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Confidential draft submission No. 2, as confidentially submitted to the Securities and Exchange Commission on August 11, 2014

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

JAGUAR ANIMAL HEALTH, INC.
(Exact name of registrant as specified in its charter)

Delaware	**2834**	**46-2956775**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

185 Berry Street, Suite 1300
San Francisco, California 94107
(415) 371-8300
(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Lisa A. Conte
Chief Executive Officer and President
Jaguar Animal Health, Inc.
185 Berry Street, Suite 1300
San Francisco, California 94107
(415) 371-8300
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Marianne C. Sarrazin	**John T. McKenna**
Reed Smith LLP	**Cooley LLP**
101 Second Street, Suite 1800	**1114 Avenue of the Americas**
San Francisco, California 94105	**New York, New York 10036**
(415) 543-8700	**(212) 479-6000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[1]	Amount of Registration Fee[2]
Common Stock, $0.0001 par value per share	$	$

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Includes additional shares that the underwriters have the option to purchase, to cover over-allotments, if any. Calculated pursuant to Rule 475(o).

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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SUBJECT TO COMPLETION DATED , 2014

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

Shares

Common Stock
$ per share

This is the initial public offering of Jaguar Animal Health, Inc. We are offering shares of common stock. Prior to this offering, there has been no public market for our common stock. We estimate that the initial public offering price will be between $ and $ per share.

We have applied for listing of our common stock on The NASDAQ Capital Market under the symbol "JAGX."

We are an "emerging growth company" as defined by the Jumpstart Our Business Startups Act of 2012 and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 11.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds, before expenses to us	$	$

(1) We refer you to "Underwriting" for additional information regarding underwriter compensation.

We have granted the underwriters a 30-day option to purchase a total of up to additional shares of common stock.

The underwriters expect to deliver shares of common stock to purchasers on or about , 2014.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

BMO Capital Markets **Guggenheim Securities**

Roth Capital Partners

The date of this prospectus is , 2014.

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Until , 2014 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

We have not, and the underwriters have not, authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under the circumstances and in the jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: we have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of securities and the distribution of this prospectus outside the United States.

Jaguar Animal Health, our logo, Canalevia and Neonorm are our trademarks that are used in this prospectus. This prospectus also includes trademarks, tradenames and service marks that are the property of other organizations. Solely for convenience, trademarks and tradenames referred to in this prospectus appear without the © and ™ symbols, but those references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights or that the applicable owner will not assert its rights, to these trademarks and tradenames.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the section in this prospectus titled "Risk Factors" and our financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision.

As used in this prospectus, references to "Jaguar," "we," "us" or "our" refer to Jaguar Animal Health, Inc.

Overview

Our Company

We are an animal health company focused on developing and commercializing first-in-class gastrointestinal products for companion and production animals. Canalevia is our lead prescription drug product candidate for the treatment of various forms of watery diarrhea in dogs. We expect to announce data from our proof-of concept study of Canalevia for general acute watery diarrhea in dogs in the fourth quarter of 2014. We also expect to initiate filing of a rolling new animal drug application, or NADA, for Canalevia for chemotherapy-induced diarrhea, or CID, in dogs, by the end of 2014. Canalevia is a canine-specific formulation of crofelemer, an active pharmaceutical ingredient isolated and purified from the *Croton lechleri* tree. A human-specific formulation of crofelemer, Fulyzaq, was approved by the U.S. Food and Drug Administration, or FDA, in 2012 for the symptomatic relief of noninfectious diarrhea in adults with HIV/AIDS on antiretroviral therapy. Members of our management team developed crofelemer, including while at Napo Pharmaceuticals, Inc., or Napo. Neonorm is our lead non-prescription product to address the symptoms of watery diarrhea, or scours, in preweaned dairy calves. We plan to launch Neonorm in the United States by the end of 2014 and expect to launch additional formulations of Neonorm for other animal species beginning in 2015. Neonorm is a botanical extract also derived from the *Croton lechler* tree. Canalevia and Neonorm are distinct products that are formulated to address specific species and market channels. We have seven investigational new animal dru applications, or INADs, on file with the FDA and intend to develop species-specific formulations of Neonorm in six additional target species.

Diarrhea is one of the most common reasons for veterinary office visits for dogs and is the second most common reason for visits to the veterinary emergency room, yet there are no FDA-approved anti-secretory products for the treatment of diarrhea. We estimate that in the United States, veterinarians see approximately six million annual cases of acute and chronic watery diarrhea in dogs, approximately two-thirds of which are acute watery diarrhea. We believe Canalevia will be effective in treating watery diarrhea because it acts at the last physiological step, conserved across mammalian species, in the manifestation of watery diarrhea, regardless of cause, by normalizing ion and water flow in the intestinal lumen. We are first seeking a minor use, minor species, or MUMS, designation for Canalevia for CID in dogs to shorten the timeframe to commercialization. If we receive conditional approval pursuant to MUMS designation, we expect to commercialize Canalevia for CID in dogs in early 2016. We are also enrolling a proof-of-concept study of approximately 240 dogs with multiple preselected and distinct types of watery diarrhea. We are conducting this study to support full approval of Canalevia for CID, as well as protocol concurrence discussions with the FDA regarding expansion of labeled indications of watery diarrhea beyond CID to include general acute watery diarrhea. We plan to market Canalevia, if approved, through a focuse direct sales force and to complement our internal efforts with distribution partners, although we do not yet have any such agreements in place.

According to the Dairy 2007 study conducted by the United States Department of Agriculture, or USDA, almost one in four preweaned dairy heifer, or female, calves suffers from diarrhea or other digestive problems. The preweaning period is generally the first 60 days after birth. Scours, diarrhea or other digestive problems are responsible for more than half of all preweaned heifer calf deaths, and

result in supportive care and treatment costs, impaired weight gain and long-term reduction in milk production. We believe the incidence rate of scours and its corresponding financial impact represent a large opportunity and that Neonorm has the potential to effectively meet this need. In our clinical study completed in May 2014, Neonorm demonstrated a statistically significant reduction in the severity of watery diarrhea, reduced morbidity and mortality, and improved weight gain as compared to placebo in newborn dairy calves with scours.

We intend to launch Neonorm for preweaned dairy calves in the United States by the end of 2014 and have commenced initial launch activities. Our commercialization activities will initially focus on large commercial dairy operations and include active ongoing education and outreach to dairy industry key opinion leaders, such as academics involved in dairy cattle research or who advise the dairy cattle industry, as well as veterinarians. We intend to augment these commercialization efforts by working with regional distributors to leverage the geographic concentration of the dairy market in the United States, although we do not yet have any such agreements in place. We estimate that the commercial launch will cost approximately $1.0 million. We expect the ongoing launch of Neonorm to drive awareness among veterinarians regarding the utility of our first-in-class *Croton lechleri*-derived products, including Canalevia.

We have an exclusive worldwide license to Napo's intellectual property rights and technology related to our products and product candidates, including rights to its library of over 2,300 medicinal plants, for all veterinary treatment uses and indications for all species of animals. This license includes rights to Canalevia, Neonorm and other distinct prescription drug product candidates and non-prescription products in our pipeline along with the corresponding existing pre-clinical and clinical data packages.

Our management team has significant experience in gastrointestinal and animal health product development. This experience includes the development of crofelemer for human use, from discovery and preclinical and clinical toxicity studies, including the existing animal studies to be used for Canalevia regulatory approvals, through human clinical development. Our team also includes individuals who have prior animal health experience at major pharmaceutical companies, including Ciba-Geigy Corp., now Novartis International AG, SmithKline Beecham Corporation, now GlaxoSmithKline LLC, the animal health group of Pfizer Inc., now Zoetis Inc., and Vétoquinol S.A.

Product Pipeline

We are developing a pipeline of prescription drug product candidates and non-prescription products to address unmet needs in animal health. Our pipeline currently includes prescription drug product candidates for eight indications across multiple species, and non-prescription products targeting seven species.

Prescription Drug Product Candidates

Product Candidates	Species	Indication	Recent Developments[1]	Anticipated Milestones
Canalevia	Dogs	CID	• INAD filed in November 2013[2] • Scheduled MUMS designation / pre-NADA meeting	• Initiate rolling NADA filing with the FDA in fourth quarter of 2014 • Commercial launch in early 2016
Species-specific formulations of crofelemer	Dogs	General acute watery diarrhea	• INAD filed in February 2014 • Initiated proof-of-concept study in June 2014	• Proof-of-concept data in fourth quarter of 2014 • Top line pivotal efficacy data in 2015 • Commercial launch in 2016
	Horses	Acute colitis	• INAD filed in February 2014 • Initiated hamster *C. difficile* study in April 2014	• Proof-of-concept data in second half of 2014 • Apply for MUMS designation in second half of 201 • Safety data in second half of 2015
	Cats	General acute watery diarrhea	• INAD filed in February 2014	• Safety data in first half of 2015 • Top line pivotal efficacy data in 2015 • Commercial launch in 2017
Virend (topical)	Cats	Herpes virus	• INAD filed in July 2014	• Proof-of-concept data in first half of 2015 • Top line pivotal efficacy data in 2015
Species-specific formulations of NP-500	Dogs	Insulin-resistance syndrome	• INAD filing expected August 2014	• Proof-of-concept data in 2016
	Horses	Metabolic syndrome	• INAD filed in March 2014	• Proof-of-concept data in 2016
	Cats	Type II diabetes	• INAD filed in March 2014	• Proof-of-concept data in 2016

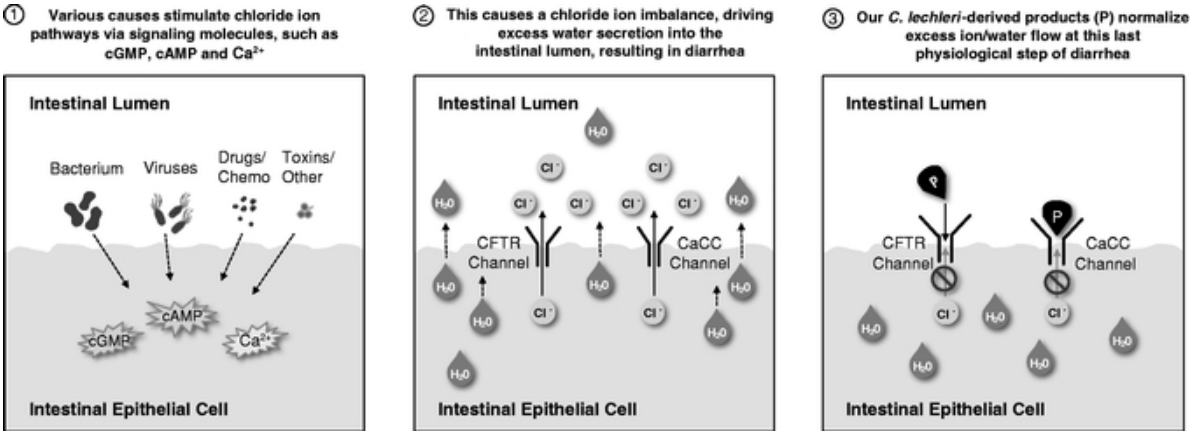
(1) Each INAD was filed by us unless otherwise noted.
(2) Initially filed by Napo; transferred to us in March 2014

Non-Prescription Products

Products	Species	Use	Recent Developments	Anticipated Milestones
Neonorm	Dairy calves	For scours in preweaned dairy calves	• Initiated commercial launch activities in July 2014	• Commercial launch by end of 2014 • Field study data by end of 2014
Species-specific formulations of Neonorm	Horse foals	Normalize stool formation	• Completed pilot formulation in April 2014	• Safety and palatability data in 2014 • Efficacy data in first half of 2015 • Commercial launch in 2015
	Adult horses	Normalize stool formation	• Completed pilot formulation in April 2014	• Safety and efficacy data in first half of 2015 • Commercial launch in 2015
	Sheep and other farm animals	Normalize stool formation	• Initiated international market research in New Zealand in May 2014	• Initiate proof-of-concept studies in various species based on market research

Novel Mechanism of Action

Our gastrointestinal products and product candidates act by normalizing the flow of ions and water in the intestinal lumen, the dysregulation of which is the last step common to the manifestation of watery diarrhea. As a result, we believe that our products and product candidates may be effective in addressing watery diarrhea, regardless of cause. In addition, the channels that regulate this ion and water flow, including channels known as CFTR and CaCC (the sites of action of our gastrointestinal products), are generally present in mammals. We therefore expect that the clinical benefit shown in humans and preweaned dairy calves will be confirmed in multiple other species, including dogs. Accordingly, we believe we can bring to market multiple products for a range of species that are first-in-class and effective in preventing the debilitating and devastating ramifications of watery diarrhea in companion and production animals. The following diagram illustrates the mechanism of action of our gastrointestinal products and product candidates, which normalize chloride and water flow and transit time of fluids within the intestinal lumen.



Business Strategy

Our goal is to become a leading animal health company with first-in-class products that address unmet medical needs in both the companion and production animal markets. To accomplish this goal, we plan to:

- ***Leverage our significant gastrointestinal knowledge, experience and intellectual property portfolio to develop a line of products addressing watery diarrhea for both companion and production animals.*** In addition to Canalevia for dogs and Neonorm for preweaned dairy calves, we are developing formulations of these products across multiple animal species and market channels.

- ***Establish commercial capabilities, including third-party sales and distribution networks and our own targeted commercial efforts, through the launch of Neonorm.*** We expect to launch Neonorm by the end of 2014, and have already commenced initial launch activities for Neonorm. We intend to establish a focused direct sales force for both the companion and production animal markets, as well as partner with leading distributors to commercialize our products.

- ***Launch Canalevia and our other product candidates for companion animals, if approved, leveraging the commercial capabilities and brand awareness we are currently building.*** We believe the ongoing Neonorm launch will allow us to establish sales and marketing capabilities in advance of the planned launch of Canalevia in 2016, to build corporate brand identity awareness, and to establish distributor relationships relevant to both our non-prescription and prescription drug product lines.

- ***Identify market needs that can be readily accessed and develop species-specific products by leveraging our broad intellectual property portfolio, deep pipeline and extensive botanical library.*** In

addition to our gastrointestinal product pipeline, we are also developing products such as Virend for feline herpes and NP-500 for Type II diabetes and metabolic syndrome, both of which have been through Phase 2 human clinical testing. We have exclusive worldwide rights to a library of over 2,300 medicinal plants for all veterinary treatment uses and indications for all species of animals.

Risks Related to Our Business

Our business, and our ability to execute our business strategy, is subject to a number of risks as more fully described in the section titled "Risk Factors." These risks include, among others, the following:

- We are a development stage company, have a limited operating history, have not yet generated any revenues, expect to continue to incur significant research and development and other expenses, and may never become profitable. Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern.
- We have never generated any revenue from operations and may need to raise additional capital to achieve our goals.
- We are substantially dependent on the success of our current lead prescription drug product candidate, Canalevia, and non-prescription product, Neonorm, and cannot be certain that necessary approvals will be received or that these products will be successfully commercialized.
- We are dependent upon our license agreement with Napo, and if this agreement is terminated, we will be unable to commercialize our products and ou business will be harmed.
- The results of earlier studies may not be predictive of the results of our pivotal trials or other future studies, and we may be unable to obtain any necessary regulatory approvals for our existing or future prescription drug product candidates under applicable regulatory requirements.
- Development of prescription drug products, and to a lesser extent, non-prescription products, for the animal health market is inherently expensive, time-consuming and uncertain, and any delay or discontinuance of our current or future pivotal trials, or dosage or formulation studies, would harm ou business and prospects.
- Even if we obtain any required regulatory approvals for our current or future prescription drug product candidates, they may never achieve market acceptance or commercial success.
- We are dependent upon contract manufacturers for supplies of our current prescription drug product candidates and non-prescription products and, in the short term, intend to rely on contract manufacturers for commercial quantities of any of our commercialized products.
- If we are not successful in identifying, developing and commercializing additional prescription drug product candidates and non-prescription products our ability to expand our business and achieve our strategic objectives would be impaired.

Corporate Information

We were founded in San Francisco, California as a Delaware corporation on June 6, 2013. Napo formed our company to develop and commercialize animal health products. As of December 31, 2013, we were a wholly-owned subsidiary of Napo, and as of June 30, 2014, we are a majority-owned subsidiary of Napo. Upon the closing of this offering, we will no longer be majority-owned by Napo. See "Certain Relationships and Related Person Transactions—Transactions with Napo" an "—Napo Arrangements" for information regarding our transactions with Napo.

Our executive offices are located at 185 Berry Street, Suite 1300, San Francisco, California 94107, and our telephone number is (415) 371-8300. Our website address is www.jaguaranimalhealth.com. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated by referenc into this prospectus and should not be considered to be part of this prospectus.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachut payments not previously approved.

We can take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we were to generate more than $1.0 billion in annual revenues, have more than $700.0 million in market value of our capital stock held by non-affiliates or issue more than $1.0 billion of non-convertible debt over a three-year period. As an emerging growth company, we may choose to take advantage of some, but not all, of the available exemptions. We have taken advantage of some reduced reporting burdens in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

The Offering

Common stock offered by us	shares (or shares if the underwriters exercise their option to purchase additional shares in full)
Common stock to be outstanding after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full)
Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to additional shares of our common stock to cover over-allotments, if any.
Use of proceeds	We intend to use the net proceeds from this offering for further development work for Canalevia, for commercial launch activities for Neonorm an associated field studies, for establishing manufacturing capabilities, and for other research and product development activities, working capital and general corporate purposes. See "Use of Proceeds" for a more detailed description of the intended use of proceeds from this offering.
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors that you should consider carefully before deciding to invest in our common stock.
Proposed NASDAQ Capital Market symbol	"JAGX"

The number of shares of common stock to be outstanding after this offering is based on 4,311,498 shares of common stock outstanding as of June 30, 2014, and excludes:

- 311,498 shares of common stock issuable upon exercise of outstanding warrants as of June 30, 2014 with an exercise price of $1.6854 per share;
- 25,000 shares of common stock issuable upon exercise of an outstanding warrant as of June 30, 2014 with an exercise price equal to 90% of the initial public offering price;
- 1,129,673 shares issuable upon exercise of outstanding options as of June 30, 2014 with a weighted-average exercise price of $1.77 per share;
- 118,953 shares issuable upon vesting of outstanding restricted stock unit awards as of June 30, 2014;
- 22,674 shares of common stock reserved for future issuance under our 2013 Equity Incentive Plan as of June 30, 2014; and
- 500,000 shares of common stock reserved for future issuance under our 2014 Stock Incentive Plan, which will become effective in connection with thi offering, as well as any automatic increases in the shares of common stock reserved for future issuance under the 2014 Stock Incentive Plan.

Unless otherwise indicated, the information in this prospectus assumes the following:

- the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, which will be in effect as of the closing of this offering;

- the conversion of all outstanding shares of Series A preferred stock into 3,015,902 shares of common stock on a one-for-one basis upon the closing of this offering;
- the issuance of shares of common stock upon the conversion of convertible promissory notes in the aggregate principal amount of $450,000 (which includes $150,000 aggregate principal amount of notes issued in July 2014) upon the closing of this offering at a conversion price equal to 80% of the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus
- no exercise of outstanding options or warrants, or issuance of shares upon the vesting of restricted stock units; and
- no exercise by the underwriters of their option to purchase additional shares of common stock.

Recent Developments

Subsequent to June 30, 2014, we completed the following transactions and issuances of securities.

Convertible Promissory Notes

In July 2014, we issued convertible promissory notes in the aggregate principal amount of $150,000. Upon the closing of this offering, these notes will convert into shares of common stock at a conversion rate equal to 80% of the initial public offering price per share.

Summary Selected Financial Data

The following tables set forth a summary of our selected historical financial data as of and for the periods ended on the dates indicated. We have derived the statements of comprehensive loss data for the period from June 6, 2013 (inception) through December 31, 2013 from our audited financial statements included elsewhere in this prospectus. We have derived the statements of comprehensive loss data for the period from June 6, 2013 (inception) through June 30, 2014 and for the six months ended June 30, 2014, and the balance sheet data as of June 30, 2014 from our unaudited interim financial statements appearing elsewhere in this prospectus. The unaudited interim financial statements have been prepared on the same basis as our audited financial statements and, in our opinion, reflect all adjustments, consisting only of normal and recurring adjustments, which we consider necessary for a fair presentation of our financial position as of June 30, 2014. You should read this data together with our financial statements and related notes appearing elsewhere in this prospectus and the sections in this prospectus titled "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The historical results are not necessarily indicative of the results to be expected for any future periods and the results for the six months ended June 30, 2014 should not be considered indicative of results expected for the full year 2014.

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)	Period from June 6, 2013 (inception) through June 30, 2014 (unaudited)
Statements of Comprehensive Loss Data:			
Operating expenses:			
General and administrative expense	$ 458,473	$ 1,740,515	$ 2,198,988
Research and development expense	324,479	2,149,555	2,474,034
Total operating expenses	782,952	3,890,070	4,673,022
Loss from operations	(782,952)	(3,890,070)	(4,673,022)
Interest expense, net	(18,251)	(20,164)	(38,415)
Net loss and comprehensive loss	$ (801,203)	$ (3,910,234)	$ (4,711,437)
Accretion of redeemable convertible preferred stock	—	(285,009)	(285,009)
Net loss attributable to common stockholders	$ (801,203)	$ (4,195,234)	$ (4,996,446)
Net loss per share attributable to common stockholders, basic and diluted[(1)]	$ (0.20)	$ (0.99)	
Weighted-average common shares outstanding, basic and diluted[(1)]	4,000,000	4,250,929	
Pro forma net loss per share, basic and diluted[(1)]	$ (0.20)	$ (0.67)	
Pro forma weighted-average number of common shares outstanding, basic and diluted[(1)]	4,000,000	6,304,461	

(1) See Notes 2 and 12 to our financial statements for a description of the method used to compute basic and diluted net loss per share and pro forma net loss per share.

	As of June 30, 2014		
	Actual	Pro Forma[1] (unaudited)	Pro Forma, As Adjusted[2] [3]
Balance Sheet Data:			
Cash and cash equivalents	$ 4,281,698	$	$
Total assets	6,217,115		
Total liabilities	3,175,169		
Convertible promissory notes	231,250		
Redeemable convertible preferred stock	6,943,250		
Total stockholders' (deficit)	(3,901,304)		

(1) Pro forma column reflects (i) the conversion of all outstanding shares of Series A preferred stock into shares of common stock upon the closing of this offering; (ii) the issuance of shares of common stock upon the conversion of convertible promissory notes in the aggregate principal amount of $450,000 (which includes $150,000 aggregate principal amount of notes issued in July 2014) upon the closing of this offering at a conversion price equal to 80% of the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and (iii) the filing and effectiveness of our amended and restated certificate of incorporation upon the closing of this offering.

(2) Pro forma as adjusted column further reflects the sale of shares of common stock that we are offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(3) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' equity (deficit) on a pro forma as adjusted basis by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expense payable by us. An increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) each of cash and cash equivalents, total assets, and total stockholders' equity (deficit) on a pro forma as adjusted basis by approximately $ million, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may harm our business, financial condition, results of operations and prospects.

Risks Related to Our Business

We have a limited operating history, expect to incur further losses as we grow and may be unable to achieve or sustain profitability. Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern.

Since formation in June 2013, our operations have been primarily limited to the research and development of our lead prescription drug product candidate, Canalevia, to treat various forms of watery diarrhea in dogs, and our lead non-prescription product, Neonorm, to address symptoms of scours in preweaned dairy calves. As a result, we have no meaningful historical operations upon which to evaluate our business and prospects and have not yet demonstrated an ability to commercialize any of our products, obtain any required marketing approval for any of our prescription drug product candidates or successfully overcome the risks and uncertainties frequently encountered by companies in emerging fields such as the animal health industry. We also have not generated any revenue to date, and expect to continue to incur significant research and development and other expenses. Our net loss and comprehensive loss for the period from June 6, 2013 (inception) through December 31, 2013 was $801,203 and for the six months ended June 30, 2014 was $3,910,234. As of June 30, 2014, we had a total stockholders' deficit of $3,901,304. We expect to continue to incur losses for the foreseeable future, which will increase significantly from historical levels as we expand our product development activities, seek necessary approvals for our product candidates, conduct species-specific formulation studies for our non-prescription products and begin commercialization activities. Even if we succeed in developing and commercializing one or more of our products or product candidates, we expect to continue to incur losses for the foreseeable future, and we may never become profitable. If we fail to achieve or maintain profitability, then we may be unable to continue our operations at planned levels and be forced to reduce or cease operations.

Our auditors have included an explanatory paragraph in their audit report on our financial statements for the year ended December 31, 2013, regarding our assessment of substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. We believe that the successful completion of this offering will eliminate the doubt and enable us to continue as a going concern. However, if we are unable to successfully complete this offering, we will need to obtain alternate financing or create operational plans to continue as a going concern.

We have never generated any revenue from operations and may not generate any material revenue from our operations in the foreseeable future.

We are an animal health company focused on developing and commercializing prescription drug and non-prescription products for companion and production animals. Since formation in June 2013, we have not generated any revenue from operations. There is no guarantee that our commercial launch of Neonorm for preweaned dairy calves in late 2014 in the United States will be successful or that we will be able to sell any products in the future. Further, in order to commercialize our prescription drug

product candidates, we must receive regulatory approval from the FDA in the United States and other regulatory agencies in various jurisdictions. We have not yet received any regulatory approvals for our prescription drug product candidates. In addition, certain of our non-prescription products, such as Neonorm, may be subject to regulatory approval outside the United States prior to commercialization. Accordingly, until and unless we receive any necessary regulatory approvals, we cannot market or sell our products. Moreover, even if we receive the necessary approvals, we may not be successful in generating revenue from sales of our products as we do not have any experience marketing or distributing our products. Accordingly, we may never generate any material revenue from our operations.

We expect to incur significant additional costs as we begin commercialization efforts for Neonorm, and undertake the clinical trials necessary to obtain regulatory approvals for Canalevia, which will increase our losses.

We currently anticipate commencing sales of Neonorm for preweaned dairy calves by the end of 2014. To do this, we will need to invest in developing our internal and third-party sales and distribution network and outreach efforts to key opinion leaders in the dairy industry, including veterinarians. We will also need to conduct clinical trials for Canalevia in order to obtain necessary initial regulatory approvals and subsequently broaden Canalevia to additional indications and additional species. We will also need to conduct species-specific testing with Neonorm to expand to additional animal populations.

We are actively identifying additional products for development and commercialization, and will continue to expend substantial resources for the foreseeable future to develop Canalevia and Neonorm and develop products from the library of over 2,300 medicinal plants that we have licensed. These expenditures will include costs associated with:

- identifying additional potential prescription drug product candidates and non-prescription products;
- formulation studies;
- conducting pilot, pivotal and toxicology studies;
- completing other research and development activities;
- payments to technology licensors;
- maintaining our intellectual property;
- obtaining necessary regulatory approvals;
- establishing commercial manufacturing and supply capabilities; and
- sales, marketing and distribution of our commercialized products.

We also may incur unanticipated costs in connection with developing and commercializing our products. Because the outcome of our development activities and commercialization efforts is inherently uncertain, the actual amounts necessary to successfully complete the development and commercialization of our current or future products and product candidates may be greater than we anticipate.

Because we anticipate incurring significant costs for the foreseeable future, if we are not successful in commercializing any of our current or future products or product candidates or raising additional funding to pursue our research and development efforts, we may never realize the benefit of our development efforts and our business may be harmed.

We may need to raise additional capital to achieve our business goals and such funding may not be available to us on acceptable terms, or at all, which would force us to delay, limit, reduce or terminate one or more of our product development programs or future commercialization efforts.

We believe the net proceeds from this offering, together with our existing cash and cash equivalents, will be sufficient to fund our operating plan through the planned commercial launch of Neonorm for preweaned dairy calves and anticipated commercial launch of Canalevia for CID in dogs, as well as for general acute watery diarrhea in dogs. However, we may experience unexpected events that require us to seek additional funds sooner than planned through public or private equity or debt financings or other sources such as strategic collaborations. We do not expect that the net proceeds from this offering will be sufficient to complete the development of all the current products in our pipeline, or any additional products we may identify. We may need to raise additional capital to fund these activities. We have no current agreements or arrangements with respect to any such financings or collaborations, and any such financings or collaborations may result in dilution to our stockholders, the imposition of debt covenants and repayment obligations or other restrictions that may harm our business or the value of our common stock. We may also seek from time to time to raise additional capital based upon favorable market conditions or strategic considerations such as potential acquisitions.

Our future capital requirements depend on many factors, including, but not limited to:

- the scope, progress, results and costs of researching and developing our current and future prescription drug product candidates and non-prescription products;
- the timing of, and the costs involved in, obtaining any regulatory approvals for our current and any future products;
- the number and characteristics of the products we pursue;
- the cost of manufacturing our current and future products and any products we successfully commercialize;
- the cost of commercialization activities for Neonorm and Canalevia, if approved, including sales, marketing and distribution costs;
- the expenses needed to attract and retain skilled personnel;
- the costs associated with being a public company;
- our ability to establish and maintain strategic collaborations, distribution or other arrangements and the financial terms of such agreements; and
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing possible patent claims, including litigation costs and the outcome of any such litigation.

Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate one or more of our product development programs or future commercialization efforts.

We are substantially dependent on the success of Canalevia and Neonorm and cannot be certain that Canalevia will be approved or that we can successfully commercialize these products.

We currently do not have any products for sale and do not have regulatory approval for any of our prescription drug product candidates, including Canalevia. Our current efforts are primarily focused on the commercial launch of Neonorm in the United States by the end of 2014, and development efforts related to Canalevia for CID in dogs. We are also focused on expanding Canalevia's proposed

indications to cover general acute watery diarrhea in dogs and full FDA approval for CID for dogs. Accordingly, our near-term prospects, including our ability to generate material product revenue, obtain any new financing if needed to fund our business and operations or enter into potential strategic transactions, will depend heavily on the success of Neonorm and, if approved, Canalevia.

Substantial time and capital resources have been previously devoted by third parties in the development of crofelemer, the active pharmaceutical ingredient, or API, in Canalevia, and the botanical extract used in Neonorm. Both crofelemer and the botanical extract used in Neonorm were originally developed at Shaman Pharmaceuticals, Inc., or Shaman, by certain members of our management team, including Lisa A. Conte, our Chief Executive Officer and President, and Steven R. King, Ph.D., our Executive Vice President, Sustainable Supply, Ethnobotanical Research and Intellectual Property. Shaman spent significant development resources before voluntarily filing for bankruptcy in 2001 pursuant to Chapter 11 of the U.S. Bankruptcy Code. The rights to crofelemer and the botanical extract used in Neonorm, as well as other intellectual property rights, were subsequently acquired by Napo from Shaman in 2001 pursuant to a court approved sale of assets. Ms. Conte founded Napo in 2001 and is the current interim chief executive officer of Napo and a member of its board of directors. While at Napo, certain members of our management team, including Ms. Conte and Dr. King, as well as Charles O. Thompson, our Executive Vice President, Chief Financial Officer, Secretary and Treasurer, continued the development of crofelemer. In 2005, Napo entered into license agreements with Glenmark Pharmaceuticals Ltd. and Luye Pharma Group Limited for rights to various human indications of crofelemer in certain territories as defined in the respective license agreements with these licensees. Subsequently, after expending significant sums developing crofelemer, including trial design and on-going patient enrollment in the final pivotal Phase 3 trial for crofelemer for non-infectious diarrhea in adults with HIV/AIDS on antiretroviral therapy, in late 2008, Napo entered into a collaboration agreement with Salix Pharmaceuticals, Inc., or Salix, for development and commercialization rights to certain indications worldwide and certain rights in North American, Europe, and Japan, to crofelemer for human use. In January 2014, we entered into the Napo License Agreement pursuant to which we acquired an exclusive worldwide license to Napo's intellectual property rights and technology, including crofelemer and the botanical extract used in Neonorm, for all veterinary treatment uses and indications for all species of animals. In February 2014, most of the executive officers of Napo, and substantially all Napo's employees, became our employees. If we are not successful in the development and commercialization of Neonorm and Canalevia, our business and our prospects will be harmed.

The successful development and commercialization of Neonorm and, if approved, Canalevia will depend on a number of factors, including the following:

- the successful completion of the pivotal trials and toxicology studies for Canalevia, which may take significantly longer than we currently anticipate and will depend, in part, upon the satisfactory performance of third-party contractors;
- our ability to demonstrate to the satisfaction of the FDA and any other regulatory bodies, the safety and efficacy of Canalevia;
- our ability and that of our contract manufacturers to manufacture supplies of Neonorm and Canalevia and to develop, validate and maintain viable commercial manufacturing processes that are compliant with current good manufacturing practices, or cGMP, if required;
- the success of Neonorm field studies and acceptance of their results by dairy producers;
- our ability to successfully launch Neonorm, whether alone or in collaboration with others;
- our ability to successfully launch Canalevia assuming approval is obtained, whether alone or in collaboration with others;

- the availability, perceived advantages, relative cost, relative safety and relative efficacy of our prescription drug product candidates and non-prescription products compared to alternative and competing treatments;

- the acceptance of our prescription drug product candidates and non-prescription products as safe and effective by veterinarians, animal owners and the animal health community;

- our ability to achieve and maintain compliance with all regulatory requirements applicable to our business; and

- our ability to obtain and enforce our intellectual property rights and obtain marketing exclusivity for our prescription drug product candidates and non-prescription products, and avoid or prevail in any third-party patent interference, patent infringement claims or administrative patent proceedings initiated by third parties or the U.S. Patent and Trademark Office, or USPTO.

Many of these factors are beyond our control. Accordingly, we may not be successful in developing or commercializing Neonorm, Canalevia or any of our other potential products. If we are unsuccessful or are significantly delayed in developing and commercializing Neonorm, Canalevia or any of our other potential products, our business and prospects will be harmed and you may lose all or a portion of the value of your investment in our common stock.

If we are not successful in identifying, licensing, developing and commercializing additional product candidates and products, our ability to expand our business and achieve our strategic objectives could be impaired.

Although a substantial amount of our efforts are focused on the commercial launch of Neonorm and the continued development and potential approval of Canalevia, a key element of our strategy is to identify, develop and commercialize a portfolio of products to serve the animal health market. Most of our potential products are based on our knowledge of medicinal plants. Our current focus is primarily on product candidates and products for animals whose active pharmaceutical ingredient or botanical extract has been successfully commercialized or demonstrated to be safe and effective in human trials. In some instances, we may be unable to further develop these potential products because of perceived regulatory and commercial risks. Even if we successfully identify potential products, we may still fail to yield products for development and commercialization for many reasons, including the following:

- competitors may develop alternatives that render our potential products obsolete;

- potential products we seek to develop may be covered by third-party patents or other exclusive rights;

- a potential product may on further study be shown to have harmful side effects in animals or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;

- a potential product may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and

- a potential product may not be accepted as safe and effective by veterinarians, animal owners, key opinion leaders and other decision-makers in the animal health market.

While we are developing species-specific formulations, including flavors, methods of administration, new patents and other strategies with respect to our current potential products, we may be unable to prevent competitors from developing substantially similar products and bringing those products to market earlier than we can. If such competing products achieve regulatory approval and commercialization prior to our potential products, our competitive position may be impaired. If we fail

to develop and successfully commercialize other potential products, our business and future prospects may be harmed and we will be more vulnerable to any problems that we encounter in developing and commercializing our current potential products.

Our animal health products face significant competition from other pharmaceutical companies and our operating results will suffer if we fail to compete effectively.

The development and commercialization of animal health products is highly competitive and our success depends on our ability to compete effectively with other products in the market. We expect to compete with the animal health divisions of major pharmaceutical and biotechnology companies such as Merck Animal Health, Merial Limited, Elanco Animal Health, Bayer Animal Health GmbH, Novartis Animal Health Inc. and Boehringer Ingelheim Animal Health, as well as specialty animal health medicines companies such as Zoetis Inc., Phibro Animal Health Corporation and, in Europe, Virbac S.A., Vétoquinol S.A., Ceva Animal Health S.A. and Dechra Pharmaceuticals PLC. We are also aware of several early-stage companies that are developing products for use in the animal health market, including Aratana Therapeutics, Inc., Kindred Biosciences, Inc., Parnell Pharmaceuticals Holdings Ltd and ImmuCell Corporation. We also compete with academic institutions, governmental agencies and private organizations that are conducting research in the field of animal health products.

Although there are currently no FDA-approved anti-secretory products to treat watery diarrhea in dogs, we anticipate that Canalevia, if approved, will face competition from various products, including products approved for use in humans that are used extra-label in animals. Extra-label use is the use of an approved drug outside of its cleared or approved indications in the animal context. All of our potential products could also face competition from new products in development. These and other potential competing products may benefit from greater brand recognition and brand loyalty than our products and product candidates may achieve.

Many of our competitors and potential competitors have substantially more financial, technical and human resources than we do. Many also have more experience in the development, manufacture, regulation and worldwide commercialization of animal health products, including animal prescription drugs and non-prescription products.

For these reasons, we cannot be certain that we and our products can compete effectively.

We may be unable to obtain, or obtain on a timely basis, regulatory approval for our existing or future prescription drug product candidates under applicable regulatory requirements, which would harm our operating results.

The research, testing, manufacturing, labeling, approval, sale, marketing and distribution of animal health products are subject to extensive regulation. We are usually not permitted to market our prescription drug product candidates in the United States until we receive approval of an NADA from the FDA. To gain approval to market an animal prescription drug for a particular species, we must provide the FDA with efficacy data from pivotal trials that adequately demonstrate that our prescription drug product candidates are safe and effective in the target species (*e.g.*, dogs, cats or horses) for the intended indications. In addition, we must provide manufacturing data evidencing that we can produce our product candidates in accordance with cGMP. For the FDA, we must also provide data from toxicology studies, also called target animal safety studies, and in some cases environmental impact data. In addition to our internal activities, we will partially rely on contract research organizations, or CROs, and other third parties to conduct our toxicology studies and for certain other development activities. The results of toxicology studies and other initial development activities, and of any previous studies in humans or animals conducted by us or third parties, may not be predictive of future results of pivotal trials or other future studies, and failure can occur at any time during the conduct of pivotal trials and other development activities by us or our CROs. Our pivotal trials may fail

to show the desired safety or efficacy of our prescription drug product candidates despite promising initial data or the results in previous human or animal studies conducted by others, and success of a prescription drug product candidate in prior animal studies, or in the treatment of humans, does not ensure success in subsequent studies. Clinical trials in humans and pivotal trials in animals sometimes fail to show a benefit even for drugs that are effective because of statistical limitations in the design of the trials or other statistical anomalies. Therefore, even if our studies and other development activities are completed as planned, the results may not be sufficient to obtain a required regulatory approval for a product candidate.

Regulatory authorities can delay, limit or deny approval of any of our prescription drug product candidates for many reasons, including:

- if they disagree with our interpretation of data from our pivotal studies or other development efforts;
- if we are unable to demonstrate to their satisfaction that our product candidate is safe and effective for the target indication;
- if they require additional studies or change their approval policies or regulations;
- if they do not approve of the formulation, labeling or the specifications of our current and future product candidates; and
- if they fail to approve the manufacturing processes of our third-party contract manufacturers.

Further, even if we receive a required approval, such approval may be for a more limited indication than we originally requested, and the regulatory authority may not approve the labeling that we believe is necessary or desirable for successful commercialization.

Any delay or failure in obtaining any necessary regulatory approval for the intended indications of our product candidates would delay or prevent commercialization of such product candidates and would harm our business and our operating results.

The results of our earlier studies of Neonorm may not be predictive of the results in any future species-specific formulation studies, and we may not be successful in our efforts to develop or commercialize line extensions of Neonorm.

Our product pipeline includes a number of species-specific formulations of Neonorm, our lead non-prescription product. The results of our dairy calf studies and other initial development activities and of any previous studies in humans or animals conducted by us or third parties may not be predictive of future results of these formulation studies. Failure can occur at any time during the conduct of these trials and other development activities. Even if our species-specific formulation studies and other development activities are completed as planned, the results may not be sufficient to pursue a particular line extension for Neonorm. Further, even if we obtain promising results from our species-specific formulation studies, we may not successfully commercialize any line extension. Because line extensions are developed for a particular species market, we may not be able to leverage our experience from the commercial launch of Neonorm in new animal species markets. If we are not successful in developing and successfully commercializing these line extension products, we may not be able to grow our revenue and our business may be harmed.

Development of prescription drug products is inherently expensive, time-consuming and uncertain, and any delay or discontinuance of our current or future pivotal trials would harm our business and prospects.

Development of prescription drug products for animals remains an inherently lengthy, expensive and uncertain process, and our development activities will be successful. We do not know whether our

current or planned pivotal trials for any of our product candidates, will begin or conclude on time, and they may be delayed or discontinued for a variety of reasons, including if we are unable to:

- address any safety concerns that arise during the course of the studies;
- complete the studies due to deviations from the study protocols or the occurrence of adverse events;
- add new study sites;
- address any conflicts with new or existing laws or regulations; or
- reach agreement on acceptable terms with study sites, which can be subject to extensive negotiation and may vary significantly among different sites.

Further, we may not be successful in developing species-specific formulations for Neonorm, and Neonorm may be subject to the same regulatory regime as prescription drug products in jurisdictions outside the United States. Any delays in completing our development efforts will increase our costs, delay our development efforts and approval process and jeopardize our ability to commence product sales and generate revenue. Any of these occurrences may harm our business, financial condition and prospects. In addition, factors that may cause a delay in the commencement or completion of our development efforts may also ultimately lead to the denial of regulatory approval of our product candidates which, as described above, would harm our business and prospects.

We will partially rely on third parties to conduct our development activities. If these third parties do not successfully carry out their contractual duties, we may be unable to obtain regulatory approvals or commercialize our current or future product candidates on a timely basis, or at all.

We will partially rely upon CROs to conduct our toxicology studies and for other development activities. We intend to rely on CROs to conduct one or more of our planned pivotal trials. These CROs are not our employees, and except for contractual duties and obligations, we have limited ability to control the amount or timing of resources that they devote to our programs or manage the risks associated with their activities on our behalf. We are responsible for ensuring that each of our studies is conducted in accordance with the development plans and trial protocols presented to regulatory authorities. Any deviations by our CROs may adversely affect our ability to obtain regulatory approvals, subject us to penalties or harm our credibility with regulators. The FDA and foreign regulatory authorities also require us and our CROs to comply with regulations and standards, commonly referred to as good clinical practices, or GCPs, or good laboratory practices, or GLPs, for conducting, monitoring, recording and reporting the results of our studies to ensure that the data and results are scientifically valid and accurate.

Agreements with CROs generally allow the CROs to terminate in certain circumstances with little or no advance notice. These agreements generally will require our CROs to reasonably cooperate with us at our expense for an orderly winding down of the CROs' services under the agreements. If the CROs conducting our studies do not comply with their contractual duties or obligations, or if they experience work stoppages, do not meet expected deadlines, or if the quality or accuracy of the data they obtain is compromised, we may need to secure new arrangements with alternative CROs, which could be difficult and costly. In such event, our studies also may need to be extended, delayed or terminated as a result, or may need to be repeated. If any of the foregoing were to occur, regulatory approval, if required, and commercialization of our product candidates may be delayed and we may be required to expend substantial additional resources.

Even if we obtain regulatory approval for Canalevia or our other product candidates, they may never achieve market acceptance. Further, even if we are successful in commercially launching Neonorm, it may not achieve commercial success.

If we obtain necessary regulatory approvals for Canalevia or our other product candidates, such products may still not achieve market acceptance and may not be commercially successful. Market acceptance of Canalevia, Neonorm and any of our other products depends on a number of factors, including:

- the safety of our products as demonstrated in our target animal studies;
- the indications for which our products are approved or marketed;
- the potential and perceived advantages over alternative treatments or products, including generic medicines and competing products currently prescribed by veterinarians, and products approved for use in humans that are used extra-label in animals;
- the acceptance by veterinarians, companion animal owners and production animal owners, including in the dairy industry, of our products as safe and effective;
- the cost in relation to alternative treatments and willingness on the part of veterinarians and animal owners to pay for our products;
- the prevalence and severity of any adverse side effects of our products;
- the relative convenience and ease of administration of our products; and
- the effectiveness of our sales, marketing and distribution efforts.

Any failure by Canalevia, Neonorm or any of our other products to achieve market acceptance or commercial success would harm our financial condition and results of operations.

The dairy industry is subject to conditions beyond our control and the occurrence of any such conditions may harm our business and impact the demand for our products.

The demand for production animal health products, such as Neonorm, is heavily dependent on factors that affect the dairy market that are beyond our control, including the following, any of which may harm our business:

- cost containment measures within the dairy industry, in response to international, national and local general economic conditions, which may affect the market adoption of our products;
- state and federal government policies, including government-funded programs or subsidies whose discontinuance or modification could erode the demand for our products;
- a decline in demand for dairy products due to changes in consumer diets away from dairy products, which could adversely affect the demand for production animal health products;
- adverse weather conditions and natural disasters, such as floods, droughts, and pestilence, which can lower dairy yields; and
- disease or other conditions beyond our control.

Animal products, like human products, are subject to unanticipated post-approval safety or efficacy concerns, which may harm our business and reputation.

The success of our commercialization efforts will depend upon the perceived safety and effectiveness of animal health products, in general, and of our products, in particular. Unanticipated safety or efficacy concerns can subsequently arise with respect to approved prescription drug products,

or non-prescription products, such as Neonorm, which may result in product recalls or withdrawals or suspension of sales, as well as product liability and other claims. Any safety or efficacy concerns, or recalls, withdrawals or suspensions of sales of our products, or human products derived from *Croton lechleri*, if any, could harm our reputation and business, regardless of whether such concerns or actions are justified.

Future federal and state legislation may result in increased exposure to product liability claims, which could result in substantial losses.

Under current federal and state laws, companion and production animals are generally considered to be the personal property of their owners and, as such, the owners' recovery for product liability claims involving their companion and production animals may be limited to the replacement value of the animal. Companion animal owners and their advocates, however, have filed lawsuits from time to time seeking non-economic damages such as pain and suffering and emotional distress for harm to their companion animals based on theories applicable to personal injuries to humans. If new legislation is passed to allow recovery for such non-economic damages, or if precedents are set allowing for such recovery, we could be exposed to increased product liability claims that could result in substantial losses to us if successful. In addition, some horses can be worth millions of dollars or more, and product liability for horses may be very high. While we currently have product liability insurance, such insurance will be sufficient to cover any future product liability claims against us.

If we fail to retain current members of our senior management, or to identify, attract, integrate and retain additional key personnel, our business will be harmed.

Our success depends on our continued ability to attract, retain and motivate highly qualified management and scientific personnel. We are highly dependent upon our senior management, particularly Lisa A. Conte, our President and Chief Executive Officer, Serge Martinod, D.V.M., Ph.D., our Chief Veterinary Officer and Charles O. Thompson, our Chief Financial Officer. The loss of services of any of our key personnel would cause a disruption in our ability to develop our current or future product pipeline and commercialize our products and product candidates. Although we have offer letters with these key members of senior management, such agreements do not prohibit them from leaving our employ at any time. We currently do not maintain "key man" life insurance on any of our senior management team. The loss of Ms. Conte, Dr. Martinod, Mr. Thompson or other members of our current senior management could adversely affect the timing or outcomes of our current and planned studies, as well as the prospects for commercializing our products.

In addition, competition for qualified personnel in the animal health fields is intense, because there are a limited number of individuals who are trained or experienced in the field. Further, our headquarters are located in San Francisco, California, and the dairy and agriculture industries are not prevalent in urban areas such as San Francisco. We will need to hire additional personnel as we expand our product development and commercialization activities. Even if we are successful in hiring qualified individuals, as we are a growing organization, we do not have a track record for integrating and retaining individuals. If we are not successful in identifying, attracting, integrating or retaining qualified personnel on acceptable terms, or at all, our business will be harmed.

We are dependent on two suppliers for the raw material used to produce the active pharmaceutical ingredient in Canalevia and the botanical extract in Neonorm. The termination of either of these contracts would result in a disruption to product development and our business will be harmed.

The raw material used to manufacture Canalevia and Neonorm is crude plant latex, or CPL, derived from the *Croton lechleri* tree, which is found in countries in South America, principally Peru. The ability of our contract suppliers to harvest CPL is governed by the terms of their respective agreements with local government authorities. Although CPL is available from multiple suppliers, we

only have contracts with two suppliers to obtain CPL and arrange the shipment to our contract manufacturer. Accordingly, if our contract suppliers do not or are unable to comply with the terms of our respective agreements, and we are not able to negotiate new agreements with alternate suppliers on terms that we deem commercially reasonable, it may harm our business and prospects. The countries from which we obtain CPL could change the laws and regulations regarding the export of the natural products or impose or increase taxes or duties payable by exporters of such products. Restrictions could be imposed on the harvesting of the natural products or additional requirements could be implemented for the replanting and regeneration of the raw material. Such events could have a significant impact on our cost and ability to produce Canalevia, Neonorm and anticipated line extensions.

We are dependent upon third-party contract manufacturers, both for the supply of the active pharmaceutical ingredient in Canalevia and the botanical extract in Neonorm, as well as for the supply of finished products for commercialization.

To date, the CPL, API, botanical extract and some finished products that we have used in our studies and trials were obtained from Napo. We have also contracted with third parties for the formulation of API into finished products for our studies. We have entered into memorandums of understanding with Indena S.p.A. for the manufacture of CPL received from our suppliers into the API in Canalevia from CPL to support our regulatory filings, as well as the botanical extract in Neonorm and agreed to negotiate a commercial supply agreement. Indena S.p.A. has never manufactured either such ingredient. We also plan to contract with different third parties for the formulation and supply of finished products, which we will use in our planned studies and commercialization efforts. However, we have not entered into any definitive agreements with any third parties for the supply of commercial quantities of finished products.

We also intend to use a portion of the net proceeds from this offering to develop our own manufacturing capability for the API in Canalevia. However, we do not yet have such capability, and we cannot be certain that we will have sufficient funds to develop this facility, and we may not be able to successfully manufacture the API in Canalevia. If we are not able to develop our own manufacturing capability, we will be dependent upon our contract manufacturer for the supply of the API in Canalevia. We currently have approximately 2,000 kg of the botanical extract used in Neonorm. However, we will require additional quantities of the botanical extract if our planned 2014 commercial launch of Neonorm is successful. If we are not successful in reaching agreements with third parties on terms that we consider commercially reasonable for manufacturing and formulation, or if our contract manufacturer and formulator are not able to produce sufficient quantities or quality of API, botanical extract or finished product under their agreements, it could delay our plans and harm our business prospects.

The facilities used by our third-party contractors are subject to inspections, including by the FDA, and other regulators, as applicable. We also depend on our third-party contractors to comply with cGMP. If our third-party contractors do not maintain compliance with these strict regulatory requirements, we and they will not be able to secure or maintain regulatory approval for their facilities, which would have an adverse effect on our operations. In addition, in some cases, we also are dependent on our third-party contractors to produce supplies in conformity to our specifications and maintain quality control and quality assurance practices and not to employ disqualified personnel. If the FDA or a comparable foreign regulatory authority does not approve the facilities of our third-party contractors if so required, or if it withdraws any such approval in the future, we may need to find alternative manufacturing or formulation facilities, which could result in delays in our ability to develop or commercialize our products, if at all. We and our third-party contractors also may be subject to penalties and sanctions from the FDA and other regulatory authorities for any violations of applicable regulatory requirements. The USDA and the European Medicines Agency, or the EMA, employ different regulatory standards than the FDA, so we may require multiple manufacturing processes and

facilities for the same product candidate or any approved product. We are also exposed to risk if our third-party contractors do not comply with the negotiated terms of our agreements, or if they suffer damage or destruction to their facilities or equipment.

If we are unable to establish sales capabilities on our own or through third parties, we may not be able to market and sell our current or future products and product candidates, if approved, and generate product revenue.

We currently have no sales, marketing or distribution capabilities, and we have no prior experience in the sale, marketing and distribution of animal health products. We intend to launch Neonorm for preweaned dairy calves by the end of 2014 in collaboration with one or more distribution partners. There are significant risks involved in building and managing a sales organization, including our potential inability to attract, hire, retain and motivate qualified individuals, generate sufficient sales leads, provide adequate training to sales and marketing personnel and effectively oversee a geographically-dispersed sales and marketing team. Any failure or delay in the development of our internal sales, marketing and distribution capabilities and entry into adequate arrangements with distributors would adversely impact the commercialization of Neonorm, and Canalevia, if approved. If we are not successful in commercializing Neonorm, Canalevia or any of our other line extension products, either on our own or through one or more distributors, we may never generate significant revenue and may continue to incur significant losses, which would harm our financial condition and results of operations.

Changes in distribution channels for animal prescription drugs may make it more difficult or expensive to distribute our prescription drug products.

In the United States, animal owners typically purchase their animal prescription drugs from their local veterinarians who also prescribe such drugs. There is a trend, however, toward increased purchases of animal prescription drugs from Internet-based retailers, "big-box" retail stores and other over-the-counter distribution channels, which follows an emerging shift in recent years away from the traditional veterinarian distribution channel. It is also possible that animal owners may come to rely increasingly on Internet-based animal health information rather than on their veterinarians. We currently expect to market our animal prescription drugs directly to veterinarians, so any reduced reliance on veterinarians by animal owners could harm our business and prospects, by making it more difficult or expensive for us to distribute our prescription drug products. Animal owners also may substitute human health products for animal prescription drugs if the human health products are less expensive or more readily available, which could also harm our business.

Legislation has been or may be proposed in various states that would require veterinarians to provide animal owners with written prescriptions and disclosures that the animal owner has the right to fill the prescriptions through other means. If enacted, such legislation could lead to a reduction in the number of animal owners who purchase their animal pharmaceuticals directly from veterinarians, which also could harm our business.

Consolidation of our customers could negatively affect the pricing of our products.

Veterinarians will be our primary customers for our prescription drug products, as well as, to some extent, our non-prescription products, such as Neonorm. In recent years, there has been a trend towards the consolidation of veterinary clinics and animal hospitals. If this trend continues, these large clinics and hospitals could attempt to leverage their buying power to obtain favorable pricing from us and other animal health product companies. Any downward pressure on the prices of any of our products could harm our operating results and financial condition.

We will need to increase the size of our organization and may not successfully manage our growth.

As of June 30, 2014, we have 14 employees. Our ability to manage our growth effectively will require us to hire, train, retain, manage and motivate additional employees and to implement and improve our operational, financial and management systems. These demands also may require the hiring of additional senior management personnel or the development of additional expertise by our senior management personnel. If we fail to expand and enhance our operational, financial and management systems in conjunction with our potential future growth, it could harm our business and operating results.

