

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 19, 2022

Sarepta Therapeutics, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-14895
(Commission
File Number)

93-0797222
(IRS Employer
Identification No.)

215 First Street
Cambridge, Massachusetts
(Address of Principal Executive Offices)

02142
(Zip Code)

Registrant's Telephone Number, Including Area Code: (617) 274-4000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	SRPT	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On April 19, 2022 (the “Effective Date”), Sarepta Therapeutics, Inc. (the “Company”) entered into a letter agreement (the “2022 Letter Agreement”) with Douglas S. Ingram, the Company’s President and Chief Executive Officer, amending each of the following agreements between the Company and Mr. Ingram: (i) Performance Stock Option Award Agreement (the “Stock Option Agreement”), dated June 26, 2017; (ii) Change in Control and Severance Agreement, effective June 26, 2017, as amended by letter agreement dated June 26, 2018 (the “CIC Agreement”); and (iii) Employment Agreement, dated as of June 26, 2017, as amended by letter agreement dated June 26, 2018 (the “Employment Agreement”). Although the vesting period under the Stock Option Agreement was set to end on June 26, 2022 (the fifth anniversary of the date of the option grant), the Company determined that it was necessary, appropriate and in the best interests of the Company and its stockholders to enter into the 2022 Letter Agreement to provide certainty to investors and employees in advance of the expiration of Mr. Ingram’s contract, and to retain and incentivize him.

Amendment to Stock Option Agreement

In consideration of the compounded annual growth (“CAGR”) of the Company’s common stock and significant over-performance relative to the Nasdaq Biotech Index from the grant date of the option under the Stock Option Agreement to the Effective Date, the 2022 Letter Agreement amends the vesting schedule of the Stock Option Agreement to provide that 33.33% of the option will be vested on the Effective Date. In determining changes to the option, including the appropriate amount that should be vested on the Effective Date, 16.67% of the option would have vested in accordance with the original vesting schedule contained in the Stock Option Agreement as in effect prior to the Effective Date, based on the 20-day trading average of the Company’s common stock immediately preceding the Effective Date (rather than immediately preceding June 26, 2022, the fifth anniversary of the date of grant of the option). The remainder of the 33.33% of the option (*i.e.*, an incremental 16.66%) was near the CAGR-adjusted vesting price for April 19, 2022 to meet the terms of the original agreement and is being accelerated in recognition of Mr. Ingram’s strong performance, extensive experience in the Company’s industry, overall compensation as compared to the compensation paid in the Company’s peer group and the competitive landscape for talent.

The remaining unvested portion of the option shall vest in varying increments at any time between the Effective Date and June 26, 2025 (the “Measurement Period”) if the Company’s common stock (based on the average of the closing price during any consecutive 20 trading day period during the Measurement Period) reaches any of the following levels: \$105.74, \$128.65, \$155.37 and \$186.36 (each a “Company Target Stock Price”), subject to Mr. Ingram’s continued service through each applicable vesting date *and* the Company’s CAGR exceeds the CAGR of the Nasdaq Biotech Index in varying percentages (as set forth in the 2022 Letter Agreement) measured during the same period. The Company Target Stock Prices were calculated using the CAGR of the per share exercise price of the option from the date of grant until the fifth anniversary of the date of grant, using five percent increments starting with 25% CAGR and ending with 40% CAGR. The percentages of the option that will vest based on attainment of each Company Target Stock Price remain unchanged from the vesting percentages contained in the Stock Option Agreement as in effect immediately prior to the effective date of the 2022 Letter Agreement.

The 2022 Letter Agreement also adds a holding period with respect to any shares acquired pursuant to the exercise of any portion of the option. As of the Effective Date, Mr. Ingram will not be permitted during the Holding Period (as defined below) to sell or otherwise transfer or dispose of any of the shares acquired pursuant to the exercise of any portion of the option after deduction of any shares withheld or sold to pay the applicable aggregate exercise price and/or withholding taxes applicable to the exercise of the relevant portion of the option (other than certain transfers permitted for estate planning purposes where the transferee would be subject to the Holding Period).

