stockholders complied with all applicable filing requirements.

STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be presented at our annual meeting of stockholders to be held in 2015 must be received by us no later than December 31, 2014, which is 120 days prior to the first anniversary of the expected mailing date of this proxy, in order to be included in our proxy statement and form of proxy relating to that meeting. These proposals must comply with the requirements as to form and substance established by the SEC for such proposals in order to be included in the proxy statement. If the Reincorporation Proposal is approved, proposals of stockholders intended to be presented at our annual meeting of stockholders to be held in 2015 must be received at our principal executive offices not less than 90 calendar days before nor more than 120 calendar days before the one year anniversary of the date of the preceding year s annual meeting. Therefore, for business to be properly brought before an annual meeting by a stockholder, such a proposal must be received by us no earlier than February 11, 2015 and no later than March 13, 2015. However, if the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, notice must be received not later than 90 days prior and not earlier than 120 days prior to such annual meeting or ten calendar days following the date on which public disclosure of the date of the meeting is first made. If the stockholder fails to give notice by these dates, then the persons named as proxies in the proxies solicited by the board of directors for the 2015 annual meeting may exercise discretionary voting power regarding any such proposal. Stockholders are advised to review our bylaws which also specify requirements as to the form and content of a stockholder s notice.

ANNUAL REPORT

Our annual report for the fiscal year ended December 31, 2013 will be mailed to stockholders of record on or about April 30, 2014. Our annual report does not constitute, and should not be considered, a part of this proxy solicitation material.

Any person who was a beneficial owner of our common stock on the record date may request a copy of our annual report, and it will be furnished without charge upon receipt of a written request identifying the person so requesting a report as a stockholder of our company at such date. Requests should be directed to Ignyta, Inc., 11095 Flintkote Avenue, Suite D, San Diego, California 92121, Attention: Corporate Secretary.

STOCKHOLDERS SHARING THE SAME ADDRESS

SEC rules permit companies, brokers, banks or other intermediaries to deliver a single copy of a proxy statement and annual report to households at which two or more stockholders reside. This practice, known as householding, is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources. Stockholders sharing an address who have been previously notified by their broker, bank or other intermediary and have consented to householding will receive only one copy of our proxy statement and annual report.

If you would like to opt out of this practice for future mailings and receive separate proxy statements and annual reports for each stockholder sharing the same address, please contact your broker, bank or other

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intermediary. You may also obtain a separate proxy statement or annual report without charge by contacting us at Ignyta, Inc., 11095 Flintkote Avenue, Suite D, San Diego, California 92121, Attention: Corporate Secretary; (858) 255-5959. We will promptly send additional copies of the proxy statement or annual report. Stockholders sharing an address that are receiving multiple copies of the proxy statement or annual report can request delivery of a single copy of the proxy statement or annual report by contacting their broker, bank or other intermediary or by contacting us as indicated above.

OTHER MATTERS

We do not know of any business other than that described in this proxy statement that will be presented for consideration or action by the stockholders at the annual meeting. If, however, any other business is properly brought before the meeting, shares represented by proxies will be voted in accordance with the best judgment of the persons named in the proxies or their substitutes. All stockholders are urged to complete, sign and return the accompanying proxy card in the enclosed envelope.

By Order of the Board of Directors

Jonathan E. Lim, M.D.
President, Chief Executive Officer and Chairman of the Board

San Diego, California

April 30, 2014

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ANNEX A

AGREEMENT AND PLAN OF MERGER

AMONG

IGNYTA, INC.

and

IGNYTA OPERATING, INC.

Dated as of [l], 2014

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THIS AGREEMENT AND PLAN OF MERGER, dated as of [ ], 2014 (this Agreement), is entered into by and between Ignyta, Inc., a Nevada corporation (Ignyta), and Ignyta Operating, Inc., a Delaware corporation (Ignyta Operating). Ignyta and Ignyta Operating are hereinafter sometimes collectively referred to as the Constituent Corporations.

WITNESSETH:

WHEREAS, Ignyta is a corporation duly organized and existing under the laws of the State of Nevada;

WHEREAS, Ignyta Operating is a corporation duly organized and existing under the laws of the State of Delaware and a wholly-owned subsidiary of Ignyta;

WHEREAS, Ignyta has authority to issue 100,000,000 shares of Common Stock, $0.00001 par value per share (Ignyta Common Stock), of which [ ] shares are issued and outstanding, and 10,000 shares of Preferred Stock, $0.00001 par value per share (Ignyta Preferred Stock), of which [ ] shares are issued and outstanding;

WHEREAS, at and following the Effective Time (as defined herein), Ignyta Operating will have authority to issue 150,000,000 shares of Common Stock, $0.0001 par value per share (Ignyta Operating Common Stock), and 10,000,000 shares of Preferred Stock, $0.0001 par value per share;

WHEREAS, [1,000] shares of Ignyta Operating Common Stock are issued and outstanding, all of which are owned by Ignyta;

WHEREAS, the respective Boards of Directors of Ignyta and Ignyta Operating have determined that it is advisable and in the best interests of such corporations and their stockholders that Ignyta merge with and into Ignyta Operating upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the purpose of the Merger (as defined below) is, among other things, to change the state of incorporation of Ignyta to enable Ignyta to avail itself of the advantages that the corporate laws of Delaware afford to public companies;

WHEREAS, for United States federal income tax purposes, the parties hereto intend the Merger (as defined below) to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), and the Treasury Regulations promulgated thereunder;

WHEREAS, the Board of Directors of Ignyta has approved this Agreement and directed that this Agreement be submitted to a vote of Ignyta stockholders for approval in accordance with Chapter 92A of the Nevada Revised Statutes (the NRS), and the stockholders of Ignyta have approved this Agreement and the Merger; and

WHEREAS, the Board of Directors of Ignyta Operating has approved this Agreement and the sole stockholder of Ignyta Operating has approved this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual agreements and covenants herein contained, Ignyta and Ignyta Operating hereby agree as follows:

1: Merger. Ignyta shall be merged with and into Ignyta Operating (the Merger) in accordance with Section 253 of the Delaware General Corporation Law (the DGCL) and Section 92A.120 and 92A.190 of the NRS such that Ignyta Operating shall be the surviving corporation (hereinafter sometimes referred to as the Surviving Corporation). The

Merger shall become effective (the Effective Time) upon the latest to occur of

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(a) the filing with the Nevada Secretary of State of the Articles of Merger complying with NRS Chapter 92A and executed and acknowledged on behalf of Ignyta Operating and Ignyta in accordance with the requirements of the NRS and (b) the filing with the Delaware Secretary of State of the Certificate of Merger complying with the DGCL and executed and acknowledged on behalf of Ignyta Operating and Ignyta in accordance with the requirements of the DGCL.

2: Governing Documents. At and following the Effective Time, the Certificate of Incorporation attached to the Certificate of Merger filed with the Secretary of State of the State of Delaware shall be the Certificate of Incorporation of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and applicable law. At and following the Effective Time, the Bylaws of Ignyta Operating in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation until thereafter duly amended.

3: Directors. The persons who are directors of Ignyta immediately prior to the Effective Time shall, after the Effective Time, be the directors of the Surviving Corporation, without change until their successors have been duly elected and qualified in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation.

4: Officers. The persons who are officers of Ignyta immediately prior to the Effective Time shall, after the Effective Time, be the officers of the Surviving Corporation, without change until their successors have been duly elected and qualified in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation.

5: Succession. At the Effective Time, in accordance with NRS 92A.250 the separate corporate existence of Ignyta shall cease and (i) all the rights, privileges, powers and franchises of a public and private nature of each of the Constituent Corporations, subject to all the restrictions, disabilities and duties of each of the Constituent Corporations; (ii) all assets, property, real, personal and mixed, belonging to each of the Constituent Corporations; and (iii) all debts due to each of the Constituent Corporations on whatever account, including stock subscriptions and all other things in action, in each case, shall succeed to, be vested in and become the property of the Surviving Corporation without any further act or deed as they were of the respective Constituent Corporations. The title to any real estate vested by deed or otherwise and any other asset, in either of such Constituent Corporations, shall not revert or be in any way impaired by reason of the Merger, and all rights of creditors and all liens upon any property of Ignyta shall be preserved unimpaired. To the extent permitted by law, any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place. All debts, liabilities and duties of the respective Constituent Corporations shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it. All corporate acts, plans, policies, agreements, arrangements, approvals and authorizations of Ignyta, its stockholders, Board of Directors and committees thereof, officers and agents that were valid and effective immediately prior to the Effective Time shall be taken for all purposes as the acts, plans, policies, agreements, arrangements, approvals and authorizations of the Surviving Corporation and shall be as effective and binding thereon as the same were with respect to Ignyta. The employees and agents of Ignyta shall become the employees and agents of the Surviving Corporation and continue to be entitled to the same rights and benefits that they enjoyed as employees and agents of Ignyta.

6: Further Assurances. From time to time, as and when required by the Surviving Corporation or by its successors or assigns, there shall be executed and delivered on behalf of Ignyta such deeds and other instruments, and there shall be taken or caused to be taken by it all such further and other action, as shall be appropriate, advisable or necessary in order to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, franchises and authority of Ignyta, and otherwise to carry out the purposes of this Agreement. The officers and directors of the Surviving Corporation are fully authorized in the name and on behalf of Ignyta or otherwise, to take any and all such action and to execute and deliver any and all

such deeds and other instruments.