Our research and development relies on evaluations in animals, which is controversial and may become subject to bans or additional regulations.

The evaluation of our products and product candidates in target animals is required to develop, formulate and commercialize our products and product candidates. Although our animal testing will be subject to GLPs and GCPs, as applicable, animal testing in the human pharmaceutical industry and in other industries continues to be the subject of controversy and adverse publicity. Some organizations and individuals have sought to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that such bans or regulations are imposed, our research and development activities, and by extension our operating results and financial condition, could be harmed. In addition, negative publicity about animal practices by us or in our industry could harm our reputation among potential customers.

If approved, our prescription drug product candidates may be marketed in the United States only in the target animals and for the indications for which they are approved, and if we want to expand the approved animals or indications, we will need to obtain additional approvals, which may not be granted.

If our prescription drug product candidates are approved by regulatory authorities, we may market or advertise them only in the specific species and for treatment of the specific indications for which they were approved, which could limit use of the products by veterinarians and animal owners. We intend to develop, promote and commercialize approved products for other animals and new treatment indications in the future, but we cannot be certain whether or at what additional time and expense we will be able to do so. If we do not obtain marketing approvals for other species or for new indications, our ability to expand our business may be harmed.

Under the Animal Medicinal Drug Use Clarification Act of 1994, veterinarians are permitted to prescribe extra-label uses of certain approved animal drugs and approved human drugs for animals under certain conditions. While veterinarians may in the future prescribe and use human-approved products or our products for extra-label uses, we may not promote our products for extra-label uses. If the FDA determines that any of our marketing activities constitute promotion of an extra-label use, we could be subject to regulatory enforcement, including seizure of any misbranded or mislabeled drugs, and civil or criminal penalties, any of which could have an adverse impact on our reputation and expose us to potential liability. We will continue to spend resources ensuring that our promotional claims for our products and product candidates remain compliant with applicable FDA laws and regulations, including materials we post or link to on our website. For example, in 2012, our Chief Executive Officer received an "untitled letter" from the FDA while at Napo regarding preapproval promotion statements constituting misbranding of crofelemer, which was then an investigational drug. These statements were included in archived press releases included on Napo's website. Napo was required to expend time and resources to revise its website to remove the links in order to address the concerns raised in the FDA's letter.

If our prescription drug product candidates are approved by regulatory authorities, the misuse or extra-label use of such products may harm our reputation or result in financial or other damages.

If our prescription drug product candidates are approved by regulatory authorities, there may be increased risk of product liability if veterinarians, animal owners or others attempt to use such products extra-label, including the use of our products in species (including humans) for which they have not been approved. Furthermore, the use of an approved drug for indications other than those indications for which such products have been approved may not be effective, which could harm our reputation and lead to an increased risk of litigation. If we are deemed by a governmental or regulatory agency to have engaged in the promotion of any approved product for extra-label use, such agency could request that we modify our training or promotional materials and practices and we could be subject to significant fines and penalties, and the imposition of these sanctions could also affect our reputation and position within the industry. Any of these events could harm our reputation and our operating results.

We may not obtain or maintain the benefits associated with MUMS designation, including market exclusivity.

Although we requested MUMS designation for Canalevia for CID in dogs, we may not be granted MUMS designation. Even if granted, we may not receive or maintain the benefits associated with MUMS designation. As the sponsor, we are allowed under FDA regulations to apply for MUMS designation of our product candidate prior to its approval. MUMS designation is a status similar to "orphan drug" status for human drugs. If we are granted MUMS designation, we are eligible for incentives to support the approval or conditional approval of the designated use. This designation does not allow us to commercialize a product until such time as we obtain approval or conditional approval of the product.

If Canalevia receives MUMS designation for the identified particular intended use, we will be eligible to obtain seven years of exclusive marketing rights upon approval (or conditional approval) of Canalevia for that intended use and become eligible for grants to defray the cost of our clinical work. Each designation that is granted must be unique, *i.e.*, only one designation can be granted for a particular API in a particular dosage form for a particular intended use. The intended use includes both the target species and the disease or condition to be treated.

Even if granted, at some point, we could lose MUMS designation. The basis for a lost designation can include but is not limited to, our failure to engage with due diligence in moving forward with a non-conditional approval, or a competing product has received MUMS designation prior to our product candidate for the same indication or species. In addition, MUMS designation may be withdrawn for a variety of reasons such as where the FDA determines that the request for designation was materially defective, or if the manufacturer is unable to assure sufficient quantity of the prescription drug product to meet the needs of animals with the rare disease or condition. If this designation is lost, it could have a negative impact on the product and our company, which includes but is not limited to, market exclusivity pursuant to MUMS designation, or eligibility for grants as a result of MUMS designation.

The market for our products and the animal health market as a whole, is uncertain and may be smaller than we anticipate, which could lead to lower revenue and harm our operating results.

It is very difficult to estimate the commercial potential of any of our products because of the emerging nature of our industry as a whole. The animal health market continues to evolve and it is difficult to predict the market potential for our products. The market will depend on important factors such as safety and efficacy compared to other available treatments, changing standards of care, preferences of veterinarians, the willingness of companion and production animal owners to pay for such products, and the availability of competitive alternatives that may emerge either during the product development process or after commercial introduction. If the market potential for our products

is less than we anticipate due to one or more of these factors, it could negatively impact our business, financial condition and results of operations. Further, the willingness of companion and production animal owners to pay for our products may be less than we anticipate, and may be negatively affected by overall economic conditions. The current penetration of animal insurance in the United States is low, animal owners are likely to have to pay out-of-pocket, and such owners may not be willing or able to pay for our products.

Our largest stockholder, Napo, controls a significant percentage of our common stock, and its interests may conflict with those of our other stockholders.

Upon the closing of this offering, Napo will beneficially own in the aggregate % of our common stock. This concentration of ownership gives Napo significant influence over the way we are managed and the direction of our business. In addition, because we and Napo are party to a license agreement, Napo's interests as the licensor of our technology may be different from ours or those of our other stockholders. As a result, the interests of Napo with respect to matters potentially or actually involving or affecting us, such as future acquisitions, licenses, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders. In addition, our chief executive officer is also the interim chief executive officer of Napo and her duties as interim chief executive officer of Napo may conflict with her duties as our chief executive officer, and the resolution of these conflicts may not always be in our or your best interest.

Napo's principal business currently consists of, among other activities, the management of its intellectual property portfolio, including rights under license agreements with respect to such intellectual property. Napo has limited assets, and its primary sources of revenues in recent years have been license fees, warrant exercises, equity and debt investments and, since late 2013, the receipt of royalties pursuant to its license agreements, which have been limited to date. If Napo fails to generate sufficient revenues to cover its operating costs, it could revise its business strategy in ways that could affect its relationship with our company. For example, it could decide to divest its assets, including its stock in our company. Napo's interests in managing its business, including its ownership in our company, may conflict with your interests.

We may engage in future acquisitions that increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

We may evaluate various strategic transactions, including licensing or acquiring complementary products, technologies or businesses. Any potential acquisitions may entail numerous risks, including increased operating expenses and cash requirements, assimilation of operations and products, retention of key employees, diversion of our management's attention and uncertainties in our ability to maintain key business relationships of the acquired entities. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

Certain of the countries in which we plan to commercialize our products in the future are developing countries, some of which have potentially unstable political and economic climates.

We may commercialize our products in jurisdictions that are developing and emerging countries. This may expose us to the impact of political or economic upheaval, and we could be subject to unforeseen administrative or fiscal burdens. At present we are not insured against the political and economic risks of operating in these countries. Any significant changes to the political or economic climate in any of the developing countries in which we operate or plan to sell products either now or in the future may have a substantial adverse effect on our business, financial condition, trading performance and prospects.

Fluctuations in the exchange rate of foreign currencies could result in currency transactions losses.

As we expand our operations, we expect to be exposed to risks associated with foreign currency exchange rates. We anticipate that we will commercialize Neonorm and its line extensions, as well as possibly Canalevia and its line extensions in jurisdictions outside the United States. As a result, we will also be further affected by fluctuations in exchange rates in the future to the extent that sales are denominated in currencies other than U.S. dollars. We do not currently employ any hedging or other strategies to minimize this risk, although we may seek to do so in the future.

Risks Related to Intellectual Property

We are dependent upon our license agreement with Napo and if the agreement is terminated for any reason our business will be harmed.

In January 2014, we entered into a license agreement with Napo, or the Napo License Agreement, which we amended and restated in August 2014. Pursuant to the Napo License Agreement, we acquired an exclusive worldwide license to Napo's intellectual property rights and technology, including rights to its library of over 2,300 medicinal plants, for all veterinary treatment uses and indications for all species of animals. Under the terms of the Napo License Agreement, we are responsible for, and shall ensure, the development and commercialization of products that contain or are derived from the licensed Napo technology worldwide in the field of veterinary treatment uses and indications for all species of animals. In consideration for the license, we are obligated to pay a one-time non-refundable license fee and royalties. Napo has the right to terminate the Napo License Agreement upon our uncured material breach of the agreement or if we declare bankruptcy. If the Napo License Agreement is terminated for any reason, our business will be harmed.

Napo has also entered into a security and collateral assignment agreement with Nantucket Investments Limited with respect to certain assets, including the intellectual property and technology licensed to us pursuant to the Napo License Agreement. In the event of a bankruptcy of Napo or foreclosure action with respect to Napo's assets, the bankruptcy trustee or any other party to such action may attempt to interfere with or terminate the Napo License Agreement or otherwise require its terms to be changed, which could harm our business. Under the terms of the Napo License Agreement, certain events, such as an acquisition of Napo or a sale by Napo of all of the intellectual property and technology licensed to us pursuant to the Napo License Agreement, should result in a fully-paid up license to us of all of such intellectual property and technology. If for any reason, Napo ceases to be the owner of the intellectual property and technology licensed to us pursuant to the Napo License Agreement in such a manner that did not result in a fully-paid up license provided for therein, the owner of such intellectual property and technology could attempt to interfere with or terminate the Napo License Agreement or otherwise attempt to renegotiate the arrangement, which would harm our business.

If Napo experiences financial difficulties and becomes unable to pay its liabilities when due and declare bankruptcy, its creditors could attempt to asserts claims against Napo relating to the formation of our company and the grant of an exclusive license to us.

Napo formed our company in June 2013, and in January 2014, we entered into the Napo License Agreement. Napo currently has no commercial operations and its potential sources of revenue are limited to the third parties who have licensed or may license Napo's intellectual property and technology, or collaborate with Napo in the future. Napo has been involved in litigation with Salix and has expended significant resources in the litigation. At the time of the formation of our company and the date of the Napo License Agreement, Napo's liabilities exceeded its assets on a balance sheet prepared in conformity with U.S. generally accepted accounting principles. Napo has been able to pay its liabilities when due but if Napo experiences financial difficulties and becomes unable to pay its

liabilities when due, or declares bankruptcy, a creditor, trustee in bankruptcy, or other representative of a Napo bankruptcy estate could attempt to assert claims against us relating to our formation and Napo's grant of an exclusive license to us. One theory such a party could use to challenge our formation and the license grant is that of fraudulent conveyance. This theory is used by creditors to challenge the transfer of assets made with actual intent to hinder, delay, or defraud creditors, or where a financially distressed entity transfers assets without receiving reasonably equivalent value in exchange, provided such litigation is brought within the applicable statute of limitations. Although we do not believe that our formation or Napo's grant of the license was a fraudulent conveyance, litigation based on such theory, if successful, could result in a court order setting aside the license for the benefit of the creditor pursuing the litigation or all creditors of Napo should it occur in the context of a Napo bankruptcy. Even if unsuccessful, any such action would divert management's attention, potentially be costly to defend and could harm our business.

We currently do not own any issued patents, most of our intellectual property is licensed from Napo and we cannot be certain that our patent strategy will be effective to enhance marketing exclusivity.

The patent prosecution process is expensive and time-consuming, and we may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of inventions made in the course of development and commercialization activities in time to obtain patent protection on them. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties. In particular, we are dependent upon Napo and its licensees to file, prosecute and maintain the intellectual property we license pursuant to the Napo License Agreement. The patents and patent applications we licensed from Napo, or the Napo Patents, which cover both human and veterinary uses, are also licensed by Napo to Salix for certain fields of human use. Under the terms of the collaboration agreement between Salix and Napo, or the Salix Collaboration Agreement, Napo and Salix agreed on who has the first right and responsibility to file, prosecute and maintain the Napo Patents. As a result, under the Napo License Agreement, we only have the right to maintain any issued patents within the Napo Patents that are not maintained in accordance with the rights and responsibilities of the parties under the Salix Collaboration Agreement. There are three issued Napo Patents in the United States that cover, collectively, enteric protected formulations of proanthocyanidin polymers isolated from *Croton spp.* and methods of treating watery diarrhea using the enteric protected formulations for both human and veterinary uses.

Napo has also licensed its *Croton lechleri* related intellectual property to Salix, Glenmark Pharmaceuticals Ltd. and Luye Pharma Group Limited to develop and commercialize crofelemer for human indications in various geographies. In May 2011, Napo filed a lawsuit against Salix in the Supreme Court of the State of New York, County of New York, alleging, among other items, that Salix had breached its collaboration agreement with Napo. By orders entered in December 2013 and January 2014, the court granted Salix's motion for partial summary judgment and narrowed the issues for trial. In February 2014, the jury rendered its verdict, concluding that Salix had complied with its contractual obligations in commercializing Fulyzaq in the United States, and had not breached the collaboration agreement. In May 2014, Napo filed a notice of appeal from the court's partial summary judgment ruling as well as from certain court rulings and the judgment entered in February 2014. That appeal is pending. Fulyzaq is dependent upon intellectual property protection from the Napo Patents. Salix currently markets Fulyzaq in the United States for human use and has listed the three issued Napo Patents in the FDA's Orange Book for Fulyzaq. We rely on these issued Napo Patents as intellectual property protection for our prescription drug product candidates and non-prescription products. Pending patent applications within Napo Patents either may not be relevant to veterinary indications and/or may not issue as patents. If any patent application within the Napo Patents is not filed or prosecuted as provided in the Salix Collaboration Agreement, including due to a lack of financial

resources, and we are not able to file and prosecute such patent application within the Napo Patents, our business may be harmed. Also, under the Salix Collaboration Agreement, Napo and Salix have agreed on who has the first right to enforce the Napo Patents against potential infringers. In addition, as between Napo and us, Napo has the first right to enforce the Napo Patents against potential infringers. If we are not the party who enforces the Napo Patents, we will receive no proceeds from such enforcement action. In each case, such proceeds are subject to reimbursement of costs and expenses incurred by the other party in connection with such action. If our current or future licensors fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated.

We currently do not own any issued patents. We have filed three provisional patent applications in the veterinary field, of which we control the filing, prosecution and maintenance; however, patents based on any patent applications we may submit may never be issued. We have an exclusive worldwide license from Napo to various issued patents and pending patent applications in the field of animal health. The strength of patents in the field of animal health involves complex legal and scientific questions and can be uncertain. Even if patents do successfully issue, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, invalidated or held unenforceable. Furthermore, even if they are unchallenged, our patents, if issued, and the patents we have licensed may not adequately protect our intellectual property or prevent others from designing around their claims. If we cannot obtain issued patents or the patents we have licensed are not maintained or their scope is significantly narrowed, our business and prospects would be harmed.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of any patent applications and the enforcement or defense of any patents that issue. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art, may affect patent litigation, and switch the U.S. patent system from a "first-to-invent" system to a "first-to-file" system. Under a "first-to-file" system, assuming the other requirements for patentability are met, the first inventor to file a patent application generally will be entitled to the patent on an invention regardless of whether another inventor had made the invention earlier. The USPTO has developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first-to-file provisions, became effective on March 16, 2013. Among some of the other changes to the patent laws are changes that limit where a patentee may file a patent infringement suit and that provide opportunities for third parties to challenge any issued patent in the USPTO. The Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any patents that issue, all of which could harm our business and financial condition.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application

include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors fail to maintain the patents and patent applications covering prescription drug product candidates and non-prescription products, our competitors might be able to enter the market, which would harm our business.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, which would be costly, time-consuming and, if successfully asserted against us, delay or prevent the development and commercialization of our current or future products and product candidates.

Our research, development and commercialization activities may infringe or otherwise violate or be claimed to infringe or otherwise violate patents owned or controlled by other parties. There may be patents already issued of which we are unaware that might be infringed by one of our current or future prescription drug product candidates or non-prescription products. Moreover, it is also possible that patents may exist that we are aware of, but that we do not believe are relevant to our current or future prescription drug product candidates or non-prescription products, which could nevertheless be found to block our freedom to market these products. Because patent applications can take many years to issue and may be confidential for 18 months or more after filing, there may be applications now pending of which we are unaware and which may later result in issued patents that may be infringed by our current or future prescription drug product candidates or non-prescription products. We cannot be certain that our current or future prescription drug product candidates or non-prescription products will not infringe these or other existing or future third-party patents. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents.

To the extent we become subject to future third-party claims against us or our collaborators, we could incur substantial expenses and, if any such claims are successful, we could be liable to pay substantial damages, including treble damages and attorney's fees if we or our collaborators are found to be willfully infringing a third party's patents. If a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay research, development, manufacturing or sales of the prescription drug or non-prescription product that is the subject of the suit. Even if we are successful in defending such claims, infringement and other intellectual property claims can be expensive and time-consuming to litigate and divert management's attention from our business and operations. As a result of or in order to avoid potential patent infringement claims, we or our collaborators may be compelled to seek a license from a third party for which we would be required to pay license fees or royalties, or both. Moreover, these licenses may not be available on acceptable terms, or at all. Even if we or our collaborators were able to obtain such a license, the rights may be nonexclusive, which could allow our competitors access to the same intellectual property. Any of these events could harm our business and prospects.

There has been substantial litigation regarding patents and other intellectual property rights in the field of therapeutics, as well as patent challenge proceedings, including interference, derivation and administrative law proceedings before the USPTO, and oppositions and other comparable proceedings in foreign jurisdictions. Under U.S. patent reform laws, new procedures, including *inter partes* review and post-grant review, were implemented as of September 16, 2012, with post-grant review available for patents issued on applications filed on or after March 16, 2013, and the implementation of such reform laws presents uncertainty regarding the outcome of any challenges to our future patents, if any, and to patents we have in licensed. In addition to possible infringement claims against us, we may be subject to third-party pre-issuance submission of prior art to the USPTO, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review, or other patent office proceedings or litigation in the United States or elsewhere, challenging our patent rights or the patent rights of others. For applications filed before March 16, 2013 or patents issuing from such applications, if third parties have prepared and filed patent applications in the United States that also claim technology to which we have rights, we may have to participate in interference proceedings in the USPTO to determine the

priority of invention. Because patent applications in the United States and most other countries are confidential for a period of time after filing, we cannot be certain that we were the first to either file patent applications on or invent any of the inventions claimed in our patent applications. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal court necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. We may also become involved in opposition or similar proceedings in patent offices in other jurisdictions regarding our intellectual property rights with respect to our prescription drug or non-prescription products and technology. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our future patent rights, if any, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights.

Our proprietary position depends upon patents that are formulation or method-of-use patents, which do not prevent a competitor from using the same drug candidate for another use.

Composition-of-matter patents on the API in prescription drug products are generally considered to be the strongest form of intellectual property protection because such patents provide protection without regard to any particular method of use or manufacture or formulation of the API used. The composition-of-matter patents for crofelemer, the API in Canalevia, have expired, and we have licensed from Napo patents and applications covering formulations and methods of use for crofelemer and the botanical extract in Neonorm.

Method-of-use patents protect the use of a product for the specified method and formulation patents cover formulations of the API or botanical extract. These types of patents do not prevent a competitor from developing or marketing an identical product for an indication that is outside the scope of the patented method or from developing a different formulation that is outside the scope of the patented formulation. Moreover, with respect to method-of-use patents, even if competitors do not actively promote their product for our targeted indications or uses for which we may obtain patents, veterinarians may recommend that animal owners use these products extra-label, or animal owners may do so themselves. Although extra-label use may infringe or contribute to the infringement of method-of-use patents, the practice is common and such infringement is difficult to prevent or prosecute.

If our efforts to protect intellectual property are not adequate, we may not be able to compete effectively in our markets.

We intend to rely upon a combination of regulatory exclusivity periods, patents, trade secret protection, confidentiality agreements, and license agreements to protect the intellectual property related to our current prescription drug product candidates and non-prescription products and our development programs.

If the breadth or strength of protection provided by any patents, patent applications or future patents we may own, license, or pursue with respect to any of our current or future product candidates or products is threatened, it could threaten our ability to commercialize any of our current or future product candidates or products. Further, if we encounter delays in our development efforts, the period of time during which we could market any of our current or future product candidates or products under any patent protection we obtain would be reduced.

Given the amount of time required for the development, testing and regulatory review of new product candidates or products, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Patent term extension have been applied for US 7,323,195 and

US 7,341,744 to account for regulatory delays in obtaining human marketing approval for crofelemer, however, only one patent may be extended per marketed compound. If such extensions are received, then US 7,323,195 may be extended to June 2021 or US 7,341,744 may be extended to December 2020. However, the applicable authorities, including the USPTO and the FDA, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to patents, or may grant more limited extensions than requested. If this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

Even where laws provide protection or we are able to obtain patents, costly and time-consuming litigation may be necessary to enforce and determine the scope of our proprietary rights, and the outcome of such litigation would be uncertain. Moreover, any actions we may bring to enforce our intellectual property against our competitors could provoke them to bring counterclaims against us, and some of our competitors have substantially greater intellectual property portfolios than we have.

If we are unable to prevent disclosure of our trade secrets or other confidential information to third parties, our competitive position may be impaired.

We also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or for which we have not filed patent applications, processes for which patents are difficult to enforce and other elements of our product development processes that involve proprietary know-how, information or technology that is not covered by patents. Although we require all of our employees to assign their inventions to us, and endeavor to execute confidentiality agreements with all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology, we cannot be certain that we have executed such agreements with all parties who may have helped to develop our intellectual property or had access to our proprietary information, or that our agreements will not be breached. We cannot guarantee that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. If we are unable to prevent disclosure of our intellectual property to third parties, we may not be able to maintain a competitive advantage in our market, which would harm our business.

Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, and erode our competitive position in our market.

We may be involved in lawsuits to protect or enforce any future patents issued to us, which could be expensive, time-consuming and unsuccessful.

Competitors may infringe any patents that may issue to us, or any patents that we may license. To counter infringement or unauthorized use of any patents we may obtain, we may be required to file infringement claims or request that our licensor file an infringement claim, which can be expensive and time-consuming to litigate. In addition, if we or one of our future collaborators were to initiate legal proceedings against a third party to enforce a patent covering our current product candidates, or one of our future products, the defendant could counterclaim that the patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement or lack of statutory subject matter. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant material information from the USPTO, or made a materially misleading statement, during prosecution. Third parties may also raise similar validity

claims before the USPTO in post-grant proceedings such as *ex parte* reexaminations, *inter partes* review, or post-grant review, or oppositions or similar proceedings outside the United States, in parallel with litigation or even outside the context of litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. We cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. For the patents and patent applications that we have licensed, we may have limited or no right to participate in the defense of any licensed patents against challenge by a third party. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of any future patent protection on our current or future product candidates. Such a loss of patent protection could harm our business.

Litigation proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be unsuccessful, it could have an adverse effect on the price of our common stock. Finally, we may not be able to prevent, alone or with the support of our licensors, misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the United States.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other animal health product companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the animal health industry involves both technological and legal complexity. Therefore, obtaining and enforcing patents is costly, time-consuming and inherently uncertain. In addition, the United States has recently enacted and implemented wide-ranging patent reform legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain in the future.

We may not be able to protect our intellectual property rights throughout the world, which could impair our business.

Filing, prosecuting and defending patents on prescription drug products, product candidates and non-prescription products throughout the world would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we may obtain patent protection, but where patent enforcement is not as strong as that in the United States. These products may compete with our products in jurisdictions where we do not have any issued or licensed patents and any future patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to animal health products, which could make it difficult for us to

stop the infringement of our future patents, if any, or patents we have in licensed, or marketing of competing products in violation of our proprietary rights generally. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. Proceedings to enforce our future patent rights, if any, in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

We have no registered trademarks in the United States or any other countries, and our business could be harmed if we fail to obtain such registrations.

Although we have filed a trademark application for our company name, our logo and for Canalevia and Neonorm in the United States, our applications have not been granted and the corresponding marks have not been registered in the United States. We have not filed for these or other trademarks in any other countries. During trademark registration proceedings, we may receive rejections. If so, we will have an opportunity to respond, but we may be unable to overcome such rejections. In addition, the USPTO and comparable agencies in many foreign jurisdictions may permit third parties to oppose pending trademark applications and to seek to cancel registered trademarks. If opposition or cancellation proceedings are filed against any of our trademark applications or any registered trademarks, our trademarks may not survive such proceedings. Moreover, any name we propose to use with our prescription drug product candidates in the United States, including Canalevia, must be approved by the FDA, regardless of whether we have registered or applied to register as a trademark. The FDA typically conducts a review of proposed prescription drug product names, including an evaluation of potential for confusion with other product names. If the FDA objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable substitute name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA.

We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties.

We have received confidential and proprietary information from third parties. In addition, we employ individuals who were previously employed at other biotechnology, pharmaceutical or animal health companies. We may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise improperly used or disclosed confidential information of these third parties or our employees' former employers. Litigation may be necessary to defend against any such claims. Even if we are successful in defending against any such claims, such litigation could result in substantial cost and be a distraction to our management and employees.

Risks Related to Government Regulation

Even if we receive any required regulatory approvals for our current or future prescription drug product candidates and non-prescription products, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense.

If the FDA or any other regulatory body approves any of our current or future prescription drug product candidates, or if necessary, our non-prescription products, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product may be subject to extensive and ongoing regulatory requirements. These requirements include, but are not limited to, submissions of safety and other post-marketing information and reports, establishment registration, and product listing, as well as continued compliance with cGMP, GLP and GCP for any studies that we conduct post-approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or

with our contract manufacturers or manufacturing processes, or failure to comply with regulatory requirements, must be reported in many instances to the FDA and may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, revised labeling, or voluntary or involuntary product recalls;
- fines, warning letters or holds on target animal studies;
- refusal by the FDA, or other regulators to approve pending applications or supplements to approved applications filed by us or our strategic collaborators related to the unknown problems, or suspension or revocation of the problematic product's license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The FDA or other regulatory agency's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates or require certain changes to the labeling or additional clinical work concerning safety and efficacy of the product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would harm our business. In addition, failure to comply with these regulatory requirements could result in significant penalties.

In addition, from time to time, we may enter into consulting and other financial arrangements with veterinarians, who prescribe or recommend our products, once approved. As a result, we may be subject to state, federal and foreign healthcare and/or veterinary medicine laws, including but not limited to anti-kickback laws. If our financial relationships with veterinarians are found to be in violation of such laws that apply to us, we may be subject to penalties.

The FDA issuing protocol concurrences for our pivotal studies does not guarantee ultimate approval of our NADA.

We intend to seek protocol concurrences with the FDA for the pivotal trial of Canalevia that we plan to conduct for general acute watery diarrhea in dogs and for future pivotal trials in other indications. A pivotal study protocol is submitted to the FDA voluntarily by a drug sponsor for purposes of obtaining FDA review of the protocol. Prior FDA review of the protocol for a pivotal study makes it more likely that the study will generate information the sponsor needs to demonstrate whether the drug is safe and effective for its intended use. It creates an expectation by the sponsor that the FDA should not later alter its perspectives on these issues unless public or animal health concerns appear that were not recognized at the time of protocol assessment. Even if the FDA issues a protocol concurrence, ultimate approval of an NADA by the FDA is not guaranteed because a final determination that the agreed-upon protocol satisfies a specific objective, such as the demonstration of efficacy, or supports an approval decision, will be based on a complete review of all the data submitted to the FDA. Even if we were to obtain protocol concurrence such concurrence does not guarantee that the results of the study will support a particular finding or approval of the new drug.

Any of our current or future prescription drug product candidates or non-prescription products may cause or contribute to adverse medical events that we would be required to report to regulatory authorities and, if we fail to do so, we could be subject to sanctions that would harm our business.

If we are successful in commercializing any of our current or future prescription drug product candidates or non-prescription products, at least certain regulatory authorities will require that we report certain information about adverse medical events if those products may have caused or contributed to those adverse events. The timing of our obligation to report would be triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the regulatory authorities could take action including, but not limited to, criminal prosecution, seizure of our products or delay in approval or clearance of future products.

Legislative or regulatory reforms with respect to animal health may make it more difficult and costly for us to obtain regulatory clearance or approval of any of our current or future product candidates and to produce, market, and distribute our products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in the U.S. Congress or other jurisdictions in which we intend to operate that could significantly change the statutory provisions governing the testing, regulatory clearance or approval, manufacture, and marketing of regulated products. In addition, the FDA and other regulations and guidance are often revised or reinterpreted by the FDA and such other regulators in ways that may significantly affect our business and our products and product candidates. Similar changes in laws or regulations can occur in other countries. Any new regulations or revisions or reinterpretations of existing regulations in the United States or in other countries may impose additional costs or lengthen review times of any of our current or future products and product candidates. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require:

- changes to manufacturing methods;
- new requirements related to approval to enter the market;
- recall, replacement, or discontinuance of certain products; and
- additional record keeping.

Each of these would likely entail substantial time and cost and could harm our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for any future products would harm our business, financial condition, and results of operations.

We do not believe that our non-prescription products are subject to regulation by regulatory agencies in the United States, but there is a risk that regulatory bodies may disagree with our interpretation, or may redefine the scope of its regulatory reach in the future, which would result in additional expense and could delay or prevent the commercialization of these products.

The FDA retains jurisdiction over all prescription drug products however, in many instances, the Federal Trade Commission will exercise primary or concurrent jurisdiction with FDA on non-prescription products as to post marketing claims made regarding the product. On April 22, 1996 the FDA published a statement in the Federal Register, 61 FR 17706, that it does not believe that the Dietary Supplement and Health Education Act applies to animal supplement products. Therefore, animal supplements that fall within the FDA definition of an animal drug, food or food additive are

regulated by the FDA. The Federal Food Drug and Cosmetic Act defines food as "articles used for food or drink for man or other animals." The guidance and regulations providing insight into this definition further clarify that any "article that is intended to be used as an animal feed ingredient, to become part of an ingredient or feed or added to an animal's drinking water" is deemed to be a feed within the definition. Our non-prescription products are not added to food, are not ingredients in food nor are they added to any animal's drinking water and therefore, our non-prescription products do not fall within the definition of a food. In light of the pronouncement by the FDA that the Dietary Supplement and Health Education Act was not intended to apply to animals, the FDA seeks to regulate such supplements as food or food additives depending on the intended use of the product. The intended use is demonstrated by how the article is included in a food, or added to the animals' intake (*i.e.*, through its drinking water). If the intended use of the product does not fall within the proscribed use making the product a food, it cannot be regulated as a food. There is no intent to make our non-prescription products a component of an animal food, either directly or indirectly. A feed additive is a product that is added to a feed for any reason including the top dressing of an already prepared feed. Some additives, such as certain forage, are deemed to be Generally Recognized as Safe, or GRAS, and therefore, not subject to a feed Additive Petition approval prior to use. However, the substances deemed GRAS are generally those that are recognized as providing nutrients as a food does. We do not believe that our non-prescription products fit within this framework either. Finally, a new animal drug refers to drugs intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in animals. Our non-prescription products are not intended to diagnose, cure, mitigate, treat or prevent disease and therefore, do not fit within the definition of an animal drug. We do not believe that our non-prescription products fit the definition of an animal drug, food or food additive and therefore are not regulated by the FDA at this time.

However, despite many such unregulated animal supplements currently on the market, the FDA may choose in the future to exercise jurisdiction over animal supplement products in which case, we may be subject to unknown regulations thereby inhibiting our ability to launch or to continue marketing our non-prescription products. In the past the FDA has redefined or attempted to redefine some non-prescription non-feed products as falling within the definition of drug, feed or feed additive and therefore subjected those products to the relevant regulations. Should the FDA assert regulatory authority over our non-prescription products, we would take commercially reasonable steps to address the FDA's concerns, potentially including but not limited to, seeking registration for such products, reformulating such products to further distance such products from regulatory control, or ceasing sale of such products. Further, the Animal and Plant Health Inspection Service, an agency of the USDA, may at some point choose to exercise jurisdiction over certain non-prescription products that are not intended for production animals. We do not believe we are currently subject to such regulation, but could be in the future. If the FDA or other regulatory agencies, such as the USDA, try to regulate our non-prescription products, we could be required to seek regulatory approval for our non-prescription products, which would result in additional expense and could delay or prevent the commercialization of these products.

Risks Related to this Offering and Our Common Stock

The price of our common stock could be subject to volatility related or unrelated to our operations, and purchasers of our common stock could incur substantial losses.

If a market for our common stock develops following this offering, the trading price of our common stock could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include those discussed previously in this "Risk Factors" section of this prospectus and others, such as:

- delays in the commercialization of Neonorm, Canalevia or our other current or future prescription drug product candidates and non-prescription products;

- any delays in, or suspension or failure of, our current and future studies;
- announcements of regulatory approval or disapproval of any of our current or future product candidates or of regulatory actions affecting us or our industry;
- manufacturing and supply issues that affect product candidate or product supply for our studies or commercialization efforts;
- quarterly variations in our results of operations or those of our competitors;
- changes in our earnings estimates or recommendations by securities analysts;
- announcements by us or our competitors of new prescription drug products or product candidates or non-prescription products, significant contracts, commercial relationships, acquisitions or capital commitments;
- announcements relating to future development or license agreements including termination of such agreements;
- adverse developments with respect to our intellectual property rights or those of our principal collaborators;
- commencement of litigation involving us or our competitors;
- any major changes in our board of directors or management;
- new legislation in the United States relating to the prescription, sale, distribution or pricing of animal health products;
- product liability claims, other litigation or public concern about the safety of our prescription drug product candidates and non-prescription products or any such future products;
- market conditions in the animal health industry, in general, or in the animal health sector, in particular, including performance of our competitors; and
- general economic conditions in the United States and abroad.

In addition, the stock market, in general, or the market for stocks in our industry, in particular, may experience broad market fluctuations, which may adversely affect the market price or liquidity of our common stock. Any sudden decline in the market price of our common stock could trigger securities class-action lawsuits against us. If any of our stockholders were to bring such a lawsuit against us, we could incur substantial costs defending the lawsuit and the time and attention of our management would be diverted from our business and operations. We also could be subject to damages claims if we are found to be at fault in connection with a decline in our stock price.

No active market for our common stock exists or may develop, and you may not be able to resell your common stock at or above the initial public offering price.

Prior to this offering, there has been no public market for shares of our common stock. We and the representatives of the underwriters determined the initial public offering price of our common stock by arm's-length negotiations, and the initial public offering price does not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. If no active trading market for our common stock develops or is sustained following this offering, you may be unable to sell your shares when you wish to sell them or at a price that you consider attractive or satisfactory. The lack of an active market may also adversely affect our ability to raise capital by selling securities in the future, or impair our ability to license or acquire other product candidates, businesses or technologies using our shares as consideration.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of our common stock is substantially higher than the pro forma net tangible book value per share of our common stock before giving effect to this offering. Accordingly, if you purchase our common stock in this offering, you will incur immediate dilution of approximately $ per share, representing the difference between the initial public offering price of $ per share and our pro forma as adjusted net tangible book value per share as of , 2014. In addition, following this offering, purchasers in this offering will have contributed approximately % of the total gross consideration paid by stockholders to us to purchase shares of our common stock through , 2014, but will own only approximately % of the shares of common stock outstanding immediately after this offering. Furthermore, if the underwriters exercise their option to purchase additional shares of our common stock or our outstanding stock options are exercised, you will experience further dilution. For a further description of the dilution that you will experience immediately after this offering, see the section in this prospectus titled "Dilution."

If securities or industry analysts do not publish research or reports about our company, or if they issue an adverse or misleading opinions regarding us or our stock, our stock price and trading volume could decline.

We do not currently have research coverage by securities and industry analysts, and if no significant coverage is initiated or maintained following this offering, the market price for our stock may be adversely affected. Our stock price also may decline if any analyst who covers us issues an adverse or erroneous opinion regarding us, our business model, our intellectual property or our stock performance, or if our animal studies and operating results fail to meet analysts' expectations. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline and possibly adversely affect our ability to engage in future financings.

Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after the expiration or termination of the lock-up and other legal restrictions on resale discussed in this prospectus, the trading price of our common stock could decline. Based upon the number of shares outstanding as of , upon the closing of this offering, we will have outstanding a total of shares of common stock. Of these shares, approximately shares, plus any shares sold upon exercise of the underwriters' option to purchase additional shares of our common stock, will be freely tradable in the public market immediately following this offering.

The lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus. After the lock-up agreements expire, up to an additional shares of common stock will be eligible for sale in the public market, of which shares are held by directors, executive officers and other affiliates and will be subject to vesting schedules or volume limitations under Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. The representatives of the underwriters may, in their sole, joint discretion, permit our officers, directors and other stockholders who are subject to lock-up agreements to sell shares even prior to the expiration of the lock-up agreements. In addition, shares of common stock that are subject to outstanding options under our 2013 Equity Incentive Plan will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. The sale or possible sale of these additional shares may adversely affect the trading price of our common stock.

We will have broad discretion to use the net proceeds from this offering, and may use them in ways that do not enhance our operating results or the market price of our common stock.

Our management will have broad discretion regarding the use of the net proceeds from this offering, and we could spend the net proceeds in ways our stockholders may not agree with or that do not yield a favorable return, if at all. We intend to use the net proceeds from this offering for the research and development of our prescription drug and non-prescription products and product candidates, manufacturing, marketing, distribution and commercialization of any products and other general corporate and working capital purposes. We may also use a portion of the net proceeds to acquire additional product candidates or complementary assets or businesses; however, we currently have no agreements or commitments to complete any such transaction. Our use of these proceeds may differ substantially from our current plans. If we do not invest or apply the net proceeds from this offering in ways that improve our operating results or our prospects, our stock price could decline.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of management.

Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the closing of this offering will contain provisions that could delay or prevent changes in control or changes in our management without the consent of our board of directors. We expect these provisions to include the following:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to alter our bylaws without obtaining stockholder approval;
- the required approval of the holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or repeal the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, the president or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

These provisions could inhibit or prevent possible transactions that some stockholders may consider attractive.

We are also subject to the anti-takeover provisions contained in Section 203 of the Delaware General Corporation Law. Under Section 203, a corporation generally may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other exceptions, the board of directors has approved the transaction.

Our amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our amended and restated bylaws that will be in effect upon the closing of this offering provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim that is governed by the internal affairs doctrine. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our amended and restated bylaws. This choice-of-forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated bylaws inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could harm our business and financial condition.

We do not intend to pay dividends on our common stock, and your ability to achieve a return on your investment will depend on appreciation in the market price of our common stock.

As described in the section titled "Dividend Policy" in this prospectus, we currently intend to invest our future earnings, if any, to fund our growth and not to pay any cash dividends on our common stock. Because we do not intend to pay dividends, your ability to receive a return on your investment will depend on any future appreciation in the market price of our common stock. We cannot be certain that our common stock will appreciate in price.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

Upon the closing of this offering, based on shares outstanding as of , 2014, our executive officers, directors, holders of 5% or more of our capital stock and their respective affiliates will beneficially own in the aggregate approximately % of our outstanding shares of common stock. As a result of their stock ownership, these stockholders may have the ability to influence our management and policies, and will be able to significantly affect the outcome of matters requiring stockholder approval such as elections of directors, amendments of our organizational documents or approvals of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders.

As a newly public company, we will incur significant additional costs, and our management will be required to devote substantial management time and attention to our public reporting obligations.

As a privately-held company, we have not been required to comply with public reporting, corporate governance and financial accounting practices and policies required of a publicly-traded company. As a

publicly-traded company, we will incur significant additional legal, accounting and other expenses compared to historical levels. In addition, new and changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations thereunder, as well as under the Sarbanes-Oxley Act, the JOBS Act and the rules and regulations of the U.S. Securities and Exchange Commission, or the SEC, and The NASDAQ Capital Market, may result in an increase in our costs and the time that our board of directors and management must devote to our compliance with these rules and regulations. We expect these rules and regulations to substantially increase our legal and financial compliance costs and to divert management time and attention from our product development and other business activities.

The Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and the effectiveness of our disclosure controls and procedures quarterly. In particular, Section 404 of the Sarbanes-Oxley Act, or Section 404, requires us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm potentially to attest to, the effectiveness of our internal control over financial reporting. We will need to expend time and resources on documenting our internal control over financial reporting so that we are in a position to perform such evaluation when required. As an "emerging growth company," we expect to avail ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404. However, we may no longer avail ourselves of this exemption when we cease to be an "emerging growth company." When our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting, the cost of our compliance with Section 404 will correspondingly increase. Our compliance with applicable provisions of Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements. Moreover, if we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to "emerging growth companies" will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we may take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." In particular, while we are an "emerging growth company" (i) we will not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, (ii) we will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (iii) we will not be required to hold nonbinding advisory votes on executive compensation or stockholder approval of any golden parachute payments not previously approved. In addition, the JOBS Act provides that an emerging growth company can delay its adoption of any new or revised accounting standards, but we have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. In addition, investors may find our common stock less attractive if we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline and/or become more volatile.

We may remain an "emerging growth company" until as late as December 31, 2019 (the fiscal year-end following the fifth anniversary of the closing of this offering), although we may cease to be an "emerging growth company" earlier under certain circumstances, including (i) if the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of any June 30, in which case we would cease to be an "emerging growth company" as of December 31 of such year, (ii) if our gross revenue exceeds $1.0 billion in any fiscal year or (iii) if we issue more than $1.0 billion of non-convertible debt over a three-year period.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing of receipt of clinical trial, field study and other study data, and likelihood of success, commercialization plans and timing, other plans and objectives of management for future operations, and future results of current and anticipated products are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "aim," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described under the sections in this prospectus titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in a dynamic industry and economy. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties that we may face. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Special Note Regarding Forward-Looking Statements."

USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of shares of common stock in this offering will be approximately $ million, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares from us in full, we estimate that the net proceeds from this offering will be approximately $ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. An increase (decrease) by 1,000,000 shares in the number of shares offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming that the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions. We do not expect that a change in the initial public offering price or the number of shares by these amounts would have a material effect on our anticipated uses of the net proceeds from this offering, although it may accelerate the time at which we will need to seek additional capital.

We anticipate that we will use the net proceeds from this offering as follows:

- approximately $4.5 million for clinical studies related to Canalevia for CID and general acute watery diarrhea in dogs;
- approximately $3.5 million for clinical studies related to prescription drug products for companion animals, namely species-specific formulations of crofelemer for general acute watery diarrhea in cats, acute colitis in horses and the herpes virus in cats;
- approximately $3.0 million for studies and registration activities outside the United States related to Neonorm for scours in preweaned dairy calves and other non-prescription products in the equine field;
- approximately $2.0 million for the costs of developing other species-specific formulations of our prescription drug product candidates and non-prescription products and for other third-party costs;
- approximately $10.0 million for establishing manufacturing capability, including the technology transfer and manufacturing and support equipment at third-party manufacturing facilities, and including approximately $3.7 million of fees payable to Indena S.p.A. pursuant to our memorandums of understanding; and
- the remaining funds will be utilized for working capital and general corporate purposes.

These expected uses of the net proceeds from this offering represents our intentions based upon our current financial condition, results of operations, business plans and conditions. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the closing of this offering or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering.

We may also use a portion of the net proceeds from this offering for the acquisition of, or investment in, complementary business, products or technologies, although we have no present commitments or agreements for any specific acquisitions or investments. Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment grade, interest bearing instruments and U.S. government securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in any future financing instruments.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2014, as follows:

- on an actual basis;
- on a pro forma basis to give effect to (i) the conversion of all outstanding shares of Series A preferred stock into 3,015,902 shares of common stock upon the closing of this offering; (ii) the issuance of shares of common stock upon the conversion of convertible promissory notes in the aggregate principal amount of $450,000 (which includes $150,000 aggregate principal amount of notes issued in July 2014) upon the closing of this offering at a conversion price equal to 80% of the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and (iii) the filing and effectiveness of our amended and restated certificate of incorporation upon the closing of this offering; and
- on a pro forma as adjusted basis to give further effect to the sale of shares of common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this information in conjunction with our financial statements and related notes appearing elsewhere in this prospectus and the sections in this prospectus titled "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of June 30, 2014		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted[1]
Cash and cash equivalents	$ 4,281,698	$	$
Convertible promissory notes	$ 231,250	$	$
Series A redeemable convertible preferred stock, par value $0.0001 per share: 3,017,488 shares authorized, 3,015,902 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	6,943,250		
Stockholders' equity (deficit):			
Common stock, par value $0.0001 per share: 10,000,000 shares authorized, 4,311,498 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	431		
Additional paid-in capital	809,702		
Deficit accumulated during the development stage	(4,711,437)		
Total stockholders' (deficit)	(3,901,304)		
Total capitalization	$ 3,273,196	$	$

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

An increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately $ million, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

The outstanding share information in the table above is based on 4,311,498 shares of common stock outstanding as of June 30, 2014, and excludes:

- 311,498 shares of common stock issuable upon exercise of outstanding warrants as of June 30, 2014 at an exercise price of $1.6854 per share; and
- 25,000 shares of common stock issuable upon exercise of an outstanding warrant as of June 30, 2014 with an exercise price equal to 90% of the initial public offering price;
- 1,129,673 shares issuable upon exercise of outstanding options as of June 30, 2014 with a weighted-average exercise price of $1.77 per share;
- 118,953 shares issuable upon vesting of outstanding restricted stock unit awards as of June 30, 2014;
- 22,674 shares of common stock reserved for future issuance under our 2013 Equity Incentive Plan as of June 30, 2014; and
- 500,000 shares of common stock reserved for future issuance under our 2014 Stock Incentive Plan, which will become effective in connection with this offering, as well as any automatic increases in the shares of common stock reserved for future issuance under the 2014 Stock Incentive Plan.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

As of June 30, 2014, our historical net tangible book value was $, or $ per share of common stock. Our historical net tangible book value per share represents the amount of our total tangible assets less total liabilities divided by the number of shares of common stock outstanding as of June 30, 2014.

Our pro forma net tangible book value as of June 30, 2014 was $ or $ per share of common stock, after giving effect to (i) the conversion of all outstanding shares of Series A preferred stock into 3,015,902 shares of common stock upon the closing of this offering; (ii) the issuance of shares of common stock upon the conversion of convertible promissory notes in the aggregate principal amount of $450,000 (which includes $150,000 aggregate principal amount of notes issued in July 2014) upon the closing of this offering at a conversion price equal to 80% of the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and (iii) the filing and effectiveness of our amended and restated certificate of incorporation upon the closing of this offering.

After giving further effect to the sale of the shares of common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2014 would have been approximately $, or $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders, and an immediate dilution in pro forma net tangible book value of approximately $ per share to new investors purchasing shares of common stock in this offering.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the assumed initial public offering price per share paid by new investors. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Historical net tangible book value per share as of June 30, 2014	$	
Increase attributable to conversion of all outstanding shares of Series A preferred stock and convertible promissory notes		
Pro forma net tangible book value per share as of June 30, 2014		
Increase in net tangible book value per share attributable to new investors		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors		$

If the underwriters exercise their option to purchase additional shares in full, the pro forma as adjusted net tangible book value will increase to $ per share, representing an immediate dilution of $ per share to new investors, assuming that the initial public offering price will be $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $ per share and the dilution to new investors by $ per share, assuming the number of shares

offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. An increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) the pro forma as adjusted net tangible book value by $ per share and the dilution to new investors by $ per share, assuming the assumed initial public offering price remains the same and after deducting underwriting discounts and commissions. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2014, the differences between the number of shares of common stock purchased from us, the total consideration and the average price per share paid by existing stockholders and by investors participating in this offering, before deducting underwriting discounts and commissions and estimated offering expenses payable by us, at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors		%		%	
Total		100%	$	100%	

The number of shares of common stock to be outstanding after this offering excludes:

- 311,498 shares of common stock issuable upon exercise of outstanding warrants as of June 30, 2014 with an exercise price of $1.6854 per share; and
- 25,000 shares of common stock issuable upon exercise of an outstanding warrant as of June 30, 2014 with an exercise price equal to 90% of the initial public offering price;
- 1,129,673 shares issuable upon exercise of outstanding options as of June 30, 2014 with a weighted-average exercise price of $1.77 per share;
- 118,953 shares issuable upon vesting of outstanding restricted stock unit awards as of June 30, 2014;
- 22,674 shares of common stock reserved for future issuance under our 2013 Equity Incentive Plan as of June 30, 2014; and
- 500,000 shares of common stock reserved for future issuance under our 2014 Stock Incentive Plan, which will become effective in connection with this offering, as well as any automatic increases in the shares of common stock reserved for future issuance under the 2014 Stock Incentive Plan.

To the extent any of these outstanding options are exercised, there will be further dilution to new investors. If all of such outstanding options had been exercised as of June 30, 2014, the pro forma as adjusted net tangible book value after this offering would be $ per share, and total dilution to new investors would be $ per share.

If the underwriters exercise their option to purchase additional shares of common stock in full:

- the percentage of shares of common stock held by existing stockholders will decrease to approximately % of the total number of shares of common stock outstanding after this offering; and
- the number of shares held by new investors will increase to , or approximately % of the total number of shares of common stock outstanding after this offering.

SELECTED FINANCIAL DATA

You should read the following selected financial data together with our financial statements and related notes appearing elsewhere in this prospectus and the section in this prospectus titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Napo formed our company to develop and commercialize animal health products. As of December 31, 2013, we were a wholly-owned subsidiary of Napo, and as of June 30, 2014, we are a majority-owned subsidiary of Napo.

The following tables set forth our selected statements of comprehensive loss data since inception in June 2013 and our selected balance sheet data as of December 31, 2013 and June 30, 2014. We are a development stage company. Data for the period from June 6, 2013 (inception) through and as of December 31, 2013 is derived from our audited financial statements included elsewhere in this prospectus. Data for the period from June 6, 2013 (inception) through June 30, 2014 and for the six months ended and as of June 30, 2014 is derived from our unaudited financial statements appearing elsewhere in this prospectus. The unaudited interim financial statements have been prepared on the same basis as our audited financial statements and, in our opinion, reflect all adjustments, consisting only of normal and recurring adjustments, which we consider necessary for a fair presentation of our financial position as of June 30, 2014. The historical results are not necessarily indicative of the results to be expected for any future periods, and the results for the six months ended June 30, 2014 should not be considered indicative of results expected for the full year 2014.

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)	Period from June 6, 2013 (inception) through June 30, 2014 (unaudited)
Statements of Comprehensive Loss Data:			
Operating expenses:			
General and administrative expense	$ 458,473	$ 1,740,515	$ 2,198,988
Research and development expense	324,479	2,149,555	2,474,034
Total operating expenses	782,952	3,890,070	4,673,022
Loss from operations	(782,952)	(3,890,070)	(4,673,022)
Interest expense, net	(18,251)	(20,164)	(38,415)
Net loss and comprehensive loss	$ (801,203)	$ (3,910,234)	$ (4,711,437)
Accretion of redeemable convertible preferred stock	—	(285,009)	(285,009)
Net loss attributable to common stockholders	$ (801,203)	$ (4,195,243)	$ (4,996,446)
Net loss per share attributable to common stockholders, basic and diluted[1]	$ (0.20)	$ (0.99)	
Weighted-average common shares outstanding, basic and diluted[1]	4,000,000	4,250,929	
Pro forma net loss per share, basic and diluted[1]	$ (0.20)	$ (0.67)	
Pro forma weighted-average number of common shares[1]	4,000,000	6,304,461	

(1) See Notes 2 and 12 to our financial statements for a description of the method used to compute basic and diluted net loss per share and pro forma net loss per share.

	As of December 31, 2013	As of June 30, 2014 (unaudited)
Balance Sheet Data:		
Cash and cash equivalents	$ 185,367	$ 4,281,698
Total assets	289,261	6,217,115
Total liabilities	724,114	3,175,169
Convertible promissory notes	519,486	231,250
Redeemable convertible preferred stock	—	6,943,250
Total stockholders' (deficit)	(434,853)	(3,901,304)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this prospectus for a discussion of important factors that could cause our actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are an animal health company focused on developing and commercializing first-in-class gastrointestinal products for companion and production animals. Canalevia is our lead prescription drug product candidate for the treatment of various forms of watery diarrhea in dogs. We expect to announce data from our field efficacy trial of Canalevia for general acute watery diarrhea in dogs in the fourth quarter of 2014. We also expect to initiate filing of a rolling new animal drug application, or NADA, for Canalevia for chemotherapy-induced diarrhea, or CID, in dogs, by the end of 2014. Canalevia is a canine-specific formulation of crofelemer, an active pharmaceutical ingredient isolated and purified from the *Croton lechleri* tree. A human-specific formulation of crofelemer, Fulyzaq, was approved by the U.S. Food and Drug Administration, or FDA, in 2012 for the symptomatic relief of noninfectious diarrhea in adults with HIV/AIDS on antiretroviral therapy. Members of our management team developed crofelemer, including while at Napo Pharmaceuticals, Inc., or Napo. Neonorm is our lead non-prescription product to address the symptoms of watery diarrhea, or scours, in preweaned dairy calves. We plan to launch Neonorm in the United States by the end of 2014 and expect to launch additional formulations of Neonorm for other animal species beginning in 2015. Neonorm is a botanical extract also derived from the *Croton lechleri* tree. Canalevia and Neonorm are distinct products that are formulated to address specific species and market channels. We have seven investigational new animal drug applications, or INADs, on file with the FDA and intend to develop species-specific formulations of Neonorm in six additional target species.

Since inception, we have been primarily focused on designing protocols for studies of Canalevia to treat multiple preselected and distinct types of watery diarrhea in dogs and for Neonorm for scours in preweaned dairy calves. We have also conducted a clinical study of Neonorm for scours in preweaned dairy calves. A portion of our activities has also been focused on other efforts associated with being a newly formed company, including securing necessary intellectual property, recruiting management and key employees and initial financing activities.

In January 2014, we entered into the Napo License Agreement, pursuant to which we acquired an exclusive worldwide license to Napo's intellectual property rights and technology, including rights to its library of over 2,300 medicinal plants, for all veterinary treatment uses and indications for all species of animals. Under the Napo License Agreement, Napo also assigned to us equipment and granted us a right to cross-reference any regulatory submissions or drug-matter files for which Napo has rights and access.