“Holding Period” is defined in the 2022 Letter Agreement as the one year period commencing on the exercise of any portion of the stock option, except that the Holding Period shall automatically end on the earliest to occur of the following: a Change in Control, Mr. Ingram’s death or disability, termination of Mr. Ingram by the Company without “Cause,” termination by Mr. Ingram with “Good Reason”, or Mr. Ingram’s termination following non-renewal by the Company and Mr. Ingram of the “Employment Term” as provided in Section 2 of the Employment Agreement (and as each such term is defined in the Employment Agreement).

The Company expects to incur a significant non-cash accounting charge in connection with the 2022 Letter Agreement, which will be disclosed in the Company's upcoming filings on Form 10-Q in 2022.

Amendment to Change in Control and Severance Agreement

The 2022 Letter Agreement amends the CIC Agreement to provide that in the event of a "Covered Termination" during a "Change in Control Period" (each as defined in the CIC Agreement), any unvested portion of the option shall become vested with respect to that number of shares subject to the option that would have vested upon achievement of any of the Company Target Stock Price goals if the CAGR in the closing price of the Company's common stock from the Effective Date to the date of the Change in Control (as defined in the CIC Agreement) ("CIC CAGR Company") equals or exceeds the CAGR of the closing price of the Company's common stock during the Measurement Period that would have been required to achieve the corresponding Company Stock Target Price on June 26, 2025, subject to the vesting percentages set forth in the Stock Option Agreement and the extent to which the Company CIC CAGR (from the Effective Date to the date of the Change in Control) exceeds the Biotech Index CAGR (from the date of grant to the date of the Change in Control). However, no such vesting shall occur if the sale price of the Company's common stock paid in a Change in Control (the "CIC Price") occurring at any time during the 18-month period commencing on the Effective Date does not equal at least \$130 per share. If the CIC Price is less than \$130 per share during such 18-month period, the portion of the option that corresponds to the next applicable vesting column in the vesting table in the Stock Option Agreement (taking into account the extent to which the Company CIC CAGR exceeds the Biotech Index CAGR) shall vest on the Covered Termination during the Change in Control Period. Any portion of the option that does not vest under these provisions shall be immediately forfeited.

Amendment to Employment Agreement

The 2022 Letter Agreement amends the Employment Agreement for consistency with the changes to the Stock Option Agreement described above and also provides that Mr. Ingram will become eligible for any future annual equity incentive awards after his first eight years of employment. In addition, outside of a Change of Control, in the event of a termination of Mr. Ingram by the Company without "Cause," termination by Mr. Ingram with "Good Reason", or Mr. Ingram's termination following non-renewal by the Company, the option will continue to be eligible to vest for one year from the date of such termination, but in no event will vesting occur after June 26, 2025. Any portion of the option that does not vest within such one-year period shall be forfeited.

The foregoing summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the complete copy of the 2022 Letter Agreement, which is filed as exhibit 10.1 to this Form 8-K. Except as amended by the 2022 Letter Agreement, the Stock Option Agreement, CIC Agreement and Employment Agreement remain in effect in accordance with their terms.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	
10.1	Letter Agreement, dated April 19, 2022, between Sarepta Therapeutics, Inc. and Douglas S. Ingram
104	The cover page from this Current Report on Form 8-K of Sarepta Therapeutics, Inc., formatted in Inline XBRL and included as Exhibit 101

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sarepta Therapeutics, Inc.