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7: Conversion of Shares. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, (i) each share of Ignyta Common Stock issued and outstanding immediately prior to the Effective Time shall be cancelled and converted into one (1) validly issued, fully paid and non-assessable share of Ignyta Operating Common Stock; (ii) each security convertible into or exercisable or exchangeable for Ignyta Common Stock issued and outstanding immediately prior to the Effective Time under [the Ignyta, Inc. 2014 Incentive Award Plan (the "Ignyta 2014 Plan") the Amended and Restated 2011 Stock Incentive Plan (the "Ignyta 2011 Plan") and the Ignyta, Inc. Employment Inducement Incentive Plan (the "Ignyta Inducement Plan" and, together with [the Ignyta 2014 Plan and] the Ignyta 2011 Plan, the "Ignyta Plans") shall be cancelled and converted, exercised or exchanged, upon the same restrictions, terms and conditions, into an option to purchase or other right to acquire, upon the same terms and conditions, the number of shares of Ignyta Operating Common Stock that is equal to the number of shares of Ignyta Common Stock that the holder would have received had the holder exercised such option to purchase or other right to acquire in full immediately prior to the Effective Time (whether or not such option to purchase or other right to acquire was then exercisable) and the exercise price per share or conversion price or ratio per share under each of said option to purchase or other right to acquire shall be the exercise price per share or conversion price or ratio per share thereunder immediately prior to the Effective Time, (iii) the shares of Ignyta Common Stock that remain available for issuance under the Ignyta Plans, if any, including without limitation any such shares that are added back to the authorized share limit at any time by virtue of forfeitures, surrenders or otherwise, shall be cancelled and converted into shares of Ignyta Operating Common Stock, such that all awards under the Ignyta Plans from and after the Effective Time shall relate to shares of Ignyta Operating Common Stock rather than shares of Ignyta Common Stock, (iv) each warrant convertible into or exercisable or exchangeable for Ignyta Common Stock issued and outstanding immediately prior to the Effective time shall be cancelled and converted, upon the same restrictions, terms and conditions, into the option to purchase or other right to acquire, upon the same terms and conditions, the number of shares of Ignyta Operating Common Stock that is equal to the number of shares of Ignyta Common Stock that the holder would receive had the holder exercised such right to acquire in full immediately prior to the Effective Time (whether or not such right to acquire was then exercisable) and the exercise price per share or conversion ratio per share under each of said option to purchase or other right to acquire shall be the exercise price per share or conversion price or ratio per share thereunder immediately prior to the Effective Time, and (v) each share of Ignyta Operating Common Stock issued and outstanding immediately prior to the Effective Time and held by Ignyta shall be cancelled, without any consideration being issued or paid therefor, and shall resume the status of authorized and unissued shares of Ignyta Operating Common Stock, and no shares of Ignyta Operating Common Stock or other securities of the Surviving Corporation shall be issued in respect thereof. After the Effective Time, the Surviving Corporation shall reflect in its stock ledger the number of shares of Ignyta Operating Common Stock to which each stockholder of Ignyta is entitled pursuant to the terms hereof.

8: Conversion of Plans. The terms of the Ignyta Plans, as in effect at the Effective Time, shall remain in full force and effect with respect to each option to purchase or other right to acquire shares of Ignyta Common Stock after giving effect to the Merger and the assumptions by Ignyta Operating as set forth above. As of the Effective Time, Ignyta Operating shall assume the Ignyta Plans and all references therein to Ignyta or Ignyta Common Stock shall be deemed automatically amended to be references to Ignyta Operating and Ignyta Operating Common Stock. [The parties acknowledge that there are [_____] shares of Ignyta Common Stock reserved for issuance under the Ignyta 2014 Plan as of immediately prior to the Effective Time pursuant to its terms, all of which may be issued pursuant to the award of incentive stock options (as such term is defined in Section 422 of the Internal Revenue Code of 1986, as amended). The Ignyta 2014 Plan permits the issuance of awards thereunder, including incentive stock options, to all employees of Ignyta and its subsidiaries. Following the Effective Time and the assumption of the Ignyta 2014 Plan by Ignyta Operating, there will be [_____] shares of Ignyta Operating Common Stock reserved for issuance under the Ignyta 2014 Plan as of immediately following the Effective Time pursuant to its terms which may be issued to employees of Ignyta Operating and its subsidiaries.]

[1] To be included if Ignyta 2014 Plan is approved by the stockholders of Ignyta, Inc. at the 2014 annual meeting of stockholders.

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9: Fractional Shares. No fractional shares of Ignyta Operating Common Stock shall be issued upon the conversion of any shares of Ignyta Common Stock.

10: Stock Certificates. At the Effective Time, each certificate representing issued and outstanding shares of Ignyta Common Stock immediately prior to the Effective Time shall be deemed and treated for all purposes as representing the shares of Ignyta Operating Common Stock into which such shares of Ignyta Common Stock have been converted as provided in this Agreement. Each stockholder of Ignyta may, but is not required to, exchange any existing stock certificates representing shares of Ignyta Common Stock for stock certificates representing the same number of shares of Ignyta Operating Common Stock. All shares of Ignyta Operating Common Stock into which shares of Ignyta Common Stock shall have been converted pursuant to this Agreement shall be deemed to have been issued in full satisfaction of all rights pertaining to such converted shares. At the Effective Time, the holders of certificates representing Ignyta Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such stock, and their sole rights shall be with respect to Ignyta Operating Common Stock into which their shares of Ignyta Common Stock have been converted as provided in this Agreement. At the Effective Time, the stock transfer books of Ignyta shall be closed, and no transfer of shares of Ignyta Common Stock outstanding immediately prior to the Effective Time shall thereafter be made or consummated.

11: Amendment. Subject to compliance with the provisions of NRS 92A.120(9), the parties hereto may amend, modify or supplement this Agreement prior to the Effective Time.

12: Abandonment. At any time before the Effective Time, this Agreement may be terminated and the Merger may be abandoned by the Board of Directors of either Ignyta Operating or Ignyta or both, notwithstanding the approval of this Agreement by the stockholders of Ignyta or the sole stockholder of Ignyta Operating.

13: Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

14: Descriptive Headings. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

15: Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to the choice or conflict of law provisions contained therein to the extent that the application of the laws of another jurisdiction will be required thereby.

16: Plan of Reorganization. This Agreement is hereby adopted as a plan of reorganization within the meaning of Section 368 (a) of the Code.

17: Severability. The provisions of this Agreement are severable, and in the event any provision hereof is determined to be invalid or unenforceable, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.

18: Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

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IN WITNESS WHEREOF, Ignyta and Ignyta Operating have caused this Agreement and Plan of Merger to be executed and delivered as of the date first written above.

Ignyta, Inc., a Nevada corporation

By:
Name:
Title:

Ignyta Operating, Inc., a Delaware corporation

By:
Name:
Title:

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ANNEX B

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

IGNYTA, INC.

(originally incorporated on August 29, 2011)

FIRST: The name of the Corporation is Ignyta, Inc.

SECOND: The address of the Corporation s registered office in the State of Delaware is 615 South DuPont Highway, in the City of Dover, County of Kent, Zip Code 19901. The name of its registered agent at that address is National Corporate Research, Ltd.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 160,000,000 shares, consisting of (a) 150,000,000 shares of Common Stock, $0.0001 par value per share (Common Stock), and (b) 10,000,000 shares of Preferred Stock, $0.0001 par value per share (Preferred Stock).

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Common Stock shall have voting rights at all meetings of stockholders, each such holder being entitled to one vote for each share thereof held by such holder; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (which, as used herein, shall mean the certificate of incorporation of the Corporation, as amended from time to time, including the terms of any certificate of designations of any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation or the General Corporation Law of the State of Delaware. There shall be no cumulative voting.

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

3. Dividends. Dividends may be declared and paid on the Common Stock as and when determined by the Board of Directors subject to any preferential dividend or other rights of any then outstanding Preferred Stock and to the requirements of applicable law.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential or other rights of any then outstanding Preferred Stock.

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B. PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors of the Corporation as hereinafter provided.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the General Corporation Law of the State of Delaware, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the fullest extent now or hereafter permitted by the General Corporation Law of the State of Delaware. Without limiting the generality of the foregoing, the resolution or resolutions providing for the issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

FIFTH: Except as otherwise provided herein, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

SIXTH: In furtherance and not in limitation of the powers conferred upon it by the General Corporation Law of the State of Delaware, and subject to the terms of any series of Preferred Stock, the Board of Directors shall have the power to adopt, amend, alter or repeal the Bylaws of the Corporation. The stockholders may not adopt, amend, alter or repeal the Bylaws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by this Certificate of Incorporation, by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article SIXTH.

SEVENTH: Except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the General Corporation Law of the State of Delaware is amended to permit further elimination or limitation of the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware as so amended.

EIGHTH: This Article EIGHTH is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Number of Directors; Election of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the Corporation shall be established from time to time by the Board of Directors. Election of directors need not be by written ballot, except as and to the extent provided in the Bylaws of the Corporation.

3. Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors shall be and is divided into three classes, designated as Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The Board of Directors is authorized to assign members of the Board of Directors to Class I, Class II or Class III.

4. Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director initially assigned to Class I shall serve for a term expiring at the Corporation s first annual meeting of stockholders held after the effectiveness of this Amended and Restated Certificate of Incorporation; each director initially assigned to Class II shall serve for a term expiring at the Corporation s second annual meeting of stockholders held after the effectiveness of this Amended and Restated Certificate of Incorporation; and each director initially assigned to Class III shall serve for a term expiring at the Corporation s third annual meeting of stockholders held after the effectiveness of this Amended and Restated Certificate of Incorporation; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

5. Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors fixed pursuant to Section 2 of this Article EIGHTH shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

6. Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by this Certificate of Incorporation.

7. Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the Corporation may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon.

8. Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancy or newly created directorship in the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders, unless the Board of Directors determines by resolution that any such vacancy or newly created directorship shall be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such

director s earlier death, resignation or removal.

9. Stockholder Nominations and Introduction of Business, Etc. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Bylaws of the Corporation.

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10. Amendments to Article. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article EIGHTH.

NINTH: Stockholders of the Corporation may not take any action by written consent in lieu of a meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article NINTH.

TENTH: Special meetings of stockholders for any purpose or purposes may be called at any time only by the Board of Directors, the chairperson of the Board of Directors, the chief executive officer or the president (in the absence of a chief executive officer), and may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to the purpose or purposes stated in the notice of meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article TENTH.

ELEVENTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of fiduciary duty owed by, or other wrongdoing by, any director, officer, employee or agent of the Corporation to the Corporation or the Corporation s stockholders, creditors or other constituents, (c) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware or this Certificate of Incorporation or the Bylaws of the Corporation, (d) any action to interpret, apply, enforce or determine the validity of this Certificate of Incorporation or the Bylaws of the Corporation or (e) any action asserting a claim governed by the internal affairs doctrine, in each case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein; provided that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware. To the fullest extent permitted by applicable law, any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article ELEVENTH. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article ELEVENTH. If any provision or provisions of this Article ELEVENTH shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article ELEVENTH (including, without limitation, each portion of any sentence of this Article ELEVENTH containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

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IN WITNESS WHEREOF, this Certificate of Incorporation, which restates, integrates and amends the certificate of incorporation of the Corporation, and which has been duly adopted in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware, has been executed by its duly authorized officer this [ ]th day of [ ], 2014.

IGNYTA, INC.

By:
Name: Jonathan E. Lim
Title: President and Chief Executive Officer

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ANNEX C

AMENDED AND RESTATED BYLAWS

OF

IGNYTA, INC.

ARTICLE I - CORPORATE OFFICES

1.1 REGISTERED OFFICE.

The registered office of Ignyta, Inc. (the Corporation) shall be fixed in the Corporation s certificate of incorporation, as the same may be amended from time to time (the certificate of incorporation).

1.2 OTHER OFFICES.

The Corporation s board of directors (the Board) may at any time establish other offices at any place or places where the Corporation is qualified to do business.

ARTICLE II - MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS.

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the DGCL). In the absence of any such designation or determination, stockholders meetings shall be held at the Corporation s principal executive office.

2.2 ANNUAL MEETING.

The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other proper business properly brought before the meeting in accordance with Section 2.4 of these bylaws may be transacted.

2.3 SPECIAL MEETING.

A special meeting of the stockholders may be called at any time by the Board, chairperson of the Board, chief executive officer or president (in the absence of a chief executive officer), but such special meetings may not be called by any other person or persons.

No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

2.4 ADVANCE NOTICE PROCEDURES FOR BUSINESS BROUGHT BEFORE A MEETING.

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) brought before the meeting by the Corporation and specified in the notice of meeting given by or at the direction of the Board, (ii) brought before the meeting by or at the direction of the Board or (iii) otherwise properly brought before the meeting by a stockholder who (A) was a stockholder of record of the Corporation

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(and, with respect to any beneficial owner, if different, on whose behalf such business is proposed, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving the notice provided for in this Section 2.4 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) has complied with this Section 2.4 as to such business. Except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (as so amended and inclusive of such rules and regulations, the Exchange Act), and included in the notice of meeting given by or at the direction of the Board, the foregoing clause (iii) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. Stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders, and the only matters that may be brought before a special meeting are the matters specified in the notice of meeting given by or at the direction of the person calling the meeting pursuant to Section 2.3 of these bylaws. Stockholders seeking to nominate persons for election to the Board must comply with Section 2.5 of these bylaws, and this Section 2.4 shall not be applicable to nominations except as expressly provided in Section 2.5 of these bylaws.

(b) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (i) provide Timely Notice (as defined below) thereof in writing and in proper form to the secretary of the Corporation and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.4. To be timely, a stockholder s notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year s annual meeting; *provided, however*, that (x) if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date or (y) with respect to the first annual meeting held after February 1, 2014, notice by the stockholder to be timely must be so delivered, or mailed and received, not earlier than the one hundred twentieth (120th) day prior to such annual meeting and not later than the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, Timely Notice). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the gi2%"> 45,872 175,075

Net cash (used in) operating activities	(2,061,929) (1,073,761)
CASH FLOWS FROM INVESTING ACTIVITIES: Purchase of office equipment	(4,007) Decrease in patents and trademarks 9,534
Net cash (used in) provided by investing activities	(4,007) 9,534
CASH FLOWS FROM FINANCING ACTIVITIES: Deferred offering costs	(269,106) Advances from shareholders 12,481 96,598 Re-payments of shareholder advances (132,173) Re-payments on bridge loans (47,500) (172,500) Proceeds from notes payable 205,000 125,000 Acquisition of VitaCube Systems, Inc., net of cash received 28,800 Issuance of common stock, net of offering costs 2,404,064 965,619

Net cash provided by financing activities	2,172,766	1,043,517
NET INCREASE (DECREASE) IN CASH	106,831	(20,710)
CASH, BEGINNING OF PERIOD	7,963	28,673
CASH, END OF PERIOD	$114,794	$7,963
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:	Subordinated notes and interest converted to common stock	$1,861,643 $
Bridge loans and interest converted to common stock	$224,986	$115,000
Interest and debt forgiveness	$8,964	$12,240
Notes payable converted to common stock	$305,000	$
SUPPLEMENTAL CASH FLOW	Cash paid for interest	$45,872 $

The accompanying notes are an integral part of these consolidated financial statements.

VITACUBE SYSTEMS HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

The consolidated financial statements include those of VitaCube Systems Holdings, Inc., (VSHI) and its wholly owned subsidiaries, VitaCube Systems, Inc. and VitaCube Network, Inc. Collectively, they are referred to herein as the "the Company."

The Company is in the business of selling, marketing and distributing nutritional supplement products. Our product lines consist of a sports energy drink, a protein shake and a full product line of vitamins and minerals in the form of tablets, softgels or capsules, all of which are manufactured using our proprietary product formulations.

During the last 6 months ended December 31, 2003, the Company changed its sales and marketing focus to direct selling, in which independent distributors sell our products through a network of customers and other distributors. These activities are conducted through VitaCube Network Inc., a wholly owned Colorado corporation, formed on July 9, 2003. In addition, we sell our products directly to professional and Olympic athletes and professional sports teams through VitaCube Systems, Inc.

Reorganization in 2003

VSHI was incorporated under the laws of the State of Nevada on January 9, 2001 under the name of Instanet, Inc. On June 20, 2003 VSHI acquired VitaCube Systems, Inc. ("V3S"), a Colorado corporation incorporated on October 30, 2000, in a stock-for stock exchange. The acquisition was accomplished through the exchange of all of the outstanding shares of V3S for 2,714,403 common shares of VSHI, then representing a controlling interest in VSHI. Coincident with the reorganization, VSHI changed its name to VitaCube Systems Holdings, Inc.

The acquisition of V3S by VSHI was recorded as a recapitalization effected by a reverse merger wherein V3S is considered the acquirer for accounting and financial purposes, acquiring the assets and assuming the liabilities of VSHI. Assets acquired and liabilities assumed are reported at their historical cost, and no adjustments were required to the carrying values since management considered the historical cost to approximate fair value and goodwill was not recorded. The accompanying financial statements include the operations of V3S for all periods presented of VSHI since the date of reorganization, June 20, 2003.

Going Concern

The accompanying financial statements have been presented in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern. The Company has incurred a net loss of $2,513,999 for the year ended December 31, 2004 and has incurred significant net losses since inception.

The Company has been developing awareness of its products through its newly implemented marketing plan. Within time, management believes that demand for its products will develop to allow the Company to become profitable, through the development of its independent distributor and customer base. The Company believes that raising additional capital of a minimum of $2.6 million will enable it to sustain operations through at least December 31, 2005. However realization of a significant portion of the assets in the accompanying balance sheet is dependent on successful continued operations of the Company, which in turn is dependent on the ability of the Company to raise additional capital.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of assets, or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

Principals of Consolidation

The accompanying financial statements include the accounts of the Company and its wholly owned subsidiaries VitaCube Systems, Inc. and VitaCube Network, Inc. All inter-company accounts and transactions have been eliminated in the preparation of these consolidated statements.

Reverse Stock Split

On October 15, 2004, a majority of our shareholders approved a 1-for-5 reverse stock split of our common stock, effective on December 8, 2004, and amended the 2003 Stock Incentive Plan, increasing the number of shares of common stock eligible for awards under the Plan from 800,000 shares to 1,000,000 shares. All shares and per share amounts have been retroactively restated to reflect the effect of the reverse merger.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

Revenue Recognition

The Company ships its products by common carrier and receives payment in the form of cash, credit card or approved credit terms. In May 2004, the Company revised its product return policy to provide a 60-day money back guarantee on orders placed by first-time customers and distributors. After 60 days and for all subsequent orders placed by customers and distributors, the Company allows resellable products to be returned within 12 months of the purchase date for a 100% sales price refund, subject to a 10% restocking fee. Since August 2003, the Company has experienced monthly returns ranging from 1.7% to 3.6% of net sales. Sales revenue and estimated returns are recorded when the merchandise is shipped since performance by the Company is considered met when products are in the hands of the common carrier. Amounts received for unshipped merchandise are recorded as customer deposits and are included in accrued liabilities.