In consideration for the license from Napo, we are obligated to pay a one-time non-refundable license fee of $2,000,000, less an option fee of $100,000 we paid in July 2013. This license fee payment will be deferred until the combined net sales of one or more products we commercialize exceed $2,000,000 and can be paid in our common stock at our option. For products derived from *Croton lechleri*, we will owe Napo a 2% royalty on annual net sales of all products that are prescription drugs (such as Canalevia and any line extensions) approved by the FDA or the equivalent regulatory agency

in another country, and, 1% of net sales of non-prescription products (such as Neonorm and any line extensions) that do not require pre-marketing approval from the FDA or the equivalent regulatory agency in another country. Following the closing of this offering, we will not owe Napo any royalties on sales of non-*Croton lechleri* products.

Financial Operations Overview

We were incorporated in June 2013 in Delaware and are considered a development stage company. Napo formed our company to develop and commercialize animal health products. Prior to our incorporation, the only activities of Napo related to animal health were limited to the retention of consultants to evaluate potential strategic alternatives. As of December 31, 2013, we were a wholly-owned subsidiary of Napo, and as of June 30, 2014, we are a majority-owned subsidiary of Napo. Upon the closing of this offering, we will no longer be majority-owned by Napo.

In July 2013, we entered into an employee leasing and overhead allocation agreement with Napo, or the Service Agreement. The term of the Service Agreement was from July 1, 2013 through February 28, 2014. Pursuant to the Service Agreement, Napo provided us the services of certain Napo employees, and on March 1, 2014, these employees joined our company. In addition, we also agreed to pay Napo for a portion of its overhead costs during the term of the agreement. We agreed to pay Napo $71,811 per month (consisting of $65,811 for employee services and $6,000 for overhead costs) for the months from July 2013 through February 2014 as follows: (1) for the period from July 2013 through November 2013, in 4,000,000 shares of common stock and (2) for the period from December 2013 through February 2014, in cash.

We have not generated any revenue to date and expect to continue to incur significant research and development and other expenses. Our net loss for the period from June 6, 2013 (inception) through December 31, 2013 and for the six months ended June 30, 2014 was $801,203 and $3,910,234, respectively. As of June 30, 2014, we had a total stockholders' deficit of $3,901,304. We expect to continue to incur losses for the foreseeable future as we expand our product development activities, seek necessary approvals for our product candidates, conduct species-specific formulation studies for our non-prescription products, establish API manufacturing capabilities and begin commercialization activities.

Operating Expenses

The majority of our operating expenses to date have been for research and development activities related to Canalevia and Neonorm and for costs associated with our formation, including legal, recruiting, travel and financing activities. During 2013, we did not incur any stock-based compensation expense. For the six months ended June 30, 2014, operating expenses include $90,952 of stock-based compensation expense.

Research and Development Expense

Research and development costs are expensed as incurred. Research and development expense consists primarily of third-party consultant fees, expenses attributable to services received from Napo under the Service Agreement and expenses related to our clinical studies. Beginning January 1, 2014, research and development expense also includes personnel-related costs, including salaries and benefits, and other operational costs related to our research and development activities, including costs of studies, raw material acquisition costs, contract manufacturers and service providers, regulatory, professional and consulting fees, and travel costs.

We typically use our employee and infrastructure resources across multiple development programs. We track outsourced development costs by prescription drug product candidate and non-prescription

product but do not allocate personnel or other internal costs related to development to specific programs or development compounds.

The timing and amount of our research and development expenses will depend largely upon the outcomes of current and future trials for our prescription drug product candidates as well as the related regulatory requirements, the outcomes of current and future species-specific formulation studies for our non-prescription products, manufacturing costs and any costs associated with the advancement of our line extension programs. We cannot determine with certainty the duration and completion costs of the current or future development activities.

The duration, costs and timing of trials, formulation studies and development of our prescription drug and non-prescription products will depend on a variety of factors, including:

- the scope, rate of progress, and expense of our ongoing, as well as any additional, clinical trials, formulation studies and other research and development activities;
- future clinical trial and formulation study results;
- potential changes in government regulations; and
- the timing and receipt of any regulatory approvals.

A change in the outcome of any of these variables with respect to the development of a prescription drug product candidate or non-prescription product could mean a significant change in the costs and timing associated with our development activities.

We expect research and development expense to increase significantly as we add personnel, commence additional clinical studies and other activities to develop our prescription drug product candidates and non-prescription products. Over the next two years, we anticipate spending approximately $13 million for the research and development of Neonorm for scours in preweaned dairy calves and Canalevia for CID and general acute watery diarrhea in dogs, as well as the research and development of other prescription drug products for horses and cats and non-prescription products for multiple animal species.

General and Administrative Expense

General and administrative expense consists of personnel-related costs, including salaries and benefits, and also includes expenses attributable to services received from Napo under the Service Agreement, rent and other facilities costs and professional and consulting fees for legal, accounting, tax services and other general business services. During 2013, we did not incur any stock-based compensation expense. For the six months ended June 30, 2014, general and administrative expense includes $58,051 of stock-based compensation expense.

We expect general and administrative expense to increase significantly as we incur operating costs related to being a public company, including building our corporate infrastructure.

Interest (Expense) Income, Net

Interest (expense) income, net consists primarily of interest expense related to our convertible promissory notes issued from July to September 2013, which converted to common stock in February 2014. It also includes interest expense and the amortization of a beneficial conversion feature related to convertible promissory notes issued in June 2014.

Results of Operations

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)
Operating expenses:		
General and administrative expense	$ 458,473	$ 1,740,515
Research and development expense	324,479	2,149,555
Total operating expenses	782,952	3,890,070
Loss from operations	(782,952)	(3,890,070)
Interest (expense) income, net	(18,251)	(20,164)
Net loss and comprehensive loss	$ (801,203)	$ (3,910,234)

General and Administrative Expense

The following table presents the components of general and administrative expense for the periods indicated:

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)
Personnel and related benefits	$ —	$ 655,431
Accounting fees	—	144,850
Third-party consulting fees and Napo service fees	391,493	254,174
Legal fees	4,780	227,092
Other expenses	62,200	400,917
Stock-based compensation	—	58,051
Total	$ 458,473	$ 1,740,515

General and administrative expense for 2013 primarily consists of third-party consulting fees and services provided by Napo personnel pursuant to the Service Agreement related to fundraising, corporate organization and administrative services, as well as Napo overhead allocation expense. Legal fees were related to general corporate activities. Other expenses included costs related to marketing studies, business development consultants and travel.

General and administrative expense for the six months ended June 30, 2014 primarily consists of salaries and related benefits for employees, third-party consulting fees and two months of services provided by Napo personnel pursuant to the Service Agreement, as well as Napo overhead allocation expense and legal costs related to intellectual property development and general corporate activities. In March 2014, upon the conclusion of the Service Agreement with Napo, four Napo employees joined us as our employees.

Research and Development Expense

The following table presents the components of research and development expense for the periods indicated:

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)
Personnel and related benefits	$ —	$ 407,554
Third-party consulting and Napo service fees	136,274	104,594
Materials expense	—	1,196,425
Studies, formulation and assay costs	159,048	118,291
Other	29,157	133,924
Supply	—	155,866
Stock-based compensation	—	32,901
Total	$ 324,479	$ 2,149,555

Research and development expense for 2013 includes expenses associated with services provided by Napo employees, raw material supply costs and manufacturing-related activities. We also retained third-party consultants in connection with our application for MUMS designation for Canalevia for CID in dogs, and the development of a protocol for a study of Neonorm in preweaned dairy calves. Study and assay costs include costs of a study of Neonorm in preweaned dairy calves conducted at a veterinary school.

Research and development expense for the six months ended June 30, 2014 primarily consists of materials to be used in studies and pre-commercial manufacturing that were transferred to our company as part of the Napo License Agreement, and expensed. Research and development expenses also include payroll and related benefits for research and development personnel, the costs of a study of Neonorm in preweaned dairy calves, services provided by Napo personnel before they became employees of our company in March 2014, consultants, and manufacturing and raw material supply costs and related activities.

Liquidity and Capital Resources

Since inception, we have not generated any revenue and we have funded our operations primarily through the issuance of equity securities and convertible promissory notes. We have incurred increasing losses and negative cash flow from operations, and as of June 30, 2014, we had an accumulated deficit of $4,711,437. We anticipate that we will continue to incur losses for the next several years due to expenses relating to:

- trials of our products and product candidates;
- toxicology studies for our product candidates;
- establishing manufacturing capabilities; and
- commercialization of one or more of our prescription drug product candidates, if approved, and commercialization of our non-prescription products.

As of June 30, 2014, we had cash and cash equivalents of $4,281,698. In April and May 2014, we received aggregate gross proceeds of $1,777,338 from the issuance of 790,911 shares of Series A preferred stock, and in June and July 2014, we issued an aggregate of $450,000 principal amount of convertible promissory notes.

Our auditors have included an explanatory paragraph in their audit report on our financial statements for the year ended December 31, 2013, regarding our assessment of substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. We believe that the successful completion of this offering will eliminate the doubt and enable us to continue as a going concern. However, if we are unable to successfully complete this offering, we will need to obtain alternate financing or create operational plans to continue as a going concern.

We believe the net proceeds from this offering, together with our existing cash and cash equivalents, will be sufficient to fund our operating plan through the next 24 months and through the planned commercial launch of Neonorm for preweaned dairy calves and anticipated commercial launch of Canalevia for CID in dogs, as well as for general acute watery diarrhea in dogs. However, our operating plan may change due to many factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. Such financing may result in dilution to stockholders, imposition of debt covenants and repayment obligations or other restrictions that may affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

We expect that we will increase our expenditures following the closing of this offering once we have additional capital on hand in order to continue our efforts to develop animal health products, commercially launch Neonorm by the end of 2014 and continue development of Canalevia in the near term. We currently estimate that the commercial launch of Neonorm will cost approximately $1.0 million, and have agreed to pay Indena S.p.A. fees of approximately $3.7 million under memorandums of understanding relating to the establishment of our commercial manufacturing arrangement. The exact amounts and timing of any expenditures may vary significantly from our current intentions.

Cash Flows

The following table shows a summary of cash flows for the periods set forth below:

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)
Cash used in operating activities	$ (334,839)	$(1,776,865)
Cash used in investing activities	—	(55,149)
Cash provided by financing activities	520,206	5,928,345

Cash Used in Operating Activities

During the period from June 6, 2013 (inception) through December 31, 2013, cash used in operating activities was the result of our net loss of $801,203 offset by the issuance of common stock to Napo for services $359,055, further offset by changes in operating assets and liabilities of $104,628.

During the six months ended June 30, 2014, cash used in operating activities was the result of our net loss of $3,910,234 and changes in operating assets and liabilities of $906,293, both of which were primarily offset by the expense of certain materials received from Napo of $1,082,626.

Cash Used in Investing Activities

During the period from June 6, 2013 to December 31, 2013, we did not have any cash provided by or used in investing activities. In the six months ended June 30, 2014, cash used in investing activities primarily consisted of purchases of manufacturing-related equipment.

Cash Provided by Financing Activities

During the period from June 6, 2013 through December 31, 2013, cash provided by financing activities primarily consisted of the gross proceeds from the issuance of convertible promissory notes and warrants to purchase common stock. On February 4, 2014, the convertible notes issued in 2013 were converted in full in exchange for an aggregate of 311,498 shares of common stock at a conversion price of $1.6854, which was equal to 75% of the price per share paid by the purchasers of Series A preferred stock.

During the six months ended June 30, 2014, cash provided by financing activities consisted of net proceeds of $6,658,241 from the issuance of 3,015,902 shares of Series A preferred stock and $300,000 from the issuance of convertible promissory notes due June 1, 2015.

Off-Balance Sheet Arrangements

Since inception, we have not engaged in the use of any off-balance sheet arrangements, such as structured finance entities, special purpose entities or variable interest entities.

Commitments and Contingencies

The following table summarizes our contractual obligations as of December 31, 2013:

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Convertible promissory notes[1]	$ 525,000	$ 525,000	$ —	$ —	$ —
Total	$ 525,000	$ 525,000	$ —	$ —	$ —

(1) In February 2014, these convertible notes were converted in full in exchange for an aggregate of 311,498 shares of common stock at a conversion price of $1.6854 per share.

The following table summarizes our contractual obligations as of June 30, 2014:

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Napo License Agreement[1]	$ 1,900,000	$ —	$ 1,900,000	$ —	$ —
Convertible promissory notes[2]	300,000	300,000	—	—	—
Sublease[3]	138,715	138,715	—		
Total[4]	$ 2,338,715	$ 438,715	$ 1,900,000	$ —	$ —

(1) The Napo License Agreement obligates us to pay (i) license fees upon achievement of a cumulative level of $2,000,000 of product sales, (ii) royalties on net sales of products utilizing licensed technology and (iii) milestone payments. Royalties are dependent on future product sales and are not reflected in the table above, as they are not estimable. Milestone payments are not payable if we complete this initial public offering prior to December 31, 2015 and are not reflected in the table above.

(2) Does not include an additional $150,000 aggregate principal amount of notes issued in July 2014.

(3) Represents future lease payments for our San Francisco, California headquarters.

(4) Does not include approximately $3.7 million of payments potentially payable to Indena S.p.A. pursuant to our memorandums of understanding regarding establishing a manufacturing arrangement.

The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding. We also enter into agreements in the normal course of business with contract research organizations for clinical trials and with vendors for preclinical studies and other services and products for operating purposes, which are generally cancelable at any time by us with advance written notice. The amounts due under these agreements are not included in the above tables.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Fluctuation Risk

Our cash and cash equivalents as of June 30, 2014 were held in a cash account. Upon completion of this offering, the proceeds from the sale of shares of our common stock will be placed in interest bearing accounts. As a result, our primary exposure to market risk for our cash will be interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because our cash is held in bank accounts, a sudden change in the interest rates associated with our cash and cash equivalents balances would not be expected to have a material impact on our financial condition or results of operations.

We do not have any foreign currency or derivative financial instruments.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, or U.S. GAAP, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures in the financial statements. Critical accounting policies are those accounting policies that may be material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and that have a material impact on financial condition or operating performance. While we base our estimates and judgments on our experience and on various other factors that we believe to be reasonable under the circumstances, actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies used in the preparation of our financial statements require significant judgments and estimates. For additional information relating to these and other accounting policies, see Note 2 to our audited financial statements, appearing elsewhere in this prospectus.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate accrued research and development expenses. Estimated accrued expenses include fees paid to vendors and clinical sites in connection with our clinical trials and studies. We review new and open contracts and communicate with applicable internal and vendor personnel to identify services that have been performed on our behalf and estimate the level of service performed and the associated costs incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost for accrued expenses. The majority of our service providers invoice us monthly in arrears for services performed or as milestones are achieved in relation to our contract manufacturers. We make estimates of our accrued expenses as of each reporting date.

We base our accrued expenses related to clinical trials and studies on our estimates of the services received and efforts expended pursuant to contracts with vendors, our internal resources, and payments to clinical sites based on enrollment projections. The financial terms of the vendor agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. Payments under some of these contracts depend on factors such as the successful enrollment of animals and the completion of development milestones. We estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the

performance of services or the level of effort varies from our estimate, we adjust the related expense accrual accordingly on a prospective basis. If we do not identify costs that have been incurred or if we underestimate or overestimate the level of services performed or the costs of these services, our actual expenses could differ from our estimates. To date, we have not made any material adjustments to our estimates of accrued research and development expenses or the level of services performed in any reporting period presented.

Accounting for Stock-Based Compensation

During 2013, we did not issue any stock awards to employees, directors or consultants and did not incur any stock based compensation expense. Beginning in the second quarter of 2014, we awarded options and restricted stock units. We measure stock-based awards granted to employees and directors at fair value on the date of grant and recognize the corresponding compensation expense of the awards, net of estimated forfeitures, over the requisite service periods, which correspond to the vesting periods of the awards.

Key Assumptions. Our Black-Scholes-Merton option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected volatility of the price of our common stock, the expected term of the option, risk-free interest rates and the expected dividend yield of our common stock. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future. These assumptions are estimated as follows:

- Fair value of our common stock—Because the common stock is not yet publicly traded, we estimated the fair value of our common stock, as discussed in "Common Stock Valuations" below. Upon the closing of this public offering, our common stock will be valued by reference to the publicly-traded price of our common stock.

- Expected volatility—As we do not have any trading history for our common stock, the expected stock price volatility for our common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations for common stock values over a period equivalent to the expected term of our stock option grants. We did not rely on implied volatilities of traded options in our industry peers' common stock because the volume of activity was relatively low. We intend to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own common stock share price becomes available.

- Expected term—The expected term represents the period that our stock-based awards are expected to be outstanding. It is based on the "simplified method" for developing the estimate of the expected life of a "plain vanilla" stock option. Under this approach, the expected term is presumed to be the midpoint between the average vesting date and the end of the contractual term for each vesting tranche. We intend to continue to apply this process until a sufficient amount of historical exercise activity is available to be able to reliably estimate the expected term.

- Risk-free interest rate—The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the options for each option group.

- Dividend yield—We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

Common Stock Valuations. The fair value of the common stock underlying our stock options was determined by our board of directors, which intended all options granted to be exercisable at a price

per share not less than the per share fair value of our common stock underlying those options on the date of grant. The valuations of our common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation.* The assumptions we used in the valuation model are highly complex and subjective. We base our assumptions on future expectations combined with management judgment. In the absence of a public trading market, our board of directors, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our common stock as of the date of each option grant and stock award. These judgments and factors will not be necessary to determine the fair value of new awards once the underlying shares begin trading. For now we included the following factors:

- the prices, rights, preferences and privileges of our Series A preferred stock relative to those of our common stock;
- lack of marketability of our common stock;
- our actual operating and financial performance;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;
- our stage of development;
- illiquidity of share-based awards involving securities in a private company;
- the U.S. capital market conditions; and
- likelihood of achieving a liquidity event, such as this offering or a merger or acquisition of our company given prevailing market conditions.

Following the closing of this initial public offering, the fair value per share of our common stock for purposes of determining stock-based compensation will be the closing price of our common stock as reported on The NASDAQ Stock Market on the applicable grant date.

Income Taxes

As of December 31, 2013, we had net operating loss carryforwards for federal and state income tax purposes of $788,486, which will begin to expire in 2033, subject to limitations. Our management has evaluated the factors bearing upon the realizability of our deferred tax assets, which are comprised principally of net operating loss carryforwards. Our management concluded that, due to the uncertainty of realizing any tax benefits as of December 31, 2013, a valuation allowance was necessary to fully offset our deferred tax assets. We have evaluated our uncertain tax positions and determined that we have no liabilities from unrecognized tax benefits and therefore we have not incurred any penalties or interest.

Recently Issued Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board, or FASB, issued authoritative guidance that eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. We did not implement early adoption of this standard. The adoption of this guidance will have no impact on our financial condition, results of operations or cash flows.

In June 2014, the FASB issued authoritative guidance that requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. This guidance will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2015. We will implement this guidance for all interim and annual periods beginning after December 15, 2015. The adoption of this guidance is not expected to have an impact on our financial condition, results of operations or cash flows.

In May 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-09, "Revenue from Contracts with Customers." The objective of ASU 2014-19 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for annual reporting periods beginning after December 15, 2016 and allows for prospective or retrospective application. We are evaluating this pronouncement and do not believe it will have a material effect on our financial statements.

JOBS Act

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period, and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

BUSINESS

Overview

We are an animal health company focused on developing and commercializing first-in-class gastrointestinal products for companion and production animals. Canalevia is our lead prescription drug product candidate for the treatment of various forms of watery diarrhea in dogs. We expect to announce data from our proof-of-concept study of Canalevia for general acute watery diarrhea in dogs in the fourth quarter of 2014. We also expect to initiate filing of a rolling new animal drug application, or NADA, for Canalevia for chemotherapy-induced diarrhea, or CID, in dogs, by the end of 2014. Canalevia is a canine-specific formulation of crofelemer, an active pharmaceutical ingredient isolated and purified from the *Croton lechleri* tree. A human-specific formulation of crofelemer, Fulyzaq, was approved by the U.S. Food and Drug Administration, or FDA, in 2012 for the symptomatic relief of noninfectious diarrhea in adults with HIV/AIDS on antiretroviral therapy. Members of our management team developed crofelemer, including while at Napo Pharmaceuticals, Inc., or Napo. Neonorm is our lead non-prescription product to address the symptoms of watery diarrhea, or scours, in preweaned dairy calves. We plan to launch Neonorm in the United States by the end of 2014 and expect to launch additional formulations of Neonorm for other animal species beginning in 2015. Neonorm is a botanical extract also derived from the *Croton lechleri* tree. Canalevia and Neonorm are distinct products that are formulated to address specific species and market channels. We have seven investigational new animal drug applications, or INADs, on file with the FDA and intend to develop species-specific formulations of Neonorm in six additional target species.

Diarrhea is one of the most common reasons for veterinary office visits for dogs and is the second most common reason for visits to the veterinary emergency room, yet there are no FDA-approved anti-secretory products for the treatment of diarrhea. We estimate that in the United States, veterinarians see approximately six million annual cases of acute and chronic watery diarrhea in dogs, approximately two-thirds of which are acute watery diarrhea. We believe Canalevia will be effective in treating watery diarrhea because it acts at the last physiological step, conserved across mammalian species, in the manifestation of watery diarrhea, regardless of cause, by normalizing ion and water flow in the intestinal lumen. We are first seeking a minor use, minor species, or MUMS, designation for Canalevia for CID in dogs to shorten the timeframe to commercialization. If we receive conditional approval pursuant to MUMS designation, we expect to commercialize Canalevia for CID in dogs in early 2016. We are also enrolling a proof-of-concept study of approximately 240 dogs with multiple preselected and distinct types of watery diarrhea. We are conducting this study to support full approval of Canalevia for CID, as well as protocol concurrence discussions with the FDA regarding expansion of labeled indications of watery diarrhea beyond CID, to include general acute watery diarrhea. We plan to market Canalevia, if approved, through our focused direct sales force and to complement our internal efforts with distribution partners, although we do not yet have any such agreements in place.

According to the Dairy 2007 study conducted by the United States Department of Agriculture, or USDA, almost one in four preweaned dairy heifer, or female, calves suffers from diarrhea or other digestive problems. The preweaning period is generally the first 60 days after birth. Scours, diarrhea or other digestive problems are responsible for more than half of all preweaned heifer calf deaths, and result in impaired weight gain and long-term reduction in milk production. We believe the incidence rate of scours and its corresponding financial impact represent a large opportunity and that Neonorm has the potential to effectively meet this need. In our clinical study completed in May 2014, Neonorm demonstrated a statistically significant reduction in the severity of watery diarrhea, reduced morbidity and mortality, and improved weight gain as compared to placebo in newborn dairy calves with scours.

We intend to launch Neonorm for preweaned dairy calves in the United States by the end of 2014 and have commenced initial launch activities. Our commercialization activities will initially focus on large commercial dairy operations and include active ongoing education and outreach to dairy industry

key opinion leaders, such as academics involved in dairy cattle research or who advise the dairy cattle industry, as well as veterinarians. We intend to augment these commercialization efforts by working with regional distributors to leverage the geographic concentration of the dairy market in the United States, although we do not yet have any such agreements in place. We estimate that the commercial launch will cost approximately $1.0 million. We expect the ongoing launch of Neonorm to drive awareness among veterinarians regarding the utility of our first-in-class *Croton lechleri*-derived products, including Canalevia.

We have an exclusive worldwide license to Napo's intellectual property rights and technology related to our products and product candidates, including rights to its library of over 2,300 medicinal plants, for all veterinary treatment uses and indications for all species of animals. This includes rights to Canalevia, Neonorm and other distinct prescription drug product candidates in our pipeline along with the corresponding existing pre-clinical and clinical data packages.

Our management team has significant experience in gastrointestinal and animal health product development. This experience includes the development of crofelemer for human use, from discovery and preclinical and clinical toxicity studies, including the existing animal studies to be used for Canalevia regulatory approvals, through human clinical development. Our team also includes individuals who have prior animal health experience at major pharmaceutical companies including Ciba-Geigy Corp., now Novartis International AG, SmithKline Beecham Corporation, now GlaxoSmithKline LLC, the animal health group of Pfizer Inc., now Zoetis Inc., and Vétoquinol S.A.

Product Pipeline

We are developing a pipeline of prescription drug product candidates and non-prescription products to address unmet needs in animal health. Our pipeline currently includes prescription drug

product candidates for eight indications across multiple species, and non-prescription products targeting seven species.

Prescription Drug Product Candidates

Product Candidates	Species	Indication	Recent Developments[1]	Anticipated Milestones
Canalevia	Dogs	CID	• INAD filed in November 2013[2] • Scheduled MUMS designation / pre-NADA meeting	• Initiate rolling NADA filing with the FDA in fourth quarter of 2014 • Commercial launch in early 2016
	Dogs	General acute watery diarrhea	• INAD filed in February 2014 • Initiated proof-of-concept study in June 2014	• Proof-of-concept data in fourth quarter of 2014 • Top line pivotal efficacy data in 2015 • Commercial launch in 2016
Species-specific formulations of crofelemer	Horses	Acute colitis	• INAD filed in February 2014 • Initiated hamster *C. difficile* study in April 2014	• Proof-of-concept data in second half of 2014 • Apply for MUMS designation in second half of 2014 • Safety data in second half of 2015
	Cats	General acute watery diarrhea	• INAD filed in February 2014	• Safety data in first half of 2015 • Top line pivotal efficacy data in 2015 • Commercial launch in 2017
Virend (topical)	Cats	Herpes virus	• INAD filed in July 2014	• Proof-of-concept data in first half of 2015 • Top line pivotal efficacy data in 2015
Species-specific formulations of NP-500	Dogs	Insulin-resistance syndrome	• INAD filing expected August 2014	• Proof-of-concept data in 2016
	Horses	Metabolic syndrome	• INAD filed in March 2014	• Proof-of-concept data in 2016
	Cats	Type II diabetes	• INAD filed in March 2014	• Proof-of-concept data in 2016

(1) Each INAD was filed by us unless otherwise noted.
(2) Initially filed by Napo; transferred to us in March 2014

Non-Prescription Products

Products	Species	Use	Recent Developments	Anticipated Milestones
Neonorm	Dairy calves	For scours in preweaned dairy calves	• Initiated commercial launch activities in July 2014	• Commercial launch by end of 2014 • Field study data by end of 2014
Species-specific formulations of Neonorm	Horse foals	Normalize stool formation	• Completed pilot formulation in April 2014	• Safety and palatability data in 2014 • Efficacy data in first half of 2015 • Commercial launch in 2015
	Adult horses	Normalize stool formation	• Completed pilot formulation in April 2014	• Safety and efficacy data in first half of 2015 • Commercial launch in 2015
	Sheep and other farm animals	Normalize stool formation	• Initiated international market research in New Zealand in May 2014	• Initiate proof-of-concept studies in various species based on market research

Canalevia is our lead prescription drug product candidate for CID and general acute watery diarrhea in dogs. Neonorm is our lead non-prescription product for preweaned dairy calves with scours. Both Canalevia and Neonorm are derived from the Croton lechleri tree and act at the same last step in

a physiological pathway generally present in mammals. However, they are distinct products based on species-specific formulations of such derivatives and have distinct chemical compositions as well as different levels of purification. Canalevia is a canine-specific formulation of crofelemer, an active pharmaceutical ingredient that is an isolated and purified compound. Neonorm is a formulation of a botanical extract that is less refined than crofelemer and includes many chemical constituents.

We are developing Canalevia as a prescription drug product and Neonorm as a non-prescription product due to differences between the companion and production animal markets. Companion animal owners generally visit veterinarians, who prescribe a product to treat a disease or condition. We believe the ability to make a disease treatment claim is important in this market, and such a claim is only possible with FDA approval as a prescription product. In contrast, dairy farm and other production animal owners generally make purchasing decisions based on a product's ability to demonstrate an economic benefit from health endpoints, such as weight gain. We believe that data from our clinical study of Neonorm demonstrates such an economic benefit and do not believe the ability to make disease treatment claims will be needed to commercialize the product.

We are initially pursuing conditional FDA approval for Canalevia for CID in dogs pursuant to MUMS designation, and are conducting studies to broaden the Canalevia label to include general acute watery diarrhea in dogs. A MUMS designation is a status similar to the orphan drug designation in humans. In the case of major animal species such as dogs, cats and horses, MUMS designations are typically limited to drugs that are used to treat a small number of animals each year. For dogs and cats that number is no more than 70,000 and 120,000 animals, respectively. MUMS designation can potentially expedite the process of drug review and approval. In addition, a sponsor of a MUMS drug can apply for conditional approval, which allows the sponsor to make the drug commercially available before collecting all necessary effectiveness data, but after proving the drug is safe and showing that there is a reasonable expectation of effectiveness.

We also plan to expand our gastrointestinal product line to other animals by developing species-specific formulations and expect to seek protocol concurrences with the FDA where appropriate. For example, we have planned trials to develop formulations of crofelemer for watery diarrhea in cats and acute severe colitis in adult horses. We also plan to develop specific formulations of Neonorm for foals and adult horses, as well as sheep and other farm animals. A protocol concurrence in animal drug development means that the FDA agrees that the design and analyses proposed in a protocol are acceptable to support regulatory approval of the product candidate with respect to effectiveness of the indication studied and will not change its view of these matters, unless public or animal health concerns arise that were not recognized at the time of concurrence or we change the protocol.

We have also licensed intellectual property from Napo to develop prescription drug product candidates for diabetes and metabolic syndrome for dogs, cats and horses, as well as a topical herpes product for cats. Similar to our lead prescription drug product candidate, these products were tested in animals for safety to support their development for use in humans. We are leveraging the data and knowledge gained during the development of human therapeutics into veterinary applications.

Business Strategy

Our goal is to become a leading animal health company with first-in-class products that address unmet medical needs in both the companion and production animal markets. To accomplish this goal, we plan to:

Leverage our significant gastrointestinal knowledge, experience and intellectual property portfolio to develop a line of products addressing watery diarrhea for both companion and production animals.

Our management team collectively has over 100 years of experience in the development of gastrointestinal prescription drug and non-prescription products. This experience covers all aspects of

product development, including discovery, pre-clinical and clinical development and regulatory strategy. In addition to our near-term development efforts advancing Canalevia for dogs and Neonorm for preweaned dairy calves, we are developing formulations of these products to address the unmet medical need for the treatment of watery diarrhea across multiple animal species and market channels. Our products are designed with a thorough understanding of not only species-specific health issues, but also market practices, the economics of current treatment strategies, competitive dynamics, government initiatives, such as concern for extensive antibiotic usage, and effective channels for new product introductions. Many of our products are being formulated into separate and distinct gastrointestinal products accounting for multiple specific species, markets and regulatory dynamics.

Establish commercial capabilities, including third-party sales and distribution networks and our own targeted commercial efforts, through the launch of Neonorm.

We expect to launch Neonorm in 2014 and have already commenced initial launch activities. We intend to establish a focused direct sales force, initially for the production animal markets. We will direct our sales and marketing efforts on educational activities and outreach to key opinion leaders and decision makers at targeted regional and global accounts and also plan to partner with leading distributors to commercialize our products. We expect that our future distribution partners will have the presence, name recognition, reputation and reach in the veterinary markets and in both key urban and rural centers, as appropriate. We believe this overall approach is scalable and transferable as we expand our commercialization efforts to companion animals, as well as when we expand internationally.

Launch Canalevia and our other product candidates for companion animals, if approved, leveraging the commercial capabilities and brand awareness we are currently building.

We expect to launch Canalevia in 2016, leveraging the sales and marketing capabilities established from our launch of Neonorm. As our focus shifts to companion animals, our direct sales force will also increasingly target high prescribing veterinarians for companion animals. We believe the third-party sales and distribution networks we establish in connection with our launch of Neonorm will be highly relevant for the companion animal market as well. In addition, while we believe Neonorm addresses a smaller market opportunity than our companion animal product candidates, it is a first-in-class product with the same novel mechanism of action as Canalevia. As such, Neonorm provides a scientific and promotional foundation, which we believe we can leverage for our companion animal drug development and launch events.

Identify market needs that can be readily accessed and develop species-specific products by leveraging our broad intellectual property portfolio, deep pipeline and extensive botanical library.

In addition to our gastrointestinal product development efforts, we are developing products such as Virend for feline herpes and NP-500 for Type II diabetes and metabolic syndrome. Both of these product candidates have been through Phase 2 human clinical testing. In addition, we have exclusive worldwide rights to Napo's library of over 2,300 medicinal plants for veterinary use in all species. We believe we have the product candidates and expertise to address many unmet animal health needs for both companion and production animals. We believe our extensive library of medicinal plants will enable us to develop first-in-class products that address significant health issues and concerns of many markets and geographies.

Products in Development

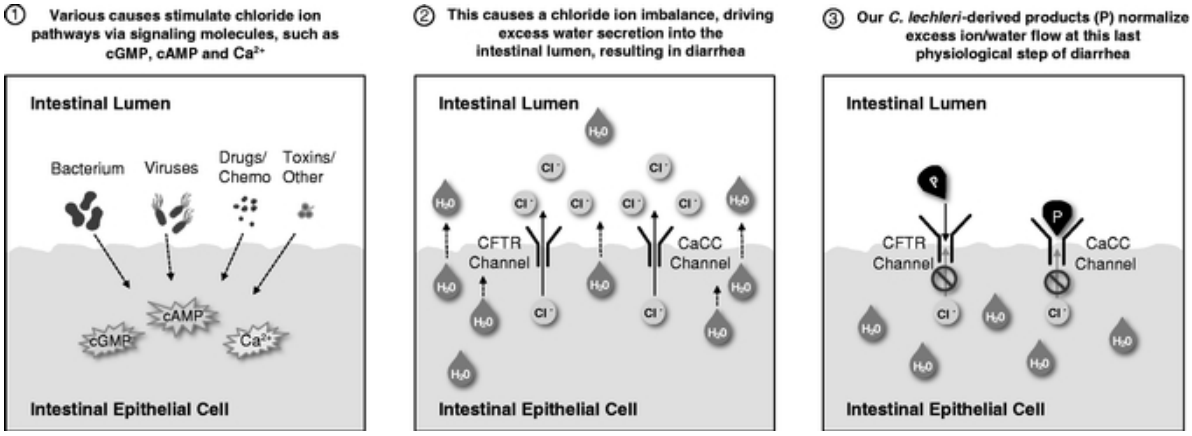
Market Background—Watery Diarrhea

We believe there is an unmet medical need for the treatment of watery diarrhea. The devastating dehydration that often occurs as a result of watery diarrhea in animals, including dogs, horses and

preweaned dairy calves, can manifest quickly, have long-term health implications and result in death. Other than the FDA-approved human formulation of crofelemer, there are no approved anti-secretory agents that directly address the water loss associated with watery diarrhea. Current treatments for watery diarrhea include oral rehydration solution, or ORS, anti-motility agents, absorbents and antibiotics. However, each of these approaches has known limitations. While ORS replaces the water loss associated with diarrhea, it can often extend the duration and severity of diarrhea. Anti-motility agents work by the mechanism of constipation, or temporarily paralyzing normal intestinal contractions, or peristaltic activity. These agents are contraindicated for chronic use and are therefore inappropriate for certain conditions, such as chronic CID. Anti-motility agents can also cause pain, cramping, and rebound diarrhea. Absorbents simply attempt to absorb the toxin in the gut, often causing additional pain and cramping, and do not directly address the water loss. Antibiotics attempt to treat the infectious agent releasing the toxin, but do not directly address water loss and carry a risk of altering gut flora, which alteration itself can cause diarrhea. Antibiotics usage has also come under increased scrutiny by the FDA due to problems associated with antibiotic resistance.

We believe that an ideal treatment for watery diarrhea would directly address water loss without causing constipation, affecting normal peristaltic activity or altering normal body absorption of other drugs or normal physiological function of the gut. We believe addressing water loss associated with watery diarrhea will improve the quality of life of dogs and provide attendant benefits to the dog owner, improve the health and productivity of dairy cattle and provide similar health and economic benefits in multiple other species. Our gastrointestinal products and product candidates act by normalizing the flow of ions and water in the intestinal lumen, the dysregulation of which is the last step common to the manifestation of watery diarrhea. As a result, we believe that our products and product candidates may be effective in addressing watery diarrhea, regardless of cause. In addition, the channels that regulate this ion and water flow, including channels known as CFTR and CaCC (the sites of action of our gastrointestinal products), are generally present in mammals. We therefore expect that the clinical benefit shown in humans and preweaned dairy calves will be confirmed in multiple other species, including dogs. Accordingly, we believe we can bring to market multiple products among multiple species that are first-in-class and effective in preventing the debilitating and devastating ramifications of watery diarrhea in animals.

The following diagram illustrates the mechanism of action of our gastrointestinal products, which normalize chloride and water flow and transit time of fluids within the intestinal lumen.



Canalevia—Chemotherapy-Induced Diarrhea in Dogs

Overview

Canalevia is an oral, twice daily, chewable, beef-flavored formulation of crofelemer that we are developing for the treatment of CID in dogs. Canalevia is enteric coated for targeted release of crofelemer, the active pharmaceutical ingredient, or API, in Canalevia, in the intestine. We are seeking MUMS designation for Canalevia for CID in dogs to shorten the timeframe to commercialization. We expect to initiate filing of a rolling NADA by the end of 2014. If we receive conditional approval from the FDA for this indication, we expect to launch Canalevia for CID in dogs by early 2016. Under MUMS designation, we would be required to initiate a pivotal study in the five years following conditional approval to generate the data required for full approval. We expect to meet this requirement with data generated from our ongoing placebo-controlled proof-of-concept study of approximately 240 dogs that we commenced in May 2014. We are conducting this study to support full approval of Canalevia for CID, as well as labeled indications beyond CID, such as general acute watery diarrhea in dogs.

Market Opportunity

We believe there is a significant unmet medical need for the treatment of CID in dogs. There is currently no FDA-approved anti-secretory product to treat CID in dogs. We estimate that there are over 230,000 dogs receiving chemotherapy treatment for cancer each year in the United States, with over 25% suffering from CID. Severe diarrhea is a frequent side effect of the most commonly administered chemotherapy drugs. Similar to the effects in humans, we believe that if left untreated, CID in dogs can result in:

- fluid and electrolyte losses, which can cause dehydration, electrolyte imbalance and renal insufficiency;
- nutritional deficiencies from alteration of gastrointestinal transit and digestion; and
- increased risk of infectious complication.

Efficacy of the underlying cancer treatment may also be jeopardized if CID severity requires reductions in the absorption, frequency and/or dosage of chemotherapy. From the dog owner's perspective, there are significant practical implications of CID in dogs that may affect living arrangements, as well as the cost, time and attention required to clean and care for the dog and its surroundings on a daily basis. Veterinarians sometimes prescribe human drugs in an effort to treat CID in dogs, but do not have the benefit of clinical support with respect to efficacy or dosing. In addition, administering a potentially unpalatable human formulation is often difficult and may lead to further uncertainty of the amount actually ingested by the dog.

Our Solution

We believe that Canalevia is an ideal treatment for CID in dogs because of its demonstrated novel anti-secretory mechanism of action. Canalevia acts locally in the gut and is minimally absorbed systemically. It does not alter gastrointestinal motility, has no significant effects on normally functioning intestinal ion channels and electrolyte or fluid transport, and has no side effects different from placebo. These features are further augmented by its lack of effects on the absorption and/or metabolism of co-administered chemotherapy drugs, orally or by other routes of administration. Canalevia acts by normalizing the flow of excess ions and water in the intestinal lumen. The flow of excess ions and water into the intestinal lumen is the last step common to the manifestation of watery diarrhea. As a result, we believe Canalevia may be effective in the treatment of watery diarrhea, regardless of cause, including CID.

Human formulations of crofelemer have been studied and found effective in human patients with various types of watery diarrhea, including traveler's diarrhea, HIV-related diarrhea and other acute infectious diarrheas, including cholera. Crofelemer has been clinically demonstrated to have a safety profile not different from placebo in humans and several animal species, including dogs.

Clinical Data

Canalevia is a canine-specific formulation of crofelemer. A human-specific formulation of crofelemer, Fulyzaq, was approved by the FDA in 2012 for the symptomatic relief of noninfectious diarrhea in adults with HIV/AIDS on antiretroviral therapy. A number of clinical studies of crofelemer were conducted by Napo in dogs in support of this approval that included dose toxicity studies. Safety was established by conducting a series of toxicity studies involving a total of 32 dogs. Dosage levels varied within and across the studies: two single dose acute toxicity studies were conducted on four dogs each; two seven-day repeat administration studies were conducted on four dogs each; one 30-day repeat administration study was conducted on four dogs; and one nine-month repeat administration study on eight dogs. The toxicology studies in dogs showed minimal to no adverse effects following dosing up to approximately 50 times the anticipated efficacious dose. The clinical studies previously conducted in dogs also included multiple dose studies. We believe these studies will meet FDA requirements for a pivotal safety package and will support our anticipated dosing of Canalevia in dogs.

In multiple third-party human clinical trials involving approximately 2,400 patients, enteric-coated crofelemer showed statistically significant results relative to placebo in normalizing stool formation and improvements in other endpoints related to treating watery diarrhea. In a pivotal trial in support of approval for human use, crofelemer demonstrated significant benefit in the chronic indication of diarrhea in adults with HIV/AIDS on anti-retroviral therapy, achieving highly significant results ($p=0.0096$) in the primary endpoint measuring frequency of diarrhea.

In addition to the pivotal trial in HIV/AIDS associated diarrhea, human clinical trials included double-blind, placebo-controlled chronic and acute studies, across different human patient populations, and included safety studies in pediatric patients as young as three months of age. For example, in a 3-day treatment study of approximately 100 adult human patients with acute watery diarrhea of multiple and/or unknown etiologies, crofelemer achieved clinical success in 79% of the patients, compared to 28% receiving placebo ($p<0.05$). Clinical success was defined as the complete cessation of diarrhea for 12 hours or two consecutive normal stools within 48 hours of first dose. Crofelemer also achieved statistical significance across each of the seven other endpoints measured in that study, including a 96% reduction in watery stools from baseline, compared to 54% for placebo ($p<0.05$) and an 89% reduction in urgency compared to 43% for placebo ($p<0.05$). Across the diseases and human patient populations studied to date with crofelemer, there have been no drug related serious adverse events or safety profile different from placebo.

Next Steps and Commercialization Plans

We are seeking MUMS designation for Canalevia for the treatment of CID in dogs. MUMS designation provides an opportunity to shorten the time to commercialization. We are relying on previously conducted toxicology studies in dogs that were required for FDA approval of the human formulation of crofelemer to provide required safety data. We have established a safety database that we believe meets the qualifications for MUMS designation and initiation of a rolling NADA filing for Canalevia for CID in dogs. We are currently in discussions with the FDA regarding scheduling an initial meeting to commence the rolling NADA process, which meeting we expect will occur in late August or early September 2014. At this meeting, we expect to reach agreement on the timing for submissions of the technical sections of the NADA filing. We anticipate initiating the formal submission of the rolling NADA soon thereafter. If we receive conditional approval with MUMS designation, we could begin sales of Canalevia for this indication by early 2016. With conditional approval under

MUMS designation, we would be required to initiate a pivotal study in the five years following such conditional approval to generate the data required for full FDA approval. We expect to meet this requirement with data generated from our ongoing placebo-controlled proof-of-concept study of approximately 240 dogs with multiple preselected and distinct types of watery diarrhea that we commenced in May 2014. We are conducting this study in connection with our planned expansion of Canalevia's labeled indication to general acute watery diarrhea in dogs.

We plan to market Canalevia, if conditionally approved by the FDA, through a focused direct sales force and to complement our internal efforts with a distribution partner.

Canalevia—Expansion to General Acute Watery Diarrhea in Dogs

Overview

We are also developing Canalevia for general acute watery diarrhea in dogs, regardless of cause. According to the American Veterinary Medical Association, there were approximately 70 million dogs in the United States in 2012. In May 2014, we commenced a placebo-controlled proof-of-concept study of approximately 240 dogs with multiple preselected and distinct types of watery diarrhea. We anticipate having data from this study in support of this general acute watery diarrhea indication in the fourth quarter of 2014. Crofelemer, the API in Canalevia, demonstrated efficacy in numerous human clinical trials of acute watery diarrhea induced by various infectious pathogens, including *E. coli*, *V. cholera* and non-specific pathogens (*e.g.*, Traveler's). Following oral dosing for two or three days, crofelemer, together with ORS, produced significant reduction in watery diarrhea, as demonstrated by the reduction of watery stool passage as well as reduced duration of diarrhea, urgency and dehydration.

Market Opportunity

Diarrhea is one of the most common reasons for veterinary office visits for dogs and the second most common reason for visits to the veterinary emergency room, yet there are no FDA-approved anti-secretory agents to treat the indication. We estimate that veterinarians see approximately six million annual cases of acute and chronic watery diarrhea in dogs in the United States, approximately two-thirds of which are acute watery diarrhea.

Veterinarians typically treat watery diarrhea in dogs with antibiotics, probiotics, dietary restrictions and products approved and formulated for humans, such as Imodium and other anti-motility agents, as well as binding agents that absorb water such as Kaopectate and Pepto-Bismol. None of these treatment options address the water loss associated with watery diarrhea. Further, because none of the human products are FDA approved for animal use, veterinarians do not have the benefit of clinical support with respect to efficacy or dosing. Moreover, administering a potentially unpalatable human formulation is often difficult and may lead to further uncertainty of the amount actually ingested by the dog.

We believe that Canalevia is an ideal treatment for general acute watery diarrhea in dogs because of its demonstrated novel anti-secretory mechanism of action. If approved for use in general acute watery diarrhea in dogs, Canalevia will be the only FDA-approved anti-secretory agent to treat diarrhea in dogs.

Next Steps

In May 2014, we initiated a multicenter proof-of-concept study of approximately 240 dogs with acute watery diarrhea. We are conducting this study in veterinary hospitals to provide a controlled environment.

The study is a double-blind, block-randomized format that will compare five distinct treatment groups based on the cause of diarrhea with each of five related placebo groups, as well as a global

analysis. The study design, enrollment criteria, endpoints, and powering assumptions have been developed in conjunction with the team that conducted over a dozen clinical trials with crofelemer in support of the FDA approval of the human formulation, and our veterinary experts.

The study is enrolling dogs presenting with general acute watery diarrhea for less than three days. A thorough clinical examination of each dog is conducted to determine if the cause of diarrhea is chemotherapy, bacterial infection, pancreatitis, dietary indiscretion or Giardia infection. Each of these five causes is considered a subgroup and dogs with any other cause of diarrhea are being excluded from the study. Enrolled dogs are hospitalized at a clinic for four days and treated according to their weight classification with 2-4 mg/kg of Canalevia (enteric-coated micro-granules; dosage range due to the size and weight variability of dog species) or an enteric-coated placebo twice a day for three days. In addition, all enrolled dogs are treated according to the "standard of care" for diarrhea, including oral or intravenous fluids for rehydration and disease-specific medications such as fenbendazole for Giardia infection, pain control for pancreatitis and an anti-emetic for vomiting (Maropitant citrate).

The endpoints being evaluated are feces consistency, a comprehensive gastrointestinal score, duration of diarrhea, frequency of defecation, appetite, attitude and body temperature. Dogs are examined twice a day for four days and assessed using two validated scoring systems: the Nestle Purina Fecal and the Waltham Fecal Scoring systems. Feces samples are taken once a day to establish or confirm the cause of diarrhea and to measure the dry matter content of the stool. Blood chemistry analyses are also being studied.

The protocol for this study is based on our experience and success in previous human and dairy calf studies evaluating *Croton lechleri* derivatives and their effect on watery diarrhea. The design provides for the evaluation of data by subgroup, and as a whole, across a range of relevant clinical endpoints. As a result, we believe the study will enable us to confirm the clinical benefits of Canalevia for all or some of these subgroups of general acute watery diarrhea and allow us to move forward with a pivotal clinical trial. We expect to seek protocol concurrence from the FDA and anticipate commercial launch for Canalevia for this indication in 2016.

We expect to announce top line results from this proof-of-concept study by the fourth quarter of 2014.

Crofelemer—Equine Line Extension

We intend to develop a species-specific formulation of crofelemer to treat acute colitis in horses. We believe colitis affects thousands of horses in the United States each year. Acute colitis can cause sudden, massive fluid loss and severe electrolyte imbalances that can result in death in a matter of hours. Acute colitis often occurs when salmonella and *C. difficile*, bacteria that are normally present in the gut, are activated by stress, or when the bacteria *N. risticii* is ingested, causing Potomac horse fever. A 2009 Compendium Equine article reported fatality rates of 32% to 60% for salmonellosis and 15% to 35% for Potomac horse fever. Stress (*e.g.*, shipping, changes in daily routines, illness, hospitalization, racing), recent diet changes, recent antimicrobial administration and non-steroidal anti-inflammatory drug therapy can also put horses at risk for acute colitis. The current standard of care includes hospitalization, intubation and intravenous fluids, with little opportunity to culture stools to determine the exact source of the disease. We believe treatment of acute colitis in high-value race and performance horses with crofelemer represents a premium niche market opportunity.

We are currently evaluating crofelemer in hamsters, a validated gastrointestinal model for adult horses, for treatment of acute colitis resulting from *C. difficile*. If the results are positive, we intend to seek MUMS designation for our product for treatment of acute colitis in adult horses, which may shorten the timeframe to commercialization. If approved, we believe we could launch an equine formulation of crofelemer in early 2016.

Crofelemer—Cats

According to the American Veterinary Medical Association, there were approximately 74 million cats in the United States in 2012. We estimate that veterinarians see approximately 2.9 million annual cases of acute and chronic watery diarrhea in cats, approximately two-thirds of which are acute watery diarrhea. Veterinarians typically treat watery diarrhea in cats with the same treatments used for dogs, namely antibiotics, probiotics, dietary restrictions and products approved and formulated for humans, such as Imodium and other anti-motility agents, as well as binding agents that absorb water such as Kaopectate and Pepto-Bismol.

We are currently developing a specific-specific formulation of crofelemer for cats and we intend to begin studies in cats in 2015.

Neonorm—Scours in Preweaned Dairy Calves

Overview

Neonorm is an enteric-coated tablet designed to be orally administered to preweaned dairy calves twice daily for three days. In our clinical study completed in May 2014, Neonorm demonstrated a statistically significant reduction in morbidity, as well as reduced mortality and improved weight gain as compared to placebo in newborn dairy calves with scours. We intend to launch Neonorm for preweaned dairy calves in the United States by the end of 2014. We do not believe that Neonorm fits the definition of an animal drug, as it does not contain an active pharmaceutical ingredient, nor is it a food or food additive. Thus, we do not believe that it is regulated by the FDA at this time. We are also planning to conduct field studies of Neonorm involving approximately 1,300 preweaned dairy calves in total to support the commercial launch. We expect to announce this data by the end of 2014. Our commercialization activities will initially focus on large commercial dairy operations, and include active ongoing education and outreach to dairy industry key opinion leaders in the dairy industry, such as academics involved in dairy cattle research or who advise the dairy cattle industry, as well as veterinarians. We intend to augment these commercialization efforts by working with regional distributors to leverage the geographic concentration of the dairy market.

Scours Market Opportunity

Scours refers to watery diarrhea in production animals, including dairy calves, which results from infectious agents that cause the secretion of ions and water into the intestinal lumen. Animals with scours may experience severe dehydration and electrolyte imbalance, which can lead to renal insufficiency, nutritional deficiencies, lower production in dairy cattle and even death. Current treatments include fluid and electrolyte replacement, continuous milk feeding, antibiotics (for calves with systemic involvement (*e.g.*, fever) with an increased risk of bacteremia), non-steroidal anti-inflammatory drug therapy and vaccines.

According to the USDA, there are approximately 9.2 million milk-producing dairy cows in the United States. We estimate from USDA sources that there were over 11 million dairy calves born in 2013. Dairy cows are continuously bred, both to maintain lactation and to produce dairy calves to maintain the herd. Dairy heifer calves are separated from their mothers shortly after birth and raised on commercial milk replacers until weaned at about 60 days of age. Male dairy calves are typically sold into the beef industry.

Almost one in four, or 23.9%, of dairy heifer calves had diarrhea or other digestive problems according to the USDA Dairy 2007 study. Scours, diarrhea or other digestive problems are responsible for more than half of all preweaned heifer calf deaths, and result in supportive care and treatment costs, impaired weight gain and long-term reduction in milk production. Of dairy farm operations surveyed in the Dairy 2007 study, 62.1% used antibiotics for diarrhea or other digestive problems, including preweaned heifer calves not reporting diseases or disorders. Of preweaned heifer calves that were affected by diarrhea or other digestive problems, almost three-fourths, or 74.5%, were treated with an antibiotic.

Our Solution

We believe Neonorm is an ideal treatment for scours in dairy calves. Neonorm has been formulated and clinically tested to specifically address the normalization of stool formation and ion and water flow in the intestinal lumen of newborn dairy calves with scours. Like Canalevia, Neonorm acts locally in the gut and is minimally absorbed systemically. It does not alter gastrointestinal motility, has no significant effects on normally functioning intestinal ion channels and electrolyte or fluid transport, and has no side effects different from placebo. As a result, stool formation is normalized in a short period of time, weight loss is mitigated, supportive care costs and rehydration therapies such as ORS are reduced, and the risk of mortality is minimized.

Clinical Data

Overview. Neonorm demonstrated a statistically significant reduction in the severity of watery diarrhea and reduced daily incidence of watery diarrhea in a double-blind, randomized, placebo-controlled challenge study in newborn dairy calves with scours completed in May 2014. Neonorm also showed improvements in average daily weight gain and mortality. Scours-associated financial losses to the dairy industry arise not only from dairy calf mortality and impaired growth, but also from costs associated with veterinary care, medications and incremental labor to treat the sick dairy calves. The lifetime productivity for dairy cattle is influenced by early development and weight gain. Dairy calves with impaired preweaned growth may produce less milk over their lifetime. We believe our results demonstrate that the use of Neonorm in calves with scours can improve the economic return to dairy producers.