Date: April 21, 2022

By: /s/ Ryan E. Brown
Ryan E. Brown
Senior Vice President, General Counsel

April 19, 2022

Mr. Douglas S. Ingram
c/o Sarepta Therapeutics, Inc.
215 First Street
Cambridge, MA 02142

Re: **Amendments to Performance Stock Option Award Agreement,
Change in Control and Severance Agreement and Employment Agreement relating to Performance Stock Option**

Dear Doug:

This letter agreement ("Letter Agreement") amends, effective on the date above, certain terms of the: (i) Performance Stock Option Award Agreement (the "Stock Option Agreement"), dated June 26, 2017, between you and Sarepta Therapeutics, Inc. (the "Company") under the Company's 2014 Employment Commencement Incentive Plan, as amended; (ii) Change in Control and Severance Agreement, effective June 26, 2017, between you and the Company, as amended by letter agreement dated June 26, 2018 (the "CIC Agreement"); and (iii) Employment Agreement, dated as of June 26, 2017, between you and the Company, as amended by letter agreement dated June 26, 2018 (the "Employment Agreement"). Capitalized terms used in Sections A, B and C below that are not otherwise defined in this Letter Agreement have the meanings set forth in the Stock Option Agreement, the CIC Agreement and the Employment Agreement, respectively. Except as expressly provided herein, the Stock Option Agreement, the CIC Agreement and the Employment Agreement will continue in accordance with their respective terms and conditions.

A. Amendment to Performance Stock Option Award Agreement

1. Vesting Schedule. The section entitled "Vesting Schedule" beginning on page one of the Stock Option Agreement is hereby deleted in its entirety (except for the last paragraph therein which shall be retained) and is hereby replaced with the following:

"Vesting Schedule:

Effective April 19, 2022 (the "Effective Date"), subject to any acceleration provisions contained in the Plan or set forth below, this Option may be exercised, in whole or in part, in accordance with the following schedule:

In consideration of the CAGR of the Company's Common Stock and significant over-performance relative to the NASDAQ Biotech Index (symbol NBI) from the Date of Grant to the Effective Date, on the Effective Date, 33.33% of this Option (*i.e.*, 1,099,890 shares of the Company's Common Stock underlying this Option) shall be vested (the "Vested Tranche").

The remaining unvested portion of this Option (*i.e.*, 66.67% of this Option which corresponds to 2,200,110 shares of the Company’s Common Stock underlying this Option) shall vest at any time between the Effective Date and June 26, 2025 (the “Measurement Period”), upon achievement during the Measurement Period of an average closing price for the Company’s Common Stock set forth on the table below, calculated using the average of the closing prices of the Company’s Common Stock during any consecutive 20 trading day period occurring during the Measurement Period (the “Company Target Stock Price”), subject to the Participant’s continued service to the Company or a subsidiary thereof from the Effective Date through each applicable date of achievement of the Company Target Stock Price during the Measurement Period; provided, that during the period from the Date of Grant through the date of the achievement of the Company Target Stock Price, the compounded annual growth rate (“CAGR”) of the Company’s Common Stock Price (based on the average of the closing price during such consecutive 20 trading day period occurring during the Measurement Period) (the “Company CAGR”) exceeds the CAGR of the NASDAQ Biotech Index (symbol NBI) (or any successor index) (the “Biotech Index”) (the “Biotech Index CAGR”) during the same period, as set forth in the table below and calculated at the time of vesting. For the avoidance of doubt, the Company Target Stock Price will be measured on a rolling basis during the Measurement Period such that a new 20 consecutive trading day period will begin on every trading day, provided, however, that each of the 20 consecutive trading days must occur during the Measurement Period.

The Option shall be eligible for multiple vesting events during the Measurement Period upon the achievement of higher levels of Company Target Stock Price set forth in table below. Once a Company Target Stock Price in the table below is first achieved, the applicable vesting percentage in the table below that corresponds with the applicable percentage in the left column by which the Company CAGR exceeds the Biotech Index CAGR (*i.e.*, Company CAGR less Biotech Index CAGR) (such applicable percentage, the “Relative CAGR Percentage”) is multiplied by the total of number of shares of the Company’s Common Stock underlying this Option. Upon achievement of the Company Target Stock Price during the Measurement Period in accordance with the table below, the vesting percentage in the table below that corresponds to the applicable Relative CAGR Percentage shall apply to the Option, less the percentage of this Option that previously vested, except that the aggregate vesting shall not be less than the vesting of the Vested Tranche. Once a portion of the Option vests based on achievement of a Company Target Stock Price under the table below, no further vesting at lower levels of Company Target Stock Price may occur.