Cash and Cash Equivalents

For the purposes of reporting cash flows, the Company considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk and Reliance on Suppliers

The Company has no significant off-balance sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements. The Company maintains the majority of its cash balances with three financial institutions in the form of demand deposits and money market funds. Funds in excess of the federally insured amount of $100,000 are subject to credit risk, and the Company believes that the financial institution is financially sound and the risk of loss is minimal.

As of December 31, 2004, the Company has relied significantly on three suppliers for its purchases of raw materials for its supplements and its energy drink. These three suppliers accounted for 80% of inventory purchases for the year ended December 31, 2004. The reliance on these suppliers are critical to the Company's operations. However, the Company believes the risk of over reliance on one supplier or on a few suppliers is mitigated by having access to other available vendors.

Accounts Receivable

The Company uses the allowance method in accounting for doubtful accounts receivable. At December 31, 2004 and December 31, 2003, the Company has recorded a net allowance of $237 and $136, respectively, for uncollectible receivables.

Fair Value of Financial Instruments

Substantially all of the Company's assets and liabilities are carried at fair value or contracted amounts that approximate fair value. Estimates of fair value are made at a specific point in time, based on relative market information and information about each financial instrument, specifically, the value of the underlying financial instrument. Assets that are recorded at fair value consist largely of short-term receivables and other assets, which are carried at contracted amounts that approximate fair value. Similarly, the Company's liabilities consist primarily of short term liabilities recorded at contracted amounts that approximate fair value.

Inventory

Inventory is stated at the lower of cost or market on a FIFO (first-in first-out) basis. Provision is made to reduce excess or obsolete inventory to the estimated net realizable value. The Company purchases for resale a sports energy drink, a protein shake and other vitamins and nutritional supplements, which it packages in various forms and containers.

Inventory is comprised of the following:

	December 31, 2004	December 31, 2003
Purchased materials	$ 294,529	$ 36,854
Finished goods	227,071	280,965
Reserve for obsolete inventory	(43,300)	(31,782)
	$ 478,300	$ 286,037

A summary of the reserve for obsolete and excess inventory was as follows as of December 31, 2004 and 2003:

	2004	2003
Balance as of January 1	$ 31,782	$
Addition to provision	33,837	209,678
Write-off of obsolete inventory	(22,319)	(177,896)
Balance as of December 31	$ 43,300	$ 31,782

Property and Equipment

The Company provides for depreciation of property and equipment using the straight-line method based on estimated useful lives of between three and ten years.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows estimated to be generated by the asset.

Intangible Assets

The Company's intangible assets, consisting of trademark and patent costs, are being amortized over their estimated life of 15 years.

Advertising Costs

Advertising and marketing costs were $321,846 and $405,254 for the year ended December 31, 2004 and 2003, respectively and are expensed as incurred.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Stock-Based Compensation

The Company has adopted the disclosure-only provisions of SFAS NO. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), and applies Accounting Principles Board Opinion No. 25,

"Accounting for Stock Issued to Employees" ("APB No. 25"), and related interpretations in accounting for stock options granted to employees.

If the Company measured compensation cost based on the fair value of the options at the grant date consistent with the method prescribed by SFAS 123, the Company's net loss and loss per common share would have been increased to the pro forma amounts indicated below:

	2004	2003
Net loss, as reported	$ (2,513,999)	$ (2,267,533)
Add: Stock-based compensation expense included in reported net income, net of related tax effects	343,192	321,316
Deduct: Total stock-based compensation expense determined under fair value based method for all awards, net of related tax effects	(661,129)	(360,278)
Pro forma net loss	$ (2,831,936)	$ (2,306,495)
Earnings per share:		
Basic and diluted earnings (loss) per common share		
As reported	$ (.44)	$ (.77)
Pro forma	(.50)	(.78)

The fair value of each option grant was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions for 2003 and 2004: risk-free interest rate between 3.18%-3.29% and 2.79%-3.93%, respectively; no dividend yield; expected life of 5 years; and volatility of 86.97% and between 37.2%-37.5%, respectively.

During the initial phase-in period of applying SFAS 123 for pro forma disclosure purposes, the results may not be representative of the effects on reported net income (loss) for future years because options vest over several years and additional grants generally are made each year.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of SFAS 123 and Emerging Issues Task Force No. 96-18 ("EITF 96-18"), "Accounting for Equity Instruments that are issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services."

Beneficial Conversion Feature of Debt

In accordance with Emerging Issues Task Force No. 98-5, Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios, and No. 00-27, Application of Issue No. 98-5 to Certain Convertible Instruments, the Company recognizes the value of conversion rights attached to convertible debt. These rights give the debt holder the ability to convert his debt into common stock at a price per share that is less than the trading price to the public on the day the loan is made to the Company. The beneficial value is calculated based on the market price of the stock at the commitment date in excess of the conversion rate of the debt and related accruing interest and is recorded as a discount to the related debt and addition to additional paid in capital. The discount is amortized and recorded as interest expense over the remaining outstanding period of related debt.

Net Loss Per Share

Earnings per share requires presentation of both basic earnings per common share and diluted earnings per common share. Since the Company has a net loss for all periods presented, any common stock equivalents would not be included in the weighted average calculation since their effect would be anti-dilutive.

Reclassifications and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassification entries of $211,746 for the year ended December 31, 2003 have been recorded to reflect the charges or write-offs against the Company's obsolescence reserve for inventory as cost of goods sold and not as general and administrative expenses as previously reported.

The accompanying 2003 financial statements as well as certain previously filed interim financial statements have been restated. The restatements are the result of correcting errors in the application of Black-Scholes in valuing stock options. The effect of the adjustments on the previously reported net losses for the quarterly periods ended September 30, 2003, December 31, 2003, March 31, 2004, September 30, 2004 and the year ended December 31, 2003 financial statements is as follows:

	Three Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2003	Three Months Ended March 31, 2004	Three Months Ended September 30, 2004
Net loss					
Previously reported	$ (677,053)	$ (531,034)	$ (2,084,982)	$ (702,351)	$ (568,120)
Adjustment	(109,856)	(72,695)	(182,551)	(109,498)	(153,940)
Restated net loss	$ (786,909)	$ (603,729)	$ (2,267,533)	$ (811,849)	$ (722,060)
Net loss per share, basic and diluted					
Previously reported	$ (.22)	$ (.17)	$ (.71)	$ (.21)	$ (.09)
Adjustment	(.03)	(.02)	(.06)	(.03)	(.02)
Restated net loss	$ (.25)	$ (.19)	$ (.77)	$ (.24)	$ (.11)

Recent Accounting Pronouncements

FASB 151 Inventory Costs

In November 2004, the FASB issued FASB Statement No. 151, which revised ARB No.43, relating to inventory costs. This revision is to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). This Statement requires that these items be recognized as a current period charge regardless of whether they meet the criterion specified in ARB 43. In addition, this Statement requires the allocation of fixed production overheads to the costs of conversion be based on normal capacity of the production facilities. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted

for inventory costs incurred during fiscal years beginning after the date of this Statement is issued. Management believes this Statement will have no impact on the financial statements of the Company once adopted.

FASB 152 Accounting for Real Estate Time-Sharing Transactions

In December 2004, the FASB issued FASB Statement No. 152, which amends FASB Statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This Statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real-estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes this Statement will have no impact on the financial statements of the Company once adopted.

FASB 153 Exchanges of Non-monetary Assets

In December 2004, the FASB issued FASB Statement No. 153. This Statement addresses the measurement of exchanges of non-monetary assets. The guidance in APB Opinion No. 29, Accounting for Non-monetary Transactions, is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for non-monetary asset exchanges incurred during fiscal years beginning after the date of this Statement is issued. Management believes this Statement will have no impact on the financial statements of the Company once adopted.

FASB 123 (revised 2004) Share-Based Payments

In December 2004, the FASB issued a revision to FASB Statement No. 123, Accounting for Stock Based Compensation. This Statement supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and its related implementation guidance. This Statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. This Statement does not change the accounting guidance for share-based payment transactions with parties other than employees provided in Statement 123 as originally issued and EITF Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services." This Statement does not address the accounting for employee share ownership plans, which

are subject to AICPA Statement of Position 93-6, Employers' Accounting for Employee Stock Ownership Plans.

A nonpublic entity will measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of those instruments, except in certain circumstances.

A public entity will initially measure the cost of employee services received in exchange for an award of liability instruments based on its current fair value; the fair value of that award will be re-measured subsequently at each reporting date through the settlement date. Changes in fair value during the requisite service period will be recognized as compensation cost over that period. A nonpublic entity may elect to measure its liability awards at their intrinsic value through the date of settlement.

The grant-date fair value of employee share options and similar instruments will be estimated using the option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available).

Excess tax benefits, as defined by this Statement, will be recognized as an addition to paid-in-capital. Cash retained as a result of those excess tax benefits will be presented in the statement of cash flows as financing cash inflows. The write-off of deferred tax assets relating to unrealized tax benefits associated with recognized compensation cost will be recognized as income tax expense unless there are excess tax benefits from previous awards remaining in paid-in capital to which it can be offset.

The notes to the financial statements of both public and nonpublic entities will disclose information to assist users of financial information to understand the nature of share-based payment transactions and the effects of those transactions on the financial statements.

The effective date for public entities that do not file as small business issuers will be as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. For public entities that file as small business issuers and nonpublic entities the effective date will be as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. Management intends to comply with this Statement at the scheduled effective date for the relevant financial statements of the Company.