Study Protocol. The study enrolled 39 healthy newborn dairy calves, randomized into two groups. The calves were all challenged with enterotoxigenic *E. coli*, the most common bacterial cause of scours in dairy calves, in a controlled clinical setting. Clinical signs of watery diarrhea generally occurred 12 hours after the challenge. The first dose was administered to all calves at 12 hours. Additional doses were administered every 12 hours until hour 72 for a total of 6 doses. Twenty calves received Neonorm and 19 calves received placebo. Consistent with standard industry practice, calves with watery diarrhea were treated for dehydration with oral rehydration therapy or intravenous fluid. We examined the calves twice daily for 10 days as well as at days 15 and 25 for fecal consistency, dehydration, appetite, attitude and other adverse health disorders. In addition, all calves were weighed on the first day of the study and 25 days later. For all measurements except weight, we believe that days 1 through 8 to 10 following the *E. coli* challenge (*i.e.*, 4.5 and 6.5 days after treatment is concluded) represent the most relevant timeframe to evaluate the treatment effect of Neonorm or placebo. After that period, other digestive ailments unrelated to the challenge may occur during the preweaning development of the

calves. While most calves that do not die will eventually return to normal stool formulation after suffering from scours, studies have shown that the weight loss as a result of scours has a detrimental effect on lifetime milk productivity of the dairy cow. Thus, we believe resolving scours in the first ten days after onset can have positive economic impacts.

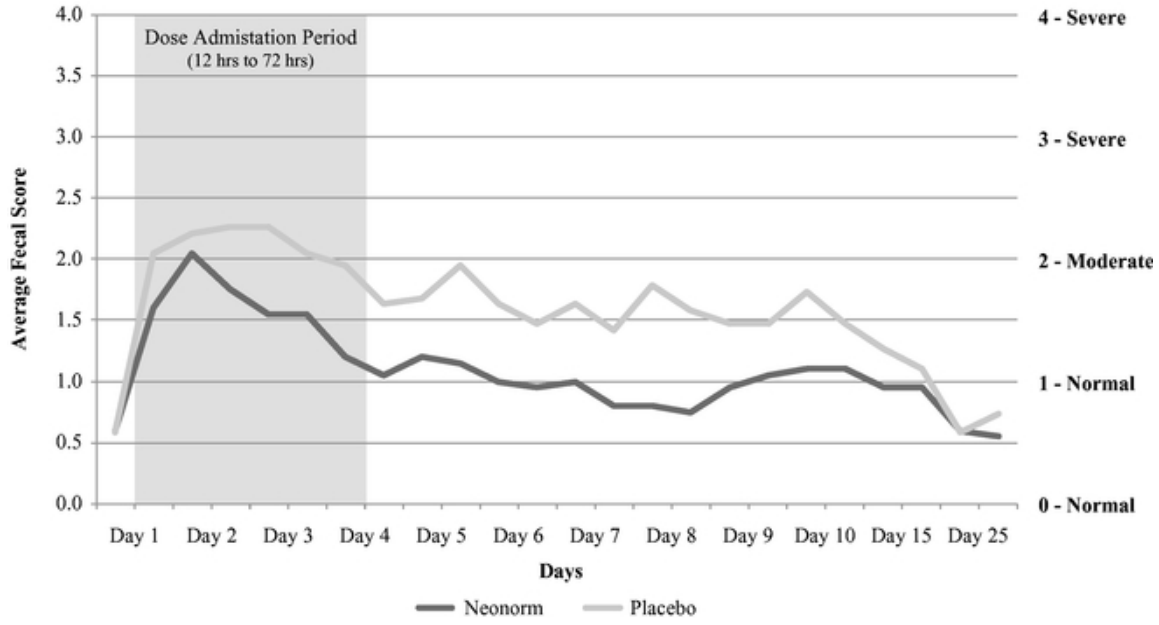
The study's goal was to evaluate the severity and incidence of diarrhea, mortality and weight gain. The fecal scoring chart used in the study was the University of Wisconsin Calf Health Scoring Chart, modified to track a subset of the most severe, and potentially fatal, watery diarrhea, which we scored as 4, as set out in the following chart.

Modified University of Wisconsin Calf Health Scoring Chart

	Score	Calf Feces Description	Potential Treatment
Normal	0	Normal, formed pasty feces	None
	1	Semi-formed pasty feces	
Moderate Diarrhea	2	Loose, watery feces but stays on top of bedding	Oral electrolytes
Severe Diarrhea	3	Watery feces with mucus, sifts through bedding	Oral electrolytes, intravenous fluids, and
	4	Diarrhea with blood	antibiotics

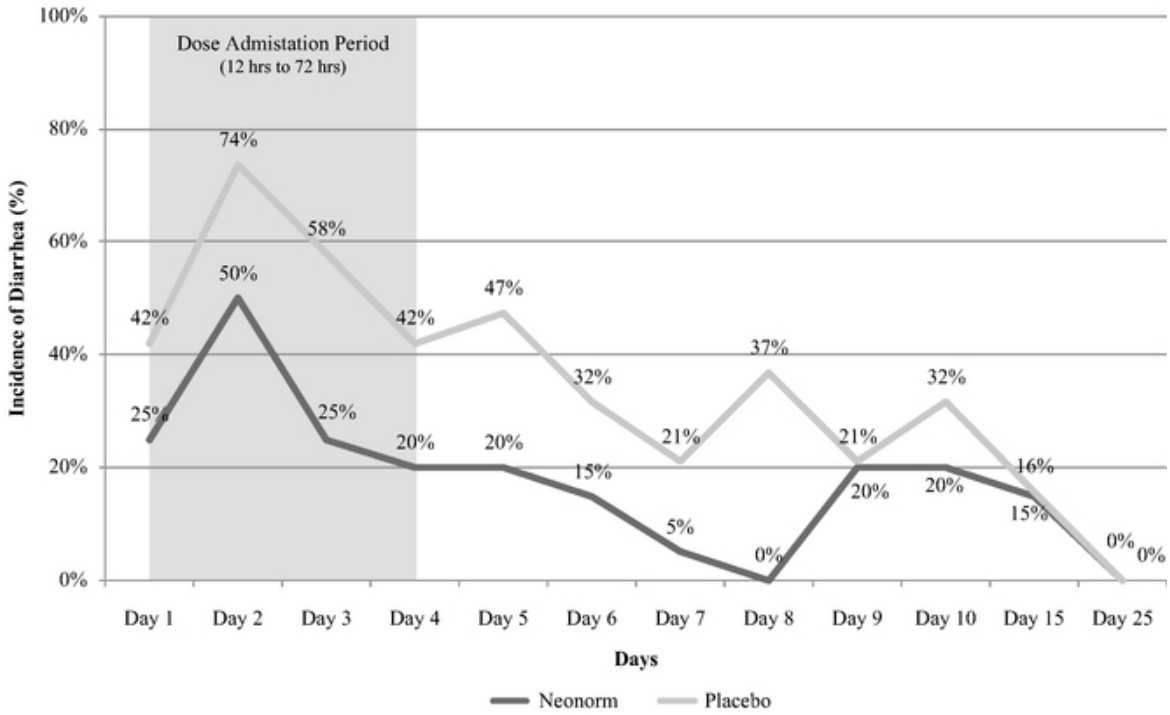
Reduced Fecal Consistency Score. Neonorm significantly decreased the severity of watery diarrhea over the course of the 25-day period (p=0.0133) and increased the speed of improvement in watery diarrhea, as shown by the decrease in average daily fecal scores. Quantitative analysis of fecal samples collected through day 10 further supported these results. Neonorm significantly increased the average fecal dry matter content, an objective measure of fecal consistency, compared to placebo (p=0.03). The multivariate analyses used each fecal consistency score, or fecal dry matter measure, data point collected for each animal in calculating statistical significance. The following chart sets out the average fecal consistency score over 25 days.

Average Daily Calf Fecal Scores



Reduced Daily Incidence of Watery Diarrhea. Neonorm decreased the daily incidence of watery diarrhea, which was defined as an average daily fecal consistency score of two or greater, over the 25-day period (p=0.0545). On day eight, there were no calves that had been administered Neonorm with an average daily fecal score of two or greater, whereas 37% of calves administered placebo had an average daily fecal score of two or greater.

Daily Incidence of Watery Diarrhea



Proactive and Reactive Use. We believe the data support both the proactive and reactive use of Neonorm. In order to standardize the treatments, the first dose was administered 12 hours after the challenge with the bacteria. At that stage, some calves showed signs of watery diarrhea and others were at an earlier phase of the disease pathogenesis. We anticipate that Neonorm would be used in a comparable manner in dairy operations to dose sick calves reactively, and dose other calves proactively before development of clinical symptoms. We plan to further evaluate proactive use of Neonorm in field studies on commercial dairy farms.

Duration, Mortality and Weight Gain. Calves administered Neonorm showed a reduced average duration of watery diarrhea as compared to placebo. While this study was not powered for statistical significance, we plan to use our observations in this study to power our planned field studies to seek statistical significance on these endpoints. The following chart shows the average duration of watery diarrhea, as defined by a fecal score of two or greater, and severe watery diarrhea, as defined by a fecal score of three or greater, of calves administered Neonorm as compared to placebo. Measurements were taken twice daily and each case of watery or severe diarrhea counted for one half day of duration. Calves that died during the study were measured based on their most recently available fecal score until day 25.

	Average Duration of Watery Diarrhea (Score 2 and above)	Average Duration of Severe Watery Diarrhea (Score 3 and 4)
Administered	3.03 days	1.10 days
Placebo	5.16 days	2.42 days

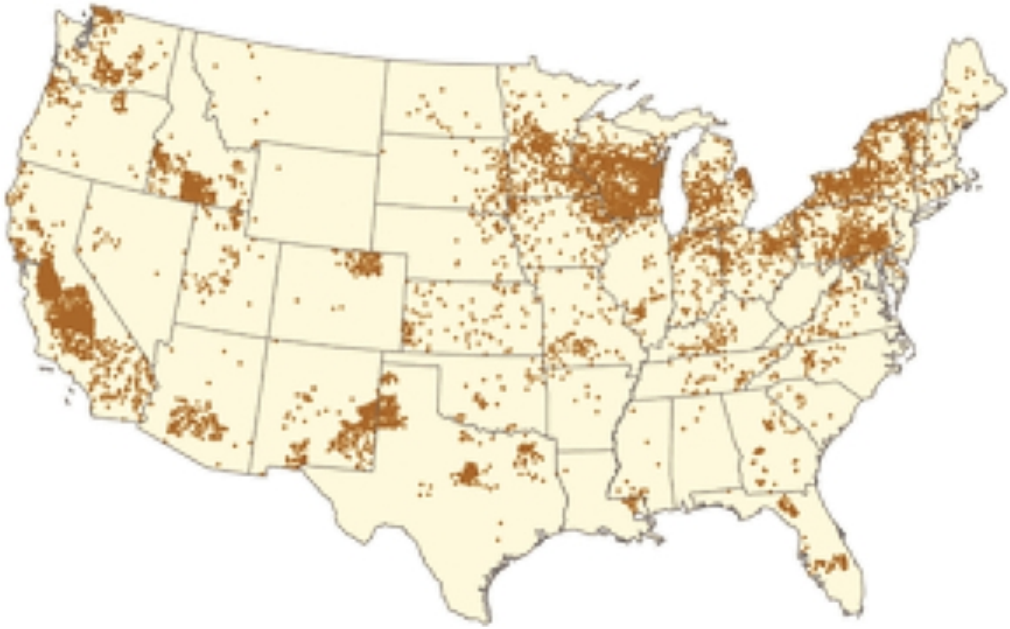
After 25 days, only one calf died in the group administered Neonorm as compared to four calves in the placebo group. In addition, the calves administered Neonorm gained an average of 217g/day compared to 175g/day for the control group, indicating a trend of increased weight gain for calves

receiving Neonorm during this period (41g difference per day). This translated to a weight gain of 11.9 pounds over 25 days for calves administered Neonorm, compared to 9.7 pounds for those receiving placebo, which is a relative improvement of approximately 24% during the period. While this study was not powered for statistical significance for these endpoints, we plan to use our observations in this study to power our planned field studies to seek statistical significance on weight gain. The lifetime productivity for dairy cattle is influenced by early development and weight gain. Preweaning nutrition has a significant effect on mammary gland development, the timing of puberty and the age at which the dairy cow first produces milk.

We are also planning to conduct field studies of Neonorm involving approximately 1,300 preweaned dairy calves in total, to support our commercial launch. We anticipate announcing data from these studies by the end of 2014. If the results confirm our existing data, and based on current industry cost standards, we estimate that Neonorm could save approximately $110 on average per treated dairy calf presenting with scours, accounting for costs to replace the dairy calf, costs of supportive care and improvement in future milk production. We believe that dairy farm operators currently target approximately $3 of expected savings for every $1 spent on animal health products. We believe our study demonstrates the potential for Neonorm to be a novel first-in-class product that provides health and economic benefits to the dairy industry.

Commercialization Plans

We intend to launch Neonorm by the end of 2014. In July 2014, we commenced initial launch activities and met with key opinion leaders at a dairy industry conference. According to the USDA, ten states account for approximately 75% of the U.S. dairy market, with three primary geographic regions: the North East, the Upper Midwest and California, as illustrated by the following map.



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Workforce Needs in Veterinary Medicine estimates that there are approximately 1,000 dairy veterinarians engaged in the food-animal industry. We believe a focused direct sales force initially targeting large commercial dairy operations, and potentially in conjunction with regional distribution partners, can be effective in reaching this market. We have not yet entered into any distribution agreements. We plan to establish an active ongoing industry education and outreach program. We

expect to publish our clinical data in peer reviewed journals and to present at conferences attended by members of the dairy industry.

Neonorm Line Extensions

We believe that due to Neonorm's mechanism of action and our data in preweaned dairy calves, we will be able to develop and commercialize species-specific formulations of Neonorm for the estimated approximately 22 million beef calves in the United States, and multiple other animal species, such as horses, goats and sheep. Published sources indicate that approximately 2.4% of preweaned beef calves suffer from diarrhea. We believe that there is an opportunity to target large-scale commercial livestock operations, first in the United States, and later, internationally. In less developed nations, where not only dairy and beef cattle but also buffalo, goat and sheep provide livelihoods for local populations, reducing losses related to diarrhea can provide significant monetary, social and health benefits. Today, these groups are already accessed by distributors with whom we intend to work to extend the reach of Neonorm and line extension products.

We are planning studies of an equine formulation of Neonorm both for foals that have not been weaned and that are experiencing watery diarrhea, as well as adult horses with episodic diarrhea. Published studies estimate that there were 9.2 million horses in the United States in 2005. We estimate that over 10% of these horses experience diarrhea. Diarrhea is among the most common clinical complaints in foals. Often, diarrhea occurs in the first 30 days of the foal's life, both from infections and non-infectious causes, such as lactose intolerance and overfeeding. Some cases are severe and life threatening. A majority of foals will exhibit diarrhea at some point within the first two months of life. In adult horses, episodic diarrhea is mostly associated with diseases of the large intestine and damage to the colon or disturbance of colonic function. Typically, diarrhea in horses is treated with fluid replenishment and electrolytes, deworming agents and antibiotics, and intestinal protectants and absorbents, as well as anti-motility agents. There are no anti-secretory products approved by the FDA for veterinary use.

Other Product Candidates and Development

We have planned multiple clinical studies over the next 12 to 18 months, to expand Canalevia and Neonorm to additional species. We believe that we will be successful because:

- we have existing safety and efficacy data for our products and product candidates in dogs, dairy calves and/or humans;
- each of these products works through the normalization of ion and water flow into the intestinal lumen; and
- this physiological pathway is generally present in mammals.

Additionally, we will be initiating clinical studies for Virend and NP-500, both of which have been through Phase 2 human clinical testing by third parties. We anticipate that our development activities will benefit from centralized activities, including shared use of the manufacturing and regulatory documentation for chemistry, manufacturing and controls, or CMC. We also anticipate being able to enter into combined clinical research agreements and activities with companion animal clinical trial sites for dogs and cats.

Sales and Distribution

We expect to launch Neonorm in 2014 and Canalevia in 2016. We intend to establish a focused direct sales force for both the production and companion animal markets. We will focus our sales and marketing efforts on educational activities and outreach to key opinion leaders and decision makers at key regional and global accounts for production animals and high prescriber veterinarians targets for

companion animals. We plan to partner with leading distributors to deliver our products to customers. We expect that our future partners will have the presence, name recognition, reputation and reach in the veterinary markets and in both key urban and rural centers, as appropriate. We believe this overall approach is scalable and transferable as we expand our commercialization efforts, as well as when we expand internationally including to resource-constrained countries where food safety issues are emerging global challenges.

Manufacturing

The manufacture of our *Croton lechleri*-derived products starts with the sustainable harvest of CPL. CPL, which is found in countries in South America, including Peru, is plentiful and naturally regenerating in the rain forest. Our contract suppliers in Peru obtain the raw materials and arrange the shipment of CPL to our third-party contract manufacturer. CPL will also be shipped to us for manufacturing after we establish our own API manufacturing capability.

Our third-party contract manufacturer will process CPL into both crofelemer, the API in Canalevia, and the botanical extract used in Neonorm. This manufacturing process uses exclusive Napo intellectual property licensed pursuant to the Napo License Agreement. Canalevia will be manufactured by the same process used to manufacture the API that was used in the animal safety studies and the human studies in support of the approval of Fulyzaq. Napo has also licensed this intellectual property to third parties in connection with its licenses related to the development and commercialization of crofelemer for human use. While we believe these third parties have developed their own proprietary manufacturing specifications pursuant to their license agreements, such third-party intellectual property is unknown to us, is not licensed to us pursuant to the Napo License Agreement, and is not part of the intellectual property that we intend to use for the manufacture of API in our licensed field of use. Similarly, the manufacture of Neonorm depends only on technology licensed from Napo. The license grant specifically excludes intellectual property rights developed pursuant to a prior collaboration agreement between Napo and Glenmark Pharmaceuticals, Ltd., the manufacturer of the API in Fulyzaq. In May 2014 and June 2014 we entered into binding memorandums of understanding with Indena S.p.A. to negotiate a definitive commercial manufacturing agreement for the manufacture of the API in Canalevia and the botanical extract in Neonorm. We have furnished equipment to Indena S.p.A. for use in a facility that will be dedicated to the manufacture of crofelemer and the botanical extract. Although we have not yet entered into the commercial manufacturing agreement, we currently have approximately 2,000 kg of the botanical extract in Neonorm, a quantity we believe is sufficient to meet expected volume requirements for approximately 12 months following our planned 2014 commercial launch of Neonorm and Indena S.p.A. has agreed to supply us with two pilot lots (approximately 60 kg) of botanical extract, as well as the API in Canalevia (approximately 3 kg) and data to support our anticipated regulatory filings.

Pursuant to the memorandums of understanding, we agreed to pay Indena S.p.A. the following fees in connection with the establishment of our manufacturing arrangement:

- a start-up fee equal to €500,000, payable in two equal installments, the first of which will be payable following the closing of this offering, the second of which will be payable upon installation and qualification of the manufacturing equipment we furnished to Indena;
- fees associated with the technology transfer and manufacturing process adaptation equal to (i) €430,000 for API and (ii) €190,000 for the botanical extract, each of which are payable in two equal installments, the first of which have already been paid, and the second of which are payable within five days of delivery of the final study reports on batch testing;
- if construction of a dedicated suite is required, initial fees of €100,000 for engineering, which will be credited as a deposit towards construction costs, plus 100% of the construction costs; and

- deliverables fees equal to €500,000, €250,000 of which is payable upon acceptance of the first GMP batch of API, and €250,000 of which is payable upon acceptance of the CMC necessary for our regulatory filings; with the understanding that these fees may be credited against payments agreed to under the future commercial manufacturing agreement.

We expect to use a portion of the proceeds of this offering for payment of these fees. In June 2014, as contemplated by the memorandums of understanding, we also issued Indena S.p.A. a warrant to acquire 25,000 shares our common stock at an exercise price per share equal to 90% of the initial public offering price, which expires in June 2019.

Utilizing proceeds from this offering, we intend to develop our own manufacturing capabilities for crofelemer to ensure, together with our contract manufacturer, a long-term supply of the *Croton lechleri* derivatives used in our prescription drug product candidates and non-prescription products. We plan to develop our own manufacturing capabilities in the United States and believe we will need an approximately 10,000 square foot facility. We anticipate that this size of facility will enable us to produce approximately 600 kg annually of the API in our prescription drug product candidates.

We also plan to enter into agreements with third parties for the formulation of the API and botanical extracts into finished products to be used for planned studies and commercialization. We are currently negotiating a commercial agreement with a third-party who currently provides formulated Canalevia for our ongoing general acute watery diarrhea proof-of-concept study in approximately 240 dogs.

The facilities of our third-party contract manufacturers that will manufacture our API and botanical extract, as well as formulate our finished products, comply with cGMP.

Competition

The animal health industry is dominated by large independent companies such as Zoetis Inc., a stand alone animal health company that was spun out from Pfizer, Inc. in 2013, as well as subsidiaries of large pharmaceutical companies, including Novartis Animal Health Inc., a subsidiary of Novartis International AG., Merck Animal Health, the animal health division of Merck & Co., Inc., Merial Limited, the animal health division of Sanofi S.A., Elanco Animal Health, the animal health division of Eli Lilly and Company, Bayer Animal Health GmbH, a subsidiary of Bayer AG, and Boehringer Ingelheim Animal Health, the animal health division of Boehringer Ingelheim GmbH. There are also animal health companies based in Europe, including Vétoquinol S.A., Virbac S.A., Dechra Pharmaceuticals PLC and Ceva Animal Health S.A.

Additionally, smaller animal health companies, such as Aratana Therapeutics, Inc., Kindred Biosciences, Inc., Phibro Animal Health Corporation and Parnell Pharmaceuticals Holdings Ltd, recently completed initial public offerings of their stock in the United States and may choose to develop competitive products. We believe that the large human pharmaceutical companies may also decide to spin out their animal health subsidiaries into stand alone companies.

Although there are currently no FDA-approved anti-secretory products to treat watery diarrhea in dogs, we anticipate that Canalevia, if approved, will face competition from various products, including products approved for use in humans that are used extra-label in animals. We are aware that veterinarians typically treat watery diarrhea in dogs with antibiotics, probiotics, dietary restrictions and products approved and formulated for humans, such as Imodium and other anti-motility agents, as well as binding agents that absorb water, such as Kaopectate and Pepto-Bismol. None of these treatment options address the water loss associated with watery diarrhea. We are not aware of any veterinarians prescribing Fulyzaq extra-label for use in dogs, and the indication of Fulyzaq is for a disease that does not occur in dogs. Further, because none of the human products are FDA approved for animal use, veterinarians, although allowed to dispense human products for animal use, do not have the benefit of clinical support with respect to efficacy or dosing. Moreover, administering a potentially unpalatable

human formulation is often difficult and may lead to further uncertainty of the amount actually ingested by the dog. However, this practice may continue and Canalevia may face competition from these products. Canalevia could also potentially face competition from Fulyzaq were veterinarians to prescribe it extra-label. Extra-label use is the use of an approved drug outside of its cleared or approved indications in the animal context. All of our potential products could also face competition from new products in development. These and other potential competing products may benefit from greater brand recognition and brand loyalty than our products and product candidates may achieve.

Intellectual Property

Napo License Agreement

In January 2014, we entered into the Napo License Agreement, which we amended and restated in August 2014, pursuant to which we acquired an exclusive, sublicensable, transferable, worldwide license to intellectual property rights of Napo and its affiliates to research, develop, formulate, make, have made, use, have used, market, offer for sale, sell, have sold, and import, and to otherwise exploit products of Napo and its other affiliates for all veterinary treatment uses and indications for all species of animals. The license grant specifically excludes intellectual property rights developed pursuant to a prior collaboration agreement between Napo and Glenmark Pharmaceuticals, Ltd., the manufacturer of the API in Fulyzaq. Under the Napo License Agreement, Napo also assigned to us certain raw materials and equipment and granted us a right of reference to the entirety of the information included in the human approved new drug application of crofelemer.

Under the terms of the Napo License Agreement, we are responsible for, and shall ensure, the development and commercialization of products that contains or are derived from the licensed Napo technology (collectively referred to herein as the Products) worldwide in the field of veterinary treatment uses and indications for all species of animals.

In consideration for the license, we are obligated to pay a one-time non-refundable license fee of $2,000,000, less the option fee of $100,000 paid in July 2013 pursuant to a term sheet we signed with Napo. This license fee payment will be deferred until the combined net sales of one or more Products with Napo technology exceed $2,000,000 and can be paid, at our option, in shares of our common stock.

Pursuant to the Napo License Agreement, if this offering is not completed before December 31, 2015 or if we do not receive net proceeds of at least $10,000,000 from this offering, we may owe Napo (x) milestone payments of up to $3,000,000 per Product derived from *Croton lechleri* and milestone payments of up to $150,000 per non-*Croton lechleri* Product, (y) an 8% royalty on cumulative annual net sales of all such Products derived from *Croton lechleri* up to a specified amount of net sales and a 10% royalty on cumulative annual net sales of all such Products above such specified amount of net sales, and (z) a 2% royalty on annual net sales of all non-*Croton lechleri* Products that are prescription drugs approved by the FDA or the equivalent regulatory agency in another country, and a 1% royalty on annual net sales of non-prescription non-*Croton lechleri* Products that do not require pre-marketing approval from the FDA or the equivalent regulatory agency in another country. If this offering closes before such milestones are achieved or such sales occur and before December 31, 2015 and we receive net proceeds of at least $10,000,000 from this offering, we will not owe Napo such milestone payments or such royalties on non-*Croton lechleri* Products and for Products derived from *Croton lechleri*, we will owe Napo a 2% royalty on annual net sales of all Products that are prescription drugs (such as Canalevia and any line extensions) approved by the FDA or the equivalent regulatory agency in another country, and a 1% royalty of annual net sales of non-prescription Products (such as Neonorm and any line extensions) that do not require pre-marketing approval from the FDA or the equivalent regulatory agency in another country.

The royalty term expires on a country-by-country and Product-by-Product basis on the later of: (i) 10 years from the first sale of a Product in such country, on an animal by animal basis; and (ii) the first date on which there is no longer (A) a valid claim within the licensed patent rights covering the use, manufacture or sale of such Product, or (B) any data exclusivity with respect to such Product in such country conferred by the applicable regulatory authority, and in each case of (A) and (B), a competitive product has been introduced into the market in such country. The royalties payable to Napo are subject to reduction, capped at a specified percentage, for any third-party payments made to obtain a license or other rights to issued patents that might present a commercial obstacle to the development, manufacture, use, or sale of a Product in a country. Additionally, if the royalty term for a Product is ongoing post-expiration of the last valid claim within the licensed patent rights that covers such product in any given country, then the royalties we owe Napo will be reduced by a specified percentage until expiration of the royalty term for such Product in such country. Upon the expiration of each royalty term, on a country-by-country and Product-by-Product basis, the license grants shall be fully paid up and we will have perpetual non-exclusive licenses for such Products in such countries. At any time during the term of the agreement, if Napo sells all of its assets relating to the use, production or exploitation of *Croton lechleri* derivative products to a third party, all of the rights granted to us relating to *Croton lechleri* derivative products under the license shall become exclusive in the field of veterinary treatment uses and indications for all species of animals, perpetual, fully paid-up, royalty-free and irrevocable, with the right to grant sublicenses.

Under the terms of the Napo License Agreement, we own all rights, title and interest in our intellectual property and any joint intellectual property developed under the license. We granted Napo a non-exclusive, paid-up, irrevocable worldwide license to our intellectual property developed under the Napo License Agreement for use outside the veterinary field, and an exclusive, paid-up worldwide license to any joint intellectual property developed under the Napo License Agreement outside the veterinary field. We agreed to defend, indemnify and hold Napo, its affiliates, and its officers, directors, employees, consultants and contractors harmless from and against any losses, costs, damages, liabilities, fees and expenses arising out of any third-party claim related to our gross negligence or willful misconduct, breach of our representations, warranties or covenants or the manufacture, sale or use of the Product or Products, in each case, unless such third-party claim is subject to indemnification by Napo. Napo agreed to defend, indemnify and hold us, our affiliates, and our officers, directors, employees, consultants and contractors harmless from and against any losses, costs, damages, liabilities, fees and expenses arising out of any third-party claim related to Napo's, its affiliate's or its licensees' (except for us) gross negligence or willful misconduct, or Napo's breach of its representations, warranties or covenants.

We may terminate the Napo License Agreement upon Napo's uncured material breach, bankruptcy or at will after certain notification periods. Napo may terminate the Napo License Agreement upon our uncured material breach or bankruptcy after certain notification periods.

Patent Portfolio

Under the Napo License Agreement, we have exclusive rights in the veterinary field to an international patent family related to International Patent Application WO1998/16111. The patents and patent applications in this family are directed to enteric protected formulations of proanthocyanidin polymers isolated from *Croton spp.* (such as crofelemer and Neonorm), and methods of treating watery diarrhea using the enteric protected formulations for both human and veterinary uses. As such, the patents and patent applications of this family cover certain formulations of crofelemer, including Canalevia, as well as the standardized botanical extract in Neonorm, and methods of treating diarrhea using these formulations. There are three U.S. patents and a pending U.S. patent application in this family, including, US 7,323,195, which has a term until at least June 7, 2018, US 7,341,744, which has a term until at least January 11, 2018, and US 8,574,634, which has a term until at least February 4, 2018. The term of one of US 7,323,195 or US 7,341,744 may be extended to June 2021 and December 2020,

respectively, to account for regulatory delay in obtaining human marketing approval for crofelemer (such potential extensions have been filed for). Patent protection for enteric protected formulations of crofelemer and methods of use has also been obtained outside the United States, including in Europe, Australia, Canada, India, Japan, Korea, Mexico, New Zealand and Taiwan, with terms extending until at least October 14, 2017 in these jurisdictions. In particular, European patent EP 0 935 417 and Japanese patent no. 4195728 provide protection for enteric protected formulations of crofelemer and the standardized botanical extract in Neonorm in Europe and Japan, respectively, with terms that extend until at least October 14, 2017.

The patents and patent applications we licensed from Napo, or the Napo Patents, are also licensed by Napo to Salix Pharmaceuticals, Inc., or Salix, for certain fields of human use. Under the terms of the collaboration agreement between Salix and Napo, or the Salix Collaboration Agreement, Napo and Salix have agreed on who has the first right and responsibility to file, prosecute and maintain the Napo Patents. As a result, under the Napo License Agreement, we only have the right to maintain any issued patents within the Napo Patents that are not maintained in accordance with the rights and responsibilities of the parties under the Salix Collaboration Agreement. US 7,323,195; US 7,341,744; and US 8,574,634 are issued Napo Patents. Salix has licensed rights only to human use in certain territories and for certain indications, and currently markets crofelemer (Fulyzaq) for human use and has listed US 7,323,195; US 7,341,744; and US 8,574,634 in the FDA's Orange Book for Fulyzaq. We rely on these issued Napo Patents as intellectual property protection for our veterinary prescription drug product candidates and non-prescription products. Pending patent applications within Napo Patents either may not be relevant to veterinary indications and/or may not issue as patents. Similarly, under the Salix Collaboration Agreement, Napo and Salix agreed on who has the first right to enforce the Napo Patents against potential infringers, even in our field of use. In addition, as between Napo and us, Napo has the first right to enforce the Napo Patents against potential infringers. If we are not the party who enforces the Napo Patents, we will receive no proceeds from such enforcement action. In each case, such proceeds are subject to reimbursement of costs and expenses incurred by the other party in connection with such action.

We have filed three provisional patent applications in the United States relating to veterinary uses of *Croton* proanthocyanidin polymer compositions, including crofelemer and Neonorm. These applications are directed to treatment of watery diarrhea in newborn and young animals, including methods of improving mortality and weight gain in newborn animals, treatment of stress-induced diarrhea in animals, and treatment of watery diarrhea caused by salmonella in animals. Patents that may issue based upon applications filed claiming benefit of these provisional patent applications should have terms that extend until at least May 2035.

Trademarks

We plan to market our products under a trademark or trademarks we select and we will own all rights, title and interest, including all goodwill, associated with such trademarks.

Government Regulation

The development, approval and sale of animal health products are governed by the laws and regulations of each country in which we intend to seek approval, where necessary, to market and subsequently sell our prescription drug and non-prescription products. To comply with these regulatory requirements, we are establishing processes and resources to provide oversight of the development, approval processes and launch of our products and to position those products in order to gain market share in each respective market.

United States

Certain federal regulatory agencies are charged with oversight and regulatory authority of animal health products in the United States. These agencies, depending on the product and its intended use may include the FDA, the USDA and the Environmental Protection Agency. In addition, the Drug Enforcement Administration regulates animal therapeutics that are classified as controlled substances. In addition, the Federal Trade Commission may in the case of non-prescription products, regulate the marketing and advertising claims being made.

The approval of prescription drugs intended for animal use is regulated by the FDA, Center for Veterinary Medicine, or CVM. The CVM consists of six offices that work together to, in part, approve new drugs for commercialization and thereafter monitor those commercialized drugs once in the market. The Office of New Animal Drug Evaluation, or ONADE, is the lead office for reviewing novel drug candidates. We, as the sponsor of a novel drug candidates commence the development and approval process by initiating communication with the ONADE and opening an INAD file. As part of this process, we will also schedule a discussion of the novel drug's development plan in order to obtain agreement from the CVM for the number, type and design of studies needed to obtain FDA approval of the novel drug.

As required by the FDA, new animal drug products must obtain marketing approval through the NADA process. Under the Administrative New Animal Drug Application, or Administrative NADA, process, a sponsor can engage in a phased submission of the required technical sections of an NADA, known as a rolling NADA, as opposed to submitting the entire application at once with a standard NADA. The requirements for all NADAs are the same regardless of whether a sponsor chooses the rolling NADA or the standard NADA submission. Under the phased review, once all technical sections have been submitted and reviewed, the sponsor submits an Administrative NADA to reflect that all technical sections of the NADA have been submitted and reviewed, each such technical section meets the requirements for approval and the CVM has issued technical section complete letters for each technical section. The phased review and Administrative NADA allow a drug sponsor to engage with the FDA as to each technical section to ensure that each section meets all requirements prior to submission of the application for approval. Phasing of NADA submissions is a voluntary process.

Once the tasks set forth in the development plan have been completed, including the clinical work as well as the chemistry and manufacturing work (feasibility, validation and stability of the drug inclusive), we, as the novel drug sponsor will need to provide to the FDA through the application process, information as to the safety and efficacy of the drug candidate, and, if needed, a human food safety study. This food study is only required for drugs intended for use in production animals, and we currently have no plans to develop drugs for production animals. Additionally, the application will contain a module on CMC, which describes the plan for manufacturing the drug including the API, the final formulation, where it will be made, how it will be made, how the drug will be packaged, how it can be stored, the conditions required for storage and how long it can be stored before expiry. A major part of the CMC section is the analysis we employ to ensure that the manufactured drug is of a high quality, is consistently manufactured under cGMP and is stable. Other significant components to the application we have to complete before receiving drug approval includes a draft label that will list specific information such as dosing information, intended use, warnings, directions for use, and other information as required by the regulations. The package insert that will contain information on studies, warnings, drug interactions, intended use and dosing is considered part of the label in addition to that which is adhering to the container itself. The CVM ensures that the labeling provides all the necessary information to use the drug safely and effectively, and that it clearly discloses the risks associated with the drug.

MUMS Designation

The Minor Use and Minor Species Animal Health Act, or MUMS Act, became effective in August 2004. The purpose of the MUMS Act was twofold: first, to encourage the development and availability of more animal drugs which are intended to be used in a major species defined as dogs, cats, cattle, horses, chickens, turkeys and pigs to treat diseases which occur infrequently or in limited geographic areas, therefore having an impact on a smaller number of animals on a yearly basis; and second, to encourage the development and availability of animal drugs for use in minor species (defined as all animals other than humans that are not one of the major species). In order to be considered a MUMS product, the drug sponsor must seek the MUMS designation by working with the CVM. The MUMS designation is modeled on the orphan drug designation for human drug development and has certain financial incentives available to encourage MUMS drug development such as the availability of grants to help with the cost of the MUMS drug development. Also, drug developers of MUMS drugs are eligible to apply for a waiver of the user fees once the MUMS designation has been given by the Office of Minor Use Minor Species. Once a drug has received a MUMS designation, the drug sponsor may seek conditional approval of the drug product. MUMS is a designation that is requested by the applicant to the CVM for drug products where the intended use fits within MUMS designation. We believe that we qualify for MUMS designation for Canalevia as a minor use in a major species because the estimated total number of dogs in the United States affected by CID is less than 70,000. Once designation has been granted, then the company must submit safety and acceptable evidence of efficacy data as well as CMC data similar to the requirements for an NADA. However, with a MUMS product, in order to encourage development of MUMS drugs, the FDA allows interspecies data extrapolation in order to minimize the amount of new research needed to support efficacy and safety. After the filing of an NADA and the review of the application, the FDA through the CVM can then grant a conditional approval. This approval allows for the commercialization of the product, while collecting the remaining efficacy data required for a non-conditional approval of the drug. The sponsor has up to five years to collect this efficacy data. Following submission, review and approval of the pivotal field effectiveness study, the FDA may grant a full NADA approval. Ideally, MUMS designation helps move the product forward in development; however, it may not shorten the time to full commercialization. A sponsor that gains approval or conditional approval for a designated new animal drug receives a seven-year marketing exclusivity.

Protocol Concurrence

We intend to seek protocol concurrences with the FDA for the planned pivotal trial of Canalevia that we plan to conduct for general acute watery diarrhea in dogs and for future pivotal trials in other indications. A protocol is submitted to the FDA voluntarily by a drug sponsor. The FDA review of the protocol for a pivotal study makes it more likely that the study will generate information the sponsor needs to demonstrate whether the drug is safe and effective for its intended use. It creates an expectation by the sponsor that the FDA should not later alter its perspectives on these issues unless public or animal health concerns appear that were not recognized at the time of protocol assessment. Even if FDA issues a protocol concurrence, ultimate approval of an NADA by the FDA is not guaranteed because a final determination that the agreed-upon protocol satisfies a specific objective, such as the demonstration of efficacy, or supports an approval decision, will be based on a complete review of all the data submitted to the FDA. Even if we were to obtain protocol concurrence, such concurrence does not guarantee that the results of the study will support a particular finding or approval of the new drug.

Marketing Exclusivity

We are currently planning on seeking MUMS designation for our prescription drug products and if we receive such a designation, we are entitled to a seven-year marketing exclusivity, which means that we will face no competition from another sponsor marketing the same drug in the same dosage form

for the same intended use. If we were to lose such designation or not receive such designation but our application as a New Animal Drug is found to be a new chemical entity that meets the criteria described by the FDA, we would be entitled to a five-year marketing exclusivity. In order to receive this five-year exclusivity, the FDA would have to find in its approval of our application that our NADA contains an API not previously approved in another application, that the application itself is an original application, not a supplemental application, and that our application included the following studies: one or more investigations to demonstrate substantial evidence of effectiveness of the drug for which we are seeking approval; animal safety studies and human food safety studies (where applicable). If the NADA is seeking approval of a drug for which we have received conditional approval, we, upon approval would still be entitled to a five-year marketing exclusivity provided it meets the criteria as set forth above. If however, our NADA is for a drug for which the FDA has determined that the drug contains an API that has previously been approved, regardless of whether the original approval was for use in humans or not, we may only be entitled to a three-year marketing exclusivity provided that the NADA is an original, not supplemental, application and contains both safety and efficacy studies demonstrating the safety and efficacy of the drug which is the subject of the application.

European Union

The European Union, or EU, definition of a veterinary medicinal product closely matches the definition of an animal drug in the United States. In the EU, a company can market a veterinary medicinal product only after a marketing authorization has been issued by an EU member state, (*i.e.*, approval on a country-by-country basis) or by the EU Commission through the European Medicines Agency, or the EMA. Before the EU member state or the EU Commission issues marketing authorization, we must submit a marketing authorization application, known as the dossier. The dossier includes data from studies showing the product's quality, safety, and efficacy and is similar to an NADA filed with the FDA.

For an animal drug, the Committee for Medicinal Products for Veterinary Use, or CVMP, is responsible for the scientific evaluation. Experts from all EU member states are on the CVMP. The Rapporteur, or lead reviewer on the dossier, prepares an overview of the committee's scientific evaluation, called the CVMP Assessment Report.

The CVMP Assessment Report:

- summarizes the data submitted by the company on the product's quality, safety, and efficacy;
- explains the assessment done by the CVMP to support the committee's recommendation to the EU Commission to issue a marketing authorization; and
- is the basis for the European Public Assessment Report published on the EMA's website.

Labeling

The FDA plays a significant role in regulating the labeling, advertising and promotion of animal drugs. This is also true of regulatory agencies in the EU and other territories. In addition, advertising and promotion of animal health products is controlled by regulations in many countries. These rules generally restrict advertising and promotion to those claims and uses that have been reviewed and approved by the applicable agency. We will conduct a review of advertising and promotional material for compliance with the local and regional requirements in the markets where we eventually may sell our product candidates.

Our non-prescription products will be labeled in accordance with the health guidelines outlined by the National Animal Supplements Council, an industry organization that sets industry standards for certain non-prescription animal products, including but not limited to product labeling.

Other Regulatory Considerations

We believe regulatory rules relating to human food safety, food additives, or drug residues in food will not apply to the products we currently are developing because our prescription drug product candidates are not intended for use in production animals, with the exception of horses, which qualify as food animals in Europe and Canada; and our non-prescription products are not regulated by section 201(g) of the Federal Food, Drug, and Cosmetic Act, which the FDA is authorized to administer.

Our prescription drug product candidates currently in development, if approved, may eventually face generic competition in the United States and in the EU after the period of exclusivity has expired. In the United States, a generic animal drug may be approved pursuant to an Abbreviated New Animal Drug Application, or ANADA. With an ANADA, a generic applicant is not subject to the submission of new clinical and safety data but instead must only show that the proposed generic product is a copy of the novel drug product, and bioequivalent to the approved novel product. However, if our product candidates are the first approved by the FDA or the EMA as applicable for use in animals, they will be eligible for a five-year marketing exclusivity in the United States and 10 years in the EU thereby prohibiting generic entry into the market. If the product has MUMS designation it has a seven-year marketing exclusivity.

In addition to the foregoing, we may be subject to state, federal and foreign healthcare and/or veterinary medicine laws, including but not limited to anti-kickback laws, as we may from time to time enter consulting and other financial arrangements with veterinarians, who may prescribe or recommend our products. If our financial relationships with veterinarians are found to be in violation of such laws that apply to us, we may be subject to penalties.

Employees

As of June 30, 2014, we had 14 employees. Of our employees, four hold D.V.M. or Ph.D. degrees and six of our employees are engaged in research and development activities. None of our employees are represented by labor unions or covered by collective bargaining agreements.

Description of Properties

Our corporate headquarters are located in San Francisco, California, where we rent approximately 3,125 square feet of office space from Napo. Napo's lease agreement expires in June 2015. In June 2014, Napo assigned the lease to our company. We believe that our existing facilities are adequate for our near-term needs. We believe that suitable additional or alternative space would be available if required in the future on commercially reasonable terms.

Legal Proceedings

From time to time, we may become involved in litigation relating to claims arising from the ordinary course of business. There are currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations, financial condition or cash flows.

MANAGEMENT

The following table lists our executive officers and directors and their respective ages and positions as of June 30, 2014:

Name	Age	Position
Lisa A. Conte	55	Chief Executive Officer, President and Director
Steven R. King, Ph.D.	56	Executive Vice President, Sustainable Supply, Ethnobotanical Research and Intellectual Property
Serge Martinod, D.V.M., Ph.D.	58	Chief Veterinary Officer
Charles O. Thompson	57	Executive Vice President, Chief Financial Officer, Secretary and Treasurer
James J. Bochnowski[(1)(2)(3)]	70	Chairman of the Board of Directors
Jiahao Qiu[(1)(3)]	28	Director
Zhi Yang, Ph.D.[(1)(2)]	58	Director

(1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the nominating committee.

Executive Officers

Lisa A. Conte. Ms. Conte has served as our President, Chief Executive Officer and a member of our board of directors since she founded the company in June 2013. From 2001 to 2014, Ms. Conte served as the Chief Executive Officer of Napo Pharmaceuticals, Inc., a biopharmaceutical company she founded in November 2001. In 1989, Ms. Conte founded Shaman Pharmaceuticals, Inc., a natural product pharmaceutical company, which declared bankruptcy in 2001. Additionally, Ms. Conte is Napo Pharmaceutical's current Interim Chief Executive Officer and has served as a member of its board of directors since 2001. Ms. Conte is also currently a member of the board of directors of Healing Forest Conservatory, a California not-for-profit public benefit corporation. Ms. Conte holds an M.S. in Physiology and Pharmacology from the University of California, San Diego, and an M.B.A. and A.B. in Biochemistry from Dartmouth College.

We believe Ms. Conte is qualified to serve on our board of directors due to her extensive knowledge of our company and experience with our product and product candidates, as well as her experience managing and raising capital for public and private companies.

Steven R. King, Ph.D. Dr. King has served as our Executive Vice President of Sustainable Supply, Ethnobotanical Research and Intellectual Property since March 2014. From 2002 to 2014, Dr. King served as the Senior Vice President of Sustainable Supply, Ethnobotanical Research and Intellectual Property at Napo Pharmaceuticals, Inc. Prior to that, Dr. King served as the Vice President of Ethnobotany and Conservation at Shaman Pharmaceuticals, Inc. Dr. King has been recognized by the International Natural Products and Conservation Community for the creation and dissemination of research on the long-term sustainable harvest and management of *Croton lechleri*, the widespread source of crofelemer. Dr. King is currently a member of the board of directors of Healing Forest Conservatory, a California not-for-profit public benefit corporation. Dr. King holds a Ph.D. in Biology from the Institute of Economic Botany of the New York Botanical Garden and an M.S. in Biology from the City University of New York.

Serge Martinod, D.V.M, Ph.D. Dr. Martinod has served as our Chief Veterinary Officer since June 2013. Since January 2013, Dr. Martinod has also served as the Chief Executive Officer, Chief Scientific Officer and a member of the board of directors of TNG Pharmaceuticals, Inc., an animal pharmaceutical company. From 2012 to 2013, Dr. Martinod served as a research consultant for Napo

Pharmaceuticals, Inc. From 2008 to 2012, Dr. Martinod served as Chief Scientific Officer of ArcaNatura LLC, an animal health company he co-founded. Dr. Martinod holds an M.B.A. from the University of Nebraska, a Ph.D. in Biology from the University of Science and Medicine in Grenoble, France and a D.V.M. from the National Veterinary School in Lyon, France.

Charles O. Thompson. Mr. Thompson has served as our Chief Financial Officer, Secretary and Treasurer since June 2013. From 2002 to 2014, Mr. Thompson served as Chief Financial Officer and Senior Vice President of Finance of Napo Pharmaceuticals, Inc. Mr. Thompson holds a B.B.A. in Finance from the University of Oklahoma and is a Certified Public Accountant in Oklahoma.

Non-Employee Directors

James J. Bochnowski. Mr. Bochnowski has served as a member of our board of directors since February 2014 and as Chairman of our board since June 2014. Since 1988, Mr. Bochnowski has served as the founder and Managing Member of Delphi Ventures, a venture capital firm. In 1993, Mr. Bochnowski co-founded Technology Venture Investors. Mr. Bochnowski holds an M.B.A. from Harvard University Graduate School of Business and a B.S. in Aeronautics and Astronautics from Massachusetts Institute of Technology.

We believe Mr. Bochnowski is qualified to serve on our board of directors due to his significant experience with venture capital backed healthcare companies and experience as both an executive officer and member of the board of directors of numerous companies.

Jiahao Qiu. Mr. Qiu has served as a member of our board of directors since February 2014. Since 2010, Mr. Qiu has served as a Principal of BioVeda China Fund, a life science investment firm. From 2009 to 2010, he served as an interpreter for the Delegation of the European Union to China. Mr. Qiu holds a B.S. in Biotechnology from the Jiao Tong University in Shanghai, China.

We believe Mr. Qiu is qualified to serve on our board of directors due to his experience with evaluating, managing and investing in life science portfolio companies for BioVeda China Fund.

Zhi Yang, Ph.D. Dr. Yang has served as a member of our board of directors since February 2014. Since 2005, Dr. Yang has served as the Chairman, Managing Partner and Founder of BioVeda China Fund, a life science investment firm. Dr. Yang is currently an advisor to the China Health and Medical Development Foundation, under China's Ministry of Health. Dr. Yang holds a Ph.D. in Molecular Biology and Biochemistry, as well as an M.A. in Cellular and Developmental Biology, both from Harvard University.

We believe Dr. Yang is qualified to serve on our board of directors due to his significant experience as a founder, investor and member of the board of directors of numerous life sciences companies, as well as his life sciences background and education.

Family Relationships

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

Corporate Governance

Board Composition and Risk Oversight

Our business and affairs are managed under the direction of our board of directors, which currently consists of four members. Certain members of our board of directors were elected pursuant to the provisions of a voting agreement among certain of our major stockholders, as amended. See "Certain Relationships and Related Persons Transactions—Voting Agreement" for more information regarding the voting agreement.

Our board of directors consists of four members. Three of the four directors that will comprise our board of directors upon the closing of this offering are independent within the meaning of the independent director rules of the NASDAQ Stock Market, LLC, or NASDAQ. All of the current directors were initially elected to our board of directors pursuant to a voting agreement that will terminate automatically by its terms upon the closing of this offering, or appointed by the then members of the board.

Upon closing of this offering, our board of directors will be divided into three classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose term is then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders to be held during the years 2015 for the Class I directors, 2016 for the Class II directors and 2017 for the Class III directors.

The Class I directors will be Ms. Conte and Mr. Bochnowski.

The Class II director will be Mr. Qiu.

The Class III director will be Dr. Yang.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Our board of directors has an active role, as a whole and when it establishes committees, will at the committee level, in overseeing the management of our risks. Our board of directors is responsible for general oversight of risks and regular review of information regarding our risks, including credit risks, liquidity risks and operational risks. Our compensation and nominating committees will be responsible for overseeing the management of risks relating to our executive compensation plans and arrangements and the risks associated with the independence of our board of directors and potential conflicts of interest. Our audit committee will be responsible for overseeing the management of our risks relating to accounting matters and financial reporting. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire board of directors will be regularly informed through discussions from committee members about such risks. Our board of directors believes its administration of risk oversight function has not affected our board of directors' leadership structure.

Director Independence

Upon the closing of this offering, we anticipate that our common stock will be listed on The NASDAQ Capital Market. Under the NASDAQ rules, independent directors must comprise a majority of a listed company's board of directors within a specified period of the closing of this offering. In addition, NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating committee be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the NASDAQ rules, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, our board of directors, or any other board committee (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries or (2) be an affiliated person of the listed company or any of its subsidiaries.

In July 2014, our board of directors undertook a review of its composition, the composition of its committees and the independence of our directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that three of our four directors that will be seated upon the closing of this offering, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the NASDAQ rules. Our board of directors also determined that Mr. Bochnowski (chairperson), Mr. Qiu and Dr. Yang, who will comprise our audit committee, and Mr. Bochnowski (chairperson) and Dr. Yang, who will comprise our compensation committee and Mr. Bochnowski (chairperson) and Mr. Qiu, who will comprise our, nominating committee, satisfy the independence standards for those committees established by applicable SEC rules and the NASDAQ rules and listing standards.

In making this determination, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances our board of directors deemed relevant in determining independence, including the beneficial ownership of our capital stock by each non-employee director.

Board Committees

Upon the closing of this offering, our board of directors will establish an audit committee, a compensation committee and a nominating committee.

Audit Committee

The members of our audit committee will be Mr. Bochnowski, Mr. Qiu and Dr. Yang. Mr. Bochnowski will be the chairperson of the audit committee. Upon the closing of this offering, our audit committee's responsibilities will include:

- appointing, approving the compensation of, and assessing the independence of our registered public accounting firm;
- overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of reports from that firm;
- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting, disclosure controls and procedures and code of conduct;
- discussing our risk management policies;
- establishing policies regarding hiring employees from our independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by SEC rules.

All audit and non-audit services, other than *de minimis* non-audit services, to be provided to us by our independent registered public accounting firm must be approved in advance by our audit committee.

Our board of directors has determined that each of Mr. Bochnowski, Mr. Qiu and Dr. Yang is an independent director under NASDAQ rules and under Rule 10A-3. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our board of directors has determined that Mr. Bochnowski 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.

Compensation Committee

The members of our compensation committee will be Mr. Bochnowski and Dr. Yang. Mr. Bochnowski will be the chairperson of the compensation committee. Upon the closing of this offering, our compensation committee's responsibilities will include:

- determining, or making recommendations to our board of directors with respect to, the compensation of our Chief Executive Officer;
- determining, or making recommendations to our board of directors with respect to, the compensation of our other executive officers;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to our board of directors with respect to director compensation;
- reviewing and discussing at least annually with management our "Compensation Discussion and Analysis" disclosure if and to the extent then required by SEC rules; and
- preparing the compensation committee report and necessary disclosure in our annual proxy statement in accordance with applicable SEC rules.

Our board has determined that each of Mr. Bochnowski and Dr. Yang is independent under the applicable NASDAQ rules and regulations, is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act, and is an "outside director" as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended.

Nominating Committee

The members of our nominating committee will be Mr. Bochnowski and Mr. Qiu. Mr. Bochnowski will be the chairperson of the nominating committee. Upon the closing of this offering, our nominating committee's responsibilities will include:

- identifying individuals qualified to become members of our board of directors;
- recommending to our board of directors the persons to be nominated for election as directors and to each of the committees of our board of directors; and
- overseeing an annual evaluation of our board of directors.

Code of Ethics and Conduct

We have adopted a written code of ethics and conduct that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions that will become effective upon the closing of this offering. Following the closing of this offering, a current copy of the code will be available on our website at *www.jaguaranimalhealth.com*. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions on our website to the extent required by applicable rules and exchange requirements. The inclusion of our website

address in this prospectus does not incorporate by reference the information on or accessible through our website into this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee has ever been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee or other board committee performing equivalent functions of any entity that has one or more of its executive officers serving on our board of directors or compensation committee.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering contain provisions that limit the personal liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law, or DGCL; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies, such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will become effective upon the closing of this offering provides that we indemnify our directors to the fullest extent permitted by Delaware law. In addition, our amended and restated bylaws that will become effective prior to the closing of this offering, provide that we indemnify our directors and officers to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will become effective upon the closing of this offering also provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including, among others, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering, and our indemnification agreements, may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty of care. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Furthermore, a stockholder's investment may be adversely affected

to the extent that we pay the costs of settlement and damage awards against directors and officers. There is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

Board Leadership Structure

Our amended and restated bylaws and corporate governance guidelines provide our board of directors with flexibility in its discretion to combine or separate the positions of chairman of the board and chief executive officer. As a general policy, our board of directors believes that separation of the positions of chairman and chief executive officer reinforces the independence of the board of directors from management, creates an environment that encourages objective oversight of management's performance and enhances the effectiveness of the board of directors as a whole. We expect and intend the positions of chairman of the board and chief executive officer to be held by two individuals in the future.