Vesting Table

Company Target Stock Price (1):	<u>\$105.74</u>	<u>\$128.65</u>	<u>\$155.37</u>	<u>\$186.36</u>
Percent Company CAGR exceeds Biotech Index CAGR	Vesting Percentage			
0.00%-0.99%	0.00%	16.67%	33.33%	33.33%
1.00%-1.99%	8.33%	26.67%	43.33%	46.67%
2%-2.99%	16.67%	36.67%	53.33%	60.00%
3%-3.99%	25.00%	46.67%	63.33%	73.33%
4%-4.99%	33.33%	56.67%	73.33%	86.67%
at least 5%	50.00%	66.67%	83.33%	100.00%

- (1) Company Target Stock Price dollar amounts set forth in the table above correspond to the Company CAGR percentages as follows: \$105.74 is based on 25% Company CAGR, \$128.65 is based on 30% Company CAGR, \$155.37 is based on 35% Company CAGR and \$186.36 is based on 40% Company CAGR. These Company Target Stock Price dollar amounts were calculated using the CAGR of the per share Exercise Price from the Date of Grant until the fifth anniversary of the Date of Grant.

Except as expressly provided herein, the unvested portion of the Option (after taking into account the Vested Tranche) shall not vest prior to the achievement of the Company Target Stock Price during the Measurement Period with the corresponding Company CAGR exceeding the Biotech Index CAGR as set forth in the table above. For the avoidance of doubt, no interpolation between stock price levels shall be used to determine the vesting percentage.

The Participant acknowledges and agrees that this vesting schedule shall replace and supersede the vesting schedule set forth in Section 5(b) of the Employment Agreement dated June 26, 2017, between you and the Company, as amended by letter agreement dated June 26, 2018 (the "Employment Agreement"). In addition to being subject to the terms and conditions in this Award Agreement and the Plan, the Option shall be subject to Section 26 of the Employment Agreement.

2. Holding Period. The following new section entitled "Holding Period" is hereby added to the Stock Option Agreement after the section entitled "Vesting Schedule."

"Notwithstanding anything herein to the contrary, upon the vesting of any portion of this Option, the Participant shall not be permitted during the Holding Period (as defined below) to sell or otherwise transfer or dispose of any of the shares of the Company's Common Stock acquired pursuant to the exercise of any portion of this Option after deduction of any shares withheld or sold to pay the applicable aggregate exercise price and/or withholding taxes applicable to the exercise of the relevant portion of this Option (other than transfers for estate planning purposes to a Family Member, as defined under Section 2(t) of the Plan, provided, however, that such Family Member agrees to be subject to the Holding Period to the same extent it would have otherwise applied to the Participant). The term "Holding Period" means the one-year period commencing on the exercise of any portion of this Option, except that the Holding Period shall automatically end on the earliest to occur of the following: (i) a Change in Control; (ii) the Participant's death; (ii) the Participant's Disability; or (iii) termination of the Participant by the Company without "Cause," termination by the Participant with "Good Reason" or as a result of the Participant's termination following non-renewal by the Company and Participant of the "Employment Term" as provided in Section 2 of the Employment Agreement (and as each such term is defined in the Employment Agreement)."

B. Amendment to Change in Control and Severance Agreement

1. Vesting of Performance Option Award. Section 3(c)(ii) of the CIC Agreement is hereby amended to read as follows:

"ii. Performance Option Award. With respect to the Performance Option Award, any unvested portion of the Performance Option Award shall automatically become vested and exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse, in each case, with respect to that number of shares subject to the Performance Option Award that would have vested upon achievement of any of the Company Target Stock Price goals if the compounded annual growth rate in the closing price of the Company's Common Stock from April 19, 2022 to the date of the Change in