NOTE 2 SHAREHOLDERS' EQUITY

The authorized capital stock of the Company consists of 50,000,000 shares of common stock at $.001 par value and 5,000,000 shares of preferred stock at $.001 par value. The holders of the common stock are entitled to receive, when and as declared by the Board of Directors, dividends payable either in cash, in property or in shares of the common stock of the Company. Dividends have no cumulative rights and dividends will not accumulate if the Board of Directors does not declare such dividends. Through December 31, 2004, no dividends have been declared or paid by the Company.

On January 1, 2003, the Company issued 52,384 shares of its common stock at $1.28 per share to certain individuals and entities as compensation.

In June 2003, the Company commenced a private placement of its common stock, which was completed as of January 31, 2004. In this private placement the Company issued 207,996 shares of its common stock at $5.00 per share. The Company raised a net total of $995,599 after commissions and other associated expenses with the private placement. As part of the private placement, one of the bridge loan lenders converted a $25,000 note payable into 5,000 shares of common stock at $5.00 per share. In addition, a second bridge lender converted $75,000 of the principal amount of a note payable and $15,000 of accrued interest due into 18,000 shares of common stock at $5.00 per share.

During February 2004, holders of notes payable elected to convert the notes into 122,000 shares of the Company's common stock at $2.50 per share, (see Note 9.)

During March 2004, the Company undertook a second private offering of a minimum of $2,300,000 ("the Offering") of its common stock. On April 15, 2004, the Company closed the Offering, raising a total of $2,497,925 through the sale of 1,665,290 shares of the Company's common stock at $1.50 per share. The Company incurred associated direct expenses of approximately $123,841 with the Offering. In addition, the Company issued warrants to the placement agent for the purchase of 434,424 shares of the Company's common stock at an initial exercise price of $1.50 per share, exercisable for 5 years.

In connection with the Offering, the Company's founder, Sanford Greenberg, converted $300,000 of long term subordinated loans and $200,000 of bridge loans plus $63,674 of accrued interest into 375,783 shares of the Company's common stock valued at $1.50 per share. One of the Company's former directors, Warren Cohen, converted $1,335,861 of a long term subordinated loan plus $187,094 of accrued interest into 1,015,304 shares of the Company's common stock at $1.50 per share. In addition, the Company issued 66,667 shares of the Company's common stock valued at $1.50 per share to a creditor for $100,000 of previously accrued services.

In April 2004, the Company issued 10,000 shares of its common stock valued at $1.50 per share as a bonus to its chief financial officer and 2,000 shares of its common stock at $1.50 per share to its outside video production company for services rendered.

In July 2004, the Company issued a total of 30,000 shares of its common stock, valued at $1.50 per share to endorsers of the Company for endorsement of our products.

NOTE 3 STOCK OPTIONS

Effective July 1, 2003 the shareholders of the Company adopted the 2003 Stock Incentive Plan (the "Plan"). The Plan includes incentive and non-qualified stock options and restricted stock grants. The maximum number of shares of common stock available for grants under the Plan was 800,000 shares. In connection with the reverse acquisition of V3S, the Company issued options under the Plan with an exercise price of $5.00 per share in exchange for options that were previously issued by V3S under its stock incentive plan. The Company incurred additional compensation cost for the incremental increase in value, if any, received by these optionees. For vested options, the compensation cost is the excess of the value of the new options over the previously issued options and was recognized in 2003. Non-vested options are measured similarly, though the excess value, if any, is amortized over the remaining vesting period.

The Plan provides that with respect to incentive stock options ("ISO") the option price per share must be at least the fair market value (as determined by the Compensation Committee or, in lieu thereof, the Board of Directors) of the common stock on the date the stock option is granted or based

on daily quotes from an exchange or quotation system designated by the Compensation Committee as the primary market for the shares. Under the Plan, if an ISO is granted to an employee who owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries, then the option price must be at least 110% of the fair market value of the stock subject to the option, and the term of the option must not exceed 5 years from the date of grant. Under the Plan, if for any reason, a change in control of the Company occurred, all shares subject to the Plan immediately become vested and exercisable.

On October 15, 2004, the shareholders approved an amendment to the Plan to increase the number of shares available under the Plan to 1,000,000 shares of common stock.

A summary of the status of the Plan for the years ended December 31, 2004 and 2003, together with changes during each of the years then ended, is presented in the following table:

2003 Stock Incentive Plan

	Qualified Options	Non-qualified Options	Total	Exercise Price Range	Weighted Average Exercise Price
Balances, December 31, 2002	129,500	73,550	203,050	$ 5.00	$ 5.00
Granted	38,000	357,600	395,600	$ 5.00	$ 5.00
Forfeited	(36,375)	(12,000)	(48,375)	$ 5.00	$ 5.00
Balances, December 31, 2003	131,125	419,150	550,275	$ 5.00	$ 5.00
Granted	128,500(1)	114,600	243,100	$ 5.00	$ 5.00
Forfeited	(57,375)	(55,500)	(112,875)	$ 5.00	$ 5.00
Balances, December 31, 2004	202,250	478,250	680,500	$ 5.00	$ 5.00
Number of options exercisable At December 31, 2004	85,000	360,750	445,750	$ 5.00	$ 5.00

(1) Excludes 30,000 qualified options that are contingent on meeting certain performance criteria, which had not been meet at December 31, 2004.

The following table sets forth the exercise price range, number of shares, weighted average exercise price and remaining contractual lives at December 31, 2004:

	Outstanding			Exercisable	
Exercise Prices	Number of Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life (months)	Number of Shares Exercisable	Weighted Average Exercise Price
5.00	560,500	$ 5.00	54.7	385,750	$ 5.00
5.00	120,000	$ 5.00	102	60,000	$ 5.00
	680,500			445,750	

At December 31, 2004, 319,500 options were available for future grants under the Plan.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2004	December 31, 2003
Furniture & fixtures	$ 50,963	$ 50,963
Office equipment	10,822	6,815
Software	175,649	175,649
Leasehold improvements	121,605	121,605
	359,039	355,032
Accumulated depreciation	(249,764)	(187,761)
	$ 109,275	$ 167,271

Depreciation expense was $62,002 and $75,653 for the years ended December 31, 2004 and 2003, respectively.

NOTE 5 INTANGIBLE ASSETS

The Company has incurred costs to trademark 14 of its current and former products and 6 specific marketing nomenclatures. Patents and trademarks are being amortized over a period of 15 years, at approximately $3,338 per year. During the year ended December 31, 2003, certain amounts that were previously capitalized were charged to expense that approximated $9,500.

Intangible assets are:

	December 31, 2004	December 31, 2003
Patents and trademarks	$ 50,052	$ 50,052
Accumulated amortization	(10,037)	(6,700)
	$ 40,015	$ 43,352

NOTE 6 DUE TO SHAREHOLDERS AND SHAREHOLDER SUBORDINATED LOANS

The Company's founder and one of the Company's shareholders and former directors advanced monies to the Company totaling $1,635,861 as of December 31, 2003, which amounts were represented by subordinated promissory notes. The notes to both shareholders bore interest at 8% per annum with principal and interest payable contingent on a quarterly percentage of net income (as defined). The notes, if not re-paid in five years, were due on June 30, 2007 and September 30, 2007, respectively. On March 31, 2004 both note holders converted the principal and accrued interest of $225,782 totaling $2,086,629 into 1,391,087 shares of the Company's common stock at $1.50 per share (Note 2).

In addition at various times during 2003, the Company's founder advanced the Company a total of $122,521, which was due upon demand with interest at the rate of 10% per annum. On March 31, 2004 the Company re-paid the loan and accrued interest of $9,652.

NOTE 7 INCOME TAXES

As of December 31, 2004, the Company had approximately $3,808,000 in pretax federal and state net operating loss carryforwards, expiring beginning in 2023.

The Company provides for deferred taxes arising from temporary differences in the book and tax carrying amounts of assets and liabilities. Temporary differences arise primarily from differences in reporting stock based compensation and allowance accounts.

The deferred tax assets that result from such operating loss carryforwards and temporary differences of approximately $1,429,000 at December 31, 2004, have been fully reserved for in the accompanying consolidated financial statements as follows.

	Year Ended December 31, 2004	Year Ended December 31, 2003
Deferred tax liabilities	$	$
Deferred tax assets:		
Net operating loss deductions	$ 1,411,000	$ 689,000
Stock based compensation		119,000
Other deferred assets	18,000	12,000
Total deferred tax assets	1,429,000	820,000
Valuation allowance	(1,429,000)	(820,000)
	$	$

Reconciliation of the differences between the statutory tax rate and the effective tax rate is as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003
Federal statutory tax (benefit) rate	(34.00)%	(34.00)%
State taxes, net of federal tax (benefit) rate	(3.06)%	(3.06)%
Effective tax rate	(37.06)%	(37.06)%
Valuation allowance	(37.06)%	(37.06)%
Effective income tax rate		

NOTE 8 COMMITMENTS

The Company leases office space from a related party with the current lease of $3,090 per month expiring at the end of December 2005, with a one-year extension right with rent of $3,180 per month.

Rent expense for the years ended December 31, 2004 and 2003 was $36,000 and $42,000, respectively. Minimum future rentals at December 31, 2004, under this agreement approximate:

December 31,	
2005	$ 37,080
Total	$ 37,080

The Company has various operating leases for vehicles, telephone and computer equipment that range from 2 to 3 years in length. Rental expenses for these operating leases were $74,692 and $35,374 for the years ended December 31, 2004 and 2003, respectively Minimum future rentals under these agreements at December 31, 2004 are as follows:

December 31,	
2005	$ 97,421
2006	59,617
2007	9,614
Total	$ 166,652

The Company has commitments for contract services with an unrelated party totaling approximately $280,000. The agreement provides for various payments to be made over a two-year period and contains provisions to terminate the payment of obligations with a contract buyout of $75,000.