Director Compensation

During 2013, we did not pay any compensation to our directors for their service on our board of directors. We currently do not pay our directors any cash compensation for their services on our board of directors.

We intend to make annual equity grants to directors serving on our board who are not employees nor serving as designees of our investors, along with an additional equity grant to the chairman of our board of directors. We may in the future determine to make additional equity grants or pay other equity compensation for service on our board of directors.

In June 2014, we granted Mr. Bochnowski, our Chairman of the Board, a stock option to acquire 59,116 shares of common stock at an exercise price of $3.22 per share, which expires 10 years after the grant date. The option vests as follows: 25% vests on March 2, 2015, 9 months after the grant date, with the remainder vesting equally over the next 27 months such that the option is vested in full on June 2, 2017.

EXECUTIVE COMPENSATION

Summary Compensation Table

In 2013, we paid Dr. Martinod, our Chief Veterinary Officer, $40,000 pursuant to a consulting agreement. We did not pay any other compensation to any other executive officer in 2013. In 2013, we paid Napo $394,866 for services provided by its employees, which includes services provided by our executive officers, pursuant to the Service Agreement, in the amounts of $137,080 for Lisa A. Conte, $63,650 for Charles O. Thompson and $21,865 for Steven R. King. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Operations Overview" for further information regarding the Service Agreement.

Outstanding Equity Awards at Fiscal Year-End

We did not have any outstanding equity awards at December 31, 2013.

Executive Employment Agreements

Lisa A. Conte

In March 2014, we entered into an offer letter with Ms. Conte to serve as our Chief Executive Officer, effective March 1, 2014, in an at-will capacity. Under this offer letter, Ms. Conte's annual base salary is $400,000, she is eligible for an annual target bonus of 30% of her base salary, and she is eligible to participate in the employee benefit plans that we offer to our other employees. In April 2014, Ms. Conte was granted a stock option to purchase 240,575 shares of common stock at an exercise price of $1.69 per share. The option has a 10 year term and vests as follows: 25% vests on January 1, 2015, 9 months after the grant date, with the remainder vesting equally over the next 27 months such that the option is vested in full on April 1, 2017. On June 2, 2014, Ms. Conte was granted 26,731 restricted stock units, or RSUs. Assuming the closing of this offering and compliance with the other terms of the RSU award agreement, 50% of the shares of common stock underlying the RSUs will vest and be issuable on January 1, 2016, and the remaining 50% will vest and be issuable on July 1, 2017. In the event of a change in control, as defined in the Jaguar Animal Health, Inc. 2013 Equity Incentive Plan, or the 2013 Plan, the vesting of all outstanding awards granted to Ms. Conte under the 2013 Plan will accelerate if Ms. Conte's service with us is terminated without cause within twelve months of the change in control.

Serge Martinod, D.V.M., Ph.D.

In January 2014, we entered into an offer letter with Dr. Martinod to serve as our Chief Veterinary Officer in an at-will capacity, effective as upon the closing of our first sale of Series A preferred stock on February 5, 2014. Under the offer letter, Dr. Martinod's annual base salary is $220,000, he is eligible for an annual target bonus of 30% of his base salary, and will be eligible to participate in the employee benefit plans we offer to our other employees. In April 2014, Dr. Martinod was granted a stock option to purchase 120,287 shares of common stock at an exercise price of $1.69 per share. The option has a 10-year term and vests as follows: 25% vests on January 1, 2015, 9 months after the grant date, with the remainder vesting equally over the next 27 months such that the option is vested in full on April 1, 2017. In June 2014, Dr. Martinod was granted 13,366 RSUs. Assuming the closing of this offering and compliance with the other terms of the RSU award agreement, 50% of the shares of common stock underlying the RSUs will vest and be issuable on January 1, 2016, and the remaining 50% will vest and be issuable on July 1, 2017. In the event of a change in control, as defined in the 2013 Plan, the vesting of all outstanding awards granted to Dr. Martinod under the 2013 Plan will accelerate if Dr. Martinod's service with us is terminated without cause within twelve months of the change in control.

Steven R. King, Ph.D.

In February 2014, we entered into an offer letter with Dr. King to serve as our Executive Vice President, Sustainable Supply, Ethnobotanical Research and Intellectual Property, effective March 1, 2014, in an at-will capacity. Under the offer letter, Dr. King's annual base salary of $255,000, he is eligible for an annual target bonus of 30% of his base salary, and he is eligible to participate in the employee benefit plans we offer to our other employees. In April 2014, Dr. King was granted a stock option to purchase 140,335 shares of common stock at an exercise price of $1.69 per share. The option has a 10-year term and vests as follows: 25% vests on January 1, 2015, 9 months after the grant date, with the remainder vesting equally over the next 27 months such that the option is vested in full on April 1, 2017. In June 2014, Dr. King was granted 15,593 RSUs. Assuming the closing of this offering and compliance with the other terms of the RSU award agreement, 50% of the shares of common stock underlying the RSUs will vest and be issuable on January 1, 2016, and the remaining 50% will vest and be issuable on July 1, 2017. In the event of a change in control, as defined in the 2013 Plan, the vesting of all outstanding awards granted to Dr. King under the 2013 Plan will accelerate if Dr. King's service with us is terminated without cause within twelve months of the change in control.

Charles O. Thompson

In February 2014, we entered into an offer letter with Mr. Thompson to serve as our Chief Financial Officer, effective March 1, 2014, in an at-will capacity. Under the offer letter, Mr. Thompson's annual base salary is $255,000, and he is eligible for an annual target bonus of 30% of his base salary and is eligible to participate in the employee benefit plans that we offer to our other employees. In April 2014, Mr. Thompson was granted a stock option to purchase 140,335 shares of common stock at an exercise price of $1.69 per share. The option has a 10-year term and vests as follows: 25% vests on January 1, 2015, 9 months after the grant date, with the remainder vesting equally over the next 27 months such that the option is vested in full on April 1, 2017. In June 2014, Mr. Thompson was granted 15,593 RSUs. Assuming the closing of this offering and compliance with the other terms of the RSU award agreement, 50% of the shares of common stock underlying the RSUs will vest and be issuable on January 1, 2016, and the remaining 50% will vest and be issuable on July 1, 2017. In the event of a change in control, as defined in the 2013 Plan, the vesting of all outstanding awards granted to Mr. Thompson under the 2013 Plan will accelerate if Mr. Thompson's service with us is terminated without cause within twelve months of the change in control.

Employee Benefit Plans

2014 Stock Incentive Plan

In July 2014, our board of directors adopted the Jaguar Animal Health, Inc. 2014 Stock Incentive Plan, or the 2014 Plan, and our stockholders are expected to approve the 2014 Plan before the completion of this offering. The 2014 Plan will be effective on the business day immediately before the effective date of the registration statement of which this prospectus forms a part. The 2014 Plan provides for the grant of incentive stock options to our eligible employees, and for the grant of nonstatutory stock options, restricted stock, and RSUs to eligible employees, directors and consultants.

Authorized Shares

We have reserved 500,000 shares of our common stock for issuance pursuant to the 2014 Plan. In addition, the number of shares will automatically increase on January 1st of each year, for a period of not more than five years, beginning on January 1st of the year following the year in which the Plan became effective and ending no later than January 1, 2019, in an amount equal to 2% of the total number of shares of common stock outstanding on December 31st of the preceding calendar year. The

board of directors may act prior to January 1st of any given year, at its discretion, to provide for no increase in shares or to add a lesser number of shares than provided for in the prior sentence.

If a stock award expires without having been exercised in full, or, with respect to restricted stock and RSUs, a stock award is forfeited, the shares that were subject to those stock awards will become available for future grant or sale under the 2014 Plan (unless the 2014 Plan has terminated). If unvested shares of restricted stock or RSUs are repurchased by the company or are forfeited to the company, such shares will become available for future awards under the 2014 Plan.

Plan Administration

Our board of directors or one or more committees appointed by our board of directors will administer the 2014 Plan. In the case of awards intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the committee will consist of two or more "outside directors" within the meaning of Section 162(m) of the Code. In addition, if we determine it is desirable to qualify transactions under the 2014 Plan as exempt under Rule 16b-3, such transactions will be structured to satisfy the requirements for exemption under Rule 16b-3. Subject to the provisions of the 2014 Plan, the committee has the power to administer the 2014 Plan, including but not limited to, the power to interpret the terms of the 2014 Plan and awards granted under it, to create, amend and revoke rules relating to the 2014 Plan, including creating sub-plans, and to determine the terms of the awards, including the exercise price, the number of shares subject to each such award, the exercisability of the awards and the form of consideration, if any, payable upon exercise.

Options

Both incentive stock options qualifying under Section 422 of the Code and non-statutory stock options may be granted under the 2014 Plan. The exercise price of options granted under the 2014 Plan must at least be equal to the fair market value of the common stock on the date of grant. The term of an incentive stock option may not exceed ten years, except that with respect to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. For nonstatutory stock options the exercise price must equal at least 100% of the fair market value. The committee will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the committee, as well as other types of consideration permitted by applicable law. After the termination of service of an employee, director or consultant, he or she may exercise the vested portion of his or her option for the period of time stated in his or her award agreement, except in the case of an employee terminated for cause (as defined in the 2014 Plan) the option will terminate upon his or her termination from service. Generally, if termination is due to death or disability, the vested portion of the option will remain exercisable for 12 months. In all other cases, the vested portion of the option generally will remain exercisable for three months following the termination of service. An option may not be exercised after expiration of its term. However, if the exercise of an option is prevented by applicable law the exercise period may be extended under certain circumstances. Subject to the provisions of the 2014 Plan, the committee determines the other terms of options.

Restricted Stock

Restricted stock awards may be granted under the 2014 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the committee. The committee will determine the number of shares of restricted stock granted to any employee, director or consultant and, subject to the provisions of the 2014 Plan, will determine the terms and conditions of such awards. The committee may impose whatever conditions to vesting it

determines to be appropriate (for example, the committee may set restrictions based on the achievement of specific performance goals or continued service to us); provided, however, that the committee, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the committee provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

RSUs

Awards of RSUs may be granted under the 2014 Plan. An RSU is the right to receive a share of common stock at a future date. The committee determines the terms and conditions of RSUs, including the vesting criteria (which may include accomplishing specified performance criteria or continued service to us) and the form and timing of payment. Notwithstanding the foregoing, the committee, in its sole discretion, may accelerate the time at which RSUs will vest.

Non-Transferability of Awards

Unless the committee provides otherwise, stock awards issued under the 2014 Plan are not transferrable other than by will or the laws of descent and distribution, and only the recipient of an award may exercise an award during his or her lifetime, although a recipient may designate a beneficiary to exercise an award after death.

Certain Adjustments

In the event of certain changes in the capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2014 Plan, the committee will adjust the number and class of shares that may be delivered under the 2014 Plan and/or the number, class and price of shares covered by each outstanding award, and the numerical share limits set forth in the 2014 Plan. In the event of the proposed liquidation or dissolution, the committee will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control

The 2014 Plan provides that in the event of a merger or change in control, as defined under the 2014 Plan, each outstanding award will be treated as the committee determines, including (i) the assumption, continuation or substitution of the stock awards by the successor corporation or its parent or subsidiary, (ii) the acceleration of vesting for any unvested portion of the stock awards, or (iii) the cash-out of the stock awards.

Amendment; Termination

The committee has the authority to amend, suspend or terminate the 2014 Plan provided such action does not impair the existing rights of any participant.

2013 Equity Incentive Plan, as Amended

In November 2013, our board of directors adopted the 2013 Plan, effective November 1, 2013. The 2013 Plan was approved by our stockholders in November 2013. The 2013 Plan is intended to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of our company by offering them an opportunity to participate in our company's future performance through awards of options, restricted stock, RSUs and stock bonuses.

A total of 1,271,300 shares of common stock have been approved by the board of directors and our shareholders for issuance under the 2013 Plan. The 2013 Plan will be terminated in connection with this offering, and accordingly, no shares will be available for issuance under the 2013 Plan following the completion of this offering. The 2013 Plan will continue to govern outstanding awards granted thereunder. As of July 31, 2014, options to purchase 1,129,673 shares of our common stock and RSUs covering 118,953 shares remained outstanding under the 2013 Plan.

The 2013 Plan and outstanding stock awards will be administered by the compensation committee of our board of directors, or the committee, or our board of directors, acting as the committee. The committee has the authority to select grantees and set the terms of awards under the 2013 Plan, to construe and interpret the Plan and to make all other determinations necessary or advisable for the administration of the Plan. Grantees are selected in the discretion of the committee.

Awards under the Plan are evidenced by a written award agreement that contains the terms and conditions of the award. Awards granted under the 2013 Plan are generally not transferable other than by will or the laws of descent and distribution, or as otherwise provided in an award agreement.

The exercise price for options granted under the 2013 Plan may not be less than the fair market value of our common stock on the grant date. Under the 2013 Plan, fair market value will be determined by the board of directors in good faith.

In the event of certain corporate transactions, the vesting of outstanding stock awards under the 2013 Plan granted to non-executive employees will accelerate such that the stock awards are fully vested upon the corporate transaction.

Our board of directors may terminate the 2013 Plan at any time and also has the right to alter or amend the 2013 Plan or any part of the 2013 Plan from time to time. However, no change can be made to a granted option, if it would impair the rights of such grantee, without the consent of the grantee.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The following includes a summary of transactions since inception, June 6, 2013, to which we have been a party in which the amount involved exceeded or will exceed $120,000 and in which any of our directors, executive officers or beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest. Compensation arrangements for our directors and executive officers are described elsewhere in this prospectus.

Transactions with Napo

Formation

We were founded in San Francisco, California as a Delaware corporation on June 6, 2013. Napo formed our company to develop and commercialize animal health products. In connection with our formation, we issued 4,000,000 shares of common stock to Napo, pursuant to a stock purchase agreement, for $400 in cash and services to be provided by Napo to our company pursuant to the Service Agreement discussed below. As of December 31, 2013, we were a wholly-owned subsidiary of Napo and as of June 30, 2014, we were a majority-owned subsidiary of Napo.

Napo Service Agreement

Effective July 1, 2013, we entered into an Employee Leasing and Overhead Allocation Agreement with Napo, or the Service Agreement. The term of the agreement was from July 1, 2013 through February 28, 2014. In connection with the Service Agreement, Napo provided us with the services of Napo employees and we agreed to pay Napo for a portion of Napo's overhead costs including rent. For additional information relating to the Service Agreement, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Operations Overview."

Napo License Agreement

In January 2014, we entered into the Napo License Agreement, pursuant to the term sheet for which we paid Napo a $100,000 option fee, and agreed to make royalty and milestone payments to Napo based on sales of our products. Lisa A. Conte, our Chief Executive Officer, President and member of our board of directors is also the interim chief executive officer and serves on the board of directors of Napo. Ms. Conte intends to continue to act as interim chief executive officer of Napo until a suitable chief executive officer for Napo activities is recruited and approved by Napo's board of directors. For additional information relating to the Napo License Agreement, see "Business—Intellectual Property—Napo License."

Napo Arrangements

Lease

Our corporate headquarters are located in San Francisco, California, where we rent approximately 3,125 square feet of office space. Since our formation in June 2013, we have shared premises with Napo pursuant to its lease. See "Napo Service Agreement" above. Since March 2014, we have made the rent payments under Napo's lease. The lease was assigned to us in June 2014 and expires in June 2015.

Napo Beneficial Ownership

The following table sets forth information with respect to beneficial ownership of Napo common stock by certain members of our board of directors and our executive officers. The column titled

"Percentage of Shares Beneficially Owned" is based on a total of 108,452,786 shares of Napo common stock outstanding as of June 30, 2014.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to Napo common stock. Shares of Napo common stock subject to options or warrants that are currently exercisable or vested, or exercisable or subject to vesting within 60 days after June 30, 2014 are considered outstanding and beneficially owned by the person holding the options or warrants for the purpose of calculating the percentage ownership of that person but not for the purpose of calculating the percentage ownership of any other person.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
James J. Bochnowski[(1)]	8,067,505	7.4%
Lisa A. Conte[(2)]	2,697,770	2.4
Zhi Yang[(3)]	2,151,174	2.0
Steven R. King, Ph.D.[(4)]	797,175	*
Charles O. Thompson[(5)]	491,500	*

* Less than 1%

(1) Includes (i) 7,522,051 shares of Napo common stock and (ii) warrants to purchase 545,454 shares of Napo common stock, all of which are held by the Bochnowski Family Trust. Mr. Bochnowski, a member of our board of directors, is a co-trustee and beneficiary of such trust, and shares voting and investment control over such shares with his spouse.

(2) Includes (i) 981,122 shares of Napo common stock and (ii) a fully-vested option to purchase 1,716,648 shares of Napo common stock. In addition, Ms. Conte holds RSUs for an aggregate of 7,300,134 shares of Napo common stock (3,475,734 of which were issued prior to 2011; and 3,824,400 of which were issued post 2011). Ms. Conte, our Chief Executive Officer, President and a member of our board of directors, is the interim chief executive officer of Napo and a member of Napo's board of directors.

(3) Includes (i) 30,828 shares of Napo common stock held by Mr. Yang; (ii) 65,309 shares of Napo common stock held by BioVeda China Limited, an entity affiliated with BioVeda China Fund; and (iii) 2,055,037 shares of Napo common stock held by BioVeda China LP, an entity affiliated with BioVeda China Fund. Mr. Yang, a member of our board of directors, is the Founder and Managing Partner of BioVeda China Fund, and may be deemed to beneficially own such shares.

(4) Includes (i) 337,460 shares of Napo common stock and (ii) a fully-vested option to purchase 459,715 shares of Napo common stock. In addition, Dr. King holds RSUs for an aggregate of 2,042,098 shares of Napo common stock (1,073,273 of which were issued prior to 2011; and 968,825 of which were issued post 2011). Dr. King, our Executive Vice President of Sustainable Supply, Ethnobotanical Research and Intellectual Property, held an office in the same capacity at Napo.

(5) Represents a fully-vested option to purchase 491,500 shares of Napo common stock. In addition, Mr. Thompson holds RSUs for an aggregate of 1,988,276 shares of Napo common stock (946,461 of which were issued prior to 2011; and 1,041,815 of which were issued post 2011). Mr. Thompson, our Chief Financial Officer, held an office in the same capacity at Napo.

Assuming satisfaction of the service requirements, Napo's RSU awards granted post 2011 will vest and the shares will be issued when: (i) the performance criteria set out in the award agreement are met (which include (A) the repayment in full by Napo of certain debts owed to third parties and (B) Napo's successful resolution of the litigation against Salix) and (ii) there is a Napo liquidity event (such as a merger, an asset sale or a liquidation or dissolution). Napo's RSU awards granted prior to 2011 will vest and the shares will be issued when there is a Napo liquidity event. For all Napo RSUs, the vesting and issuance criteria must be satisfied by December 31, 2018 or the Napo RSUs will lapse.

Financings

Note and Warrant Financings

In July 2013, pursuant to a note and warrant purchase agreement dated July 8, 2013, we issued a convertible promissory note in the aggregate principal amount of $100,000 and warrants to purchase 59,333 shares of common stock to Sichuan Biopharma, an entity affiliated with BioVeda China Fund, or BVCF, a significant stockholder. Dr. Zhi Yang, a member of our board of directors, is the Chairman, Founder and Managing Partner of BVCF, and Mr. Jiahao Qiu, a member of our board of directors, is an employee of BVCF. In September 2013, we also issued a convertible promissory note in the aggregate principal amount of $250,000 and warrants to purchase 148,333 shares of common stock to the Bochnowski Family Trust pursuant to the same purchase agreement. Mr. Bochnowski, a member of our board of directors, is a co-trustee and beneficiary of the Bochnowski Family Trust. The warrants have an exercise price of $1.6854 per share and expire February 5, 2019, the fifth anniversary of the initial closing of the sale of Series A preferred stock. The warrants are outstanding and have not been exercised as of the date of this prospectus.

In January 2014, the noteholders acknowledged and agreed that all principal under the notes would convert in full into shares of common stock at $1.6854 per share immediately prior to the initial closing of the sale of Series A preferred stock and we subsequently issued 148,333 shares of common stock to the Bochnowski Family Trust and 59,333 shares of common stock to Sichuan Biopharma in February 2014.

In June 2014, pursuant to a convertible note purchase agreement, we issued convertible promissory notes in the aggregate principal amount of $300,000 to two accredited investors, including a convertible promissory note for $200,000 to the Bochnowski Family Trust. Upon the closing of this offering, all of these convertible promissory notes will convert into shares of common stock at a conversion price equal to 80% of the initial public offering price per share.

Series A Financing

In February 2014, we entered into a Series A preferred stock purchase Agreement with Kunlun Pharmaceuticals Ltd., or Kunlun, pursuant to which we issued 2,224,991 shares of Series A preferred stock at a price per share of $2.2472 for aggregate gross proceeds of $5,000,000. Kunlun is a wholly-owned subsidiary of BVCF. Dr. Zhi Yang, a member of our board of directors, is the Chairman, Founder and Managing Partner of BVCF. Mr. Jiahao Qiu, a member of our board of directors, is an employee of BVCF.

In April and May 2014, pursuant to a series of joinder agreements to the Series A preferred stock purchase agreement, we issued 790,911 shares of Series A preferred stock to eight accredited investors at a price per share of $2.2472 for aggregate gross proceeds of $1,777,338. The Bochnowski Family Trust purchased 222,499 shares of Series A preferred stock for $500,000. Mr. Bochnowski, a member of our board of directors, is a co-trustee and beneficiary of the Bochnowski Family Trust.

Investors' Rights Agreement

In February 2014, we entered into an investors' rights agreement with the holders of Series A preferred stock. This agreement provides for certain rights relating to the registration of their shares of common stock issuable upon conversion of their Series A preferred stock, a right of first refusal to purchase future securities sold by us and certain additional covenants made by us. The right of first refusal and certain additional covenants will terminate upon the closing of this offering. The registration rights will terminate upon the later to occur of (a) for any particular holder with registration rights, at such time following this offering when all securities held by that stockholder subject to registration rights may be sold pursuant to Rule 144 under the Securities Act of 1933, as

amended, or the Securities Act, during any 90-day period, or (b) five years following the closing of this offering. See "Description of Securities—Registration Rights" for additional information.

Voting Agreement

In February 2014, we entered into a voting agreement with the holders of Series A preferred stock and common stock. Pursuant to the voting agreement, the following directors were each elected to serve as members on our board of directors: Lisa A. Conte and James J. Bochnowski (as representatives of holders of common stock, as designated by a majority of common stockholders), and Zhi Yang and Jiahao Qiu (as representatives of the holders of Series A preferred stock).

The voting agreement will terminate upon the closing of this offering, and members previously elected to our board of directors pursuant to this agreement will continue to serve as directors until they resign, are removed or their successors are duly elected by holders of our common stock. The composition of our board of directors after this offering is described in more detail under "Management—Board of Directors and Executive Officers."

Right of First Refusal and Co-Sale Agreement

In February 2014, we entered into a right of first refusal and co-sale agreement with the holders of our Series A preferred stock and common stock. The right of first refusal, right of co-sale and certain additional covenants will terminate upon the closing of this offering.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors, and intend to enter into such agreements with our officers prior to the closing of this offering. These agreements, among other things, require us or will require us to indemnify each director to the fullest extent permitted by Delaware law, including indemnification of expenses such as expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted incurred by the director in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director.

Other Transactions

We have granted stock options and/or RSUs to our executive officers. For a description of these options and RSUs, see the section of this prospectus titled "Management—Executive Compensation." We have also granted stock options to certain members of our board of directors. For a description of these stock options, see the section of this prospectus titled "Management—Director Compensation."

Policies and Procedures for Related Person Transactions

Our board of directors has adopted a written related person transaction policy, to be effective upon the closing of this offering, setting forth the policies and procedures for the review and approval or ratification of related-person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds $120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of June 30, 2014 by:

- each person, or group of affiliated persons, who is known by us to be the beneficial owner of more than 5% of our outstanding common stock;
- each of our directors;
- each of our executive officers; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our common stock. Shares of our common stock subject to options, warrants or RSUs that are currently exercisable or vested, or exercisable or subject to vesting within 60 days after June 30, 2014 are considered outstanding and beneficially owned by the person holding the options, warrants, or RSUs for the purpose of calculating the percentage ownership of that person but not for the purpose of calculating the percentage ownership of any other person. Except as otherwise noted, the persons and entities in this table have sole voting and investing power with respect to all of the shares of our common stock beneficially owned by them, subject to community property laws, where applicable. The information is not necessarily indicative of beneficial ownership for any other purpose, including for purposes of Section 13(d) and Section 13(g) of the Securities Act.

The column titled "Percentage of Shares Beneficially Owned—Before Offering" is based on a total of 7,327,400 shares of common stock outstanding as of June 30, 2014 and includes the conversion of all outstanding shares of Series A preferred stock into 3,015,902 shares of common stock. The total shares of common stock outstanding may be adjusted for the purpose of calculating the percentage ownership of a person that has options, warrants or RSUs that are currently exercisable or vested, or exercisable or subject to vesting within 60 days after June 30, 2014 but not for the purpose of recalculating the percentage ownership of any other person. It does not include the conversion of all outstanding convertible promissory notes into shares of common stock, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, upon the closing of this offering. The column titled "Percentage of Shares Beneficially Owned—After Offering" is based on shares of common stock to be outstanding after this offering, including the shares of common stock that we are selling in this offering and the conversion of all outstanding convertible promissory notes into shares of common stock based upon a conversion price equal to 80% of the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, upon the closing of this offering.

Except as otherwise set forth below, the address of each beneficial owner listed in the table below is c/o Jaguar Animal Health, Inc., 185 Berry Street, Suite 1300, San Francisco, California 94107.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
5% Stockholders			
Napo Pharmaceuticals, Inc.(1)	4,000,000	54.6%	%
Entities affiliated with BVCF(2)	2,343,657	31.7%	%
Executive Officers and Directors			
James J. Bochnowski(3)	519,165	6.9%	%
Lisa A. Conte	—	—	—
Jiahao Qiu	—	—	—
Zhi Yang, Ph.D.(4)	2,343,657	31.7%	%
Steven R. King, Ph.D.	—	—	—
Serge Martinod, D.V.M., Ph.D.	—	—	—
Charles O. Thompson	—	—	—
All executive officers and directors as a group (7 persons)	2,862,822	38.0%	%

(1) Lisa A. Conte, our Chief Executive Officer, is the interim chief executive officer of Napo. Napo's five-person board of directors, consisting of Lisa A. Conte, Richard W. Fields, Joshua Mailman, Gregory Stock and Thomas Van Dyck, has ownership and control of the shares of common stock held by Napo. Certain members of our board of directors, as well as certain of our executive officers and employees beneficially own common stock in Napo. As a group, our executive officers and directors (7 persons total), collectively beneficially own 12.7% of the issued and outstanding common stock of Napo, including the Bochnowski Family Trust, which holds 7.4%. Mr. Bochnowski, a member of our board of directors, is a co-trustee and beneficiary of such trust and shares voting and investment control over such shares with his spouse. See "Certain Relationships and Related Persons Transactions—Napo Arrangements—Napo Beneficial Ownership."

(2) Includes (i) 2,224,991 shares of common stock held by Kunlun Pharmaceuticals, Ltd., and (ii) 59,333 shares of common stock and warrants to purchase 59,333 shares of common stock held by Sichuan Biopharma. Kunlun Pharmaceuticals, Ltd. is a wholly-owned subsidiary of BioVeda China Fund, or BVCF, and Sichuan Biopharma is an investment vehicle of BVCF's management company. Accordingly, BVCF may be deemed to beneficially own all shares held by Kunlun Pharmaceuticals, Ltd. and Sichuan Biopharma. BVCF's principal business address is Suite 2606, Tower 1, New Richport Center, 763 Mengzi Road, Huangpu District, Shanghai 200023, China.

(3) Includes (i) 370,832 shares of common stock and (ii) warrants to purchase 148,333 shares of common stock, all of which are held by the Bochnowski Family Trust. Does not include shares of common stock issuable upon the closing of this offering upon the conversion of convertible promissory notes in the aggregate principal amount of $200,000, held by the Bochnowski Family Trust. Mr. Bochnowski is a co-trustee and beneficiary of such trust and shares voting and investment control over such shares with his spouse.

(4) Represents 2,343,657 shares of common stock beneficially held by BVCF. Dr. Yang is the Chairman, Founder and Managing Partner of BVCF and he may be deemed to beneficially own all the shares held by BVCF.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common stock and preferred stock and of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon the closing of this offering. This summary is not complete. For more detailed information, please see the amended and restated certificate of incorporation and amended and restated bylaws which are filed as exhibits to the registration statement of which this prospectus is a part.

Immediately upon the closing of this offering, our authorized capital stock will consist of shares, all with a par value of $0.0001 per share, of which shares are designated as common stock.

Upon the closing of this offering, all the outstanding shares of Series A preferred stock will convert into an aggregate of shares of common stock. Additionally, warrants to purchase an aggregate of 311,498 shares of common stock, if not exercised, will remain outstanding upon the closing of the offering.

Common Stock

Based on (i) 4,311,498 shares of common stock outstanding as of June 30, 2014; (ii) the conversion of all outstanding shares of Series A preferred stock into 3,015,902 shares of common stock upon the closing of this offering; (iii) the issuance of shares of common stock upon the conversion of convertible promissory notes in the aggregate principal amount of $450,000 upon the closing of this offering at a conversion price equal to 80% of the initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and (v) no exercise of outstanding options or warrants, or issuance of shares upon vesting of RSUs, there will be shares of common stock outstanding upon the closing of this offering.

As of June 30, 2014, assuming the conversion of all outstanding shares of Series A preferred stock into common stock upon the closing of this offering, we had 11 record holders of common stock.

As of June 30, 2014, there were 311,498 shares of common stock subject to outstanding warrants with an exercise price of $1.6854 per share and 25,000 shares of common stock subject to outstanding warrants with an exercise price equal to 90% of the initial public offering price.

As of June 30, 2014, there were outstanding options to purchase 1,129,673 shares of common stock with a weighted-average exercise price of $1.77 per share and outstanding RSUs for 118,953 shares of common stock.

Voting Rights

The holders of our common stock are entitled to one vote per share on all matters to be voted on by our stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to the prior distribution rights of preferred stock then outstanding. Holders of common stock have no preemptive, conversion or subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Dividends

Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. For more information, see the section titled "Dividend Policy."

Liquidation

In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences

Holders of common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued pursuant to this offering, when paid for, will be fully paid and nonassessable.

Warrants

As of June 30, 2014, we had outstanding warrants to purchase an aggregate of 336,498 shares of common stock, 311,498 of which are exercisable at a price of $1.6854 per share, and expire on February 5, 2019, and 25,000 of which are exercisable at a price equal to 90% of the initial public offering price, and expire June 26, 2019. These warrants, if not exercised, will remain outstanding following the closing of this offering.

Registration Rights

Pursuant to the investor rights agreement entered into in February 2014 described above under "—Investor Rights Agreement," the current holders of Series A preferred stock have certain registration rights with respect to their shares of common stock, including shares of common stock issuable upon conversion thereof and shares of common stock issued as a dividend or other distribution with respect to or in exchange for or in replacement of the foregoing shares, as described below.

Demand Registration Rights

If at any time beginning 180 days after this offering, the holders of at least 20% of the registrable securities request in writing that we effect a registration with respect to their shares in an offering with an anticipated aggregate offering price of at least $10.0 million, we may be required to register their shares. We are obligated to effect at most four registrations for the holders of registrable securities in response to these demand registration rights. If the holders requesting registration intend to distribute their shares by means of an underwriting, the managing underwriter of such offering will have the right to limit the numbers of shares to be underwritten for reasons related to the marketing of the shares.

Piggyback Registration Rights

If we propose to register any shares of our common stock under the Securities Act, subject to certain exceptions, the holders of registrable securities will be entitled to notice of the registration and to include their shares of registrable securities in the registration. If such demand is made by the holders of registrable securities, we must use commercially reasonable efforts to include such holders' shares in the registration. If our proposed registration involves an underwriting, the managing underwriter of such offering will have the right to limit the number of shares to be underwritten for reasons related to the marketing of the shares.

Form S-3 Registration Rights

After this offering, if we become entitled under the Securities Act to register our shares on Form S-3 a holder of registrable securities requests in writing that we register their shares for public resale on Form S-3 in an offering with an anticipated aggregate offering price of at least $1.0 million, we will be required to use commercially reasonable efforts to effect such registration; provided, however, that we will not be required to effect such a registration if, within the preceding 12 months, we have already effected two registrations on Form S-3 for the holders of registrable securities.

Expenses

All expenses incurred in connection with the registration will be borne by us, except for if a demand registration is withdrawn under certain conditions. These expenses may include all registration and filing fees, printing expenses, fees and disbursements of our counsel, reasonable fees and disbursements of a counsel for the selling securityholders, blue sky fees and expenses and the expenses of any regular and special audits incident to the registration.

Termination of Registration Rights

The registration rights terminate upon the later of (i) with respect to the registration rights of an individual holder, when the holder can sell all of such holder's registrable securities in compliance with Rule 144 of the Securities Act within a ninety day period and (ii) five years after the effective date of the registration statement of which this prospectus is a part.

Anti-Takeover Effects of Delaware Law and Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Delaware Law

Certain provisions of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids. These provisions are also designed in part to encourage anyone seeking to acquire control of us to negotiate with our board of directors. We believe that the advantages gained by protecting our ability to negotiate with any unsolicited and potentially unfriendly acquirer outweigh the disadvantages of discouraging such proposals, including those priced above the then-current market value of our common stock, because, among other reasons, the negotiation of such proposals could improve their terms.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Our amended and restated certificate of incorporation and amended and restated bylaws to become effective in connection with this offering include provisions that:

- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairman of our board of directors, the chief executive officer or the president;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- provide that directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- establish that our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered terms;
- specify that no stockholder is permitted to cumulate votes at any election of our board of directors; and
- require a super majority of the stockholders and a majority of the board of directors to amend certain of the above-mentioned provisions.

Exclusive Jurisdiction

Under the provisions of our amended and restated certificate of incorporation to become effective upon the closing of this offering, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or agents to us or our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or amended and restated bylaws; or (iv) any action asserting a claim against us governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action.

Delaware Anti-Takeover Statute

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon the closing 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, excluding for purposes of determining the voting stock outstanding, but not for determining the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers, and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the date of the transaction, the business combination is approved by our board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least $66^{2}/_{3}\%$ of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage business combinations or other attempts that might result in the payment of a premium over the market price for the shares of common stock held by our stockholders.

The provisions of Delaware law and our restated certificate of incorporation and amended and restated bylaws to become effective upon the closing of this offering could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is . The transfer agent and registrar's address is . The transfer agent's telephone number is .

Listing

We have applied to have our common stock listed on The NASDAQ Capital Market under the symbol "JAGX."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and although we expect that our common stock will be approved for listing on The NASDAQ Capital Market, we cannot assure you that there will be an active public market for our common stock following this offering. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. Future sales of substantial amounts of common stock in the public market, including shares issued upon exercise of outstanding options, or the perception that such sales may occur, however, could adversely affect the market price of our common stock and also could adversely affect our future ability to raise capital through the sale of our common stock or other equity-related securities at times and prices we believe appropriate.

Upon the closing of this offering, based on our shares outstanding as of June 30 2014 and after giving effect to (i) the conversion of all outstanding shares of Series A preferred stock into an aggregate of 3,015,902 shares of common stock upon the closing of this offering; (ii) the conversion of all outstanding convertible promissory notes into shares of common stock at a conversion price of 80% of the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and (iii) the issuance of shares of common stock being offered hereby, shares of common stock will be outstanding. All of the shares of common stock to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless held by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining outstanding shares of our common stock will be deemed "restricted securities" as that term is defined under Rule 144. Restricted securities may be sold in the public market only if their offer and sale is registered under the Securities Act or if the offer and sale of those securities qualify for an exemption from registration, including exemptions provided by Rules 144 and 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements and market stand-off provisions described below and the provisions of Rules 144 or 701, the shares of common stock that will be deemed "restricted securities" will be available for sale in the public market following the closing of this offering as follows:

- no shares will be eligible for sale on the date of this prospectus; and
- approximately shares will be eligible for sale upon expiration of the lock-up agreements and market stand-off provisions described below, beginning more than 180 days after the date of this prospectus, subject in some cases to applicable volume limitations under Rule 144.

We may issue shares of common stock from time to time for a variety of corporate purposes, including in capital-raising activities through future public offerings or private placements, in connection with exercise of stock options, vesting of restricted stock units and other issuances relating to our employee benefit plans and as consideration for future acquisitions, investments or other purposes. The number of shares of common stock that we may issue may be significant, depending on the events surrounding such issuances. In some cases, the shares we issue may be freely tradable without restriction or further registration under the Securities Act; in other cases, we may grant registration rights covering the shares issued in connection with these issuances, in which case the holders of common stock will have the right, under certain circumstances, to cause us to register any resale of such shares to the public.

Lock-up Agreements

We and each of our directors and executive officers and holders of substantially all of our outstanding capital stock have agreed that, without the prior written consent of BMO Capital Markets Corp. and Guggenheim Securities, LLC, on behalf of the underwriters, we and they will not, subject to

limited exceptions that are described in "Underwriting" below, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

Upon the expiration of the applicable lock-up periods, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, a person who is not our affiliate and has not been our affiliate for purposes of the Securities Act at any time during the preceding three months will be entitled to sell any shares of common stock that such person has beneficially owned for at least six months, including the holding period of any prior owner other than one of our affiliates, subject only to the availability of current public information about us. Sales of common stock by any such person would be subject to the availability of current public information about us if the shares to be sold were beneficially owned by such person for less than one year.

In addition, under Rule 144, a person may sell shares of common stock acquired from us immediately upon the closing of this offering, without regard to the registration requirements of the Securities Act or the availability of public information about us, if:

- the person is not our affiliate and has not been our affiliate at any time during the preceding three months; and

- the person has beneficially owned the shares to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates.

Beginning 90 days after the date of this prospectus, our affiliates who have beneficially owned shares of common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; and

- the average weekly trading volume in our common stock on The NASDAQ Capital Market during the four calendar weeks preceding the date of filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. To the extent that shares were acquired from one of our affiliates, a person's holding period for the purpose of effecting a sale under Rule 144 would commence on the date of transfer from the affiliate.

Rule 701

In general, under Rule 701, any of an issuer's employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The Securities and Exchange Commission has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

As of June 30, 2014, no shares of our outstanding common stock had been issued in reliance on Rule 701. If options are exercised or shares are issued upon the vesting of RSUs, any such shares will be subject to lock-up agreements as discussed above, and, as a result, these shares will only become eligible for sale at the earlier of the expiration of the lock-up period or upon obtaining the consent of BMO Capital Markets Corp. and Guggenheim Securities, LLC, on behalf of the underwriters to release all or any portion of these shares from the lock-up agreements.

Equity Plan Awards

As of June 30, 2014, we had options to purchase 1,129,673 shares of common stock with a weighted-average exercise price of $1.77 per share and RSUs for 118,953 shares of common stock outstanding. We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of common stock subject to outstanding stock options and RSUs and all shares issuable under our stock plans. We expect to file the registration statement covering these shares after the date of this prospectus, which will permit the resale of such shares by persons who are non-affiliates of ours in the public market without restriction under the Securities Act, subject, with respect to certain of the shares, to the provisions of the lock-up agreements and market stand-off provisions described above.

Warrants

See "Description of Capital Stock—Warrants" for additional information. Such shares issued upon exercise of the warrants may be able to be sold after the expiration of the lock-up period described above subject to the requirements of Rule 144 described above.

Registration Rights

Upon the closing of this offering, the holders of approximately shares of common stock, will be eligible to exercise certain rights to cause us to register their shares of common stock for resale under the Securities Act, subject to various conditions and limitations. These registration rights are described under the caption "Description of Capital Stock—Registration Rights." Upon the effectiveness of a registration statement covering these shares, the shares would become freely tradable without restriction under the Securities Act.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of the material U.S. federal income tax consequences applicable to a non-U.S. holder (as defined below) with respect to the acquisition, ownership and disposition of our common stock. This discussion is limited to non-U.S. holders who purchase our common stock issued pursuant to this offering for cash and who hold our common stock as a "capital asset" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code (generally, property held for investment). This discussion is based upon the applicable provisions of the Code, applicable U.S. Treasury regulations promulgated thereunder, or the Treasury Regulations, and administrative and judicial interpretations thereof, promulgated thereunder, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis. Any such changes could alter the tax consequences to non-U.S. holders described herein. This discussion is not a complete analysis of all of the potential U.S. federal income tax consequences applicable to a non-U.S. holder, and does not address all of the U.S. federal income tax consequences that may be relevant to a particular non-U.S. holder in light of such non-U.S. holder's particular circumstances or the U.S. federal income tax consequences applicable to non-U.S. holders that are subject to special rules, such as United States expatriates, banks, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, corporations that accumulate earnings to avoid U.S. federal income tax, brokers, dealers or traders in securities, commodities or currencies, partnerships or other pass-through entities (or investors in such entities), tax-exempt organizations, tax-qualified retirement plans, persons subject to the alternative minimum tax, and non-U.S. holders that hold our common stock as part of a straddle, hedge, conversion transaction or other integrated investment. In addition, this discussion does not describe any state or local income, estate or other tax consequences of holding and disposing of our common stock.

As used in this discussion, the term "non-U.S. holder" means any beneficial owner of our common stock that is, for U.S. federal income tax purposes, neither a partnership nor any of the following:

- an individual citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a United States court is able to exercise primary supervision over the administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

If any entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Partnerships and their partners should consult their tax advisors as to the tax consequences to them of the acquisition, ownership and disposition of our common stock.

THE FOLLOWING DISCUSSION IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK.

Distributions on Common Stock

Distributions on our common stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated first as a tax-free return of a capital to the extent of the non-U.S. holder's adjusted tax basis in the common stock below zero, and thereafter as capital gain, subject to the tax treatment described under "—Sale, Exchange or Other Disposition of Our Common Stock," below.

Subject to the discussions below regarding backup withholding and FATCA, the gross amount of dividends paid to a non-U.S. holder of our common stock that are not effectively connected with a U.S. trade or business conducted by such non-U.S. holder generally will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate specified by an applicable income tax treaty if we have received proper certification as to the application of such treaty. If a non-U.S. holder holds our common stock in connection with the conduct of a trade or business within the United States, and dividends paid on our common stock are effectively connected with such non-U.S. holder's U.S. trade or business (and, if under an applicable income tax treaty, such dividends are attributable to a permanent establishment or fixed base maintained by the non-U.S. holder within the United States), such non-U.S. holder generally will be subject to U.S. federal income tax at ordinary U.S. federal income tax rates (on a net income basis), and such dividends will not be subject to the U.S. federal withholding tax described above. In the case of a non-U.S. holder that is a corporation, such non-U.S. holder may also be subject to a 30% "branch profits tax" unless such corporate non-U.S. holder qualifies for a lower rate under an applicable income tax treaty.

In general, to claim the benefit of any applicable income tax treaty or an exemption from U.S. federal withholding because the income is effectively connected with the conduct of a trade or business within the United States, a non-U.S. holder must provide a properly executed Internal Revenue Service, or IRS, Form W-8BEN for treaty benefits or IRS Form W-8ECI for effectively connected income (or such successor form as the IRS designates), before the distributions are made. These forms must be updated periodically. If you are a non-U.S. holder, you may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisers regarding their entitlement to benefits under an applicable income tax treaty and the specific manner of claiming the benefits of such treaty.

Sale, Exchange or Other Disposition of Common Stock

Subject to the discussions below regarding backup withholding and FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange or other disposition (collectively, a "disposition") of our common stock, unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States, and if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder within the United States;
- the non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- we are or have been a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time within the shorter of (i) the five-year period ending on the date of the disposition of our common stock or (ii) the non-U.S. holder's holding period for our common stock.

If the gain is described in the first bullet point above, the non-U.S. holder generally will be subject to U.S. federal income tax on a net income basis with respect to such gain in the same manner as if

such non-U.S. holder were a United States person. In addition, if the non-U.S. holder is a corporation for U.S. federal income tax purposes, such gain may be subject to a 30% branch profits tax unless such corporate non-U.S. holder qualifies for a lower rate under an applicable income tax treaty.

A non-U.S. holder described in the second bullet point above generally will be subject to U.S. federal income tax with respect to such gain at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the non-U.S. holder during the taxable year of disposition (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe that we are not currently, and we do not anticipate becoming, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other business assets and our non-U.S. real property interests, there can be no assurance that we will not become a USRPHC in the future. In general, a corporation is a USRPHC if the fair market value of its "United States real property interests" (as defined in the Code) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. Even if we are or become a USRPHC, a non-U.S. holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of shares of our common stock by reason of our status as a USRPHC so long as (i) shares of our common stock continue to be regularly traded on an established securities market (within the meaning of Section 897(c)(3) of the Code) during the calendar year in which such disposition occurs and (ii) such non-U.S. holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of the shares of our common stock at any time during the shorter of the five-year period ending on the date of the disposition of our common stock or the non-U.S. holder's holding period for our common stock. If gain on the disposition of our common stock were subject to taxation under the third bullet point above, the non-U.S. holder generally would be subject to U.S. federal income tax with respect to such gain in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business (as described above), except that the branch profits tax generally would not apply.

Information Reporting and Backup Withholding

In general, a non-U.S. holder will be required to comply with certain certification procedures to establish that such holder is not a United States person in order to avoid backup withholding with respect to dividends or the proceeds from disposition of common stock. In addition, we are required to report annually to the IRS the amount of any dividends paid to a non-U.S. holder, regardless of whether we actually withheld any tax. Copies of the information returns reporting such dividends and the amount withheld may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Accounts Tax Compliance Act

Under the Foreign Account Tax Compliance Act, as modified by Treasury Regulations and subject to any official interpretations thereof, any applicable intergovernmental agreement between the United States and a non-U.S. government to implement these rules and improve international tax compliance, or any fiscal or regulatory legislation or rules adopted pursuant to any such agreement (collectively, "FATCA"), after June 30, 2014, withholding at a rate of 30% will be required on dividends in respect of, and, after December 31, 2016, gross proceeds from the disposition of, our common stock held by or

through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution to the extent such interests or accounts are held by certain United States persons and by certain non-U.S. entities that are wholly or partially owned by United States persons and to withhold on certain payments. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale of, our common stock held by an investor that is a non-financial non-U.S. entity that does not qualify under certain exemptions will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which we will provide to Secretary of the Treasury. We will not pay any additional amounts to holders in respect of any amounts withheld. Prospective investors are urged to consult their tax advisors regarding the possible implications of FATCA on their investment in our common stock.

UNDERWRITING

BMO Capital Markets Corp. and Guggenheim Securities, LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions of an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each underwriter has agreed, severally and not jointly, to purchase from us, the number of shares of common stock shown opposite its name in the table below:

Underwriter	Number of Shares
BMO Capital Markets Corp.	
Guggenheim Securities, LLC	
Roth Capital Partners, LLC	
Total	

The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent including approval of certain legal matters by their counsel. The underwriting agreement provides that the underwriters will purchase all of the shares of common stock if any of them are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated. We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares of common stock subject to their acceptance of the shares of common stock from us and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. In addition, the underwriters have advised us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock being offered.

Option to Purchase Additional Shares

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of additional shares from us at the public offering price set forth on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. If the underwriters exercise this option, each underwriter will be obligated, subject to specified conditions, to purchase a number of additional shares proportionate to that underwriter's initial purchase commitment as indicated in the table above.

Commission and Expenses

The underwriters have advised us that they propose to offer the shares of common stock to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers, which may include the underwriters, at that price less a concession not in excess of $ per share of common stock. The underwriters may allow, and certain dealers may re-allow, a discount from the concession not in excess of $ per share of common stock to certain brokers and dealers. After the offering, the offering price, concession and reallowance to dealers may be varied from time to time by the representative.

The following table shows the public offering price, the underwriting discounts and comissions and proceeds, before expenses, to us in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

		Total	
	Per Share	Without Option to Purchase Additional Shares	With Exercise of Option to Purchase Additional Shares in Full
Public offering price	$	$	$
Underwriting discounts and commissions paid by us	$	$	$
Proceeds to us, before expenses	$	$	$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately $, which includes legal, accounting and printing costs and various other fees associated with the registration and listing of our common stock. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to $.

No Sales of Similar Securities

We, our executive officers, directors and holders of substantially all of our outstanding capital stock have agreed, subject to specified exceptions, not to directly or indirectly, for a period of 180 days after the date of this prospectus, without the prior written consent of the representatives of the underwriters:

- sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-l(h) under the Exchange Act; or
- otherwise dispose of any shares of common stock, options or warrants to acquire shares of common stock, or securities exchangeable or exercisable for or convertible into shares of common stock, currently or hereafter owned either of record or beneficially; or
- publicly announce an intention to do any of the foregoing or make any demand or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exchangeable for our common stock.

However, in the case of our officers, directors and stockholders, these lock-up restrictions will not apply to, subject to certain restrictions:

- bona fide gifts made by the holder;
- the surrender or forfeiture of shares of common stock to us to satisfy tax withholding obligations upon exercise or vesting of stock options or equity awards;
- transfers of common stock or any security convertible into or exercisable for common stock to an immediate family member, an immediate family member of a domestic partner or a trust for the benefit of the undersigned, a domestic partner or an immediate family member;
- transfers of shares of common stock or any security convertible into or exercisable for common stock to any corporation, partnership, limited liability company or other entity all of the beneficial ownership interests of which are held exclusively by the holder, a domestic

partner and/or one or more family members of the holder or the holder's domestic partner in a transaction not involving a disposition for value;

- transfers of shares of common stock or any security convertible into or exercisable for common stock upon death by will or intestate succession;
- distributions of shares of common stock or securities convertible into or exercisable for common stock to members, partners or stockholders of the holder;
- securities transferred to one or more affiliates of the holder and distributions of securities to partners, members or stockholders of the holder;
- transactions relating to securities purchased in open market transactions after the date of this prospectus;
- entry into a trading plan established pursuant to Rule 10b5-1 under the Exchange Act, provided that such plan does not provide for any sales or other dispositions of shares of common stock during the 180-day restricted period;
- any shares purchased by the holder in this offering; or
- securities transferred pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of our common stock and involving a change of control of the company.

The representatives may, in their sole, joint discretion and at any time or from time to time before the termination of the 180-day period release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our stockholders who will execute a lock-up agreement, providing consent to the sale of shares prior to the expiration of the lock-up period.

Listing

We have applied to list our common stock on The NASDAQ Capital Market under the symbol "JAGX." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representative. In determining the initial public offering price, we and the representative expect to consider a number of factors, including:

- the information set forth in this prospectus and otherwise available to the underwriters;
- our prospects for future earnings;
- our prospects and the history and prospects of the industry in which we compete;
- an assessment of our management;
- the present state of our development;
- the general condition of the securities markets at the time of this offering; and
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies.

We and the underwriters cannot assure you that an active trading market for the shares will develop or that shares will trade in the public market at or above the initial public offering price after this offering.

Stabilization

The underwriters have advised us that they may engage in short sale transactions, stabilizing transactions, syndicate covering transactions or the imposition of penalty bids in connection with this offering. These activities may have the effect of stabilizing or maintaining the market price of the common stock at a level above that which might otherwise prevail in the open market. Establishing short sales positions may involve either "covered" short sales or "naked" short sales. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of our common stock in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares of our common stock or purchasing shares of our common stock in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares. "Naked" short sales are sales in excess of the option to purchase additional shares of our common stock. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the common stock originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member.

Similar to other purchase transactions, the underwriter's purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NASDAQ Stock Market, in the over-the-counter market or otherwise.

Neither we, nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. The underwriters are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

Electronic Distribution

A prospectus in electronic format may be made available by e-mail or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares of common stock for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' web sites and any information contained in any other web site maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Other Activities and Relationships

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their affiliates may in the future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our securities.

Disclaimers about Non-U.S. Jurisdictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA"))

received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Canada

The common shares may be sold only to purchasers purchasing as principal that are both "accredited investors" as defined in National Instrument 45-106 Prospectus and Registration Exemptions and "permitted clients" as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the common shares must be made in accordance with an exemption from the prospectus requirements and in compliance with the registration requirements of applicable securities laws.

Notice to Residents of Germany

Each person who is in possession of this prospectus is aware of the fact that no German securities prospectus (wertpapierprospekt) within the meaning of the securities prospectus act (wertpapier-prospektgesetz, the "act") of the federal republic of Germany has been or will be published with respect to the shares of our common stock. In particular, each underwriter has represented that it has not engaged and has agreed that it will not engage in a public offering in the federal republic of Germany (ôffertliches angebot) within the meaning of the act with respect to any of the shares of our common stock otherwise than in accordance with the act and all other applicable legal and regulatory requirements.

Hong Kong

The common shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to common shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Residents of the Netherlands

The offering of the shares of our common stock is not a public offering in The Netherlands. The shares of our common stock may not be offered or sold to individuals or legal entities in The Netherlands unless (i) a prospectus relating to the offer is available to the public, which has been approved by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) or by the competent supervisory authority of another state that is a member of the European Union or party to the Agreement on the European Economic Area, as amended or (ii) an exception or exemption applies to the offer pursuant to Article 5:3 of The Netherlands Financial Supervision Act (Wet op het financieel toezicht) or Article 53 paragraph 2 or 3 of the Exemption Regulation of the Financial

Supervision Act, for instance due to the offer targeting exclusively "qualified investors" (gekwalificeerde beleggers) within the meaning of Article 1:1 of The Netherlands Financial Supervision Act.

Notice to Residents of Japan

The underwriters will not offer or sell any of the shares of our common stock directly or indirectly in Japan or to, or for the benefit of, any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except in each case pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the common shares may not be circulated or distributed, nor may the common shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the common shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the common shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275o(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Switzerland

The common shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the "SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the common shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, or the common shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of common shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of common shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). Accordingly, no public distribution, offering or advertising, as defined in CISA, its implementing ordinances and notices, and no distribution to any non-qualified investor, as defined in CISA, its implementing ordinances and notices, shall be undertaken in or from Switzerland, and the investor protection afforded to acquirers of interests in collective investment schemes under CISA does not extend to acquirers of common shares.