Control (“Company CIC CAGR”) equals or exceeds the compounded annual growth rate of the closing price of the Company’s Common Stock from April 19, 2022 to June 26, 2025 (“Company Measurement Period CAGR”) that would have been required to achieve the corresponding Company Target Stock Price on June 26, 2025, subject to the percentages set forth in the vesting table in the Performance Option Award agreement and the extent to which the Company CIC CAGR exceeds the Biotech Index CAGR (in the case of the Company CIC CAGR, calculated from April 19, 2022 to the date of the Change in Control and in the case of the Biotech Index CAGR, from the Date of Grant to the date of the Change in Control) as set forth in the Performance Option Award agreement. Notwithstanding anything herein to the contrary, no such vesting and exercisability shall occur if the sale price of the Company’s common stock paid in the Change in Control (the “CIC Price”) occurring at any time during the eighteen (18) month period commencing on the Effective Date does not equal at least \$130 per share. If the CIC Price occurring at any time is less than \$130 per share during such eighteen (18) month period, any unvested portion of the Performance Option Award shall automatically become vested and exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse, in each case, with respect to the number of shares subject to the Performance Option Award that correspond to the next applicable vesting percentage column under the vesting table set forth in the Performance Option Award agreement (taking into account the extent to which the Company CIC CAGR exceeds the Biotech Index CAGR (in the case of the Company CIC Price CAGR, calculated from April 19, 2022 to the date of the Change in Control and in the case of the Biotech Index CAGR, from the Date of Grant to the date of the Change in Control) as set forth in the Performance Option Award agreement). Any portion of the Performance Option Award that does not vest pursuant to this Section 3(c)(ii) as of Executive’s termination date shall be immediately forfeited and of no further force or effect. Exhibit A contains examples demonstrating the vesting under this Section 3(c)(ii). The terms “Company Target Stock Price” and “Biotech Index CAGR” (as modified herein) shall have the meanings set forth in the Performance Option Award.”

In addition, Section 3 (c)(iii) of the CIC Agreement is hereby deleted in its entirety.

C. Amendment to Employment Agreement

1. Inducement Performance Option Award. Section 5(b) of the Employment Agreement is hereby amended to delete the entire section other than the last sentence, which shall be retained in its entirety.
2. Annual Equity Awards. Section 5(c) of the Employment Agreement is hereby amended by replacing the word “fifth” with the word “eighth.”
3. Employment Termination due to Non-Renewal, Without Cause or for Good Reason Outside of Change in Control Period.

Section 8(c)(ii)(B) of the Employment Agreement is hereby amended in its entirety to read as follows:

“Executive’s Performance Option Award will remain outstanding and continue to vest in accordance with the terms of the Letter Agreement dated April 19, 2022 for a period of 1 year from the date of Executive’s termination, provided, however, that in no event shall any continued vesting occur after June 26, 2025. Any portion of the Performance Option Award that does not vest within such 1-year period shall be forfeited and of no further force and effect.”

4. Performance Option Award Vesting Examples. The Employment Agreement is hereby amended to delete Exhibit A in its entirety.

D. Miscellaneous

1. Entire Understanding. This Letter Agreement sets forth the entire agreement between you and the Company regarding the amendments of the Stock Option Agreement, CIC Agreement and Employment Agreement and supersedes any other discussions or agreements between you and the Company regarding the matters addressed herein.

2. Severability; Counterparts. The invalidity or unenforceability of any provision of this Letter Agreement will not affect the validity or enforceability of any other provision. If any provision of this Letter Agreement is held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Letter Agreement, will remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law. This Letter Agreement may be executed in several counterparts (including, without limitation, by facsimile, PDF or electronic transmission), each of which will be deemed an original, and such counterparts will constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

To indicate your agreement with the foregoing, please sign and return this Letter Agreement to me. This Letter Agreement will become effective as of the date on which you sign below.

Very truly yours,

SAREPTA THERAPEUTICS, INC.