The Company maintains employment agreements with certain key management. The agreements provide for minimum base salaries, eligibility for stock options and performance bonuses and severance payments.

NOTE 9 BRIDGE LOANS AND NOTES PAYABLE

As of December 31, 2003 the Company had an outstanding loan balance of $147,500 from bridge financing obtained from an unrelated party. In April 2004, the Company re-paid all outstanding bridge loan financing.

In addition, the Company's founder and major shareholder advanced $200,000 of bridge financing as of December 31, 2003, and on March 31, 2004, converted the principal of $200,000 and accrued interest of $24,986 into 149,991 shares of the Company's common stock at $1.50 per share.

During October 2003, the Company borrowed $50,000 from an unrelated party, evidenced by a promissory note. As part of the consideration for the loan, the Company granted an option to purchase 2,000 shares of its common stock at $5.00 per share, which option was fully vested and exercisable for 5 years. This option was not part of the Company's 2003 Stock Incentive Plan. The promissory note provided for interest at 18% per annum and was due 30 days after the loan was funded. The note further provided that, in event the note was not paid when due, the holder of note was entitled to (i) an additional option to purchase 20,000 shares of the Company's common stock at $5.00 per share (with this option having the same terms as the option for 2,000 shares) and (ii) conversion of the note into shares of the Company's common stock at a price of $2.50 per share. This note was not paid when

due, and in December 2003 the holder was granted the second option to purchase 20,000 shares of the Company's common stock at $5.00 per share. In connection with this transaction the Company recorded interest of $50,000 in November 2003 related to the beneficial conversion feature embedded in the note.

In December 2003, Mr. Mathis, our current Chief Executive Officer advanced us $50,000, evidenced by a promissory note. As part of the consideration for the loan, Mr. Mathis received an option to purchase 2,000 shares of our common stock at $5.00 per share. The option is fully vested and exercisable for five years. This option was not part of our 2003 Stock Incentive Plan. The promissory note provided for interest at 18% per annum and was due 30 days after the loan was funded. The note further provided that, in the event the note was not paid when due, Mr. Mathis was entitled to (i) an additional option to purchase 20,000 shares of our common stock at $5.00 per share (with this option having the same terms as the option for 2,000 shares) and (ii) conversion of the note into shares of our common stock at a price of $2.50 per share. This note was not paid when due, and in January 2004, Mr. Mathis was granted the second option to purchase 20,000 shares of our common stock at $5.00 per share. In connection with this transaction, we recorded interest of $50,000 in January 2004 related to the beneficial conversion feature embedded in this note.

During January 2004, we borrowed an additional $50,000 from Mr. Mathis. The terms of the note were the same as the loan made in December 2003. An option to purchase 2,000 shares of our common stock at $2.50 per share was granted as partial consideration for this loan. This note was not paid when due, and in February 2004, Mr. Mathis was granted a second option to purchase 10,000 shares of our common stock at $2.50 per share. Also in February 2004, we recorded interest of $50,000 related to the beneficial conversion features embedded in the note.

During January 2004 the Company borrowed an additional $155,000 from multiple unrelated parties. As part of the consideration for these loans, the Company granted options to purchase 14,200 shares of its common stock at $2.50 per share, which options were fully vested and exercisable for 5 years. These options were not part of the Company's 2003 Stock Incentive Plan. The promissory notes provided for interest at 18% per annum and were due 30 days after the loans were funded. The notes further provided that, in event the notes were not paid when due, the holders of the notes were entitled to (i) an additional options to purchase 21,000 shares of the Company's common stock at $2.50 per share (with these options having the same terms as the options for 14,200 shares) and (ii) conversion of the notes into shares of the Company's common stock at a price of $2.50 per share. The notes were not paid when due, and in February 2004 the holders were granted the second options to purchase 21,000 shares of the Company's common stock at $2.50 per share. In February 2004 in connection with this transaction, the Company recorded interest of $155,000 related to the beneficial conversion features embedded in the notes.

In February 2004 certain of the note holders converted the principal of the notes payable totaling $305,000 into 122,000 shares of the Company's common stock at $2.50 per share. There was $8,964 of accrued interest with respect to the notes, which was forgiven when the notes were converted into common stock.

NOTE 10 DEFFERED OFFERING COSTS

On August 30, 2004 the Company announced that it had entered into a non-binding letter of intent with an underwriter to raise from $8 to $10 million in an offering of the Company's securities. In

the proposed offering the Company intends to sell units consisting of shares of common stock and warrants to purchase common stock. The proposed offering is conditioned upon market conditions and other requirements from the letter of intent. At December 31, 2004 the Company had incurred $269,106 of costs in connection with the offering.

NOTE 11 RELATED PARTY TRANSACTIONS

The Company incurred $7,564 of legal expenses on behalf of a former member of the board of directors for the year ended December 31, 2004.

As further described in Note 8, the Company leases office space from a relative of the Company's founder.

As further described in Note 9, three shareholders of the Company provided bridge loan financing and notes payable to the Company. The three shareholders were also the founder, chief executive officer and a former director of the Company, respectively. Subsequently and during 2004, the related party bridge loan financing and shareholder notes payable were converted to common stock.

On March 1, 2005, Christopher Marlett, a significant shareholder loaned the Company $25,000 evidenced by a promissory note. The note provides that the principal together with interest at 10% per annum, are due and payable on the earlier of May 30, 2005 or the closing of our proposed public offering. The note also provides for acceleration on the event of certain defaults and a default interest rate of 12%.

On March 2, 2005, Mr. Mathis, our Chief Executive Officer and an unrelated party agreed to advance funds ("Advances") to us on an as needed basis up to a maximum of $400,000, evidenced by a promissory note. The note provides that the Advances together with interest at 10% per annum are due and payable on the earlier of May 30, 2005, or the closing of our proposed public offering. The note also provides for acceleration on the event of certain defaults and a default interest rate of 12%.

On March 2, 2005, Sanford D. Greenberg, our founder forfeited options to purchase 275,000 shares of the Company common stock.

On March 2, 2005, options to purchase 275,000 shares of the Company's common stock were issued to Earnest Mathis, Jr. exercisable at $3.00 per share. Options to purchase 137,500 shares were vested on the date of the grant and the balance vest on the March 2, 2006. Options remain exercisable no longer than five years after the vesting date.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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PROSPECTUS

THE SHEMANO GROUP

S.W. BACH & COMPANY

NEIDIGER TUCKER BRUNER INC.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers.

Our bylaws require us to indemnify, to the fullest extent authorized by Nevada law, any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director or officer of any foreign or domestic profit or nonprofit corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, or other enterprise or employee benefit plan.

Except with respect to stockholder derivative actions, the bylaw provisions generally state that the director or officer will be indemnified against reasonable expenses, amounts paid in settlement and judgments, fines, penalties and/or other amounts reasonably incurred with respect to any threatened, pending or completed proceeding, provided that (i) such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, our best interests, and (ii) with respect to any criminal action or proceeding, such person had no reasonable cause to believe his or her conduct was unlawful.

The foregoing standards also apply with respect to the indemnification of expenses incurred in a stockholder derivative suit. However, a director or officer may only be indemnified for settlement amounts or judgments incurred in a derivative suit to the extent that the court in which such action or suit was brought shall determine.

Our articles of incorporation provide that we shall indemnify, to the fullest extent permitted by Nevada law, any person who is or was our director or officer against any claim, liability or expense arising against or incurred by such person made party to a proceeding because he is or was our director or officer or because he is or was serving another entity or employee benefit plan as our director or officer. We also have the authority to the maximum extent permitted by law to purchase and maintain insurance providing such indemnification.

Nevada Revised Statute § 78.7502(1) provides that we may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in our right, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding. We may indemnify the officer or director for the above mentioned actions (1) if the officer or director is not liable pursuant to Nevada Revised Statute 78.138 ("Directors and officers: Exercise of powers; performance of duties; presumptions and considerations; liability to corporation and stockholders."), or (2) if the officer or director acted in good faith and in a manner reasonably believed to be in or not opposed to our best interests. Indemnification is also available with respect to any criminal action or proceeding, where the officer or director had no reasonable cause to believe his conduct was unlawful.

Nevada Revised Statute § 78.7502(2) provides that we may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of us to procure a judgment in its favor by reason of the fact that he is or was our director or officer, or is or was serving at the request of us as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit. We may indemnify the officer or director for the above mentioned

actions (1) if he is not liable pursuant to Nevada Revised Statutes 78.138, or (2) if the officer or director acted in good faith and in a manner which he reasonably believed to be in or not opposed to our the best interests.

Nevada Revised Statute § 78.7502(3) provides that to the extent that our director or officer has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections 1 and 2, or in defense of any claim, issue or matter therein, we must indemnify him against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense.

Our articles of incorporation contain a provision to limit the personal liability of our directors for violations of their fiduciary duties. This provision eliminates each director's liability to us or our stockholders, for monetary damages except (i) for acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, and (ii) under Section 78.300 of the Nevada Revised Statutes providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions. The effect of this provision is to eliminate the personal liability of directors for monetary damages for actions involving a breach of their fiduciary duty including any such actions involving gross negligence. It should be noted, however, that Section 78.300 has since been repealed by the Nevada legislature. As a result, to the extent our articles of incorporation would be deemed inconsistent with the Nevada Revised Statutes, such statutes should control.