United Arab Emirates

This offering has not been approved or licensed by the Central Bank of the United Arab Emirates (the "UAE"), Securities and Commodities Authority of the UAE and/or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority ("DFSA"), a regulatory authority of the Dubai International Financial Centre ("DIFC"). The offering does not constitute a public offer of securities in the UAE, DIFC and/or any other free zone in accordance with the Commercial Companies Law, Federal Law No 8 of 1984 (as amended), DFSA Offered Securities Rules and NASDAQ Dubai Listing Rules, accordingly, or otherwise. The common shares may not be offered to the public in the UAE and/or any of the free zones.

The common shares may be offered and issued only to a limited number of investors in the UAE or any of its free zones who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned.

France

This prospectus (including any amendment, supplement or replacement thereto) is not being distributed in the context of a public offering in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier).

This prospectus has not been and will not be submitted to the French Autorité des marchés financiers (the "AMF") for approval in France and accordingly may not and will not be distributed to the public in France.

Pursuant to Article 211-3 of the AMF General Regulation, French residents are hereby informed that:

1. the transaction does not require a prospectus to be submitted for approval to the AMF;

2. persons or entities referred to in Point 2°, Section II of Article L.411-2 of the Monetary and Financial Code may take part in the transaction solely for their own account, as provided in Articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code; and

3. the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code.

This prospectus is not to be further distributed or reproduced (in whole or in part) in France by the recipients of this prospectus. This prospectus has been distributed on the understanding that such recipients will only participate in the issue or sale of our common stock for their own account and undertake not to transfer, directly or indirectly, our common stock to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code.

LEGAL MATTERS

The validity of the securities being offered by this prospectus will be passed upon for us by Reed Smith LLP, San Francisco, California. Cooley LLP, New York, New York, is representing the underwriters in connection with this offering.

EXPERTS

The financial statements as of December 31, 2013 and for the period from June 6, 2013 (inception) through December 31, 2013 included in this prospectus and the registration statement, have been so included in reliance on the report of BDO USA, LLP, an independent registered public accounting firm (the report on the financial statements contains an explanatory paragraph regarding the Company's ability to continue as a going concern), appearing elsewhere herein and in the registration statement, given on the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC under the Securities Act a registration statement on Form S-1 with respect to the common stock offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all the information set forth in the registration statement or the exhibits and schedules which are part of the registration statement, portions of which are omitted as permitted by the rules and regulations of the SEC. Statements made in this prospectus regarding the contents of any contract or other document are summaries of the material terms of the contract or document. With respect to each contract or document filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. For further information pertaining to us and the common stock offered by this prospectus, reference is made to the registration statement, including the exhibits and schedules thereto, copies of which may be inspected without charge at the public reference facilities of the SEC at 100 F Street, NE., Room 1580, Washington, D.C. 20549, as may the other reports, statements and information we file with the SEC. Copies of all or any portion of the registration statement may be obtained from the SEC at prescribed rates. Information on the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website that contains reports, proxy and information statements and other information that is filed through the SEC's EDGAR System. The website can be accessed at http.//www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements, and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.jaguaranimalhealth.com. After the closing of this offering, you may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not incorporated by reference into this prospectus.

Jaguar Animal Health, Inc.
(A Development Stage Company)

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Jaguar Animal Health, Inc.
San Francisco, CA

We have audited the accompanying balance sheet of Jaguar Animal Health, Inc., a development stage company (the "Company") and majority-owned subsidiary of Napo Pharmaceuticals, Inc. as of December 31, 2013 and the related statements of comprehensive loss, changes in common stock, convertible preferred stock and stockholders' deficit and cash flows for the period from June 6, 2013 (inception) through December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jaguar Animal Health, Inc. as of December 31, 2013, and the results of its operations and its cash flows for the period from June 6, 2013 (inception) through December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

San Francisco, California

June 16, 2014

Jaguar Animal Health, Inc.
(A Development Stage Company)

Balance Sheets

	December 31, 2013	June 30, 2014 (unaudited)	Pro Forma as of June 30, 2014 (unaudited)
Assets			
Cash and cash equivalents	$ 185,367	$ 4,281,698	
Deferred offering costs	—	1,029,896	
Prepaid license fee	100,000	—	
Prepaid expenses	—	32,998	
Deferred finance charge	3,894	—	
Total current assets	289,261	5,344,592	
Equipment	—	872,523	
Total assets	$ 289,261	$ 6,217,115	
Liabilities, Convertible Preferred Stock and Stockholders' (Deficit)			
Accounts payable	$ 8,995	$ 202,191	
Due to parent	116,383	63,055	
Convertible notes payable	519,486	231,250	
Accrued expenses	79,250	778,673	
Total current liabilities	724,114	1,275,169	
License fee payable	—	1,900,000	
Total current and long term liabilities	724,114	3,175,169	
Commitments and Contingencies (Note 6)			
Series A redeemable convertible preferred stock; $0.0001 par value, zero and 3,017,488 shares authorized at December 31, 2013 and June 30, 2014 (unaudited), respectively; 3,015,902 shares issued and outstanding at June 30, 2014 (unaudited); (liquidation preference of $6,777,338 at June 30, 2014 (unaudited)); no shares issued or outstanding pro forma at June 30, 2014 (unaudited)	—	6,943,250	$ —
Stockholders' (Deficit) Equity			
Common stock: $0.0001 par value, 10,000,000 shares authorized at December 31, 2013 and June 30, 2014 (unaudited); 4,000,000 and 4,311,498 shares issued and outstanding at December 31, 2013 and June 30, 2014 (unaudited), respectively; 7,327,400 shares issued and outstanding pro forma at June 30, 2014 (unaudited)	400	431	733
Additional paid-in capital	365,950	809,702	7,467,641
Deficit accumulated during the development stage	(801,203)	(4,711,437)	(4,711,437)
Total Stockholders' (Deficit) Equity	(434,853)	(3,901,304)	$ 2,756,937
Total liabilities, convertible preferred stock and stockholders' (deficit)	$ 289,261	$ 6,217,115	

The accompanying notes are an integral part of these financial statements

Jaguar Animal Health, Inc.
(A Development Stage Company)

Statements of Comprehensive Loss

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)	Cumulative Period from June 6, 2013 (inception) through June 30, 2014 (unaudited)
Operating expenses			
General and administrative expense	$ 458,473	$ 1,740,515	$ 2,198,988
Research and development expense	324,479	2,149,555	2,474,034
Total operating expenses	782,952	3,890,070	4,673,022
Loss from operations	(782,952)	(3,890,070)	(4,673,022)
Interest expense, net	(18,251)	(20,164)	(38,415)
Net loss and comprehensive loss	$ (801,203)	$ (3,910,234)	$ (4,711,437)
Accretion of redeemable convertible preferred stock	—	(285,009)	(285,009)
Net loss attributable to common stockholders	$ (801,203)	$ (4,195,243)	$ (4,996,446)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.20)	$ (0.99)	
Weighted-average common shares outstanding, basic and diluted	4,000,000	4,250,929	
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)	$ (0.20)	$ (0.67)	
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)	4,000,000	6,304,461	

The accompanying notes are an integral part of these financial statements

Jaguar Animal Health, Inc.
(A Development Stage Company)

Statement of Changes in Common Stock, Convertible Preferred Stock and Stockholders' (Deficit)

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount			
Balances at June 6, 2013 (inception)	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of common stock to parent for services	—	—	4,000,000	400	359,055	—	359,455
Issuance of common stock warrants	—	—	—	—	6,895	—	6,895
Net loss and comprehensive loss	—	—	—	—	—	(801,203)	(801,203)
Balances at December 31, 2013	—	—	4,000,000	400	365,950	(801,203)	(434,853)
Stock-based compensation	—	—	—	—	90,952	—	90,952
Conversion of notes payable into common stock	—	—	311,498	31	524,969	—	525,000
Issuance of redeemable convertible preferred stock, net	3,015,902	6,658,241	—	—	—	—	—
Beneficial conversion feature on issuance of convertible promissory notes	—	—	—	—	75,000	—	75,000
Warrants issue in connection with transfer agreement	—	—	—	—	37,840	—	37,840
Deemed dividends on redeemable convertible preferred stock	—	269,237	—	—	(269,237)	—	(269,237)
Accretion of issuance costs to liquidity amount	—	15,772	—	—	(15,772)	—	(15,772)
Net loss and comprehensive loss	—	—	—	—	—	(3,910,234)	(3,910,234)
Balances at June 30, 2014 (unaudited)	3,015,902	$ 6,943,250	4,311,498	$ 431	$ 809,702	$ (4,711,437)	$ (3,901,304)

The accompanying notes are an integral part of these financial statements

Jaguar Animal Health, Inc.
(A Development Stage Company)

Statements of Cash Flows

	Period from June 6, 2013 (inception) through December 31, 2013	Six Months Ended June 30, 2014 (unaudited)	Cumulative Period from June 6, 2013 (inception) through June 30, 2014 (unaudited)
Cash Flows from Operating Activities			
Net loss	$ (801,203)	$ (3,910,234)	$ (4,711,437)
Adjustments to reconcile net loss to net cash used in operating activities:			
Materials cost in connection with license activity	—	1,082,626	1,082,626
Stock issued to parent for services	359,055	—	359,055
Warrants issued in connection with transfer agreement	—	37,840	37,840
Stock-based compensation	—	90,952	90,952
Amortization of beneficial conversion feature	—	6,250	6,250
Accretion of debt discount	1,381	5,514	6,895
Amortization of deferred finance charge	1,300	3,894	5,194
Changes in assets and liabilities:			
Prepaid license fee	(100,000)	100,000	—
Prepaid expenses	—	(32,998)	(32,998)
Due to parent	116,383	(53,328)	63,055
Accounts payable	8,995	193,196	202,191
Accrued expenses	79,250	699,423	778,673
Total Cash Used in Operating Activities	(334,839)	(1,776,865)	(2,111,704)
Cash Flows from Investing Activities			
Purchase of equipment	—	(55,149)	(55,149)
Total Cash Used in Investing Activities	—	(55,149)	(55,149)
Cash Flows from Financing Activities			
Proceeds from issuance of redeemable convertible preferred stock, net	—	6,658,241	6,658,241
Proceeds from issuance of redeemable convertible notes payable, net	519,806	300,000	819,806
Deferred offering costs	—	(1,029,896)	(1,029,896)
Proceeds from issuance of common stock to parent	400	—	400
Total Cash Provided by Financing Activities	520,206	5,928,345	6,448,551
Net increase in cash and cash equivalents	185,367	4,096,331	4,281,698
Cash and cash equivalents, beginning of period	—	185,367	—
Cash and cash equivalents, end of period	$ 185,367	$ 4,281,698	$ 4,281,698
Supplemental Schedule of Non-Cash Financing and Investing Activities			
Equipment recorded in connection with license agreement	—	$ 817,374	$ 817,374
Notes payable converted into common stock	—	$ 525,000	$ 525,000
Accretion of redeemable convertible preferred stock	—	$ 285,009	$ 285,009

The accompanying notes are an integral part of these financial statements

Jaguar Animal Health, Inc.
(A Development Stage Company)

Notes to Financial Statements

1. Organization and Business

Jaguar Animal Health, Inc. ("Jaguar" or the "Company") was incorporated on June 6, 2013 (inception) in Delaware. The Company, a majority-owned subsidiary of Napo Pharmaceuticals, Inc. ("Napo" or the "Parent"), was formed to develop and commercialize gastrointestinal products for companion and production animals. The Company is an animal health company in the development-stage whose activities since inception have consisted principally of raising capital, recruiting management, and performing research and development. All losses accumulated since inception are considered part of the Company's development-stage activities. The Company operates in one segment and is headquartered in San Francisco, California.

The following series of transactions between Jaguar and Napo were executed in order to separate the Company's business from Napo:

On June 11, 2013, Jaguar issued 4,000,000 shares of common stock to Napo in exchange for cash and services. On July 1, 2013, Jaguar entered into an employee leasing and overhead agreement (the "Service Agreement") with Napo, under which Napo agreed to provide the Company with the services of certain Napo employees for research and development and the general administrative functions of the Company. On January 27, 2014, Jaguar executed an intellectual property license agreement with Napo pursuant to which Napo transferred fixed assets and development materials, and licensed intellectual property and technology to Jaguar. On February 28, 2014, the Service Agreement terminated and the associated employees became employees of Jaguar effective March 1, 2014. Included in the statement of comprehensive loss from the period of June 6, 2013 (inception) through June 30, 2014 (unaudited) are general and administrative expense of $459,432 and research and development expense of $115,056 that were charged to Jaguar by Napo for the services of certain employees and overhead allocations. See Note 8 for additional information regarding the capital contributions and Notes 3 and 4 for the Service Agreement and license agreement details, respectively.

Liquidity

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred recurring operating losses since inception and has an accumulated deficit of $4,711,437 as of June 30, 2014 (unaudited). The Company expects to incur substantial losses in future periods. Further, the Company's future operations are dependent on the success of the Company's ongoing development and commercialization efforts. There is no assurance that profitable operations, if ever achieved, could be sustained on a continuing basis.

The Company plans to finance its operations and capital funding needs through equity and/or debt financing as well as revenue from future product sales. However, there can be no assurance that additional funding will be available to the Company on acceptable terms on a timely basis, if at all, or that the Company will generate sufficient cash from operations to adequately fund operating needs or ultimately achieve profitability. If the Company is unable to obtain an adequate level of financing needed for the long-term development and commercialization of its products, the Company will need to curtail planned activities and reduce costs. Doing so will likely have an adverse effect on the Company's ability to execute on its business plan. These matters raise substantial doubt about the ability of the Company to continue in existence as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Jaguar Animal Health, Inc.
(A Development Stage Company)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make judgments, assumptions and estimates that affect the amounts reported in its financial statements and the accompanying notes. Actual results could differ materially from those estimates.

Unaudited Interim Financial Information

The accompanying balance sheet at June 30, 2014, statements of comprehensive loss, changes in common stock, convertible preferred stock and stockholders' (deficit) and cash flows for the six months ended June 30, 2014 and the cumulative period from June 6, 2013 (inception) through June 30, 2014, are unaudited. The interim unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of June 30, 2014 and the results of its operations and its cash flows for the six months ended June 30, 2014 and the cumulative period from June 6, 2013 (inception) through June 30, 2014. The financial data and other information disclosed in these notes related to the six months ended June 30, 2014 and the cumulative period from June 6, 2013 (inception) through June 30, 2014 are unaudited. The results for the six months ended June 30, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014, any other interim periods, or any future year or period.

Unaudited Pro Forma Information

The Company is confidentially submitting a registration statement on Form S-1 with the U.S. Securities and Exchange Commission in connection with a proposed initial public offering ("IPO") of its common stock. If the IPO is consummated, the Company's outstanding convertible preferred stock will convert into shares of common stock of the Company on a one-for-one basis. The accompanying unaudited pro forma balance sheet as of June 30, 2014, statements of comprehensive loss for the six months ended June 30, 2014 and statements of comprehensive loss for the period from June 6, 2013 (inception) through December 31, 2013 have been prepared to give effect to the conversion of all outstanding shares of the Company's redeemable convertible preferred stock into 3,015,902 shares of the Company's common stock, as if such conversion had occurred at the beginning of the period, or the issuance date if later, and the reclassification of the redeemable convertible preferred stock to common stock and additional paid-in capital upon the closing of the IPO.

Deferred Offering Costs

Deferred offering costs, consisting of legal, accounting and filing fees related to the Company's proposed IPO are capitalized. The deferred offering costs will be offset against IPO proceeds upon the effectiveness of the offering. In the event the offering is terminated, deferred offering costs will be expensed.

Jaguar Animal Health, Inc.
(A Development Stage Company)

Notes to Financial Statements (continued)

Concentration of Credit Risk and Cash and Cash Equivalents

The financial instrument that potentially subjects the Company to a concentration of credit risk is cash and cash equivalents that are held at a financial institution of high credit standing. The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Cash is generally in excess of FDIC insurance limits. Therefore, the Company is exposed to credit risk in the event that the balances exceed FDIC insurance limits. The carrying value of cash and cash equivalents approximates estimated market value at December 31, 2013 and June 30, 2014 (unaudited).

Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable, is used to measure fair value:

Level 1: Valuations for assets and liabilities traded in active markets from readily available pricing sources such as quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts payable, accrued expenses and amounts due to parent, approximate fair value due to the short maturities of these financial instruments.

As of December 31, 2013 and June 30, 2014 (unaudited), the Company does not have any financial assets or liabilities that are measured at fair value on a recurring basis.

Property and Equipment

Equipment is stated at cost, less accumulated depreciation. Equipment begins to be depreciated when it is placed into service. Depreciation will be calculated using the straight-line method over the estimated useful lives of 3 to 10 years.

Expenditures for repairs and maintenance of assets are charged to expense as incurred. Costs of major additions and betterments are capitalized and depreciated on a straight-line basis over their useful lives. Upon retirement or sale, the cost and related accumulated depreciation of assets disposed of are removed from the accounts and any resulting gain or loss is included in income (loss) from operations.

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Notes to Financial Statements (continued)

Long-Lived Assets

The Company regularly reviews the carrying value and estimated lives of all of its long-lived assets, including property and equipment to determine whether indicators of impairment may exist that warrant adjustments to carrying values or estimated useful lives. The determinants used for this evaluation include management's estimate of the asset's ability to generate positive income from operations and positive cash flow in future periods as well as the strategic significance of the assets to the Company's business objectives.

Should an impairment exist, the impairment loss would be measured based on the excess of the carrying amount over the asset's fair value. The Company has not recognized any impairment losses through December 31, 2013.

Research and Development Expense

Research and development expense consists of expenses incurred in performing research and development activities including related salaries, clinical trial and related drug and non-drug product costs, contract services and other outside service expenses. Research and development expense is charged to operating expense in the period incurred.

Stock-Based Compensation

The Company's equity incentive plan (see Note 10) provides for the grant of stock options, restricted stock and restricted stock unit awards.

The Company measures stock awards granted to employees and directors at fair value on the date of grant and recognizes the corresponding compensation expense of the awards, net of estimated forfeitures, over the requisite service periods, which correspond to the vesting periods of the awards. Generally, the Company issues stock awards with only service-based vesting conditions, and records compensation expense for these awards using the straight-line method.

The Company values its shares of common stock by taking into consideration its most recently available valuation of common stock performed by management and the board of directors, as well as additional factors that may have changed since the date of the most recent contemporaneous valuations through the date of grant.

In the absence of a valuation, the fair value of the Company's common stock underlying stock awards is determined by its board of directors, with assistance from management, based upon information available at the time of grant. Given the absence of a public trading market for its common stock, and in accordance with the "American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation," the Company's board of directors exercises its reasonable judgment and considers numerous objective and subjective factors to determine the best estimate of the fair value of its common stock at each grant date.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements or in the Company's tax returns. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

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Notes to Financial Statements (continued)

Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

The Company accounts for uncertainty in income taxes recognized in the financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate, as well as the related net interest and penalties.

Comprehensive Loss

Comprehensive loss is defined as changes in stockholders' (deficit) exclusive of transactions with owners (such as capital contributions and distributions). For the period from June 6, 2013 (inception) through December 31, 2013, the six months ended June 30, 2014 (unaudited), and the cumulative period from June 6, 2013 (inception) through June 30, 2014 (unaudited), there was no difference between net loss and comprehensive loss.

Segment Data

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company is a development stage animal health company focused on developing and commercializing prescription and non-prescription products for companion and production animals.

Basic and Diluted Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders for the period by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders for the period by the weighted-average number of common shares, including potential dilutive shares of common stock assuming the dilutive effect of potential dilutive securities. For periods in which the Company reports a net loss, diluted net loss per common share is the same as basic net loss per common share, because their impact would be anti-dilutive to the calculation of net loss per common share. Diluted net loss per common share is the same as basic net loss per common share for the period from June 6, 2013 (inception) through December 31, 2013 and the six months ended June 30, 2014 (unaudited).

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Notes to Financial Statements (continued)

Revenue Recognition

The Company is a development-stage enterprise and has not generated any revenue since inception.

Recent Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board ("FASB") issued authoritative guidance which eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company did not implement early adoption of this standard. The adoption of this guidance will have no impact on the Company's financial condition, results of operations or cash flows.

In June 2014, the FASB issued authoritative guidance which requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. This guidance will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2015. The Company will implement this guidance for all interim and annual periods beginning after December 15, 2015. The adoption of this guidance is not expected to have an impact on the Company's financial condition, results of operations or cash flows.

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers." The objective of ASU 2014-19 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for annual reporting periods beginning after December 15, 2016 and allows for prospective or retrospective application. The Company is evaluating and does not believe this pronouncement will have a material effect on its financial statements.

3. Employee Leasing and Overhead Allocation Agreement

Effective July 1, 2013, the Company entered into an employee leasing and overhead allocation agreement (the "Service Agreement") with its parent, Napo. The term of the Service Agreement was from July 1, 2013 through February 28, 2014. In connection with the Service Agreement, Napo

provided the Company with the services of Napo employees. The Service Agreement also stipulated that Jaguar would pay for a portion of Napo's overhead costs. The Company agreed to pay Napo $71,811 per month (consisting of $38,938 for executive compensation, $26,873 for employee services, and $6,000 for overhead costs) for the months from July 2013 through February 2014 as follows: (1) for the period from July 2013 through November 2013, in 4,000,000 shares of common stock and (2) for the period from December 2013 through February 2014, in cash. Included in due to parent on the accompanying balance sheet at December 31, 2013 is $71,811 related to the amount due for December 2013. Commencing March 1, 2014, certain Napo employees became employees of the Company and all overhead costs related to the animal health business will be paid by the Company.

General and administrative expense recognized under the Service Agreement was $344,574 and $114,858 for the period from June 6, 2013 (inception) through December 31, 2013 and the six months ended June 30, 2014 (unaudited), respectively.

Research and development expense recognized under the Service Agreement was $86,292 and $28,764 for the period from June 6, 2013 (inception) through December 31, 2013 and the six months ended June 30, 2014 (unaudited), respectively.

4. License Agreement

On July 11, 2013, Jaguar entered into an option to license Napo's intellectual property and technology (the "Option Agreement"). Under the Option Agreement, upon the payment of $100,000 in July 2013, the Company obtained an option for a period of two years to execute an exclusive worldwide license to Napo's intellectual property and technology to use for the Company's animal health business. The option price is creditable against future license fees to be paid to Napo under the License Agreement (as defined below). As such, $100,000 is included on the balance sheet as a prepaid license fee at December 31, 2013.

In January 2014, the Company exercised its option and entered into a license agreement (the "License Agreement") with Napo for an exclusive worldwide license to Napo's intellectual property and technology to permit the Company to develop, formulate, manufacture, market, use, offer for sale, sell, import, export, commercialize and distribute products for veterinary treatment uses and indications for all species of animals. The Company is obligated to pay a one-time non-refundable license fee of $2,000,000, less the option fee of $100,000. At the Company's option, the license fee can be paid in common stock. This license fee will be payable to Napo when the Company's cumulative net sales exceed $2,000,000. Milestone payments may also be due to Napo aggregating $3,150,000 based on regulatory approvals of various veterinary products. In addition to the milestone payments, the Company will owe Napo an 8% royalty on annual net sales of products derived from *Croton lechleri*, up to $30,000,000 and then, a royalty of 10% on annual net sales of $30,000,000 or more. Additionally, if any other products are developed, the Company will owe Napo a 2% royalty on annual net sales of pharmaceutical prescription products that are not derived from *Croton lechleri* and a 1% royalty on annual net sales of nonprescription products that are not derived from *Croton lechleri*. The royalty term expires at the longer of 10 years from the first sale of each individual product or when there is no longer a valid patent claim covering any of the products and a competitive product has entered the market. However, in the event of an IPO of at least $10,000,000 prior to December 31, 2015, the royalty shall be reduced to 2% of annual net sales of its prescription products derived from *Croton lechleri* and 1% of net sales of its nonprescription products derived from *Croton lechleri* and no milestone payment will be due and no royalties will be owed on any additional products developed.

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Notes to Financial Statements (continued)

In addition to receiving a License Agreement to Napo's intellectual property and technology, the License also transferred to the Company certain materials and equipment. Materials transferred from Napo have been included in research and development expense on the statements of comprehensive loss. Equipment of $817,374 related to the License is included on the balance sheet at June 30, 2014 (unaudited) at the cost paid by Napo, which approximates fair value. As of June 30, 2014, the equipment has not been placed into service. The Company will begin depreciating the equipment on a straight-line basis over its estimated life of 10 years at the time it is placed into service.

Jaguar has agreed under the License Agreement to defend, indemnify and hold Napo, its affiliates, and the officers, directors, employees, consultants and contractors of Napo harmless from and against any losses, costs, damages, liabilities, fees and expenses arising out of any third-party claim related to Jaguar's gross negligence, breach of covenants or the manufacture, sale or use of the product or products.

5. Accrued Expenses

Accrued expenses at December 31, 2013 and June 30, 2014 (unaudited) consist of the following:

	December 31, 2013	June 30, 2014 (unaudited)
Accrued legal costs	$ —	$ 542,376
Accrued printing costs	—	125,000
Due to veterinary school of medicine	$ 45,000	—
Accrued consulting fees	17,683	18,000
Accrued interest	15,671	740
Accrued vacation	—	64,725
Other	896	27,832
	$ 79,250	$ 778,673

6. Commitments and Contingencies

In 2013, a veterinary school of medicine began a field study for the Company. The Company agreed to make payments to the school totaling $190,000. The total expense for the period from June 6, 2013 (inception) to December 31, 2013 was $145,000 and for the six months ended June 30, 2014 was $45,000 (unaudited).

Since March 1, 2014, the date the Service Agreement terminated, the Company paid Napo $33,897 (unaudited) for rent related to the office space utilized by the Company for the months of March, April and May, 2014. Effective on June 1, 2014, the Company assumed the existing sublease from Napo. The term of the sublease is from June 1, 2014 through June 30, 2015 (unaudited).

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Notes to Financial Statements (continued)

Effective June 26, 2014 the Company entered into a technology transfer and commercial manufacturing agreement (the "Transfer Agreement") with a contract manufacturer in Italy (the "Manufacturer"), whereby the Company and the Manufacturer will cooperate to develop and refine the manufacturing process for the Company's prescription and non-prescription products. Pursuant to the Transfer Agreement, the Company will make prepayments to the Manufacturer as follows: (1) a start-up fee of €500,000, €250,000 of which is to be paid at the earlier to occur of September 15, 2014 or the closing date of an initial public offering and €250,000 of which is to be paid at the time of installation and qualification of the Company's equipment at their facility, (2) related to the technology transfer, €620,000, €310,000 of which is to be paid within five days of the signature of the Transfer Agreement and €310,000 of which is to be paid after the delivery of a final study report, and (3) for design of a portion of the Manufacturer's facility, €100,000 to be paid within five days of the signature of the Transfer Agreement. Additionally, the Transfer Agreement stipulates that the Company will pay the Manufacturer an aggregate of €500,000 upon the delivery of agreed-upon levels of satisfactory product. Further, the Company issued the Manufacturer warrants to purchase 25,000 shares of common stock with an exercise price of 90% of the initial public offering price.

7. Convertible Promissory Notes and Common Stock Warrants

From July through September 2013, the Company issued four convertible promissory notes (collectively the "Notes") for gross aggregate proceeds of $525,000 to various third-party lenders. The Notes bear interest at 8% per annum. The Notes automatically mature and the entire outstanding principal amount, together with accrued interest, are due and payable in cash at the earlier of July 8, 2015 (the "Maturity Date") or ten business days after the date of consummation of the initial closing of a first equity round of financing.

If the Company consummates a first equity round of financing prior to the Maturity Date with a pre-money valuation of greater than $3,000,000, principal and accrued interest may, at the option of each noteholder, be converted into shares of common stock at 75% of the purchase price paid by such equity investors. If the Company consummates a first equity round of financing prior to the Maturity Date with a pre-money valuation of $3,000,000 or less, principal and accrued interest may, at the option of each noteholder, be converted into shares of common stock at the same purchase price paid by such equity investors.

In connection with the Notes, the Company issued to the noteholders warrants which became exercisable to purchase an aggregate of 311,498 shares of common stock as of the issuance of the first equity round of financing (the "Warrants"). The Warrants are fully exercisable from the initial date of the first equity round of financing and have a five-year term subsequent to that date. If the Company consummates a first equity round of financing with a pre-money valuation of greater than $3,000,000, the exercise price of the Warrants is 75% of the purchase price paid by such equity investors. If the Company consummates a first equity round of financing with a pre-money valuation of $3,000,000 or less, the exercise price of the Warrants will be the same purchase price paid by such equity investors.

In February 2014, the Company closed its first equity round of financing and sold 2,224,991 shares of Series A convertible preferred stock at a price of $2.2472 per share. The pre-money valuation was in excess of $3,000,000 setting the exercise price of the Warrants at 75% of the purchase price paid by the investors, or $1.6854 per share. As such, the fair value of the Warrants, $6,895, was recorded as equity in February 2014. The Warrants were valued at $6,895 using the Black-Scholes model with the following assumptions: strike price of $0.18, exercise price of $1.6854, term of five years, volatility of 64%,

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Notes to Financial Statements (continued)

dividend yield of 0%, and risk-free interest rate of 1.82%. Based on the fair value of the Warrants, the Company deemed it appropriate to use the residual value of the total proceeds from the issuance of the Notes and Warrants to record the Notes on the balance sheet as of issuance of the Notes. Thus, the amount recorded, in the aggregate, for the Notes on issuance was $518,105, net. The debt discount of $6,895 is recorded as interest expense over the five-year term of the Warrants. Interest expense recorded from the period from June 6, 2013 (inception) through December 31, 2013 was $1,381. At December 31, 2013, the net amount of the Notes is $519,486.

In February 2014, in connection with the first equity round of financing and issuance of the Series A convertible preferred stock, the noteholders exercised their option to convert their Notes into 311,498 shares of common stock and accrued interest was paid in cash to the noteholders. As such, the Notes are classified as current on the accompanying balance sheet as of December 31, 2013. The accreted interest expense related to the discount on the Notes was $1,443 for the period from January 1, 2014 to the conversion date of the Notes. Upon conversion, the entire remaining debt discount of $4,071 was recorded as interest expense.

On June 2, 2014, pursuant to a convertible note purchase agreement, the Company issued convertible promissory notes in the aggregate principal amount of $300,000 to two accredited investors, including a convertible promissory note for $200,000 to the same board member to which Series A preferred stock was sold. These notes bear interest at 3% per annum and automatically mature on June 1, 2015. Accrued interest shall be paid in cash upon maturity. Upon the closing of an initial public offering, the outstanding principal amount shall automatically convert into common stock at 80% of the price in the initial public offering. If the Company has not consummated an initial public offering on or before June 1, 2015, then the principal then outstanding will automatically convert at 80% of the Company's next preferred stock financing. The Company has analyzed the beneficial nature of the conversion terms and determined that a beneficial conversion feature ("BCF") exists because the effective conversion price was less than the fair value at the time of the issuance. The Company calculated the value of the BCF using the intrinsic method. A BCF of $75,000 has been recorded as a discount to the notes payable and to additional paid-in capital. For the six months ended June 30, 2014 (unaudited), the Company has amortized $6,250 of the beneficial conversion feature which has also been recorded as interest expense.

In connection with the Transfer Agreement (Note 6) the Company issued fully vested and immediately exercisable warrants to the Manufacturer to purchase 25,000 shares of common stock at 90% of the IPO price, for a period of five years. The fair value of the warrants, $37,840, was recorded as research and development expense and additional paid-in capital in June 2014. The warrants were valued using the Black-Scholes model with the following assumptions: stock price of $3.22, exercise price of $2.90, term of five years, volatility of 49%, dividend yield of 0%, and risk-free interest rate of 1.64%.

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Notes to Financial Statements (continued)

8. Redeemable Convertible Preferred Stock

The following is a summary of the Company's Series A redeemable convertible preferred stock at June 30, 2014 (unaudited):

Preferred shares authorized	3,017,488
Issuance dates	February, April and May 2014
Preferred shares issued and outstanding	3,015,902
Redemption value/liquidation preference	$9,020,637/$6,777,338
Carrying value	$6,943,250

The differences between the respective redemption values/liquidation preference and carrying values are being accreted over the period from the date of issuance to the earliest possible redemption date, February 2017.

Costs incurred in connection with the issuance of Series A redeemable convertible preferred stock (the "Preferred Stock") during the six months ended June 30, 2014 (unaudited) were $119,097 which have been recorded as a reduction to the carrying amounts of Preferred Stock and are being accreted to the carrying value of the applicable preferred stock to the redemption date.

The rights, preferences, and privileges of the Preferred Stock are as follows:

Voting—Except as provided by law, the holders of the Preferred Stock vote together and not as a separate class. On any matter presented to the stockholders of the Company for their action, each holder of outstanding shares of Preferred Stock is entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of Preferred Stock held by such holder could be converted as of the record date. The holders of Preferred Stock shall be entitled to vote on all matters on which the common stock shall be entitled to vote. Holders of Preferred Stock shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company. Fractional votes shall not, however, be permitted and any fractional voting rights shall be disregarded.

Dividends—The holders of Preferred Stock are entitled to receive cumulative dividends at an annual rate of 8% of the Preferred Stock original issue price of $2.2472 per share, which dividends accrue daily in arrears, whether or not such dividends are declared by the Company's board of directors (the "Accruing Dividends"). The dividends are only payable when declared by the board of directors, out of any funds legally available. No such dividends have been declared or paid through June 30, 2014 (unaudited). Dividends in arrears as of June 30, 2014 totaled $166,936 (unaudited).

Liquidation Rights—In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, either voluntary or involuntary, the holders of Preferred Stock then outstanding shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of common stock by reason of their ownership of such stock, an amount equal to $2.2472 per share of Preferred Stock, plus any declared but unpaid dividends. If, upon liquidation, dissolution or winding up of the Company, the assets of the corporation legally available for distribution to the holders of the Preferred Stock are insufficient to permit the payment in full of the liquidation preference above, then the entire assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among the holders of Preferred Stock in proportion to the full amounts they would otherwise be entitled to receive.

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After the payment or setting aside for payment to the holders of Preferred Stock of the full amounts of the liquidation preferences, the entire remaining assets of the Company legally available for distribution after satisfaction of the liquidation preferences of the Preferred Stock shall be distributed to the holders of Preferred Stock and common stock, pro rata based upon the number of shares held by each such holder.

Conversion—Each share of Preferred Stock is convertible into shares of common stock a conversion price initially equal to $2.2472 per share and is subject to adjustment as set forth in the Company's certificate of incorporation, as amended and restated. At June 30, 2014 (unaudited) the shares of Preferred Stock were convertible into shares of common stock on a 1-for-1 basis. The shares of Preferred Stock are convertible into shares of common stock, at the option of the holder, at any time after the date of issuance. Further, upon the closing of an IPO (1) within six months of the initial Preferred Stock closing at a price per share at least three times the original issue price or (2) after six months at a price per share at least five times the original issue price, and which in both (1) and (2) results in at least $25,000,000 of gross proceeds to the Company, all outstanding shares of Preferred Stock shall automatically convert into shares of common stock. Each share of Preferred Stock is convertible into shares of common stock at the applicable conversion rate then in effect at the time of conversion, which is calculated by dividing the original issue price by the respective conversion price. Any shares of Preferred Stock that are converted into common stock will be canceled and cannot be reissued by the Company.

Redemption—Upon certain change in control events that are outside the Company's control, including liquidation, sale or transfer of control of the Company, the holders of the Preferred Stock can cause its redemption. If the Company fails to complete an initial public offering of its common stock by February 2017, the holders of a majority of the shares of the Preferred Stock may thereafter request redemption at a price equal to the Preferred Stock original issue price per share, plus, in lieu of any Accruing Dividends, 10% percent of the Preferred Stock original issue price per share for each 12 month period after the date of the initial closing, on a compounded basis, commencing not more than 60 days after receipt by the Company of the written notice requesting redemption. The Company has recorded cumulative deemed dividends for the preferred return of $269,237 as of June 30, 2014 (unaudited).

The Preferred Stock has been classified outside of stockholders' (deficit) in accordance with authoritative guidance for the classification and measurement of potentially redeemable securities.

9. Common Stock

The Company's certificate of incorporation, as amended and restated, authorizes the Company to issue 10,000,000 shares of common stock $0.0001 par value.

The holders of common stock are entitled to one vote for each share of common stock held at all meetings of stockholders. The number of authorized shares of common stock may be increased or decreased by the affirmative vote of the holders of shares of capital stock of the Company representing a majority of the votes represented by all shares (including Preferred Stock) entitled to vote.

In June 2013, the Company issued 4,000,000 shares of common stock to its parent, Napo, for total cash consideration of $400 and services to be performed by the parent from July 1, 2013 through November 30, 2013 (see Note 3).

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Notes to Financial Statements (continued)

In February 2014, holders of certain convertible promissory notes exercised their option to convert the notes into 311,498 shares of the Company's common stock (see Note 7).

10. Stock-Based Awards (Unaudited)

2013 Equity Incentive Plan

Effective November 1, 2013, the Company's board of directors and sole stockholder adopted the Jaguar Animal Health, Inc. 2013 Equity Incentive Plan (the "2013 Plan"). The 2013 Plan allows the Company's board of directors to grant stock options, restricted stock awards and restricted stock unit awards to employees, officers, directors and consultants of the Company. As of December 31, 2013, the Company had reserved 450,000 shares of its common stock for issuance under the 2013 Plan. In April 2014, the board of directors amended the 2013 Plan to increase the shares reserved for issuance to 1,171,177 shares. As of December 31, 2013 no stock awards have been granted under the 2013 Plan.

Stock Options

During the six months ended June 30, 2014, the Company granted stock options for the purchase of 1,129,673 shares of common stock to employees and a director. The vesting conditions of these awards are time-based, and the awards all vest 25% after 9 months and monthly thereafter for the next 27 months. Awards expire after 10 years.

The Company grants stock options with exercise prices equal to the fair value of its common stock as of the date of grant. The process of estimating the fair value of stock awards and recognizing stock-based compensation cost over their requisite service period involves significant assumptions and judgments. The Company estimates the fair value of stock option awards on the date of grant using the Black-Scholes option-valuation model for the remaining awards, which requires it to use certain assumptions regarding: (i) the expected volatility in the market price of its common stock; (ii) dividend yield; (iii) risk-free interest rates; and (iv) the period of time employees are expected to hold the award prior to exercise (referred to as the expected holding period). As a result, if the Company revises its assumptions and estimates, stock compensation expense could change materially for future grants. The Company classifies stock compensation expense in the statement of comprehensive loss in the same manner in which the recipient's payroll costs are classified.

The relevant data used to determine the weighted-average value of $1.03 of the stock option grants is as follows, presented on a weighted average basis:

	Six Months Ended June 30, 2014
Risk free interest rate	2%
Expected term (in years)	5.81
Expected volatility	63%
Expected dividend yield	0%

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The following table summarizes stock option activity for the six months ended June 30, 2014:

	Shares issuable under options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding as of December 31, 2013	—	$ —	
Granted	1,129,673	1.77	
Outstanding as of June 30, 2014	1,129,673	1.77	9.8
Options expected to vest as of June 30, 2014	1,129,673	1.77	9.8
Options exercisable as of June 30, 2014	—		

Restricted Stock Units

The Company's 2013 Plan provides for the award of restricted stock units ("RSUs") with time-based and liquidity-event based vesting. Unvested RSUs may not be sold or transferred by the holder. These restrictions lapse according to the vesting.

During the six months ended June 30, 2014, the Company granted 118,953 RSUs. These shares vest upon the occurrence of both a liquidity event and satisfaction of the service-based requirement. The time-based vesting provides that 50% of the RSU will vest on January 1, 2016 and the remaining 50% will vest on July 1, 2017. Because the liquidity condition is not met until the occurrence of a qualifying liquidity event (an IPO or change of control), the Company have not recorded any expense to date relating to the RSU grants. In connection with the IPO, the Company will begin recording stock compensation expense based on the grant date fair value of the RSUs using the straight-line method, net of estimated forfeitures. If the IPO had occurred on June 30, 2014, the Company would have recorded $10,640 of stock-based compensation expense on that date related to RSUs and would have had an additional $372,389 in unamortized stock-based compensation expense related to RSUs.

The Company did not issue any RSUs prior to December 31, 2013.

Stock-Based Compensation

The Company recognizes compensation expense for only the portion of the awards that are expected to vest. The Company recorded stock-based compensation expense related to stock options of $58,051 and $32,901 to general and administrative expense and research and development expense, respectively.

As of June 30, 2014, the Company had $1,072,953 of unrecognized stock-based compensation expense for options outstanding, which is expected to be recognized over a weighted average period of 2.8 years.

11. Related Party Transactions

The Company is a majority-owned subsidiary of Napo. The Company has total outstanding liabilities to Napo in the amount of $116,383 as of December 31, 2013 and $63,055 as of June 30, 2014

Jaguar Animal Health, Inc.
(A Development Stage Company)

Notes to Financial Statements (continued)

(unaudited). Additionally, Lisa A. Conte, Chief Executive Officer of the Company, is also the interim Chief Executive Officer of Napo Pharmaceuticals, Inc.

A member of the board of directors of the Company purchased 222,499 shares of the Company's preferred stock during the six months ended June 30, 2014 (unaudited). The Company also issued a convertible promissory note for $200,000 to the same board member to whom the preferred stock was sold.

12. Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of common shares and common share equivalents outstanding for the period. Common stock equivalents are only included when their effect is dilutive. The Company's potentially dilutive securities which include convertible preferred stock and warrants have been excluded from the computation of diluted net loss per share as they would be anti-dilutive. For all periods presented, there is no difference in the number of shares used to compute basic and diluted shares outstanding due to the Company's net loss position.

The following table sets forth the outstanding potentially dilutive securities that have been excluded in the calculation of diluted net loss per shares.

	June 30, 2014 (unaudited)
Convertible preferred stock	3,015,902
Warrants to purchase common stock	336,498
Total	3,352,400

Unaudited Pro Forma Net Loss Per Share

The following table summarizes the unaudited pro forma net loss per share attributable to common stockholders:

	June 30, 2014 (unaudited)
Numerator:	
Net loss attributable to common stockholders	$ (4,195,243)
Denominator:	
Weighted-average common shares outstanding basic and diluted	4,250,929
Pro forma adjustments to reflect assumed conversion of preferred stock	2,053,532
Shares used to compute pro forma net loss per share, basic and diluted	6,304,461
Pro forma basic and diluted net loss per share attributable to common stockholders	$ (0.67)

As of December 31, 2013, there were 4,000,000 shares of common stock outstanding, therefore the pro forma net loss per share, basic and diluted, for the period from June 6, 2013 (inception) through December 31, 2013 is $0.20 per share, and is equal to the net loss per share, basic and diluted, for the period from June 6, 2013 (inception) through December 31, 2013.

Jaguar Animal Health, Inc.
(A Development Stage Company)

Notes to Financial Statements (continued)

13. Income Taxes

The Company has not recorded a provision for income taxes in the statement of comprehensive loss for the period from June 6, 2013 (inception) through December 31, 2013. The Company had a net comprehensive loss for the period from June 6, 2013 (inception) through December 31, 2013, of $801,203.

Due to continued losses for the six months ended June 30, 2014 (unaudited), and a full valuation allowance, the Company has not recorded a provision for income taxes for the six months ended June 30, 2014 (unaudited).

The components of the provision for income taxes for the period from June 6, 2013 (inception) through December 31, 2013 are as follows:

	December 31, 2013
Current:	
Federal	$ —
State	$ —
Foreign	$ —
Total current	$ —
Deferred:	
Federal	$ (273,843)
State	$ (48,002)
Foreign	$ —
Total deferred	$ (321,845)
Less: valuation allowance	$ 321,845
Total provision for income taxes	$ —

The Company's effective tax rate for the period from June 6, 2013 (inception) through December 31, 2013, differed from the federal statutory rate as follows:

	December 31, 2013
Statutory rate	(34.0)%
State taxes	(6.0)%
Tax credits	(0.7)%
Non-deductible interest expense	0.7%
Valuation allowance	40.0%
Effective tax rate	0.0%

Jaguar Animal Health, Inc.
(A Development Stage Company)

Notes to Financial Statements (continued)

Net deferred tax assets as of December 31, 2013 consists of the following:

	December 31, 2013
Non-current deferred tax assets:	
Net operating losses	$ 314,089
Tax credits	7,756
	321,845
Valuation allowance	(321,845)
Net non-current deferred tax assets	$ —

A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company has established a valuation allowance to offset net deferred tax assets as of December 31, 2013, due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets.

As of December 31, 2013, the Company had federal and California net operating loss carryovers of $788,486 and $788,486, respectively. The federal and California net operating losses will expire in 2033.

As of December 31, 2013, the Company had federal and California research credit carryovers of $5,758 and $3,028, respectively. The federal research credits will begin to expire in 2033. The California research credits carry forward indefinitely.

The Tax Reform Act of 1986, as amended, limits the use of net operating loss and tax credit carryforward in certain situations where changes occur in the stock ownership of a company. In the event the Company has a change in ownership in the future, as defined by the tax law, utilization of the carryforwards could be limited.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits in 2013 is as follows:

	December 31, 2013
Beginning balance	$ —
Change for tax positions	—
Ending balance	$ —

There are no liabilities from unrecognized tax benefits included in the Company's balance sheet as of December 31, 2013, and therefore the Company has not incurred any penalties or interest.

The Company files income tax returns in the United States and California, where the statute of limitations are 3 years and 4 years, respectively. The Company remains open for audit by the United States Internal Revenue Service and California state tax jurisdictions since inception. The Company is not currently under examination by income tax authorities in federal or state jurisdictions.

Jaguar Animal Health, Inc.
(A Development Stage Company)

Notes to Financial Statements (continued)

14. Subsequent Events

The Company completed an evaluation of the impact of subsequent events through August 11, 2014, the date these financial statements were issued. The following capital transaction has occurred. The effect of this transaction has not been included in the financial statements.

On July 16, 2014, pursuant to a convertible note purchase agreement, the Company issued a convertible promissory note in the principal amount of $150,000 to an accredited investor. This note bears an annual interest rate of 3%. Upon the closing of an IPO, these notes will convert into shares of common stock at a conversion rate equal to 80% of the IPO price per share.

In July 2014, the Company adopted the Jaguar Animal Health, Inc. 2014 Stock Incentive Plan ("2014 Plan"). The 2014 Plan provides for the grant of incentive stock options to eligible employees, and for the grant of nonstatutory stock options, restricted stock, and RSUs to eligible employees, directors and consultants. The Company has reserved 500,000 shares of common stock for issuance pursuant to the 2014 Plan.

Shares

Common Stock

BMO Capital Markets **Guggenheim Securities**

Roth Capital Partners

The date of this prospectus is , 2014.

Part II—INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth an itemized statement of the expenses (excluding underwriting discounts and commissions) that are payable by us in connection with the registration, offer and sale of the common stock described in this registration statement. With the exception of the SEC registration fee, the FINRA filing fee and The NASDAQ Capital Market listing fee, the amounts set forth below are estimates.

	Amount to be Paid
SEC registration fee	*
FINRA filing fee	*
NASDAQ Capital Market listing fee	*
Accounting fees and expenses	*
Legal fees and expenses	*
Printing and related expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

* To be filed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 102(b)(7) of the DGCL authorizes a corporation in its certificate of incorporation to eliminate or limit personal liability of directors of the corporation for violations of the directors' fiduciary duty of care. However, directors remain liable for breaches of duties of loyalty, failing to act in good faith, engaging in intentional misconduct, knowingly violating a law, paying a dividend or approving a stock repurchase which was illegal under DGCL Section 174 or obtaining an improper personal benefit. In addition, equitable remedies for breach of fiduciary duty of care, such as injunction or recession, are available.

Our current certificate of incorporation eliminates the personal liability of the members of our board of directors to the fullest extent permitted by the DGCL. Any repeal or modification of that provision by the stockholders of the corporation will not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

Section 145 of the DGCL provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the

case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our current bylaws provide for indemnification of our officers and directors to the fullest extent permitted by the DGCL.

We have entered into indemnification agreements with each of our directors, and intend to enter into such agreements with each of our officers prior to this offering, pursuant to which we agreed, to the maximum extent permitted by applicable law and subject to the specified terms and conditions set forth in each agreement, to indemnify a director or officer who acts on our behalf and is made or threatened to be made a party to any action or proceeding against expenses, judgments, fines and amounts paid in settlement that are incurred by such officer or director in connection with the action or proceeding. The indemnification provisions apply whether the action was instituted by a third party or by us.

We have purchased and maintain insurance on behalf of our officers and directors that provides coverage for expenses and liabilities incurred by them in their capacities as officers and directors.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act against certain liabilities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since June 6, 2013 (inception), we have issued and sold the following securities without registration under the Securities Act:

(1) In June 2013, pursuant to a founder stock purchase agreement, we issued 4,000,000 shares of common stock to Napo Pharmaceuticals, Inc. for $400.

(2) From July through September 2013, pursuant to a note and warrant purchase agreement dated July 8, 2013, we issued convertible promissory notes in the aggregate principal amount of $525,000 and warrants to purchase 311,498 shares of common stock at an exercise price of $1.6854 per share, which warrants expire February 5, 2019, to four accredited investors. On February 4, 2014, these noteholders converted the notes in full for an aggregate of 311,498 shares of common stock.

(3) In February 2014, we issued an aggregate of 2,224,991 shares of Series A preferred stock for aggregate gross proceeds of $5,000,000 to Kunlun Pharmaceuticals, Ltd., an accredited investor.

(4) In April 2014, we granted stock options to purchase 1,070,557 shares of common stock under our 2013 Equity Incentive Plan, with an exercise price of $1.69 per share to our executive officers and employees.

(5) In April 2014, we issued 585,321 shares of Series A preferred stock for aggregate gross proceeds of $1,315,337, to six accredited investors.

(6) In May 2014, we issued an aggregate of 205,590 shares of Series A preferred stock for aggregate gross proceeds of $462,002, to two accredited investors.

(7) In June 2014, we granted stock options to purchase 59,116 shares of common stock under our 2013 Equity Incentive Plan, which options have an exercise price of $3.22 per share to a member of our board of directors.

(8) In June 2014, we granted 118,953 restricted stock unit awards under our 2013 Equity Incentive Plan to our executive officers and employees.

(9) In June 2014, pursuant to a convertible note purchase agreement dated June 2, 2014, we issued convertible promissory notes in the aggregate principal amount of $300,000, to two accredited investors.

(10) In June 2014, we issued a warrant to purchase 25,000 shares of common stock at an exercise price equal to 90% of the initial public offering price per share, to a contract manufacturer.

(11) In July 2014, pursuant to a convertible note purchase agreement dated June 2, 2014, we issued a convertible promissory note in the aggregate principal amount of $150,000, to an accredited investor.

The offers, sales, and issuances of the securities described in paragraphs (1) (2) (3) (5) (6) (9) (10) and (11) above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, Regulation D or Regulation S promulgated thereunder as transactions by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited or sophisticated person and had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraphs (4) (7) and (8) above were deemed to be exempt from registration under the Securities Act under Rule 701 promulgated under the Securities Act as offers and sale of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) *Exhibits.* The following exhibits are included herein or incorporated herein by reference.

Exhibit No.	Description
1.1**	Form of Underwriting Agreement.
3.1*	Amended and Restated Certificate of Incorporation, as amended and as currently in effect.
3.2*	First Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as currently in effect.
3.3**	Form of Second Amended and Restated Certificate of Incorporation, to be effective upon the closing of this offering.
3.4*	Bylaws as currently in effect.
3.5*	Form of Amended and Restated Bylaws, to be effective upon the closing of this offering.
4.1**	Specimen Common Stock Certificate of Jaguar Animal Health, Inc.
4.2*	Investor Rights Agreement by and between Jaguar Animal Health, Inc. and certain of its stockholders, dated February 5, 2014.
5.1**	Opinion of Reed Smith LLP.
10.1*	Form of Indemnification Agreement by and between Jaguar Animal Health, Inc. and its directors and officers.
10.2*	Jaguar Animal Health, Inc. 2013 Equity Incentive Plan.
10.3*	Form of Notice of Grant of Stock Option and Stock Option Agreement under the 2013 Equity Incentive Plan.
10.4*	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement under the 2013 Equity Incentive Plan.
10.5*	Jaguar Animal Health, Inc. 2014 Stock Incentive Plan.
10.6*	Form of Notice of Grant of Stock Option and Stock Option Agreement under the 2014 Stock Incentive Plan.
10.7*	Form of Notice of Grant of Restricted Stock and Restricted Stock Agreement under the 2014 Stock Incentive Plan.
10.8*	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement under the 2014 Stock Incentive Plan.
10.9*	Offer Letter by and between Jaguar Animal Health, Inc. and Lisa A. Conte, dated March 1, 2014.
10.10*	Offer Letter by and between Jaguar Animal Health, Inc. and Serge Martinod, D.V.M., Ph.D., dated January 28, 2014.
10.11*	Offer Letter by and between Jaguar Animal Health, Inc. and Steven R. King, Ph.D., dated February 28, 2014.
10.12*	Offer Letter by and between Jaguar Animal Health, Inc. and Charles O. Thompson, dated February 28, 2014.
10.13*	Amended and Restated License Agreement by and between Jaguar Animal Health, Inc. and Napo Pharmaceuticals, Inc., dated August 6, 2014.
10.14*	Employee Leasing and Overhead Allocation Agreement by and between Jaguar Animal Health, Inc. and Napo Pharmaceuticals, Inc., dated July 1, 2013.

Exhibit No.	Description
10.15*	Assignment of Sublease and Landlord Consent by and between Jaguar Animal Health, Inc. and Napo Pharmaceuticals, Inc., dated June 1, 2014.
10.16*	Form of Common Stock Warrant that expires February 5, 2019.
10.17*	Form of Common Stock Warrant issued to Indena S.p.A. that expires June 26, 2019.
10.18*	Form of Convertible Note Purchase Agreement dated as of June 2, 2014 by and between Jaguar Animal Health, Inc. and certain of its Investors.
10.19*	Form of Convertible Promissory Note.
23.1**	Consent of Independent Registered Public Accounting Firm.
23.2**	Consent of Reed Smith LLP (included in Exhibit 5.1).
24.1**	Power of Attorney (included on the signature page hereto).

* Filed herewith.

** To be filed by amendment.

(b) *Financial Statement Schedules.* See page F-1.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

The undersigned registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act, 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 registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC 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 registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant 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 registrant 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 of 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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of San Francisco, State of California, on , 2014.

JAGUAR ANIMAL HEALTH, INC.