By: /s/ Claude Nicaise
Name: Claude Nicaise, M.D.
Title: Chair of the Compensation Committee of the Board
of Directors

Accepted and Agreed:

/s/ Douglas S. Ingram
Name: Douglas S. Ingram
Date: April 19, 2022

EXHIBIT A
PERFORMANCE OPTION AWARD VESTING EXAMPLES
DOUBLE TRIGGER (CIC)

In each of the following examples, assume that the closing price of the Company's common stock on the Effective Date is \$85 per share. Utilizing this assumption, the Company Target Stock Prices listed in the vesting table correspond to the following Company CAGRs for the Measurement Period (*i.e.*, the Effective Date to June 26, 2025) as follows:

Company
Target Stock Company CAGR Price

\$105.74	7.50%
\$128.65	14.80%
\$155.37	22.27%
\$186.35	29.91%

Example A:

Assume that a Change in Control occurs on the one year anniversary of the Effective Date (*i.e.*, April 19, 2023) with a sale price paid in the Change in Control equal to \$110 per share. In this case, the Company CIC CAGR equals 29.41%. Assume the Company CIC CAGR (for the period beginning on the Effective Date and ending on the date of the Change in Control) exceeds the Biotech Index CAGR (for the period beginning on the Date of Grant and ending on the date of the Change in Control) by at least 5%. Assume that none of the Company Target Stock Prices were achieved between the Effective Date and the Change in Control.

Under the vesting table, the Option will vest under the column for a Company Target Stock Price of \$128.65 with a Company CIC CAGR (for the period beginning on the Effective Date and ending on the date of the Change in Control) that exceeds the Biotech Index CAGR (for the period beginning on the Date of Grant and ending on the date of the Change in Control) by at least 5%, resulting in a vesting percentage of 66.67% of the shares subject to the Option (*i.e.*, 2,200,110 shares), less the amount already vested (*i.e.*, 33.33% or 1,099,890 shares). Accordingly, an additional 1,100,220 shares subject to the Option will vest upon a "Covered Termination" during a "Change in Control Period" under Section 3 (c)(ii) of the CIC Agreement (as amended pursuant to the Letter Agreement).

Example B:

Assume that a Change in Control occurs on the second year anniversary of the Effective Date (*i.e.*, April 19, 2024) with a sale price paid in the Change in Control equal to \$130 per share. In this case, the Company CIC CAGR equals 23.67%. Assume the Company CIC CAGR (for the period beginning on the Effective Date and ending on the date of the Change in Control) exceeds the Biotech Index CAGR (for the period beginning on the Date of Grant and ending on the date of the Change in Control) by 4.5%. Assume that none of the Company Target Stock Prices were achieved between the Effective Date and the Change in Control.

A Company Target Stock Price of \$155.37 corresponds to a Company CAGR during the Measurement Period of 22.27%. Under the vesting table, the Option will vest under the column for a Company Target Stock Price of \$155.37 with a Company CIC CAGR (for the period beginning on the Effective Date and ending on the date of the Change in Control) that exceeds the Biotech Index CAGR (for the period beginning on the Date of Grant and ending on the date of the Change in Control) by 4.5%, resulting in a vesting percentage of 73.33% of the shares subject to the Option (*i.e.*, 2,419,890 shares), less the amount already vested (*i.e.*, 33.33% or 1,099,890 shares). Accordingly, an additional 1,320,000 shares subject to the Option will vest upon a “Covered Termination” during a “Change in Control Period” under Section 3(c)(ii) of the CIC Agreement (as amended pursuant to the Letter Agreement).

If, however, the Company CIC CAGR exceeds the Biotech Index CAGR (for the period beginning on the Date of Grant and ending on the date of the Change in Control) by at least 5%, the resulting vesting percentage would be 83.33% of the shares subject to the Option (*i.e.*, 2,749,890 shares), less the amount already vested (*i.e.*, 33.33% or 1,099,890 shares). Accordingly, an additional 1,650,000 shares subject to the Option will vest upon a “Covered Termination” during a “Change in Control Period” under Section 3 (c)(ii) of the CIC Agreement (as amended pursuant to the Letter Agreement).

These examples are provided for illustration purposes only. Capitalized terms used herein shall have the meaning set forth in the Letter Agreement.