In April 2004, Mr. DiGiandomenico, a director, was issued a warrant in respect of 99,095 shares of our common stock in connection with his role as managing member of MDB Capital in a private offering we completed in April. The warrant provides that, in connection with any registration statement we may file under the Securities Act of 1933 relating to the warrant and shares issuable thereunder, we will indemnify Mr. DiGiandomenico against all loss, claim, damage, expense or liability to any claim he may be subject to under the Securities Act, the Securities Exchange Act of 1934, or otherwise, arising from such registration statement. If the indemnification or reimbursement provided for under the warrant is finally judicially determined by a court of competent jurisdiction to be unavailable to Mr. DiGiandomenico (other than as a consequence of a final judicial determination of willful misconduct, bad faith or gross negligence of Mr. DiGiandomenico), the warrant provides, in lieu of indemnifying him, that we will contribute to the amount paid or payable by him in relative proportions of fault.

Item 25. Other Expenses of Issuance and Distribution.

The following table sets forth the various expenses payable in connection with the sale and distribution of the securities being registered, other than underwriting discounts and commissions. All of such expenses will be paid by the Registrant. All amounts shown are estimates, except the SEC registration fee:

SEC registration fee	$	4,321
Printing and mailing expenses		175,000
Fees and expenses of counsel		275,000
Accounting and related expenses		65,000
Blue Sky Expenses		5,000
Transfer Agent and Registration Fees and Expenses		5,000
Miscellaneous		20,679
Total	$	550,000

Item 26. Recent Sales of Unregistered Securities.

Set forth below is information concerning sales of unregistered securities by Instanet, Inc., VitaCube Systems, Inc. and VitaCube Systems Holdings, Inc. over the past three years. Unless otherwise noted, the securities issuances described below were made in reliance on the exemptions from registration provided in Sections 4(2) and 4(6) of the Securities Act of 1933 and/or Regulation D promulgated thereunder based on the limited number of purchasers, and on the recipients' sophistication in financial matters, access to material information, and on representations received from the recipients, including those establishing their status as "accredited investors" and their intent to acquire the securities for investment and not with a view toward distribution. Unless otherwise noted, no advertising or general solicitation was used and no underwriter, broker or finder was involved in the offerings and the certificates representing common stock issued have restrictive legends noting prohibitions on transfer absent registration under applicable securities laws or an exemption therefrom.

Instanet, Inc. Instanet, Inc. was organized in January 2001, and at that time, sold 90,000 shares to one of its founders, officers and directors, Earnest Mathis, Jr. or entities controlled by Earnest Mathis Jr., for $10,000 ($0.11 per share) and 180,000 shares to its other founder for $20,000 ($.011 per share). In February 2001, it issued 20,000 stock options to an executive officer, and 5,000 stock options to an employee, under its then existing 2001 Stock Option Plan, exercisable at $1.25 per share. The stock options were issued to persons who were familiar with the business of Instanet.

On June 20, 2003, Instanet, Inc. acquired VitaCube Systems, Inc. ("V3S"), a Colorado corporation formed in October 2000, in a stock-for-stock exchange. The acquisition was accomplished through the exchange of all the outstanding shares of V3S for 2,714,403 common shares of Instanet, then representing a controlling interest in Instanet. The seven stockholders of V3S to whom the Instanet shares were issued had access to full information concerning Instanet and represented that they acquired the shares for their own account and not for the purpose of distribution. On September 8, 2003, Instanet changed its name to VitaCube Systems Holdings, Inc. (the "Company").

VitaCube Systems, Inc. The V3S shares acquired by Instanet in the June 20, 2003, stock-for-stock exchange were originally issued by V3S to its founders (Messrs. Sanford D. Greenberg and Warren Cohen) in late 2000. In addition, there were five small stock issuances totaling 52,384 shares to certain individuals and entities for services. The persons to whom the shares were issued were employees or outside counsel to V3S, had access to full information concerning V3S and represented that they acquired the shares for their own account and not for the purpose of distribution.

In addition, from the period of January 1, 2002, through June 20, 2003, V3S issued options in respect of 404,650 shares, at $5.00 per share, to 43 persons, including 20 celebrity endorsers/scientific advisors, five consultants, 12 employees, its outside law firm and five persons affiliated with its proposed underwriter of a potential public offering which was not undertaken. The persons to whom the shares were issued had access to full information concerning V3S and represented that they acquired the securities for their own account and not for the purpose of distribution. The options which had not previously been forfeited were cancelled and reissued by Instanet as part of the June 20, 2003, stock exchange with V3S.

On June 30, 2002, V3S agreed to repurchase 2,131,952 shares of its common stock from Warren Cohen, a director, in exchange for a long-term subordinated note for $1,335,861. The note provided for interest at 8% per year with principal and interest payable from 20% of adjusted quarterly net income. In March 2004, this note and all accrued interest was converted into 1,015,304 shares of common stock of the Company at a conversion price of $1.50 per share.

Sanford D. Greenberg, the Chief Executive Officer of the Company, donated to V3S 116,925 shares of its common stock and converted $133,127 and $166,873 that he advanced to V3S, plus accrued interest, into long-term subordinated loans on June 30, 2002 and September 30, 2002,

respectively. These notes provided for interest at 8% per year with principal and interest payable from 5% of adjusted quarterly net income. On December 31, 2002, Mr. Greenberg converted $200,000 that he advanced V3S into a bridge loan with interest at 10% per year, principal and interest due December 31, 2003. As part of the terms of the bridge loan, Mr. Greenberg was granted an option to purchase 16,000 shares of Company common stock at $5.00 per share. As of December 31, 2003, Mr. Greenberg had advanced an additional $110,040 which was due on demand accruing interest at 10% per year. In March 2004, Mr. Greenberg converted $500,000 of principal and $63,674 of accrued interest on the long term subordinated loan and the bridge loan into 375,783 shares of Company common stock at a conversion price of $1.50 per share.

In late 2002 and early 2003, V3S also issued $525,000 of short-term promissory notes to four "accredited investors", including the $200,000 bridge loan of Mr. Greenberg discussed above. Each purchaser of a promissory note also received an option to purchase V3S common stock at $5.00 per share. The persons to whom the shares were issued had access to full information concerning V3S and represented that he or she acquired the securities for his or her own account and not for the purpose of distribution.

The Company. In June 2003, the Company commenced a private placement of its common stock which was completed as of January 31, 2004. In this private placement the Company issued 207,996 shares of its common stock to 47 "accredited investors" as defined in Regulation D. The purchase price was $5.00 per share. The Company raised a net total of $994,599 after commissions and other associated expenses with the private placement. As part of the private placement, one of the bridge loan lenders discussed above who made his loan in early 2003 agreed to convert his $25,000 note into 5,000 shares of common stock at $5.00 per share and waived interest in the note. In addition, a second bridge lender agreed to convert $75,000 of the principal amount and $15,000 of accrued interest due him for 18,000 shares of common stock at $5.00 per share, waiving $3,466 of additional accrued interest and modifying the terms and due date of his note. Also, another bridge note loan lender forgave $5,000 of the principal amount of his bridge loan and $2,644 of accrued interest in exchange for a modification of the loan's due date.

GunnAllen Financial, Inc. ("GunnAllen") acted as the non-exclusive selling agent in connection with sales of the shares in the private placement. The Company granted GunnAllen an option to purchase 40,000 shares of Company common stock at $5.00 per share, which option was fully vested and exercisable for five years.

During October 2003, the Company borrowed $50,000 from an unrelated party, which was evidenced by a promissory note. As part of the consideration for the loan, the Company granted an option to purchase 2,000 shares of its common stock at $5.00 per share, which option was fully vested and exercisable for five years. The promissory note provided for interest at 18% per annum and was due 30 days after the loan was funded. The note further provided that, in event the note was not duly paid, the holder of note was entitled to (i) an additional option to purchase 20,000 shares of Company common stock at $5.00 per share (with this option having the same terms as the option for 2,000 shares) and (ii) convert the note into shares of Company common stock at a price of $2.50 per share. This note was not paid when due so, in December 2003, the holder was granted the second option to purchase 20,000 shares of Company common stock at $5.00 per share, and in February 2004, the note was converted into 20,000 shares of common stock.

In December 2003, the Company borrowed an additional $50,000 from Earnest Mathis, Jr. or entities controlled by Earnest Mathis, Jr. The terms of this note were the same as the loan made by the Company in October 2003. An option to purchase 2,000 shares of common stock at $5.00 per share was granted as partial consideration for this loan. When this $50,000 was not paid in January 2004 the note holder was granted a second option to purchase 20,000 shares of Company common stock at $5.00 per share, and in February 2004 the note was converted into 20,000 shares of common stock.

During January 2004, additional debt financing was provided to the Company by seven unrelated parties and by Earnest Mathis, Jr. or entities controlled by Earnest Mathis, Jr. for a principal amount of $155,000 and $50,000, respectively. This financing was evidenced by promissory notes which had the same terms and conditions as the two above discussed promissory notes executed in October and December 2003. In connection with this financing, the Company granted options to purchase 14,200 shares of Company common stock at $2.50 per share to the seven unrelated parties and 2,000 shares of Company common stock at $2.50 per share to Earnest Mathis, Jr. When the January notes were not paid when due, options to purchase an additional 21,000 and 10,000 shares of Company common stock at $2.50 per share were granted to the seven unrelated parties and Earnest Mathis, Jr. or entities controlled by Earnest Mathis, Jr., respectively. In February 2004 the notes were all converted into 82,000 and 40,000 shares of Company common stock for the seven unrelated parties and Earnest Mathis, Jr. or entities controlled by Earnest Mathis, Jr.