By: _____

Name: Lisa A. Conte
Title: Chief Executive Officer and President

POWER OF ATTORNEY

We, the undersigned officers and Directors of Jaguar Animal Health, Inc., a Delaware corporation, hereby severally constitute and appoint Lisa A. Conte and/or Charles O. Thompson, our true and lawful attorney-in-fact and agents, with full power of substitution and resubstitution for her or him and in her or his name, place and stead, and in any and all capacities, to sign for us and in our names in the capacities indicated below any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or her or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
_____ Lisa A. Conte	Chief Executive Officer, President and Director (Principal Executive Officer)	, 2014
_____ Charles O. Thompson	Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	, 2014
_____ James J. Bochnowski	Chairman of the Board	, 2014
_____ Jiahao Qiu	Director	, 2014
_____ Zhi Yang, Ph.D.	Director	, 2014

Exhibit Index

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23.2**	Consent of Reed Smith LLP (included in Exhibit 5.1).
24.1**	Power of Attorney (included on the signature page hereto).

* Filed herewith.
** To be filed by amendment.

Exhibit 3.1

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
JAGUAR ANIMAL HEALTH, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Jaguar Animal Health, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Jaguar Animal Health, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on June 6, 2013 under the name Jaguar Animal Health, Inc.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is Jaguar Animal Health, Inc. (the "**Corporation**").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

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

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 10,000,000 shares of Common Stock, $0.0001 par value per share ("**Common Stock**") and (ii) 2,892,488 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, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). 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 (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

2,892,488 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated "**Series A Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends. From and after the date of the issuance of any shares of Series A Preferred Stock, dividends at the rate per annum of eight percent (8%) of the Series A Original Issue Price per share of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock) shall accrue (the "**Accruing Dividends**"). Accruing Dividends shall accrue from day to day, whether or not declared, and shall be cumulative; provided, however, that except as set forth in the following sentence of this Section 1, such Accruing Dividends shall be payable only when, as, and if declared by the Board of Directors and the Corporation shall be under no obligation to pay such Accruing Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Series A Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred Stock in an amount at least equal to the sum of (i) the amount of the aggregate Accruing Dividends then accrued on such share of Series A Preferred Stock and not previously paid and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series A Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series A Preferred Stock determined by

(1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series A Original Issue Price (as defined below); provided that if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series A Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series A Preferred Stock dividend. The "**Series A Original Issue Price**" shall mean $2.2472 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Series A Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to one (1) times the Series A Original Issue Price, plus any declared but unpaid dividends. If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series A Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Distribution of Remaining Assets. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Series A Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of the shares of Series A Preferred Stock and Common Stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to Common Stock pursuant to the terms of the Certificate of Incorporation immediately prior to such liquidation, dissolution or winding up of the Corporation. The aggregate amount which a holder of a share of Series A Preferred Stock is entitled to receive under Subsections 2.1 and 2.2 is hereinafter referred to as the "**Series A Liquidation Amount**."

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of a majority of the outstanding

shares of Series A Preferred Stock elect otherwise by written notice sent to the Corporation at least five (5) business days prior to the effective date of any such event:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation, or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(ii) or 2.3.1(b) consummated after the third anniversary date following the Initial Closing (as defined in the Series A Preferred Stock Purchase Agreement (the "**Purchase Agreement**")), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Series A Preferred Stock no later than the ninetieth (90^{th}) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Series A Preferred Stock, and (iii) if the holders of at least a majority of the then outstanding shares of Series A Preferred Stock so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the

consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the one hundred fiftieth (150th) day after such Deemed Liquidation Event, to redeem all outstanding shares of Series A Preferred Stock at a price per share equal to the Series A Liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Series A Preferred Stock, the Corporation shall ratably redeem each holder's shares of Series A Preferred Stock to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. The provisions of Section 6 shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Series A Preferred Stock pursuant to this Subsection 2.3.2(b). Prior to the distribution or redemption provided for in this Subsection 2.3.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.3.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

2.3.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.3.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.3.4, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Preferred Stock shall be entitled to cast the number of votes equal to the number of

whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Series A Preferred Stock shall vote together with the holders of Common Stock as a single class and irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

3.2 Election of Directors. The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect (x) one director of the Corporation so long as no less than 889,996 shares of Series A Preferred Stock have been issued and (y) two (2) directors of the Corporation in the aggregate so long as no less than 2,224,991 shares of Series A Preferred Stock have been issued (collectively, the "**Series A Directors**"), and the holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect the balance of the Directors of the Corporation authorized from time to time (which shall not exceed three (3) directors of the Corporation so long as and if the holders of Series A Preferred Stock have the right to elect two (2) Directors) (the "**Common Directors**"). Any director elected as provided in the first sentence of this Subsection 3.2 may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series A Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series A Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and of any other class or series of voting stock (including the Series A Preferred Stock), exclusively and voting together as a single class, shall be entitled to elect the balance, if any, of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2. The rights of the holders of the Series A Preferred Stock and the rights of the holders of the Common Stock under the first sentence of this Subsection 3.2 shall terminate on the first date following the Series A Original Issue Date (as defined below) on which there are issued and outstanding less than ten percent (10%) of the authorized shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination, or other similar recapitalization with respect to the Series A Preferred Stock).

3.3 Series A Preferred Stock Protective Provisions. So long as no less than ten percent (10%) of the authorized shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other

similar recapitalization with respect to the Series A Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, given in writing or by vote at a meeting, consenting

or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.3.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event which does not result in a price per share to the holders of Series A Preferred Stock of at least five (5) times the Series A Original Issue Price (as adjusted for any stock dividends, stock splits, combinations or other similar recapitalizations) (a "**Qualified Acquisition**"), or consent to any of the foregoing;

3.3.2 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series A Preferred Stock;

3.3.3 create, or authorize the creation of, or issue or obligate itself to issue shares of, or issue any other security convertible into or exercisable for, any additional class or series of capital stock having rights, preferences or privileges senior to or pari passu with the Series A Preferred Stock, or increase the authorized number of shares of Series A Preferred Stock;

3.3.4 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock as expressly authorized herein, and (ii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof, or (iii) as approved by the Board of Directors, including the approval of at least one (1) Series A Director;

3.3.5 create, or authorize the creation of, or issue, or authorize the issuance of any debt security, or permit any subsidiary to take any such action with respect to any debt security, unless such debt security has received the prior approval of the Board of Directors;

3.3.6 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary; or

3.3.7 increase or decrease the authorized number of directors constituting the Board of Directors.

4. Optional Conversion.

The holders of the Series A Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion. The "**Series A Conversion Price**" shall initially be equal to $2.2472. Such initial Series A Conversion Price, and the rate at which shares of Series A Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a notice of redemption of any shares of Series A Preferred Stock pursuant to Section 6, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Series A Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Series A Preferred Stock to voluntarily convert shares of Series A Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Series A Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Series A Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder's shares are certificated, surrender the certificate or certificates for such shares of Series A Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate

affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series A Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly

authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Series A Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Series A Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Series A Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Series A Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series A Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Series A Conversion Price.

4.3.3 Effect of Conversion. All shares of Series A Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any declared but unpaid dividends thereon. Any shares of Series A Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action)

as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price shall be made for any Accruing Dividends accrued but unpaid or any other declared but unpaid dividends on the Series A Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all U.S. state or federal issue and other similar taxes (not income taxes) that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Series A Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Series A Original Issue Date**" shall mean the date on which the first share of Series A Preferred Stock was issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series A Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on or upon conversion of the Series A Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8**;**

(iii) shares of Common Stock or Options issued or issuable to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation, including at least one (1) Series A Director;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security.

4.4.2 No Adjustment of Series A Conversion Price. No adjustment in the Series A Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of Series A Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series A Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Series A Conversion Price to an amount which exceeds the lower of (i) the Series A Conversion Price in effect immediately prior to the original adjustment made as a

result of the issuance of such Option or Convertible Security, or (ii) the Series A Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series A Original Issue Date), are revised after the Series A Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, the Series A Conversion Price shall be readjusted to such Series A Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series A Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series A Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series A

Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Series A Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series A Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series A Conversion Price in effect immediately prior to such issue, then the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 \times (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP_2" shall mean the Series A Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

(b) "CP_1" shall mean the Series A Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Series A Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than ninety (90) days from the first such issuance to the final such issuance, then, upon the final such issuance, the Series A Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series A Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series A Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price in effect immediately

before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Series A Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series A Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock

(but not the Series A Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Preferred Stock. For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of Series A Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the DGCL in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of Series A Preferred Stock in any such appraisal proceeding.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series A Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series A Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series A Preferred Stock.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Series A Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series A Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public (x) within six (6) months of the Initial Closing (as defined in the Purchase Agreement) at a price per share of at least three (3) times the Series A Original Issue Price (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) or (y) after the date that is six (6) months from the Initial Closing (as defined in the Purchase Agreement) at a price per share of at least five (5) times the Series A Original Issue Price (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock), in each case of (x) and (y), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, or (z) resulting in at least $25,000,000 of gross proceeds to the Corporation (each of (x), (y), and (z), a "**Qualified IPO**"), or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of a majority of the then outstanding shares of Series A Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Series A Preferred Stock shall automatically be converted into shares of Common Stock, at the applicable ratio described in Section 4.1.1 based on the then effective conversion rate as calculated pursuant to Section 4 and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Series A Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Series A Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Series A Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft

or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series A Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Series A Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Series A Preferred Stock converted. Such converted Series A Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly.

6. Redemption.

6.1 General. If the Company fails to complete a Qualified IPO within thirty-six (36) months of the Initial Closing (as defined in the Purchase Agreement), unless prohibited by Delaware law governing distributions to stockholders, shares of Series A Preferred Stock may be redeemed by the Corporation at a price equal to the Series A Original Issue Price per share plus in lieu of any Accruing Dividends ten percent (10%) of the Series A Original Issue Price (the "**Redemption Dividend**") per share for each twelve month period after the date of the Initial Closing (as defined in the Purchase Agreement) on a compounded basis (the "**Redemption Price**"), commencing not more than sixty (60) days after receipt by the Corporation at any time on or after the date that is thirty-six (36) months after the Initial Closing (as defined in the Purchase Agreement), from the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, of written notice requesting redemption of shares of Series A Preferred Stock (the "**Redemption Request**"). The date of such commencement shall be referred to as the "**Redemption Date**." Upon receipt of a Redemption Request, the Corporation shall apply all of its assets to any such redemption, and to no other corporate purpose, except to the extent prohibited by Delaware law governing distributions to stockholders. On the Redemption Date, the Corporation shall redeem, on a pro rata basis in accordance with the number of shares of Series A Preferred Stock owned by each holder, that number of outstanding shares of Series A Preferred Stock listed in the Redemption Request. If on the Redemption Date, Delaware law governing distributions to stockholders prevents the Corporation from redeeming the shares of Series A Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law.

6.2 Redemption Notice. The Corporation shall send written notice of the mandatory redemption (the "**Redemption Notice**") to each holder of record of Series A Preferred Stock not less than forty (40) days prior to the Redemption Date. The Redemption Notice shall state:

(a) the number of shares of Series A Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date;

(b) the Redemption Date and the Redemption Price;

(c) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Subsection 4.1); and

(d) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series A Preferred Stock to be redeemed.

6.3 Surrender of Certificates; Payment. On or before the Redemption Date, each holder of shares of Series A Preferred Stock to be redeemed on the Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or

certificates as the owner thereof. In the event less than all of the shares of Series A Preferred Stock represented by a certificate are redeemed, a new certificate, instrument, or book entry representing the unredeemed shares of Series A Preferred Stock shall promptly be issued to such holder.

6.4 Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the Redemption Date the Redemption Price payable upon redemption of the shares of Series A Preferred Stock to be redeemed on the Redemption Date is paid or tendered for payment, set aside in a separate Company bank account or otherwise made available or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that any certificates evidencing any of the shares of Series A Preferred Stock so called for redemption shall not have been surrendered, all dividends including but not limited to the Redemption Dividend with respect to such shares of Series A Preferred Stock shall cease to accrue after the Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of any such certificate or certificates therefor.

7. Redeemed or Otherwise Acquired Shares. Any shares of Series A Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise

any voting or other rights granted to the holders of Series A Preferred Stock following redemption.

8. Waiver. Any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the holders of the shares of Series A Preferred Stock then outstanding.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Series A Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by the Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by the Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting 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 as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such

agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

ELEVENTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Series A Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

TWELFTH: For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Certificate of Incorporation from employees, officers, directors or consultants of the Company in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board of Directors (in addition to any other consent required under this Certificate of Incorporation), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California

Corporations Code Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

* * *

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 4th day of February, 2014.

By: /s/ Lisa A. Conte
President

FIRST CERTIFICATE OF AMENDMENT
TO
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
JAGUAR ANIMAL HEALTH, INC.

(Pursuant to Section 242
of the General Corporation Law of the State of Delaware)

JAGUAR ANIMAL HEALTH, INC. (the "*Corporation*"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "*Law*"), does hereby certify:

FIRST: That the name of the Corporation is Jaguar Animal Health, Inc. The date of filing of the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware was June 6, 2013.

SECOND: The Amended and Restated Certificate of Incorporation of the Corporation (the **"Restated Certificate"**) was filed with the Secretary of State of the State of Delaware on February 4, 2014.

THIRD: The Restated Certificate is hereby amended as follows:

The first paragraph of Article Fourth of the Restated Certificate is amended in its entirety to read as follows:

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 10,000,000 shares of Common Stock, $0.0001 par value per share ("**Common Stock**") and (ii) 3,017,488 shares of Preferred Stock, $0.0001 par value per share ("**Preferred Stock**").

The first paragraph of Article Fourth, Part B, Preferred Stock, of the Restated Certificate is amended in its entirety to read as follows:

3,017,488 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated "**Series A Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

FOURTH: The foregoing amendment to the Restated Certificate has been duly adopted and approved by the Board of Directors of the Corporation in accordance with Section 141 of the General Corporation Law of the State of Delaware. The amendment has been duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware by the stockholders of the Corporation. A majority of the outstanding shares of Common Stock approved the amendment to the Certificate of Incorporation by written consent in accordance with Section 228 of the General Corporation Law of the State of Delaware and written notice of such was given by the Corporation in accordance with said Section 228.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to the Amended and Restated Certificate of Incorporation to be executed by a duly authorized officer effective as of the 30th day of April, 2014 and hereby affirms that the facts stated herein are true.

JAGUAR ANIMAL HEALTH, INC.

By: /s/ Lisa A. Conte

Name: Lisa A. Conte

Title: Chief Executive Officer

Signature Page to Certificate of Amendment to Restated Certificate of Incorporation

Exhibit 3.4

BYLAWS

OF

JAGUAR ANIMAL HEALTH, INC.

a Delaware corporation

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BYLAWS

OF

JAGUAR ANIMAL HEALTH, INC.

ARTICLE 1: OFFICES

Section 1. Registered Office. The registered office shall be 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801.

Section 2. Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II: MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of stockholders shall be held at any place within or outside the State of Delaware designated either by the board of directors or the president (if not contrary to any action taken by the board of directors). In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the corporation at 185 Berry Street, Suite 1300, San Francisco, CA 94107.

Section 2. Annual Meeting. The annual meeting of stockholders of the corporation for the purpose of electing directors and for the transaction of such other proper business as may come before such meetings, shall be held at such time and place as the board of directors shall determine by resolution.

Section 3. Special Meeting. A special meeting of the stockholders may be called for any purpose or purposes at any time by the board of directors, or by the chairman of the board, or by the president, the chief executive officer or by one or more stockholders holding shares in the aggregate entitled to cast not less than ten percent (10%) of the votes at that meeting, but such special meetings may not be called by any other person or persons.

If a special meeting is called by any person or persons other than the board of directors, the chairman of the board, the president or the chief executive officer, the request shall be in writing, specifying the time of such meeting (such time to be not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request) and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president, or the secretary of the corporation. The officer receiving the request shall cause notice to be given promptly to the stockholders entitled to vote, in accordance with the provisions of Sections 4 and 5 of this Article II, that a meeting will be held at the time requested by the person or persons calling the meeting.

Section 4. Notice of Stockholders' Meetings. All notices of meetings of stockholders shall specify the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Unless otherwise provided by law, the certificate of

incorporation or these bylaws, the written notice of any annual or special meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation.

If action is proposed to be taken at any meeting for approval of an amendment of the certificate of incorporation, pursuant to Section 242 of the Delaware Corporation Law, the notice shall set forth such amendment in full or a brief summary of the changes to be effected thereby, as the directors shall deem advisable.

If action is proposed to be taken at any meeting for approval of an agreement relating to any merger or consolidation, pursuant to Section 251 of the Delaware Corporation Law, the notice shall be mailed to each stockholder at least twenty (20) days prior to the date of the meeting. The notice shall contain a copy of the agreement or a brief summary thereof, as the directors shall deem advisable.

An affidavit of the secretary or an assistant secretary or of the transfer agent of the corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 5. List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting of stockholders shall constitute a quorum for the transaction of business. The stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

Section 7. Adjourned Meeting; Notice. Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 6 of this Article II.

When any meeting of stockholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than thirty (30) days from the date set for the original meeting, in which case the board of directors shall set a new record date. Notice of any such adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Section 4 of this Article II. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 8. Voting. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power upon the matter in question held by such stockholder, but no proxy shall be voted on or after three years from its date, unless the proxy provides for a longer period. Vote may be via voice or ballot; provided, however, that elections for directors must be by ballot if demanded by any stockholder at the meeting and before the voting has begun.

Any holder of shares entitled to vote on any matter may vote a part of the shares in favor of the proposal and refrain from voting the remaining shares or, except when the matter is the election of directors, vote them against the proposal, but, if the stockholder fails to specify the number of shares which the stockholder is voting affirmatively, it will be conclusively presumed that the stockholder's approving vote is with respect to all shares that the stockholder is entitled to vote.

At all meetings of stockholders for the election of directors a plurality of the votes cast shall be sufficient to elect. All other elections and questions shall, unless otherwise provided by law, the certificate of incorporation or these bylaws, be decided by the vote of the holders of shares of stock having a majority of the votes which could be cast by the holders of all shares of stock entitled to vote thereon which are present in person or represented by proxy at the meeting.

Section 9. Waiver of Notice or Consent by Absent Stockholders. The transaction of any meeting of stockholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though transacted at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. Such waiver, consent or approval need not specify either the business to be transacted or the purpose of any annual or special meeting of stockholders, unless so provided by the certificate of incorporation or these bylaws. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of and presence at that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law to be included in the notice of the meeting but not so included if that objection is expressly made at the meeting.

Section 10. Stockholder Action by Written Consent Without a Meeting. Any action which may be taken at an annual or special meeting of stockholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. All such consents shall be delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded.

Any stockholder giving a written consent, or the stockholder's proxy holder, or a transferee of the shares or a personal representative of the stockholder or their respective proxy holders, may revoke the consent by a writing received by the secretary of the corporation before written consents of the number of shares required to authorize the proposed action have been delivered to the corporation. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days after the date of the earliest dated consent delivered to the corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the corporation in the manner prescribed in the first paragraph of this Section.

Section 11. Record Date for Stockholder Notice, Voting, and Giving Consents. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date:

(a) In the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting;

(b) In the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors; and

(c) In the case of other action, shall not be more than sixty (60) days prior to such other action.

If no record date is fixed by the board of directors:

(a) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

(b) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the board of directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or if prior action by the board of directors is required by law, shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action; and

(c) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 12. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the corporation.

Section 13. Inspectors of Election. The corporation may, in advance of any meeting of stockholders, appoint one (1) or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one (1) or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairman of the meeting may appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such his or her ability.

These inspectors shall:

(a) Ascertain the number of shares outstanding and the voting power of each;

(b) Determine the shares represented at the meeting and the validity of proxies and ballots;

(c) Count all votes and ballots;

(d) Determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors;

(e) Certify the determination of the number of shares represented at the meeting, and the count of all votes and ballots; and

(f) Do any other acts that may be proper to conduct the election or vote with fairness to all stockholders.

The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties.

ARTICLE III: DIRECTORS

Section 1. Powers. The business of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

Without prejudice to these general powers, and subject to the same limitations, the directors shall have the power to:

(a) Select and remove all officers, agents, and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the certificate of incorporation, and with these bylaws; fix their compensation; and require from them security for faithful service.

(b) Change the principal executive office or the principal business office from one location to another; cause the corporation to be qualified to do business in any state, territory, dependency, or country and conduct business within or without the State of Delaware; and designate any place within or without the State of Delaware for the holding of any stockholders' meeting, or meetings, including annual meetings.

(c) Adopt, make, and use a corporate seal; prescribe the forms of certificates of stock; and alter the form of the seal and certificates.

(d) Authorize the issuance of shares of stock of the corporation on any lawful terms, for such consideration as permitted by law.

(e) Borrow money and incur indebtedness on behalf of the corporation, and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidence of debt and securities.

Section 2. Number and Qualification of Directors. The number of directors of the Corporation shall no less than one (1) but no more than three (3), until changed by amendment of the Certificate of Incorporation or by a Bylaw amending this Section 2 duly adopted by the vote or written consent of holders of a

majority of the outstanding shares or by the Board. The exact number of directors shall be fixed from time to time, within the limits specified in the Certificate of Incorporation or in this Section 2, by a bylaw or amendment thereof duly adopted by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of the holders of a majority of the outstanding shares entitled to vote, or by the Board. No reduction of the authorized number of directors shall have the effect of removing any director before such director's term of office expires.

Section 3. Election and Term of Office of Directors. Directors shall be elected at each annual meeting of the stockholders, but if any such annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of the stockholders held for that purpose. All directors shall hold office until the expiration of the term for which elected and until their respective successors are elected, except in the case of death, resignation or removal of any director.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the remaining members of the board of directors, although such majority is less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the expiration of the term for which elected and until their successors are duly elected and shall qualify, unless sooner displaced.

A vacancy or vacancies in the board of directors shall be deemed to exist in the event of the death, resignation, or removal of any director, or if the authorized number of directors is increased, or if the stockholders fail, at any meeting of stockholders at which any director or directors are elected, to elect the number of directors to be voted for at that meeting. Any director may resign at any time upon giving written notice to the corporation. The entire board of directors or any individual director may be removed from office, prior to the expiration of their or his term of office only in the manner and within the limitations provided by the General Corporation Law of Delaware

Section 5. Place of Meetings. Meetings of the board of directors may be held at any place within or outside the State of Delaware that has been designated in the notice of the meeting or, if not so stated or if there is no notice, by resolution of the board or by the chairman of the board or by the president (if not contrary to any action taken by the board of directors). In the absence of such a designation, meetings shall be held at the principal executive office of the corporation.

Section 6. Annual Meeting. Immediately following each annual meeting of stockholders, the board of directors shall hold a regular meeting for the purpose of organization, any desired election of officers, and the transaction of other business. Notice of this meeting shall not be required.

Section 7. Other Regular Meetings. Other regular meetings of the board of directors shall be held without call at such time as shall from time to time be fixed by the board of directors. Such regular meetings may be held without notice.

Section 8. Special Meetings. Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board or the president or any vice president or secretary or any two directors. Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail or telegram, charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by telephone or telegram, it shall be delivered personally, or by telephone or to the telegraph company, at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the corporation.

Section 9. Quorum. At all meetings of the board of directors a majority of the authorized number of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as provided by the provisions of Section 144 of the General Corporation Law of Delaware (as to approval of contracts or transactions in which a director has a financial interest), Section 141(c) of the General Corporation Law of Delaware (as to appointment of committees), the certificate of incorporation, or other applicable law. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 10. Waiver of Notice. Notice of a meeting need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, either before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to said director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the board of directors.

Section 11. Action Without Meeting. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of

directors. Such written consent or consents shall be filed with the minutes of the proceedings of the board or committee.

Section 12. Telephonic Meetings. Members of the board of directors, or any committee designated by the board of directors, may participate in a meeting thereof by means of, conference telephone or similar communication equipment, so long as all persons participating in the meeting can hear one another, and all such persons shall be deemed to be present in person at the meeting.

Section 13. Fees and Compensation of Directors. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the board of directors. This Section 13 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for those services.

ARTICLE IV: COMMITTEES

Section 1. Committees of Directors. The board of directors may, by resolution adopted by a majority of the whole board of directors, designate one or more committees, each consisting of one or more directors, to serve at the pleasure of the board. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

Any committee, to the extent provided in the resolution of the board, shall have and may exercise all the powers and authority of the board in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation under Sections 251 or 252 of the General Corporation Law of Delaware, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation; and, unless the resolution or the certificate of incorporation expressly so provide, it shall not have the power or authority to declare a dividend to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of Delaware.

Section 2. Meetings and Action of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these bylaws, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members, except that the time of regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee; special meetings of committees may also be called by resolution of the board of directors; and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V: OFFICERS

Section 1. Officers. The officers of the corporation shall be a chief executive officer, a secretary and a chief financial officer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, president, one or more vice presidents, one or more assistant secretaries, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any number of offices may be held by the same person.

Section 2. Election of Officers. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article V, shall be chosen by the board of directors, and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. Subordinate Officers. The board of directors may appoint, and may empower the president to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the bylaws or as the board of directors may from time to time determine.

Section 4. Removal and Resignation of Officers. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the board of directors, at any regular or special meeting of the board, or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

Section 5. Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

Section 6. Chairman of the Board. The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the board of directors or prescribed by the bylaws. If there is no president, the chairman of the board shall in addition be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article V.

Section 7. President. Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction, and control of the business and the officers of the corporation. He shall preside at all meetings of the stockholders and, in the absence of the chairman of the board, or if there be none, at all meetings of the board of directors. He shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

Section 8. Vice Presidents. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors or the bylaws, and the president, or the chairman of the board.

Section 9. Secretary. The secretary shall keep or cause to be kept, at the principal executive office or such other place as the board of directors may direct, a book of minutes of all meetings and actions of the directors, committees of directors, and stockholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at directors' meetings or committee meetings, the number of shares present or represented at stockholders' meetings, and the proceedings.

The secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register, or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors required by the bylaws or by law to be given, and he shall keep the seal of the corporation if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by the bylaws.

Section 10. Chief Financial Officer. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

ARTICLE VI: INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section 1. Right to Indemnification. The corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment) any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The corporation shall be required to indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the board of directors of the corporation.

Section 2. Prepayment of Expenses. The corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding shall be

made only upon 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 this Article or otherwise. The corporation shall be required to pay or advance expenses in connection with a proceeding initiated by such person only if the proceeding was authorized by the board of directors of the corporation.

Section 3. Claims. If a claim for indemnification or payment of expenses under this Article is not paid in full within sixty days (60) after a written claim therefor has been received by the corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 4. Non-Exclusivity of Rights. The rights conferred on any person by this Article VI shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Indemnification of Employees and Agents of the Corporation. The corporation may, to the extent authorized from time to time by the board of directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

Section 6. Other Indemnification. The corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

Section 7. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE VII: RECORDS AND REPORTS

Section 1. Form of Records. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

Section 2. Inspection by Stockholders. Any stockholder, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or other such writing which authorizes the attorney or other agent to

so act on behalf of the stockholder. The demand shall be directed to the corporation at its registered office in Delaware or at its principal place of business.

Section 3. Inspection by Directors. Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his position as a director.

ARTICLE VIII: GENERAL CORPORATE MATTERS

Section 1. Certificates for Shares. Every holder of stock shall be entitled to have a certificate signed by or in the name of the corporation by the chairman or vice chairman of the board of directors, if any, or the president or a vice president, and by chief financial officer or an assistant treasurer, or the secretary or an assistant secretary, of the corporation, certifying the number of shares owned by such stockholder in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

The board of directors may authorize the issuance of shares as partly paid and subject to call for the remainder of the consideration to be paid therefor; provided that upon the face or back of each certificate issued to represent any such partly paid shares or upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

Section 2. Lost Certificates. Except as provided in this Section 2, no new certificates for shares shall be issued to replace an old certificate unless the latter is surrendered to the corporation and cancelled at the same time. The board of directors may, in case any share certificate or certificate for any other security is lost, stolen, or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the board may require, including provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

Section 3. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 4. Representation of Shares of Other Corporations. The chairman of the board, the president, or any vice president, or any other person authorized by resolution of the board of directors or by any of the foregoing designated officers, is authorized to vote on behalf of the corporation any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the corporation. The authority granted to these officers to vote or represent on behalf of the corporation any and all shares held by the corporation in any other corporation or corporations may be exercised by any of these officers in person or by any person authorized to do so by a proxy duly executed by these officers.

Section 5. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the General Corporation Law of Delaware shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both a corporation and a natural person.

ARTICLE IX: REGISTRATION LOCK-UP PERIOD

Section 1. 180-Day Lock-up Period. In connection with any underwritten public registration of the Corporation’s securities, any stockholder of the Corporation, upon the request of the Corporation or the underwriters managing such underwritten offering of the Corporation’s securities, shall not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any of the Corporation’s securities without the prior written consent of the Corporation and such underwriters, as the case may be, for a period of time, not to exceed thirty (30) days before and one hundred and eighty (180) days after the effective date of such registration (the “Lock-up Period”). Upon request by the Corporation, such stockholder shall also enter into any further agreement in writing in a form reasonably satisfactory to the Corporation and such underwriters to effectuate this lock-up. The Corporation may impose stop-transfer instructions with respect to the securities subject to the foregoing restrictions until the end of the Lock-up Period.

ARTICLE X: AMENDMENTS

Section 1. Amendment by Stockholders. New bylaws may be adopted or these bylaws may be amended or repealed by the vote or written assent of stockholders entitled to exercise a majority of the voting power of the corporation, except as otherwise provided by law or by the certificate of incorporation.

Section 2. Amendment by Directors. Subject to the rights of the stockholders as provided in Section 1 of this Article X, to adopt, amend, or repeal bylaws, bylaws may be adopted, amended, or repealed by the board of directors.

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CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting secretary of Jaguar Animal Health, Inc., a Delaware corporation; and,

2. That the foregoing bylaws, comprising 14 pages, constitute the bylaws of said corporation as duly adopted by the sole director of the corporation on June 10, 2013.

IN WITNESS WHEREOF, I have hereto subscribed my name effective as of the 10th day of June, 2013.

/s/ Charles O. Thompson
Charles O. Thompson, Secretary

Exhibit 3.5

AMENDED AND RESTATED

BYLAWS

OF

JAGUAR ANIMAL HEALTH, INC.

(a Delaware corporation)

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AMENDED AND RESTATED BYLAWS
OF
JAGUAR ANIMAL HEALTH, INC.

ARTICLE I
CORPORATE OFFICES

1.1 REGISTERED OFFICE.

The registered office of Jaguar Animal Health, 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 (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 if no meeting was held in the preceding year 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 giving of Timely Notice as described above.

(c) To be in proper form for purposes of this Section 2.4, a stockholder's notice to the secretary of the Corporation shall set forth:

(i) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, without limitation, if applicable, the name and address that appear on the Corporation's books and records) and (B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as "Stockholder Information");

(ii) As to each Proposing Person, (A) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to give such Proposing Person economic risk similar to ownership of shares of any class or series of the Corporation, including, without limitation, due to the fact that the value of such derivative, swap or other transactions is determined by reference to the price, value or volatility of any shares of any class or series of the Corporation, or which derivative, swap or other transactions provide, directly or indirectly, the opportunity to profit from any increase in the price or value of shares of any class or series of the Corporation ("Synthetic Equity Interests"), which Synthetic Equity Interests shall be disclosed without regard to whether (x) the derivative, swap or other transactions convey any voting rights in such shares to such Proposing Person, (y) the derivative, swap or other transactions are required to be, or are capable of being, settled through delivery of such shares or (z) such Proposing Person may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transactions, (B) any proxy (other than a revocable proxy or consent given in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a solicitation statement filed on Schedule 14A), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person has or shares a right to vote any shares of any class or series of the Corporation, (C) any agreement, arrangement, understanding or relationship, including, without limitation, any repurchase or similar so-called "stock borrowing" agreement or arrangement, engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares of any class or series of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Proposing Person with respect to the shares of any class or series of the Corporation, or which provides, directly or indirectly, the opportunity to profit from any decrease in the price or value of the shares of any class or series of the Corporation ("Short Interests"), (D) any rights to dividends on the shares of any class or series of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (E) any performance related fees (other than an asset based fee) that such Proposing Person is entitled to based on any increase or decrease in the price or value of shares of any class or series of the Corporation, or any Synthetic Equity Interests or Short Interests, if any, (F)(x) if such Proposing Person is not a natural person, the identity of the natural person or persons associated with such Proposing Person responsible for the formulation of and decision to propose the business to be brought before the meeting (such person or persons, the "Responsible Person"), the manner in which such Responsible Person was selected, any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such Proposing Person, the

qualifications and background of such Responsible Person and any material interests or relationships of such Responsible Person that are not shared generally by any other record or beneficial holder of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, and (y) if such Proposing Person is a natural person, the qualifications and background of such natural person and any material interests or relationships of such natural person that are not shared generally by any other record or beneficial holder of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, (G) any significant equity interests or any Synthetic Equity Interests or Short Interests in any principal competitor of the Corporation held by such Proposing Persons, (H) any direct or indirect interest of such Proposing Person in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, without limitation, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (I) any pending or threatened litigation in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (J) any material transaction occurring during the prior twelve months between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, (K) a summary of any material discussions regarding the business proposed to be brought before the meeting (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other record or beneficial holder of the shares of any class or series of the Corporation (including, without limitation, their names), and (L) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (L) are referred to as "Disclosable Interests"); provided, however, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner; and

(iii) As to each item of business that the stockholder proposes to bring before the annual meeting, (A) a reasonably brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including, without limitation, the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), (C) a reasonably detailed description of all agreements, arrangements and understandings between or among any of the Proposing Persons or between or among any Proposing Person and any other person or entity (including, without limitation, their names) in connection with the proposal of such business by such stockholder, (D) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business, (E) a representation whether the Proposing Person intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders

of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and/or (2) otherwise to solicit proxies or votes from stockholders in support of such proposal, and (F) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; provided, however, that the disclosures required by this paragraph (c) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(d) For purposes of this Section 2.4, the term "Proposing Person" shall mean (i) the stockholder providing the notice of business proposed to be brought before an annual meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, (iii) any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act for the purposes of these Bylaws) of such stockholder or beneficial owner, and (iv) any other person with whom such stockholder or beneficial owner (or any of their respective affiliates or associates) is Acting in Concert (as defined below).

(e) A person shall be deemed to be "Acting in Concert" with another person for purposes of these Bylaws if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or towards a common goal relating to the management, governance or control of the Corporation in parallel with, such other person where (i) each person is conscious of the other person's conduct or intent and this awareness is an element in their decision-making processes and (ii) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions, or making or soliciting invitations to act in concert or in parallel; provided, that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, the Section 14(a) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person.

(f) A stockholder providing notice of business proposed to be brought before an annual meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for determining stockholders entitled to notice of the annual meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining stockholders entitled to notice of the annual meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not

practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(g) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with this Section 2.4. The presiding officer of an annual meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.4, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(h) The foregoing notice requirements of this Section 2.4 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. Nothing in this Section 2.4 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(i) For purposes of these Bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(j) Notwithstanding the foregoing provisions of this Section 2.4, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting to present proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.4, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the annual meeting and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the annual meeting.

2.5 ADVANCE NOTICE PROCEDURES FOR NOMINATIONS OF DIRECTORS.

(a) Nominations of any person for election to the Board at an annual meeting or at a special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) may be made at such meeting only (i) by or at the direction of the Board, including, without limitation, by any committee or persons appointed by the Board, or (ii) by a stockholder who (A) was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such nomination is proposed to be made, 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 2.5 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) has

complied with this Section 2.5 as to such nomination. The foregoing clause (ii) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board to be considered by the stockholders at an annual meeting or special meeting.

(b) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board at an annual meeting, the stockholder must (i) provide Timely Notice (as defined in Section 2.4(b) of these Bylaws) 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 2.5. Without qualification, if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting, then for a stockholder to make any nomination of a person or persons for election to the Board at a special meeting, the stockholder must (i) provide timely notice thereof in writing and in proper form to the secretary of the Corporation at the principal executive offices of the Corporation and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5. To be timely, a stockholder's notice for nominations to be made at a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the ninetieth (90th) day prior to such special meeting or, if later, the tenth (10th) day following the day on which public disclosure (as defined in Section 2.4(i) of these Bylaws) of the date of such special meeting was first made. In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(c) To be in proper form for purposes of this Section 2.5, a stockholder's notice to the secretary of the Corporation shall set forth:

(i) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 2.4(c)(i) of these Bylaws) except that for purposes of this Section 2.5, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(c)(i);

(ii) As to each Nominating Person, any Disclosable Interests (as defined in Section 2.4(c)(ii), except that for purposes of this Section 2.5 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(c)(ii) and the disclosure in clause (L) of Section 2.4(c)(ii) shall be made with respect to the election of directors at the meeting);

(iii) As to each person whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such proposed nominee that would be required to be set forth in a stockholder's notice pursuant to this Section 2.5 if such proposed nominee were a Nominating Person, (B) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including, without limitation, such proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (C) a description of all direct and indirect compensation and other material

monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among any Nominating Person, on the one hand, and each proposed nominee, his or her respective affiliates and associates and any other persons with whom such proposed nominee (or any of his or her respective affiliates and associates) is Acting in Concert (as defined in Section 2.4(e) of these Bylaws), on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (A) through (C) are referred to as "Nominee Information"), (D) a representation that the Nominating Person is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination, (E) a representation whether the Nominating Person intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock reasonably believed by such Nominating Person to be sufficient to elect the nominee and/or (2) otherwise to solicit proxies or votes from stockholders in support of such nomination, and (F) a completed and signed questionnaire, representation and agreement as provided in Section 2.5(g); and

(iv) The Corporation may require any proposed nominee to furnish such other information (A) as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation in accordance with any applicable

corporate governance policies that the Corporation has adopted or (B) that could be material to a reasonable stockholder's understanding of the independence or lack of independence of such proposed nominee.

(d) For purposes of this Section 2.5, the term "Nominating Person" shall mean (i) the stockholder providing the notice of the nomination proposed to be made at the meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made, (iii) any affiliate or associate of such stockholder or beneficial owner, and (iv) any other person with whom such stockholder or such beneficial owner (or any of their respective affiliates or associates) is Acting in Concert.

(e) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for determining stockholders entitled to notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining stockholders entitled to notice of the meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(f) Notwithstanding anything in these Bylaws to the contrary, no person shall be eligible for election as a director of the Corporation unless nominated in accordance with this Section 2.5. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 2.5, and if he or she should so determine, he or she shall so declare such determination to the meeting and the defective nomination shall be disregarded.

(g) To be eligible to be a nominee for election as a director of the Corporation, the proposed nominee must deliver (in accordance with the time periods prescribed for delivery of notice under this Section 2.5) to the secretary of the Corporation at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such proposed nominee (which questionnaire shall be provided by the secretary upon written request) and a written representation and agreement (in form provided by the secretary upon written request) that such proposed nominee (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (ii) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation and (iii) would be in compliance, if elected as a director of the Corporation, and will comply with applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

(h) In addition to the requirements of this Section 2.5 with respect to any nomination proposed to be made at a meeting, each Nominating Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

(i) Notwithstanding the foregoing provisions of this Section 2.5, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting to present the proposed nomination, such proposed nomination shall not be considered, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.5, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting.

2.6 NOTICE OF STOCKHOLDERS' MEETINGS.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting of stockholders shall be sent or otherwise given in accordance with either Section 2.7 or Section 8.1 of these Bylaws not less than ten (10) nor more than sixty (60) days

before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting. The notice shall specify the place, if any, date and hour of the meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice 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, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.7 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE.

Notice of any meeting of stockholders shall be deemed given:

(a) if mailed, when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Corporation's records; or

(b) if electronically transmitted as provided in Section 8.1 of these Bylaws.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

2.8 QUORUM.

Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, the holders of a majority in voting power of the capital stock issued and outstanding and entitled to vote, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (a) the chairperson of the meeting or (b) a majority in voting power of the stockholders entitled to vote thereon, present in person, or by remote communication, if applicable, or represented by proxy, shall have power to adjourn the meeting from time to time in the manner provided in Section 2.9 of these Bylaws until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.9 ADJOURNED MEETING; NOTICE.

When a meeting is adjourned to another time or place, unless these Bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date for determining the stockholders entitled to vote is fixed for the adjourned meeting, a notice of the adjourned

meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting as of the record date for determining the stockholders entitled to notice of the adjourned meeting.

2.10 CONDUCT OF BUSINESS.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the person presiding over any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures (which need not be in writing) and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding person of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present (including, without limitation, rules and procedures for removal of disruptive persons from the meeting); (c) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting (including, without limitation, determinations with respect to the administration and/or interpretation of any of the rules, regulations or procedures of the meeting, whether adopted by the Board or prescribed by the person presiding over the meeting), shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.11 VOTING.

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.13 of these Bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the Certificate of Incorporation or these Bylaws, each stockholder shall be entitled to one (1) vote for each share of capital stock held by such stockholder.

At all duly called or convened meetings of stockholders, at which a quorum is present, for the election of directors, a plurality of the votes cast shall be sufficient to elect a director.

Except as otherwise required by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, all other elections and questions presented to the stockholders at a duly called or convened meeting, at which a quorum is present, 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 and broker non-votes) at the meeting by the holders entitled to vote thereon.

2.12 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

2.13 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING.

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of

stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which shall not be more than sixty (60) days prior to such other action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

2.14 PROXIES.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of a telegram, cablegram or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other means of electronic transmission was authorized by the stockholder.

2.15 LIST OF STOCKHOLDERS ENTITLED TO VOTE.

The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the date of the meeting), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the Corporation's principal executive office. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to the identity of the stockholders entitled to vote in person or by proxy and the number of shares held by each of them, and as to the stockholders entitled to examine the list of stockholders.

2.16 POSTPONEMENT AND CANCELLATION OF MEETING.

Any previously scheduled annual or special meeting of the stockholders may be postponed, and any previously scheduled annual or special meeting of the stockholders may be canceled, by resolution of the Board upon public notice given prior to the time previously scheduled for such meeting.

2.17 INSPECTORS OF ELECTION.

Before any meeting of stockholders, the Board shall appoint an inspector or inspectors of election to act at the meeting or its adjournment or postponement and make a written report thereof. The number of inspectors shall be either one (1) or three (3). If any person appointed as inspector fails to appear or fails or refuses to act, then the chairperson of the meeting may, and upon the request of any stockholder or a stockholder's proxy shall, appoint a person to fill that vacancy. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. Such inspectors shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law. The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical and shall take and sign the oath contemplated by Section 231 of the DGCL. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

ARTICLE III
DIRECTORS

3.1 POWERS.

Subject to the provisions of the DGCL and any limitations in the Certificate of Incorporation, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

3.2 NUMBER OF DIRECTORS.

The authorized number of directors shall be determined from time to time by resolution of the Board, provided the Board shall consist of at least one (1) member. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS.

Except as provided in Section 3.4 of these Bylaws, each director, including, without limitation, a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

Directors need not be stockholders unless so required by the Certificate of Incorporation or these Bylaws. The Certificate of Incorporation or these Bylaws may prescribe other qualifications for directors.

If so provided in the Certificate of Incorporation, the directors of the Corporation shall be divided into three (3) classes.

3.4 RESIGNATION AND VACANCIES.

Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. When one or more directors so resigns and the resignation is effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Unless otherwise provided in the Certificate of Incorporation or these Bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors shall, unless the Board determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected in accordance with the preceding sentence shall serve for a term expiring on the next election of the class for which such director shall have been chosen and shall remain in office until such director's successor shall have been elected and qualified or such director's death, resignation or removal. A vacancy in the Board shall be deemed to exist under these Bylaws in the case of the death, removal or resignation of any director.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting pursuant to this bylaw shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS.

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 SPECIAL MEETINGS; NOTICE.

Special meetings of the Board for any purpose or purposes may be called at any time by the chairperson of the Board, the chief executive officer, the president, the secretary or a majority of the directors then in office.

Notice of the time and place of special meetings shall be:

(a) delivered personally by hand, by courier or by telephone;

(b) sent by United States first-class mail, postage prepaid;

(c) sent by facsimile; or

(d) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Corporation's records.

If the notice is (a) delivered personally by hand, by courier or by telephone, (b) sent by facsimile, or (c) sent by electronic mail, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting.

3.8 QUORUM.

The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors established by the Board pursuant to Section 3.2 of these Bylaws shall constitute a quorum of the Board for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.9 BOARD ACTION BY CONSENT WITHOUT A MEETING.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.10 FEES AND COMPENSATION OF DIRECTORS.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation of directors.

3.11 REMOVAL OF DIRECTORS.

Subject to the rights of the holders of the shares of any series of Preferred Stock, the Board or any individual director may be removed from office 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.

ARTICLE IV
COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The Board may designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these Bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (a) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (b) adopt, amend or repeal any bylaw of the Corporation.

4.2 COMMITTEE MINUTES.

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

4.3 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(a) Section 3.5 of these Bylaws (place of meetings and meetings by telephone);

(b) Section 3.6 of these Bylaws (regular meetings);

(c) Section 3.7 of these Bylaws (special meetings and notice);

(d) Section 3.8 of these Bylaws (quorum);

(e) Section 3.9 of these Bylaws (action without a meeting); and

(f) Section 7.12 of these Bylaws (waiver of notice);

with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members. However:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE V
OFFICERS

5.1 OFFICERS.

The officers of the Corporation shall be a president, treasurer and a secretary. The Corporation may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial officer, one (1) or more vice presidents, one (1) or more assistant vice presidents, one (1) or more assistant treasurers, one (1) or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these Bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS.

The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these Bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS.

The Board may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the

resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES.

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Sections 5.2 and 5.3 of these Bylaws.

5.6 REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The chairperson of the Board, the president, any vice president, the treasurer, the secretary or assistant secretary of this Corporation, or any other person authorized by the Board or the president or a vice president, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all securities of any other entity or entities standing in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS.

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE VI
RECORDS AND REPORTS

6.1 MAINTENANCE OF RECORDS.

The Corporation shall, either at its principal executive office or at such place or places as designated by the Board, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these Bylaws as amended to date, accounting books and other records.

ARTICLE VII
GENERAL MATTERS

7.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS.

The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

7.2 STOCK CERTIFICATES; PARTLY PAID SHARES.

The shares of the Corporation shall be represented by certificates or shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock represented by a certificate shall be entitled to have a certificate signed by, or in the name of the Corporation by the chairperson or vice-chairperson of the Board, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

7.3 SPECIAL DESIGNATION ON CERTIFICATES.

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.4 LOST CERTIFICATES.

Except as provided in this Section 7.4, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged

loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.5 CONSTRUCTION; DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

7.6 DIVIDENDS.

The Board, subject to any restrictions contained in either (a) the DGCL or (b) the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property or in shares of the Corporation's capital stock.

The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

7.7 FISCAL YEAR.

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.8 SEAL.

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 TRANSFER OF STOCK.

Shares of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Shares of stock of the Corporation shall be transferred on the books of the Corporation only by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates representing such shares endorsed by the appropriate person or persons (or by delivery of duly executed instructions with respect to uncertificated shares), with such evidence of the authenticity of such endorsement or execution, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the persons from and to whom it was transferred.

7.10 STOCK TRANSFER AGREEMENTS.

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

7.11 REGISTERED STOCKHOLDERS.

The Corporation:

(a) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(b) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(c) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

7.12 WAIVER OF NOTICE.

Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

7.13 SELECTION OF FORUM.

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, (c) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware or the Certificate of Incorporation or the Bylaws of the Corporation, (d) any action to interpret, apply, enforce or determine the validity of the 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 (or such indispensable parties consenting to the personal jurisdiction of the Court of Chancery

with 10 days following any determination by the Court of Chancery that an indispensable party is not subject to such personal jurisdiction); 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 to have consented to, the provisions of this Section 7.13. Notwithstanding any other provisions of law, the 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 Section 7.13. If any provision or provisions of this Section 7.13 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 Section 7.13 (including, without limitation, each portion of any sentence of this Section 7.13 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.

ARTICLE VIII
NOTICE BY ELECTRONIC TRANSMISSION

8.1 NOTICE BY ELECTRONIC TRANSMISSION.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if:

(c) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and

(d) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(a) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(b) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(c) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (i) such posting and (ii) the giving of such separate notice; and

(d) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

8.2 DEFINITION OF ELECTRONIC TRANSMISSION.

For the purposes of these Bylaws, an "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE IX
INDEMNIFICATION AND ADVANCEMENT

9.1 ACTIONS, SUITS AND PROCEEDINGS OTHER THAN BY OR IN THE RIGHT OF THE CORPORATION.

The Corporation shall indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the Corporation, or, while a director or officer of the Corporation, is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including, without limitation, attorneys' fees), liabilities, losses, judgments, fines (including, without limitation, excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974), and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee 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 his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee 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 reasonable cause to believe that his or her conduct was unlawful.

9.2 ACTIONS OR SUITS BY OR IN THE RIGHT OF THE CORPORATION.

The Corporation shall indemnify any Indemnitee who was or is a party to or threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was, or has agreed to become, a director or officer of the Corporation, or, while a director or officer of the Corporation, is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made under this Section 9.2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including, without limitation, attorneys' fees) which the Court of Chancery of Delaware or such other court shall deem proper.

9.3 INDEMNIFICATION FOR EXPENSES OF SUCCESSFUL PARTY.

Notwithstanding any other provisions of this Article IX, to the extent that an Indemnitee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 9.1 and 9.2 of these Bylaws, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, Indemnitee shall be indemnified against all expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by or on behalf of Indemnitee in connection therewith.

9.4 NOTIFICATION AND DEFENSE OF CLAIM.

As a condition precedent to an Indemnitee's right to be indemnified, such Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such Indemnitee for which indemnity will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to Indemnitee. After notice from the Corporation to Indemnitee of its election so to assume such defense, the Corporation shall not be liable to Indemnitee for any legal or other expenses subsequently incurred by Indemnitee in connection with such action, suit, proceeding or investigation, other than as provided below in this Section 9.4. Indemnitee shall have the right to employ his or her own legal counsel in connection with such action, suit, proceeding or investigation, but the fees

and expenses of such legal counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (a) the employment of legal counsel by Indemnitee has been authorized by the Corporation, (b) legal counsel to Indemnitee shall have reasonably concluded, and shall have advised the Corporation in writing, that there is a conflict of interest on any significant issue between the Corporation and Indemnitee in the conduct of the defense of such action, suit, proceeding or investigation, or (c) the Corporation shall not in fact have employed legal counsel to assume the defense of such action, suit, proceeding or investigation, in each of which cases the fees and expenses of legal counsel for Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article IX. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which legal counsel for Indemnitee shall have reasonably made the conclusion, and delivered the notice, provided for in clause (b) above. The Corporation shall not be required to indemnify Indemnitee under this Article IX for any amounts paid in settlement of any action, suit, proceeding or investigation effected without its written consent. The Corporation shall not settle any action, suit, proceeding or investigation in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee will unreasonably withhold or delay its consent to any proposed settlement.

9.5 ADVANCE OF EXPENSES.

Subject to the provisions of Sections 9.4 and 9.6 of these Bylaws, in the event of any threatened or pending action, suit, proceeding or investigation of which the Corporation receives notice under this Article IX, any expenses (including, without limitation, attorneys' fees) incurred by or on behalf of Indemnitee in defending an action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such expenses incurred by or on behalf of Indemnitee in advance of the final disposition of such matter shall be made only

upon receipt of an undertaking by or on behalf of Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined by final judicial decision from which there is no further right to appeal that Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article IX. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment.

9.6 PROCEDURE FOR INDEMNIFICATION AND ADVANCEMENT OF EXPENSES.

In order to obtain indemnification or advancement of expenses pursuant to Section 9.1, 9.2, 9.3 or 9.5 of these Bylaws, an Indemnitee shall submit to the Corporation a written request. Any such advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of Indemnitee, unless (a) the Corporation has assumed the defense pursuant to Section 9.4 of these Bylaws (and none of the circumstances described in Section 9.4 of these Bylaws that would nonetheless entitle the Indemnitee to indemnification for the fees and expenses of separate legal counsel have occurred) or (b) the Corporation determines within such 60-day period that Indemnitee did not meet the applicable standard of conduct set forth in Section 9.1, 9.2 or 9.5 of these Bylaws, as the case may be. Any such indemnification, unless ordered by a court, shall be made with respect to requests under

Section 9.1 or 9.2 of these Bylaws only as authorized in the specific case upon a determination by the Corporation that the indemnification of Indemnitee is proper because Indemnitee has met the applicable standard of conduct set forth in Section 9.1 or 9.2 of these Bylaws, as the case may be. Such determination shall be made in each instance (a) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) by a committee of disinterested directors designated by majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

9.7 REMEDIES.

The right to indemnification or advancement of expenses as granted by this Article IX shall be enforceable by Indemnitee in any court of competent jurisdiction. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 9.6 of these Bylaws that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. In any suit brought by Indemnitee to enforce a right to indemnification or advancement, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall have the burden of proving that Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article IX. Indemnitee's expenses (including, without limitation, attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification or advancement, in whole or in part, in any such proceeding shall also be indemnified by the Corporation to the fullest extent permitted by law. Notwithstanding the foregoing, in any suit brought by Indemnitee to enforce a right to indemnification hereunder it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in the DGCL.

9.8 LIMITATIONS.

Notwithstanding anything to the contrary in this Article IX, except as set forth in Section 9.7 of these Bylaws, the Corporation shall not indemnify, nor advance expenses to, an Indemnitee pursuant to this Article IX in connection with a proceeding (or part thereof) initiated by such Indemnitee unless the initiation thereof was approved by the Board. Notwithstanding anything to the contrary in this Article IX, the Corporation shall not indemnify (or advance expenses to) an Indemnitee to the extent such Indemnitee is reimbursed (or advanced expenses) from the proceeds of insurance, and in the event the Corporation makes any indemnification (or advancement) payments to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, such Indemnitee shall promptly refund indemnification (or advancement) payments to the Corporation to the extent of such insurance reimbursement.

9.9 SUBSEQUENT AMENDMENT.

No amendment, termination or repeal of this Article IX or of the relevant provisions of the DGCL or any other applicable laws shall adversely affect or diminish in any way the rights of any Indemnitee to indemnification or advancement of expenses under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

9.10 OTHER RIGHTS.

The indemnification and advancement of expenses provided by this Article IX shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of Indemnitee. Nothing contained in this Article IX shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification and advancement rights and procedures different from those set forth in this Article IX. In addition, the Corporation may, to the extent authorized from time to time by the Board, grant indemnification and advancement rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article IX.

9.11 PARTIAL INDEMNIFICATION.

If an Indemnitee is entitled under any provision of this Article IX to indemnification by the Corporation for some or a portion of the expenses (including, without limitation, attorneys' fees), liabilities, losses, judgments, fines (including, without limitation, excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such expenses (including, without limitation, attorneys' fees), liabilities, losses, judgments, fines (including, without limitation, excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement to which Indemnitee is entitled.