On April 15, 2004, the Company completed the second and final closing of a best efforts, $2.3 million minimum, private placement of Company common stock. This private placement commenced in March of 2004 and the first closing occurred on March 31, 2004. A total of 1,665,290 shares of Company common stock were sold in the private placement for the aggregate purchase price of $2,497,925. MDB Capital Group LLC ("MDB") acted as finder in the private placement. As compensation to MDB, the Company issued warrants to MDB and its affiliates to acquire 434,424 shares of Company common stock at $1.50 per share, exercisable through April 30, 2009. In addition, as part of the private placement, Sanford D. Greenberg, Chief Executive Officer, and Warren Cohen, a director, converted debt owed by the Company to each of them into 375,783 shares and 1,015,304 shares, respectively, of Company common stock as discussed above. In addition, the Company issued 66,667 shares of our common stock, valued at $1.50 per share, to a creditor for $100,000 of previously accrued services.

In April 2004, the Company issued 10,000 shares of its common stock, valued at $1.50 per share, as a bonus to its chief financial officer. In April 2004, the Company also issued 2,000 shares of its common stock valued at $1.50 per share to its outside video production firm in exchange for services rendered. Both of these persons had access to full information concerning the Company and were "accredited investors" as defined in Regulation D.

In July 2004, the Company issued a total of 30,000 shares of its common stock, valued at $1.50 per share, to two of the Company's professional athlete endorsers for endorsement of the Company's products. Both of these persons had access to full information concerning the Company and were "accredited investors' as defined in Regulation D.

In November 2004, the Company agreed with approximately 48 holders of its common stock that, in the event the Company completes the public offering contemplated by this registration statement it will issue to such persons an aggregate of 250,000 Class A public warrants and 250,000 Class B public warrants in consideration of such holders' agreements not to sell 1,630,943 shares of common stock, 433,380 warrants to purchase common stock and 433,380 shares of common stock underlying the warrants for 12 months from the closing of the offering or the last reported sales price of our common stock equals or exceeds 200% of the unit offering price in the offering for 20 consecutive trading days.

In February 2005, the Company obtained a $25,000 short-term loan from Christopher Marlett, a significant shareholder. In addition, in March 2005, the Company obtained short-term loan commitments from its Chief Executive Officer, Earnest Mathis, Jr., and Timothy J. Brasel, a shareholder of the Company, each to loan up to $200,000 on an as needed basis. All of these loans provide for interest at 10% per annum and are due and payable on the earlier of May 30, 2005, or closing of the public offering contemplated by this registration statement. All of these persons had access to full information concerning the Company and are "accredited investors" as defined in Regulation D.

In addition, since June 20, 2003, the Company has issued options to purchase its common stock as set forth below. The persons to whom the shares were issued had access to full information concerning the Company and represented that they acquired the shares for their own account and not for the purpose of distribution.

Optionee(s)	No. of Persons	Number of Shares	Exercise Price Per Share
Chief Executive Officer	1	275,000	$ 3.00
Founder	1	525,000	$ 3.00
Consultants	12	151,000	5.00
Board Members	3	30,000	5.00
Celebrity Endorsers /Scientific Advisors	6	44,600	5.00
Employees	6	159,500	5.00

Item 27. Exhibits.

The following exhibits are filed herewith:

Exhibit Number	Description
1.1	Form of Underwriting Agreement(11)
3.1	Articles of Incorporation(1)
3.1.1	Amendment to Articles of Incorporation(2)
3.1.2	Certificate of Change(12)
3.1.3	Certificate of Correction(4)
3.2	Bylaws(3)
4.1	Form of Lockup Agreement No. 1(10)
4.1.1	Form of Lockup Agreement No. 2(10)
4.1.2	Form of Warrant Agent Agreement(10)
4.1.3	Form of Extension to Lock-up Agreement(4)
4.2	Form of Underwriters' warrant(12)
4.3	Warrant MDB Capital Group LLC(8)
4.4	Sample Stock Purchase Agreement with Registration Rights(8)
4.5	Warrant Anthony DiGiandomenico(8)
4.6	Warrant Christopher A. Marlett(8)
4.7	Unit Certificate(11)
4.8	Form of Class A public warrant Certificate(10)
4.9	Form of Class B public warrant Certificate(10)

Exhibit Number	Description
4.10	Sample Common Stock Certificate(10)
4.11	Promissory Note dated March 2, 2005, issued by VitaCube Systems Holdings, Inc. (Debtor) to Timothy J. Brasel (Lender)(4)

4.12	Promissory Note dated March 2, 2005, issued by VitaCube Systems Holdings, Inc. (Debtor) to Mathis Family Partners, LTD (Lender)(4)
5.1	Form of Opinion of Schreck Brignone(11)
9.1	Voting Trust Agreement for Sanford D. Greenberg(3)
10.1	Employment Agreement Sanford D. Greenberg(5)
10.1.1	Restated Employment Agreement Sanford D. Greenberg(3)
10.2	Option Agreement Sanford D. Greenberg(6)
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10.11	Employment Agreement Earnest Mathis Jr.(3)
10.12	Stock Option Agreement Earnest Mathis Jr.(3)
11.1	Statement Regarding Computation of Per Share Earnings (see consolidated financial statements)
21	Subsidiaries of the Registrant(3)
23.1	Consent of Gordon, Hughes & Banks LLP(13)
23.2	Consent of Staley Okada & Partners(13)
23.3	Consent of Schreck Brignone (see Exhibit 5.1)(11)
24.1	Power of Attorney (see signature page)
99.1	Charter of Audit Committee(10)
99.2	Charter of Compensation Committee(10)

(1) Filed with Form SB-2 on or about February 27, 2001, as Exhibit 3.1 and incorporated herein by reference.

(2)

Filed with Form 10-QSB on or about November 14, 2003, as Exhibit 3.1.1 and incorporated herein by reference.

(3)

Filed with Form 10-KSB on or about March 4, 2005, and incorporated herein by reference.

(4) Filed with Form SB-2, Pre-Effective Amendment No. 3, on March 9, 2005 and incorporated herein by reference.

(5) Filed with Form 8-K on or about April 2, 2004, as Exhibit 10.1 and incorporated herein by reference.

(6) Filed with Form 8-K on or about April 2, 2004, as Exhibit 10.2 and incorporated herein by reference.

(7) Filed with Form 10-QSB on or about November 14, 2003, as Exhibit 10.1 and incorporated herein by reference.

(8) Filed with Form SB-2 on or about June 29, 2004, and incorporated herein by reference.

(9) Filed with Form 8-K on or about November 4, 2004 as exhibit 10.1 and incorporated here by reference.

(10) Filed with Form SB-2 on or about December 7, 2004, and incorporated herein by reference.

(11) Filed with Pre-Effective Amendment No. 1 to Form SB-2 on or about January 18, 2005, and incorporated herein by reference.

(12) Filed with Form 8-K on or about December 9, 2004 as Exhibit 3.1.2 and incorporated herein by reference.

(13) Filed herewith.

Item 28. Undertakings.

The Registrant will:

(1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by section 10(a)(3) of the Securities Act;

(ii) Refect in the prospectus any facts or events which, individually or together, represent a fundamental change in information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the undersigned pursuant to the foregoing provisions, or otherwise, the undersigned has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is,

therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the undersigned of expenses incurred or paid by a director, officer or controlling person of the undersigned in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the undersigned will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned will:

(1) For determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the undersigned under Rule 424(b)(1), or (4) or 497(h) under the Securities Act as part of this registration statement as of the time the Securities and Exchange Commission declared it effective.

(2) For determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form SB-2 and has authorized Amendment No. 4 to this registration statement to be signed on its behalf by the undersigned, in the City of Denver, Colorado on March 9, 2005.

VITACUBE SYSTEMS HOLDINGS, INC.

By: /s/ EARNEST MATHIS, JR.

Name: Earnest Mathis, Jr.,
Title: *Chief Executive Officer*

KNOW ALL MEN BY THESE PRESENTS, that each of the persons whose signatures appears below constitutes and appoints Earnest Mathis, Jr., as true and lawful attorney-in-fact and agent, with full power of substitution, for his and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, therewith with the U.S. Securities and Exchange Commission, and to make any and all state securities law or blue sky filings, granting unto said attorney-in-fact and agent, with full power and authority to do and perform each and every act and thing requisite or necessary to be done in about the premises, as full and to all intents and purposes as he might or could to in person, hereby ratifying the confirming all that said attorney-in-fact and agent, or any substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the requirements of the Securities Act of 1933, Amendment No. 4 to this registration statement has been signed by the following persons in the capacities and on the dates stated:

Signature	Title	Date
/s/ EARNEST MATHIS, JR. Earnest Mathis, Jr.	*Chief Executive Officer, President, Director and Chairman (Principal Executive Officer)*	March 9, 2005
/s/ MARY PAT O'HALLORAN Mary Pat O'Halloran	*Chief Financial Officer (Principal Financial and Accounting Officer)*	March 9, 2005
/s/ DOUGLAS RIDLEY Douglas Ridley	*Director*	March 9, 2005
/s/ JOHN B. MCCANDLESS John B. McCandless	*Director*	March 9, 2005
/s/ ANTHONY DIGIANDOMENICO Anthony DiGiandomenico	*Director*	March 9, 2005

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(13)

Filed herewith.

QuickLinks