9.12 INSURANCE.

The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against any expense, liability or loss incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

9.13 SAVINGS CLAUSE.

If this Article IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including, without limitation, attorneys' fees), liabilities, losses, judgments, fines (including, without limitation, excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including, without limitation, an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article IX that shall not have been invalidated and to the fullest extent permitted by applicable law.

9.14 DEFINITIONS.

Terms used in this Article IX and defined in Section 145(h) and Section 145(i) of the DGCL shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

ARTICLE X
AMENDMENTS

Subject to the limitations set forth in Section 9.9 of these Bylaws or the provisions of the Certificate of Incorporation, the Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require 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.

Exhibit 4.2

INVESTORS' RIGHTS AGREEMENT

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INVESTORS' RIGHTS AGREEMENT

THIS INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 5th day of February, 2014, by and among Jaguar Animal Health, Inc., a Delaware corporation (the "**Company**"), and each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**" and any Additional Purchaser (as defined in the Purchase Agreement) that becomes a party to this Agreement in accordance with Section 6.9 hereof.

RECITALS

WHEREAS, the Company and the Investors are parties to the Series A Preferred Stock Purchase Agreement of even date herewith (the "**Purchase Agreement**"); and

WHEREAS, in order to induce the Company to enter into the Purchase Agreement and to induce the Investors to invest funds in the Company pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock issuable to the Investors, to receive certain information from the Company, and to participate in future equity offerings by the Company, and shall govern certain other matters as set forth in this Agreement;

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions.

For the purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

1.2 "**Common Stock**" means shares of the Company's common stock, par value $0. 0001 per share.

1.3 "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state

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securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.4 "**Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly)**,** Common Stock, including options and warrants.

1.5 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.6 "**Excluded Registration**" means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.7 "**FOIA Party**" means a Person that, in the reasonable determination of the Board of Directors, may be subject to, and thereby required to disclose non-public information furnished by or relating to the Company under, the Freedom of Information Act, 5 U.S.C. 552 ("**FOIA**"), any state public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement.

1.8 "**Form S-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.9 "**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.10 "**GAAP**" means generally accepted accounting principles in the United States.

1.11 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.12 "**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including, adoptive relationships, of a natural person referred to herein.

1.13 "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.14 "**IPO**" means the Company's first underwritten public offering of its Common Stock under the Securities Act.

1.15 "**Key Employee**" means any executive-level employee (including, division director and vice president-level positions) as well as any employee who, either alone or in concert with others, develops, invents, programs, or designs any Company Intellectual Property (as defined in the Purchase Agreement).

1.16 "**Major Investor**" means any Investor that, individually or together with such Investor's Affiliates, holds at least 1,112,500 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

1.17 "**Napo**" means Napo Pharmaceuticals, Inc.

1.18 "**Napo Common Stock**" means any and all shares of Common Stock held by Napo.

1.19 "**New Securities**" means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities, excluding (i) any Series A Preferred Stock issued to Kunlun Pharmaceuticals Ltd. on the Second Payment Date, as such term is defined in the Purchase Agreement, (ii) any Series A Preferred Stock issued to Additional Purchasers, as such term is defined in the Purchase Agreement, and (iii) any shares of Common Stock issuable upon exercise of the warrants granted pursuant to the Note and Warrant Purchase Agreement, dated July 8, 2013, by and among Jaguar Animal Health, Inc. and the Lenders (as such term is defined in the Note and Warrant Purchase Agreement).

1.20 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.21 "**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of the Series A Preferred Stock; (ii) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Investors after the date hereof; and (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and (ii) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.13 of this Agreement.

1.22 "**Registrable Securities then outstanding**" means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or

indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.23 "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.12(b) hereof.

1.24 "**SEC**" means the Securities and Exchange Commission.

1.25 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.26 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.27 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.28 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities and Napo Common Stock, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

1.29 "**Series A Director**" means any director of the Company that the holders of record of the Series A Preferred Stock are entitled to elect pursuant to the Company's Amended and Restated Certificate of Incorporation (the "**Restated Certificate**").

1.30 "**Series A Preferred Stock**" means shares of the Company's Series A Preferred Stock, par value $0.0001 per share.

2. Registration Rights.

The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) five (5) years after the date of this Agreement or (ii) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Holders of twenty percent (20%) of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement at an anticipated aggregate offering price, net of Selling Expenses, that is not less than $10 million, then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders and Napo; and (y) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities and/or

Napo Common Stock requested to be included in such registration by any other Holders or Napo, as the case may be, as specified by notice given by each such Holder or Napo, as the case may be, to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from a Holder or Holders of Registrable Securities that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holder(s) having an anticipated aggregate offering price, net of Selling Expenses, of at least $1 million, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holder(s) and Napo; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holder(s), file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders or Napo, as the case may be, as specified by notice given by each such Holder or Napo, as the case may be, to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than thirty (30) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such thirty (30) day period other than pursuant to a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a) (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts

to cause such registration statement to become effective; (ii) after the Company has effected four registrations pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b) (i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(d) unless (x) all of the Registrable Securities that the Holders have requested to be included in such registration statement are actually included and the applicable registration statement has been declared effective by the SEC, or (y) the Initiating Holders have withdrawn their request for such registration, elected not to pay the registration expenses therefor, and forfeited their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(d).

2.2 Company Registration.

If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder and Napo notice of such registration. Upon the request of each Holder or Napo given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities and/or Napo Common Stock that each such Holder and/or Napo, as the case may be, has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder or Napo has elected to include Registrable Securities or Napo Common Stock in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Initiating Holders, subject only to the reasonable approval of the Company. In such event, the right of any Holder to include such Holder's Registrable Securities and the right of Napo to include Napo Common Stock in such registration shall be conditioned upon such Holder's and Napo's participation in such underwriting and the inclusion of such Holder's Registrable Securities and Napo Common Stock in the underwriting to the extent provided herein. Napo (if Napo is proposing to distribute Napo Common Stock through such underwriting) and all Holders proposing to distribute their securities through such underwriting

shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.3, if the managing underwriter advises the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise Napo and all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of

Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities (including the Napo Common Stock) are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders' Registrable Securities of Napo Common Stock in such underwriting unless the Holders and Napo accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (including the Napo Common Stock and other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the provision in this Subsection 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling

Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Subsection 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Subsection 2.3(a), not all of the Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company.

Whenever required under this Section 2 to effect the registration of any Registrable Securities and Napo Common Stock (as applicable), the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and Napo Common Stock (as applicable) and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities and Napo Common Stock (as applicable) on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to thirty (30) days, if necessary, to keep the registration statement effective until all such Registrable Securities and Napo Common Stock (as applicable) are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders and Napo (as applicable) such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities and Napo Common Stock covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities and Napo Common Stock registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities and Napo Common Stock, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any underwriter participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.5 Furnish Information.

It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Napo Common Stock and the Registrable Securities of any selling Holder that Napo and such Holder shall furnish to the Company such information regarding itself, the Registrable Securities or Napo Common Stock held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Napo Common Stock (as applicable) and Holder's Registrable Securities.

2.6 Expenses of Registration.

All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $75,000, of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders and Napo shall bear such expenses pro rata based upon the number of Registrable Securities and Napo Common Stock that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information, then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities and Napo Common Stock registered pursuant to this Section 2 shall be borne and paid by the Holders and Napo pro rata on the basis of the number of Registrable Securities and Napo Common Stock registered on their behalf.

2.7 Delay of Registration.

No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification.

If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such

Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.8, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection

2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act.

With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act

and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights.

From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that (i) would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included; or (ii) would allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or

prospective holder; provided that this limitation shall not apply to any additional Investor who becomes a party to this Agreement in accordance with Subsection 6.9.

2.11 "Market Stand-off" Agreement.

Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of the IPO, or ninety (90) days in the case of any registration other than the IPO, or in each case such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common

Stock held immediately before the effective date of the registration statement for such offering or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.11 shall apply only to the IPO, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Holders only if all officers and directors and all stockholders individually owning not less than five percent (5%) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Series A Preferred Stock) are subject to the same restrictions. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.11 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders subject to such agreements, based on the number of shares subject to such agreements.

2.12 Restrictions on Transfer.

(a) The Series A Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Series A Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Series A Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.12(c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights.

The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon the later to occur of:

(a) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration;

(b) the fifth anniversary of a Qualified IPO, as such term is defined in the Restated Certificate; and

(c) in the event of a Deemed Liquidation Event, as such term is defined in the Restated Certificate.

3. Information and Observer Rights.

3.1 Delivery of Financial Statements.

The Company shall deliver to each Major Investor:

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and a comparison between (x) the actual amounts as of and for such fiscal year and (y) the comparable amounts for the prior year and as included in the Budget (as defined in Subsection 3.1(c)) for such year, with an explanation of any material differences between such amounts and a schedule as to the sources and applications of funds for such year, and (iii) a statement of stockholders' equity as of the end of such year;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event sixty (60) days after the Initial Closing, a budget and business plan (collectively, the "**Budget**") for the current fiscal year, approved by the Board of Directors and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(d) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a Budget for the next fiscal year, approved by the Board of Directors and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of

filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection.

The Company shall permit each Investor, at such Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Termination of Information.

The covenants set forth in Subsection 3.1 and Subsection 3.2 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) in the event of a Deemed Liquidation Event, as such term is defined in the Restated Certificate, whichever event occurs first.

3.4 Confidentiality.

Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.4 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser

of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Subsection 3.4; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

4. Rights to Future Stock Issuances.

4.1 Right of First Offer.

Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Investor and Napo (each an "**Offeree**" and together, the "**Offerees**"). An Offeree shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among (i) itself, (ii) its Affiliates and (iii) its beneficial interest holders, such as limited partners, members or any other Person having "beneficial ownership," as such term is defined in Rule 13d-3 promulgated under the Exchange Act, of such Offeree ("**Investor Beneficial Owners**"); provided that each such Affiliate or Investor Beneficial Owner (x) is not a competitor or FOIA Party, unless such party's purchase of New Securities is otherwise consented to by the Board of Directors, (y) agrees to enter into this Agreement and each of the Voting Agreement and Right of First Refusal and Co-Sale Agreement of even date herewith among the Company, the Investors and the other parties named therein, as an "**Investor**" under each such agreement (provided that any Competitor or FOIA Party shall not be entitled to any rights as an Investor under Subsections 3.1, 3.2 and 4.1 hereof), and (z) agrees to purchase at least such number of New Securities as are allocable hereunder to the Investor holding the fewest number of Series A Preferred Stock and any other Derivative Securities.

(a) The Company shall give notice (the "**Offer Notice**") to each Offeree, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within twenty (20) days after the Offer Notice is given, each Offeree may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock then held by such Offeree (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Series A Preferred Stock and any other Derivative Securities then held by such Offeree) bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Series A Preferred Stock and other Derivative Securities). At the expiration of such twenty (20) day period, the Company shall promptly notify each Offeree that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other Offeree's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Offerees were entitled to subscribe but that were not subscribed for by the Offerees which is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Series A Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Series A Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. The closing of any sale pursuant to this Subsection 4.1(b)

shall occur within the later of one hundred and twenty (120) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Offerees in accordance with this Subsection 4.

(d) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Restated Certificate); (ii) shares of Common Stock issued in the IPO; and (iii) the issuance of shares of Series A Preferred Stock to Additional Purchasers pursuant to Subsection 1.3 of the Purchase Agreement.

(e) The right of first offer set forth in this Subsection 4.1 shall terminate with respect to any Offeree who fails to purchase, in any transaction subject to this Subsection 4.1, all of such Offeree's pro rata amount of the New Securities allocated (or, if less than such Offeree's pro rata amount is offered by the Company, such lesser amount so offered) to such Offeree pursuant to this Subsection 4.1.

4.2 Termination.

The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, or (ii) upon a Deemed Liquidation Event, as such term is defined in the Restated Certificate, whichever event occurs first and, as to each Offeree, in accordance with Subsection 4.1(e).

5. Additional Covenants.

5.1 Insurance and Indemnification Agreement.

The Company shall use its commercially reasonable efforts to obtain, within ninety (90) days of the date hereof, from financially sound and reputable insurers, term "key-person" insurance on Lisa Conte and Directors and Officers liability insurance, each in an amount and on terms and conditions satisfactory to the Board of Directors, and will use commercially reasonable efforts to cause such insurance policies to be maintained until such time as the Board of Directors determines that such insurance should be discontinued. The key-person policy shall name the Company as loss payee, and neither policy shall be cancelable by the Company without prior approval by the Board of Directors, including the Series A Directors. Notwithstanding any other provision of this

Section 5.1 to the contrary, commencing ninety (90) days after the date hereof, for so long as a Series A Director (as defined in the Restated Certificate) is serving on the Board of Directors, the Company shall not cease to maintain a Directors and Officers liability insurance policy in an amount of at least two million

dollars ($2,000,000) unless approved by such Series A Director(s). Further, the Company shall enter into Indemnification Agreements with the Series A Directors (each an "**Indemnification Agreement**" and together the "**Indemnification Agreements**"), such Indemnification Agreement to be on terms and conditions and in a form reasonably satisfactory to the Investors entitled to designate such Series A Directors.

5.2 Employee Agreements.

The Company will cause (i) (x) each person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets and (y) each current and former founder of the Company, to enter into a nondisclosure and proprietary rights assignment agreement; and (ii) each Key Employee and current and former founders of the Company to enter into a two (2) year noncompetition and nonsolicitation agreement, in each case of (i) and (ii) in a form reasonably acceptable to the Investors. In addition, the Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the above-referenced agreements or any restricted stock agreement between the Company and any employee, without the consent of the Series A Directors.

5.3 Employee Stock.

Unless otherwise approved by the Board of Directors, including the Series A Directors, all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of shares over a three (3) year period, with the first one-sixth of such shares vesting following six (6) months of continued employment or service, and the remaining shares vesting in equal monthly installments over the following thirty (30) months, and (ii) a market stand-off provision substantially similar to that in Subsection 2.11. In addition, unless otherwise approved by the Board of Directors, including the Series A Directors, the Company shall retain a "right of first refusal" on employee transfers until the Company's IPO and shall have the right to repurchase unvested shares at cost upon termination of employment of a holder of restricted stock.

5.4 Qualified Small Business Stock.

The Company shall use commercially reasonable efforts to cause the shares of Series A Preferred Stock, as well as any shares into which such shares are converted, within the meaning of Section 1202(f) of the Internal Revenue Code (the "**Code**"), to constitute "qualified small business stock" as defined in Section 1202(c) of the Code; provided, however, that such requirement shall not be applicable if the Board of Directors of the Company determines, in its good-faith business judgment, that such qualification is inconsistent with the best interests of the Company. The Company shall submit to its stockholders (including the Investors) and to the Internal Revenue Service any reports that may be required under Section 1202(d)(1)(C) of the Code and the regulations promulgated thereunder. In addition, within twenty (20) business days after any Investor's written request therefor, the Company shall, at its option, either (i) deliver to such Investor a written statement indicating whether (and what portion of) such Investor's

interest in the Company constitutes "qualified small business stock" as defined in Section 1202(c) of the Code or (ii) deliver to such Investor such factual information in the Company's possession as is reasonably necessary to enable such Investor to determine whether (and what portion of) such Investor's interest in the Company constitutes "qualified small business stock" as defined in Section 1202(c) of the Code.

5.5 Matters Requiring Investor Director Approval.

So long as the holders of Series A Preferred Stock are entitled to elect a Series A Director, the Company hereby covenants and agrees with each of the Investors that it shall not, without approval of the Board of Directors, which approval must include the affirmative vote of the Series A Directors:

(a) make, or permit any subsidiary to make, any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company;

(b) make, or permit any subsidiary to make, any loan or advance to any Person, including, without limitation, any employee or director of the Company or any subsidiary, except advances and similar expenditures in the ordinary course of business or under the terms of an employee stock or option plan approved by the Board of Directors;

(c) guarantee, directly or indirectly, or permit any subsidiary to guarantee, directly or indirectly, any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;

(d) make any investment inconsistent with any investment policy approved by the Board of Directors;

(e) incur any aggregate indebtedness in excess of $100,000 that is not already included in a budget approved by the Board of Directors, other than trade credit incurred in the ordinary course of business;

(f) otherwise enter into or be a party to any transaction with any director, officer, or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such Person, including without limitation any "management bonus" or similar plan providing payments to employees in connection with a Deemed Liquidation Event, as such term is defined in the Restated Certificate, except for transactions contemplated by this Agreement, the Purchase Agreement, and the Indemnification Agreements; transactions resulting in payments to or by the Company in an aggregate amount less than $60,000 per year; or transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors (the compensation for current employees is attached as Exhibit A hereto);

(g) hire, terminate, or change the compensation of the executive officers, including approving any option grants or stock awards to executive officers;

(h) change the principal business of the Company, enter new lines of business, or exit the current line of business;

(i) sell, assign, license, pledge, or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business or pursuant to a Qualified Acquisition (as such term is defined in the Restated Certificate); or

(j) enter into any corporate strategic relationship, which does not include the normal course of business for drug development and manufacturing activities, involving the payment, contribution, or assignment by the Company or to the Company of money or assets greater than $100,000.

5.6 Board Matters. Unless otherwise determined by the vote of a majority of the directors then in office, the Board of Directors shall meet at least quarterly in accordance with an agreed-upon schedule. The Company shall reimburse the nonemployee directors for all reasonable out-of-pocket travel expenses incurred (consistent with the Company's travel policy) in connection with attending meetings of the Board of Directors. The Company shall cause to be established, as soon as practicable after such request, and will maintain, an audit and compensation committee, each of which shall consist solely of non-management directors. Each committee of the Board of Directors shall include at least one Series A Director.

5.7 Successor Indemnification.

If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Company's Bylaws, its Restated Certificate, or elsewhere, as the case may be.

5.8 Expenses of Counsel.

In the event of a transaction which is a Sale of the Company (as defined in the Voting Agreement of even date herewith among the Investors and the Company), the reasonable fees and disbursements, not to exceed $75,000 of one counsel for the Investors ("**Investor Counsel**"), in their capacities as stockholders, shall be borne and paid by the Company. At the outset of considering a transaction which, if consummated would constitute a Sale of the Company, the Company shall obtain the ability to share with the Investor Counsel (and such counsel's clients) and shall share the confidential information (including, without limitation, the initial and all subsequent drafts of memoranda of understanding, letters of intent and other transaction documents and related noncompete, employment, consulting and other compensation agreements and plans) pertaining to and memorializing any of the transactions which, individually or when aggregated with others would constitute the Sale of the Company. The Company shall be obligated to share (and cause the Company's counsel and investment bankers to share) such materials when distributed to the Company's executives and/or any one or more of

the other parties to such transaction(s). In the event that Investor Counsel deems it appropriate, in its reasonable discretion, to enter into a joint defense agreement or other arrangement to enhance the ability of the parties to protect their communications and other reviewed materials under the attorney client privilege, the Company shall, and shall direct its counsel to, execute and deliver to Investor Counsel and its clients such an agreement in form and substance reasonably acceptable to Investor Counsel. In the event that one or more of the other party or parties to such transactions require the clients of Investor Counsel to enter into a confidentiality agreement and/or joint defense agreement in order to receive such information, then the Company shall share whatever information can be shared without entry into such agreement and shall, at the same time, in good faith work expeditiously to enable Investor Counsel and its clients to negotiate and enter into the appropriate agreement(s) without undue burden to the clients of Investor Counsel.

5.9 Indemnification Matters.

The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board of Directors by the Investors (each a "**Fund Director**") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their affiliates (collectively, the "**Fund Indemnitors**"). The Company hereby agrees (a) that it is the indemnitor of first resort (*i.e.*, its obligations to any such Fund Director are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Fund Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Fund Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Fund Director to the extent legally permitted and as required by the Restated Certificate or Bylaws of the Company (or any agreement between the Company and such Fund Director), without regard to any rights such Fund Director may have against the Fund Indemnitors, and, (c) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of any such Fund Director with respect to any claim for which such Fund Director has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Fund Director against the Company.

5.10 Termination of Covenants.

The covenants set forth in this Section 5, except for Subsections 5.7 and 5.8, shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO or (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Restated Certificate, whichever event occurs first.

6. Miscellaneous.

6.1 Successors and Assigns.

The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 1,112,500 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law.

This Agreement shall be governed by the internal law of the State of Delaware, without reference to principles of choice of law.

6.3 Counterparts.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes**.**

6.4 Titles and Subtitles.

The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices.

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, a copy shall also be sent to

Reed Smith
1510 Page Mill Road, Suite 110
Palo Alto, CA 94304
U.S.A.
Attention: Donald C. Reinke
Telephone No.: +1 650 352 0532
Facsimile No.: +1 650 352 0699

and if notice is given to Stockholders, a copy shall also be given to:

White & Case LLP
Citic Square, 39th Floor
1168 Nanjing Road (West)
Shanghai 200041
China
Attention: Z. Alex Zhang
Telephone No.: +86 21 6132 5966
Facsimile No.: + 86 21 6323 9252

6.6 Amendments and Waivers.

Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.12(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, termination, or waiver applies to all Investors in the same fashion (it being agreed that a waiver of the provisions

of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction). The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability.

In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock.

All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Additional Investors.

Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series A Preferred Stock after the date hereof, whether pursuant to the Purchase Agreement or otherwise, any purchaser of such shares of Series A Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "Investor" hereunder.

6.10 Entire Agreement.

This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

6.11 Dispute Resolution.

The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District

Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the United States District Court for the District of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

Each party will bear its own costs in respect of any disputes arising under this Agreement.

6.12 Delays or Omissions.

No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.13 Acknowledgement.

The Company acknowledges that the Investors are in the business of venture capital investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from Investing or participating in any

particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

[*Remainder of page is intentionally left blank.*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

JAGUAR ANIMAL HEALTH, INC.

By: /s/ Lisa A. Conte

Name: Lisa A. Conte

Title: CEO & President

KUNLUN PHARMACEUTICALS LTD.

By: /s/ Yang Zhi

Name: Yang Zhi

Title:

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT

SCHEDULE A

Investors

Kunlun Pharmaceuticals Ltd.
Suite 2606, Tower 1, New Richport Center
763 Mengzi Rd
Shanghai, 200023
China

EXHIBIT A

Compensation of Current Employees

FORM OF INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of **[·]**, between Jaguar Animal Health, Inc., a Delaware corporation (the "**Company**"), and **[·]**("**Indemnitee**").

WITNESSETH THAT:

WHEREAS, highly competent persons have become more reluctant to serve corporations as officers or directors unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company permits indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("**DGCL**");

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and Certificate of Incorporation of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Bylaws and Certificate of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the

Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified; and

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as an officer or director from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof.

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful

in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(d) Indemnification of Appointing Stockholder. If (i) Indemnitee is or was affiliated with one or more venture capital funds that has invested in the Company (an "**Appointing Stockholder**"), (ii) the Appointing Stockholder is, or is threatened to be made, a party to or a participant in any Proceeding, and (iii) the Appointing Stockholder's involvement in the Proceeding results from any claim based on the Indemnitee's service to the Company as an officer or director or other fiduciary of the Company, the Appointing Stockholder will be entitled to indemnification hereunder for Expenses to the same extent as Indemnitee, and the terms of this Agreement as they relate to procedures for indemnification of Indemnitee and advancement of Expenses shall apply to any such indemnification of Appointing Stockholder.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all

officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors, or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by independent legal counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to

whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if

appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged

or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made

pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the By-laws, any agreement, a vote of stockholders, a resolution of directors of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, By-laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall

continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his Corporate Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

13. Definitions. For purposes of this Agreement:

(a) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "**Enterprise**" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing

and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "**Proceeding**" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of his or her Corporate Status, by reason of any action taken by him or of any inaction on his part while acting in his or her Corporate Status; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Further, the invalidity or unenforceability of any provision hereof as to either Indemnitee or Appointing Stockholder shall in no way affect the validity or enforceability of any provision hereof as to the other. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee and Appointing Stockholder indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

Jaguar Animal Health, Inc.
185 Berry Street
Suite 1300
San Francisco, CA 94107
Attn: President

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with,

the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

JAGUAR ANIMAL HEALTH, INC.

By: _____
Name: _____
Title: _____

INDEMNITEE

_____
Name: _____

Address: _____
_____
_____
_____

[SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT]

Jaguar Animal Health, Inc.

2013 Equity Incentive Plan

November 1, 2013

1. Purpose. The purpose of the 2013 Equity Incentive Plan (the "Plan") of Jaguar Animal Health, Inc., a Delaware corporation (the "Company"), is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company by offering them an opportunity to participate in the Company's future performance through awards of Options, Restricted Stock, Restricted Stock Units, and Stock Bonuses. Capitalized terms not defined in the text are defined in Section 24. The Company intends that Awards granted pursuant to the Plan be exempt from or comply with Section 409A of the Code (including any amendments or replacements of such section), and the Plan shall be so construed. This Plan is effective as of November 1, 2013 (the "Effective Date").

2. Shares Subject to the Plan.

2.1 Number of Shares Available. Subject to adjustment as provided in Section 2.3, the total number of Shares available for issuance under the Plan is 450,000. As of the Effective Date, 450,000 Shares remain available for grant of Awards under the Plan. Shares granted under the Plan may be either authorized but unissued Shares or treasury shares. Subject to adjustment as set forth in Sections 2.3 and 19, a maximum of 450,000 Shares may be issued through the Plan as incentive stock options ("ISOs") and no individual may receive Awards of more than 90,000 Shares in any one calendar year.

2.2 Reissuance of Shares. If an Award expires without having been exercised in full, or, with respect to Restricted Stock or Restricted Stock Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options, the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan. Shares that have been issued under the Plan under any Award will not be returned to the Plan and will not become available for future issuance under the Plan; provided, however, that if unvested Shares of Restricted Stock are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise or purchase price of an Award and/or to satisfy the tax withholding obligations related to an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not reduce the number of Shares available for issuance under the Plan.

2.3 Adjustment of Shares Upon Change in Capital Structure. In the event that the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company without consideration, then (a) the number of Shares reserved for issuance under the Plan; (b) the Exercise Prices of and number of Shares subject to outstanding Options; and (c) the number of Shares subject to other outstanding Awards shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; *provided*, *however*, that fractions of a Share shall not be issued but shall either be paid in cash at Fair Market Value or shall be rounded up to the nearest Share, as determined by the Committee.

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3. Eligibility. Incentive stock options, within the meaning of Section 422A of the Code ("ISOs") may be granted only to employees (including officers and directors who are also employees) of the Company, or of a Parent or Subsidiary of the Company. All other Awards may be granted to employees, officers, directors and consultants of the Company or any Parent, Subsidiary or Affiliate of the Company; *provided*, *however*, such consultants render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. A person may be granted more than one Award under the Plan.

4. Administration.

4.1 Committee Authority. The Plan shall be administered by the Committee or the Board acting as the Committee. Subject to the general purposes, terms and conditions of the Plan, and to the direction of the Board, the Committee shall have full power to implement and carry out the Plan. The Committee shall have the authority to:

(a) construe and interpret the Plan, any Award Agreement and any other agreement or document executed pursuant to the Plan;

(b) prescribe, amend and rescind rules and regulations relating to the Plan;

(c) select persons to receive Awards;

(d) determine the form and terms of Awards;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine whether Awards will be granted singly, in combination, in tandem with, in replacement of, or as alternatives to, other Awards under the Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate of the Company;

(g) grant waivers of Plan or Award conditions;

(h) determine the vesting, exercisability and payment of Awards;

(i) correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Award or any Award Agreement;

(j) determine whether an Award has been earned; and

(k) make all other determinations necessary or advisable for the administration of the Plan.

4.2 Committee Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. The Committee may delegate to one or more officers of the Company the authority to grant an Award under the Plan to Participants who are not Insiders of the Company.

4.3 Exchange Act Requirements. If the Company is subject to the Exchange Act, the Company will take appropriate steps to comply with the disinterested director requirements of Section 16(b) of the Exchange Act, including but not limited to, the appointment by the Board of a Committee consisting of not less than two (2) persons (who are members of the Board), each of whom is a Disinterested Person.

5. Options. The Committee may grant Options to eligible persons and shall determine whether such Options shall be ISOs within the meaning of the Code or Nonqualified Stock Options ("NSOs"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Form of Option Grant. Each Option granted under the Plan shall be evidenced by an Award Agreement which shall expressly identify the Option as an ISO or NSO ("Stock Option Agreement"), and be in such form and contain such provisions (which need not be the same for each Participant) as the Committee shall from time to time approve, and which shall comply with and be subject to the terms and conditions of the Plan.

5.2 Date of Grant. The date of grant of an Option shall be the date on which the Committee makes the determination to grant such Option, unless otherwise specified by the Committee. The Stock Option Agreement and a copy of the Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3 Exercise Period. Options shall be exercisable within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement; *provided, however,* that no Option shall be exercisable after the expiration of ten (10) years from the date the Option is granted, and provided further that no Option granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company ("Ten Percent Stockholder") shall be exercisable after the expiration of five (5) years from the date the Option is granted. The Committee also may provide for the exercise of Options to become exercisable at one time or from time to time, periodically or otherwise, in such number or percentage as the Committee determines. In the absence of factors which, in the opinion of the Committee, justify a shorter period, Options should normally become exercisable over a period of not less than three (3) years from the date of grant.

5.4 Performance Conditions. The Committee shall include in any Option such objective conditions (including performance conditions) to the vesting and/or exercise of an Option as it may in its discretion deem appropriate, including the Performance Period for any performance conditions. If events occur which cause the Committee to reasonably believe that the original performance condition is no longer a fair measure of performance, then the Committee may amend or waive such condition in such manner as may be fair and reasonable, provided that any amended condition shall be no more difficult to achieve than the original condition was considered to be when it was first established.

5.5 Exercise Price. The Exercise Price shall be determined by the Committee when the Option is granted and may be not less than the greater of (a) the par value of the Shares or (b) one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant. The Exercise Price of any Option granted to a Ten Percent Stockholder shall not be less than the greater of (a) the par value of the Shares or (b) one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 8 of the Plan.

5.6 Method of Exercise. Options may be exercised only by delivery to the Company of a written stock option exercise agreement (the "Exercise Agreement") in a form approved by the Committee (which need not be the same for each Participant), stating the number of Shares being purchased, the restrictions imposed on the Shares, if any, and such representations and agreements regarding Participant's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with appropriate payment of the Exercise Price for the number of Shares being purchased.

5.7 Termination. Notwithstanding the exercise periods set forth in the Stock Option Agreement, exercise of an Option shall always be subject to the following:

(a) If the Participant is Terminated for any reason except death or Disability, then Participant may exercise such Participant's ISOs only to the extent that such ISOs would have been exercisable upon the Termination Date no later than three (3) months after the Termination Date (or such shorter time period as may be specified in the Stock Option Agreement). Except as provided in Section (b) below, any ISO that remains exercisable after three (3) months after the Termination Date shall be deemed a NSO. No Option may be exercised later than the expiration date of the Options.

(b) If the Participant is terminated because of death or Disability (or the Participant dies within three (3) months of such termination), then Participant's Options may be exercised only to the extent that such Options would have been exercisable by Participant on the Termination Date and must be exercised by Participant (or Participant's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date (or such shorter time period as may be specified in the Stock Option Agreement), but in any event no later than the expiration date of the Options; *provided, however,* that in the event of termination due to Disability other than as defined in Section 22(e)(3) of the Code, any ISO that remains exercisable after three (3) months after the Termination Date shall be deemed a NSO.

5.8 Limitations on Exercise. The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option; *provided, however,* that such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.9 Limitations on ISOs. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under the Plan or under any other incentive stock option plan of the Company or any Affiliate, Parent or Subsidiary of the Company) shall not exceed One Hundred Thousand Dollars ($100,000). If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds One Hundred Thousand Dollars ($100,000), the Options for the first One Hundred Thousand Dollars ($100,000) worth of Shares to become exercisable in such calendar year shall be ISOs and the Options for

the amount in excess of One Hundred Thousand Dollars ($100,000) that become exercisable in that calendar year shall be NSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date of the Plan to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit shall be automatically incorporated herein and shall apply to any Options granted after the effective date of such amendment.

5.10 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution

therefor; *provided, however,* that any such action may not without the written consent of Participant, impair any of Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered shall be treated in accordance with Section 424(h) of the Code. The Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected by a written notice to them; *provided, however,* that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 of the Plan for Options granted on the date the action is taken to reduce the Exercise Price.

5.11 No Disqualification. Notwithstanding any other provision in the Plan, no term of the Plan relating to ISOs shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify the Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. Restricted Stock. A Restricted Stock Award is an offer by the Company to sell to an eligible person Shares that are subject to restrictions. The Committee shall determine to whom an offer will be made, the number of Shares the person may purchase, the price to be paid (the "Purchase Price"), the restrictions to which the Shares shall be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following:

6.1 Form of Restricted Stock Award. All purchases under a Restricted Stock Award made pursuant to the Plan shall be evidenced by an Award Agreement ("Restricted Stock Purchase Agreement") that shall be in such form (which need not be the same for each Participant) as the Committee shall from time to time approve, and shall comply with and be subject to the terms and conditions of the Plan. The offer of Restricted Stock shall be accepted by the Participant's execution and delivery of the Restricted Stock Purchase Agreement and full payment for the shares to the Company within thirty (30) days, unless otherwise provided for by the Committee, from the date the Restricted Stock Purchase Agreement is delivered to the person. If such person does not execute and deliver the Restricted Stock Purchase Agreement along with full payment for the Shares to the Company within thirty (30) days, then the offer shall terminate, unless otherwise determined by the Committee.

6.2 Purchase Price. The Purchase Price of Shares sold pursuant to a Restricted Stock Award shall be determined by the Committee and shall the greater of (a) the par value of the Shares or (b) one hundred percent (100%) of the Fair Market Value of the Shares on the date the Restricted Stock Award is granted, except in the case of a sale to a Ten Percent Stockholder, in which case the Purchase Price shall be one hundred and ten percent (110%) of the Fair Market Value. Payment of the Purchase Price may be made in accordance with Section 8 of the Plan.

6.3 Restrictions. Restricted Stock Awards shall be subject to such restrictions as the Committee may impose. The Committee may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions, in whole or in part, based on length of service, performance or such other factors or criteria as the Committee may determine. Restricted Stock Awards which the Committee intends to qualify under Code section 162(m) shall be subject to a performance-based goal. Restrictions on such stock shall lapse based on one or more of the following performance goals: stock price, market share, sales increases, earning per share, return on equity, cost reductions, or any other similar performance measure established by the Committee. Such performance measures shall be established by the Committee, in writing, no later than the earlier of (a) ninety (90) days after the commencement of the performance period with respect to which the Restricted Stock award is

made and (b) the date as of which twenty-five percent (25%) of such performance period has elapsed.

7. Restricted Stock Unit Awards. A Restricted Stock Unit Award is an offer by the Company to issue to an eligible person Shares on a future date. Restricted Stock Units Awards shall be evidenced by an Award Agreement ("Restricted Stock Units Agreement"), in such form as the Committee shall from time to time establish. The Committee shall determine to whom an offer will be made, the number of Shares subject to the Award, the Purchase Price to be paid (if any), the vesting requirements, and all other terms and conditions of the Restricted Stock Unit Award, subject to the following:

7.1 Settlement of Restricted Stock Units. Any Restricted Stock Unit Award granted hereunder will be settled according to the terms of the Plan and at such times and under such conditions as determined by the Committee and set forth in the Restricted Stock Units Agreement. Until the Restricted Stock Units Award is settled and the Shares are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote, receive dividends, or any other right for which the record date is prior to the date the Shares are delivered, except as provided in Section 2.3 or the applicable Restricted Stock Units Agreement.

7.2 Nontransferability of Restricted Stock Units Award Rights. Rights to acquire Shares pursuant to a Restricted Stock Units Award shall not be subject in an manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or the laws of descent or distribution. All rights with respect to a Restricted Stock Units Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

7.3 Termination of Services. Each Restricted Stock Units Agreement will specify the consequences of the Participant's Termination prior to the settlement of a Restricted Stock Units Award.

8. Stock Bonuses.

8.1 Awards of Stock Bonuses. A Stock Bonus is an award of Shares (which may consist of Restricted Stock) for services rendered to the Company or any Parent, Subsidiary or Affiliate of the Company. A Stock Bonus may be awarded for past services already rendered to the Company, or any Parent, Subsidiary or Affiliate of the Company pursuant to an Award Agreement (the "Stock Bonus Agreement") that shall be in such form (which need not be the same for each Participant) as the Committee shall from time to time approve, and shall comply with and be subject to the terms and conditions of the Plan subject

to Section 7.2 herein, a Stock Bonus may be awarded upon satisfaction of such performance goals as are set out in advance in Participant's individual Award Agreement (the "Performance Stock Bonus Agreement") that shall be in such form (which need not be the same for each Participant) as the Committee shall from time to time approve, and shall comply with and be subject to the terms and conditions of the Plan. Stock Bonuses may vary from Participant to Participant and between groups of Participants, and may be based upon such other criteria as the Committee may determine.

8.2. Code Section 162(m). A Stock Bonus that the Committee intends to qualify for the performance-based exception under Code section 162(m) shall only be awarded based upon the attainment of one or more of the following performance goals: stock price, market share, sales increases, earning per share, return on equity, cost reductions, or any other

similar performance measure established by the Committee. Such performance measures shall be established by the Committee, in writing, no later than the earlier of: (a) ninety (90) days after the commencement of the performance period with respect to which the Stock Bonus award is made; and (b) the date as of which twenty-five percent (25%) of such performance period has elapsed.

8.3 Terms of Stock Bonuses. The Committee shall determine the number of Shares to be awarded to the Participant and whether such Shares shall be Restricted Stock. If the Stock Bonus is being earned upon the satisfaction of performance goals pursuant to a Performance Stock Bonus Agreement, then the Committee shall determine: (a) Performance Period for each Stock Bonus; (b) the performance goals and criteria to be used to measure the performance, if any; (c) the number of Shares that may be awarded to the Participant; and (d) the extent to which such Stock Bonuses have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Stock Bonuses that are subject to different Performance Periods and different performance goals and other criteria. The number of Shares may be fixed or may vary in accordance with such performance goals and criteria as may be determined by the Committee. The Committee may adjust the performance goals applicable to the Stock Bonuses to take into account changes in law and accounting or tax rules and to make such adjustments as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships.

8.4 Form of Payment. The earned portion of a Stock Bonus may be paid currently or on a deferred basis with such interest or dividend equivalent, if any, as the Committee may determine. Payment of the Purchase Price may be made in accordance with Section 8 of the Plan.

8.5 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then such Participant shall be entitled to payment (whether in Shares, cash or otherwise) with respect to the Stock Bonus only to the extent earned as of the date of Termination in accordance with the Performance Stock Bonus Agreement, unless the Committee shall determine otherwise.

9. Payment For Share Purchases.

9.1 Payment. Subject to applicable laws, the consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Committee (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). In addition to any other types of consideration and methods of payment the Committee may determine, payment for Shares purchased pursuant to the Plan may be made in cash (by check) or, where expressly approved for the Participant by the Committee and where permitted by law:

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of Shares that either (1) have been owned by Participant for more than six (6) months and have been paid for within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such Shares); or (2) were obtained by Participant in the public market;

(c) by tender of a promissory note constituting legal consideration and having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid imputation of income under Sections 483 and 1274 of the Code.

(d) by waiver of compensation due or accrued to Participant for services rendered;

(e) by tender of property;

(f) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:

(1) through a "same day sale" commitment from Participant and a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "FINRA Dealer") whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the Exercise Price, and whereby the FINRA Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(2) through a "margin" commitment from Participant and a FINRA Dealer whereby Participant irrevocably elects to exercise the Option and to pledge the Shares so purchased to the FINRA Dealer in a margin account as security for a loan from the FINRA Dealer in the amount of the Exercise Price, and whereby the FINRA Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; or

(g) with respect only to purchases upon exercise of an Option:

(1) In the event that the Option is exercised immediately prior to the closing by the Company of a "corporate transaction" as defined in Section 19.1 below, or the closing of the initial public offering of the Company's Common Stock pursuant to a registration statement under the Securities Act (the "Initial Public Offering"), in lieu of exercising the Option in the manner provided above, the Participant may elect to receive shares equal to the value of the Option (or the portion thereof being canceled) by surrender of the Option at the principal office of the Company together with

notice of such election in which event the Company shall issue to holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y (A - B)}{A}$$

Where X = The number of shares of Common Stock to be issued to the Participant.

Y = The number of shares of Common Stock purchasable under the Option (at the date of such calculation).

A = The fair market value of one share of Common Stock (at the date of such calculation).

B = The Purchase Price (as adjusted to the date of such calculation).

(2) For purposes of this Section (g), the fair market value of the Company's Common Stock shall be the price per share which the Company receives for a single share of Common Stock in the corporate transaction, or, if the Option is exercised in connection with the Initial Public Offering, the fair market value of the Company's Common Stock shall be equal to the mid-price of the range of prices set forth in the registration statement relating to the Initial Public Offering or, if a subsequent amendment thereto sets forth a different range of prices (other than a "pricing amendment" setting forth a single, final price) then the mid-price of the range of prices set forth in such amendment; or

(h) by any combination of the foregoing.

9.2 Loan Guaranties. If permitted by applicable law, the Committee may help the Participant pay for Shares purchased under the Plan by authorizing a guaranty by the Company of a third-party loan to the Participant.

10. Withholding Taxes.

10.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under the Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares. Whenever, under the Plan, payments in satisfaction of Awards are to be made in cash, such payment shall be net of an amount sufficient to satisfy federal, state, and local withholding tax requirements.

10.2 Stock Withholding. When, under applicable tax laws, a Participant incurs tax liability in connection with the grant, exercise or vesting of any Award that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may allow the Participant to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined (the "Tax Date"). All elections by a Participant to have Shares withheld for this purpose shall be made in writing in a form acceptable to the Committee and shall be subject to the following restrictions:

(a) the election must be made on or prior to the applicable Tax Date;

(b) once made, then except as provided below, the election shall be irrevocable as to the particular Shares as to which the election is made;

(c) all elections shall be subject to the consent or disapproval of the Committee;

(d) if the Participant is an Insider and if the Company is subject to Section 16(b) of the Exchange Act: (1) the election may not be made within six (6) months of the date of grant of the Award, except as otherwise permitted by SEC Rule 16b-3(e) under the Exchange Act, and (2) either (A) the election to use stock withholding must be irrevocably made at least six (6) months prior to the Tax Date (although such election may be revoked at any time at least six (6) months prior to the Tax Date), or (B) the exercise of the Option or election to use stock withholding must be made in the ten (10) day period beginning on the third (3rd) day following the release of the Company's quarterly or annual summary statement of sales or earnings; and

(e) in the event that the Tax Date is deferred under Section 83 of the Code, the Participant shall receive the full number of Shares with respect to which the exercise occurs, but such Participant shall be unconditionally obligated to tender back to the Company the proper number of Shares on the Tax Date.

11. Privileges of Stock Ownership.

11.1 Voting and Dividends. No Participant shall have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant shall be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; *provided, however,* that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company shall be subject to the same restrictions as the Restricted Stock.

11.2 Financial Statements. The Company shall provide financial statements to each Participant prior to such Participant's purchase of Shares under the Plan, and to each Participant annually during the period such Participant has Awards outstanding; *provided, however,* the Company shall not be

required to provide such financial statements to Participants whose services in connection with the Company assure them access to equivalent information.

12. Transferability. Awards granted under the Plan, and any interest therein, shall not be transferable or assignable by Participant, and may not be made subject to execution, attachment or similar process, otherwise than by will or by the laws of descent and distribution or as consistent with the specific Plan and Award Agreement provisions relating thereto. During the lifetime of the Participant an Award shall be exercisable only by the Participant, and any elections with respect to an Award, may be made only by the Participant.

13. Restrictions on Shares. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right of first refusal to purchase all Shares that a Participant (or a subsequent transferee) may propose to transfer to a third party.

14. Certificates. All certificates for Shares or other securities delivered under the Plan shall be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed.

15. Escrow; Pledge of Shares. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under the Plan shall be required to place and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; *provided, however,* that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company shall have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant shall be required to execute and deliver a written pledge agreement in such form as the Committee shall from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

16. Exchange and Buyout of Awards. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Committee may at any time buy from a Participant an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant shall agree.

17. Securities Law and Other Regulatory Compliance.

17.1 Securities Law Compliance. An Award shall not be effective unless such Award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed, and any other applicable law as in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in the Plan, the Company shall have no obligation to issue or deliver certificates for Shares under the Plan prior to (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (b) completion of any registration or other qualification of such shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company shall be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company shall have no liability for any inability or failure to do so.

17.2 Section 409A of the Code. Notwithstanding other provisions of the Plan or any Award Agreements hereunder, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is

reasonably determined by the Board or, if delegated by the Board to the Committee, by the Committee that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award Agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, including as a result of the fact that the Participant is a "specified employee" under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code. The Company shall use commercially reasonable efforts to implement the provisions of this Section 17.2 in good faith; provided that neither the Company, the Board nor any of the Company's employees, directors or representatives shall have any liability to Participants with respect to this Section 17.2.

18. No Obligation to Employ. Nothing in the Plan or any Award granted under the Plan shall confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent, Subsidiary or Affiliate of the Company or limit in any way the right of the Company or any Parent, Subsidiary or Affiliate of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

19. Corporate Transactions. Subject to the requirements and limitations of Section 409A of the Code, if applicable, the Board may provide for any one or more of the following:

19.1 Assumption or Replacement of Awards by Successor. In the event of (a) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company and the Awards granted under the Plan are assumed or replaced by the successor corporation, which assumption shall be binding on all Participants); (b) a dissolution or liquidation of the Company; (c) the sale of substantially all of the assets of the Company; or (d) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company) (as used herein, a "corporate transaction"), any or all outstanding Awards may be assumed or replaced by the successor corporation (if any), which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor

corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant.

In the event such successor corporation (if any) refuses to assume or substitute Options, as provided above, pursuant to a transaction described in this Subsection 19.1, the vesting of any unvested Options shall accelerate, and the holders thereof shall be provided notice of such acceleration and an opportunity to exercise the Options in full in the transaction, and such Options shall expire in such transaction at such time and on such conditions as the Board shall determine.

19.2 Other Treatment of Awards. Subject to any greater rights granted to Participants under the foregoing provisions of this Section 18, in the event of the occurrence of any transaction described in Section 18.1, any outstanding Awards shall be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, sale of assets or other "corporate transaction."

19.3 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (a) granting an Award under the Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under the Plan if the terms of such assumed award could be applied to an Award granted under the Plan. Such substitution or assumption shall be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under the Plan if the other company had applied the rules of the Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award shall remain unchanged (except that the exercise price and the number and nature of Shares issuable upon exercise of any such option will be adjusted approximately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

20. Adoption and Stockholder Approval. The Plan shall be approved by the stockholders of the Company (excluding Shares issued pursuant to this Plan), consistent with applicable laws, within twelve (12) months before or after the Effective Date. Upon the Effective Date, the Board may grant Awards pursuant to the Plan; *provided, however,* that: (a) no Option may be exercised prior to initial stockholder approval of the Plan; (b) no Option granted pursuant to an increase in the number of Shares approved by the Board shall be exercised prior to the time such increase has been approved by the stockholders of the Company; and (c) in the event that stockholder approval is not obtained within the time period provided herein, all Awards granted hereunder shall be cancelled, any Shares issued pursuant to any Award shall be cancelled and any purchase of Shares hereunder shall be rescinded. After the Company becomes subject to Section 16(b) of the Exchange Act, the Company will comply with the requirements of Rule 16b-3 (or its successor), as amended, with respect to stockholder approval.

21. Term of Plan. The Plan will terminate ten (10) years from the Effective Date or, if earlier, the date of stockholder approval of the Plan.

22. Amendment or Termination of Plan. The Board may at any time terminate or amend the Plan in any respect, including without limitation amendment of any form of Award Agreement or instrument to be executed pursuant to the Plan; *provided, however,* that the Board shall not, without the approval of the stockholders of the Company, (a) amend any provisions of the Plan relating to: (i) the criteria for eligibility; (ii) limitations on the number of Shares subject to the Plan; or (iii) the maximum entitlement for any one Participant; or (b) amend the Plan in any manner that requires such stockholder approval pursuant to the Code or the regulations promulgated thereunder as such provisions apply to ISO plans or pursuant to the Exchange Act or Rule 16b-3 (or its successor), as amended, thereunder, or any applicable law or regulation including, without limitation, the rules of any stock market on which the Company's Common Stock is traded. The Board may from time to time amend or alter the provisions of the Plan and the terms of Options as they may in their discretion consider necessary or desirable to comply with or take account of relevant overseas legal, taxation or securities laws and regulatory requirements (including overseas securities laws/regulations and the requirements of any relevant stock exchange), provided that such alterations or amendments shall be made in accordance with the provisions of Section 21. Any amendment, suspension or termination of the Plan shall not affect Awards already granted, and such Awards shall remain in full force and effect as if the Plan had not been amended, suspended or terminated, unless mutually agreed otherwise between the Participant and the Company, which agreement must be in writing and signed by the Participant and the Company.

23. Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board, the submission of the Plan to the stockholders of the Company for approval, nor any provision of the Plan shall be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and bonuses otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

24. Definitions. As used in the Plan, the following terms shall have the following meanings:

"Affiliate" means any corporation that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another corporation, where "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to cause the direction of the management and policies of the corporation, whether through the ownership of voting securities, by contract or otherwise.

"Award" means any award under the Plan, including any Option, Restricted Stock or Stock Bonus.

"Award Agreement" means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Company's compensation committee as constituted from time to time.

"Company" means Jaguar Animal Health, Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.

"Continuous Status as an Employee, Director or Consultant" means that the employment, director or consulting relationship with the Company, any Parent, or Subsidiary, is not interrupted or terminated. Continuous Status as an employee, director or consultant shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract.

"Disability" means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

"Disinterested Person" means a director who has not, during the period that person is a member of the Committee and for one (1) year prior to service as a member of the Committee, been granted or awarded equity securities pursuant to the Plan or any other plan of the Company or any Parent, Subsidiary or Affiliate of the Company, except in accordance with the requirements set forth in Rule 16b-3(c)(2)(i) (and any successor regulation thereto) as

promulgated by the SEC under Section 16(b) of the Exchange Act, as such rule is amended from time to time and as interpreted by the SEC.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exercise Price" means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option.

"Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its last reported sale price on the Nasdaq National Market or, if no such reported sale takes place on such date, the average of the closing bid and asked prices;

(b) if such Common Stock is publicly traded and is then listed on a national securities exchange, the last reported sale price or, if no such reported sale takes place on such date, the average of the closing bid and asked prices on the principal national securities exchange on which the Common Stock is listed or admitted to trading;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on such date, as reported by The Wall Street Journal, for the over-the-counter market; or

(d) if none of the foregoing is applicable, by the Board of Directors of the Company in good faith.

"Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

"Option" means an award of an option to purchase Shares pursuant to Section 5.

"Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if at the time of the granting of an Award under the Plan, each of such corporations other than the Company owns stock possessing fifty percent (50%), or more, of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Participant" means a person who receives an Award under the Plan.

"Performance Period" means the nature, length and starting date of any period during which performance is to be measured in relation to performance criteria for Options or Stock Bonuses.

"Plan" means this Jaguar Animal Health, Inc. 2013 Equity Incentive Plan, as amended from time to time.

"Restricted Stock Award" means an award of Shares pursuant to Section 6.

"Restricted Stock Units Award" means an Award of the right to receive Shares on a future date pursuant to Section 7.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means shares of the Company's Common Stock reserved for issuance under the Plan, as adjusted pursuant to Sections 2 and 15, and any successor security.

"Stock Bonus" means an award of Shares, or cash in lieu of Shares, pursuant to Section 7.

"Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of granting of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%), or more, of the total combined voting power of all classes of stock in one of the other corporations in such claim.

"Termination" or **"Terminated"** means, for purposes of the Plan with respect to a Participant, that the Participant has ceased to provide services as an employee, director, consultant or adviser, to the Company or a Parent, Subsidiary or Affiliate of the Company, except in the case of sick leave, military leave, or any other leave of absence approved by the Committee; *provided, however,* that such leave is for a period of not more than three (3) months, or

reinstatement upon the expiration of such leave is guaranteed by contract or statute. The Committee shall have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the "Termination Date").

Exhibit 10.3

JAGUAR ANIMAL HEALTH, INC.
FORM OF NOTICE OF GRANT OF STOCK OPTION

The Participant has been granted an Option to purchase certain Shares of Jaguar Animal Health, Inc. pursuant to the Jaguar Animal Health, Inc. 2013 Equity Incentive Plan, as follows:

Participant:

Date of Grant:

Number of Option Shares:

Exercise Price:

Initial Vesting Date: The date nine (9) months from Date of Grant

Option Expiration Date: The date ten (10) years after the Date of Grant

Tax Status of Option: Incentive Stock Option

Vested Shares: Except as provided in the Award Agreement, the number of Vested Shares (disregarding any resulting fractional share) as of any date is determined by multiplying the Number of Option Shares by the *"**Vested Ratio**"* determined as of such date as follows:

	Vested Ratio
Prior to Initial Vesting Date	0
On Initial Vesting Date, provided the Participant's Continuous Status as an Employee, Director or Consultant has not Terminated prior to such date	
Plus	
For each additional full month of the Participant's continuous Continuous Status as an Employee, Director or Consultant (defined below) to the Company from Initial Vesting Date until the Vested Ratio equals 1/1, an additional	

Capitalized terms not defined herein shall have the meaning as set forth in the 2013 Equity Incentive Plan.

[Notwithstanding the vesting schedule described above, nor any terms of the Stock Option Agreement and/or the Plan, in the event a Change in Control occurs 100% of the unvested portion of this Option shall become immediately vested and exercisable.] **OR**

[Notwithstanding the vesting schedule described above, nor any terms of the Stock Option Agreement and/or Plan, in the event a Change in Control occurs and within 12 months of the Change in Control Participant's Service is terminated by the Company or successor company without Cause, or if the Company or successor company takes action that results in a material diminution in Participant's position, duties, responsibilities or compensation without Participant's consent, except in connection with the possible termination of Participant's Service for Cause, 100% of the unvested portion of this Option shall become immediately vested and exercisable.]

The Exercise Price represents an amount the Company believes to be no less than the fair market value of a Share as of the Date of Grant, determined in good faith in compliance with the requirements of Section 409A of the Code. However, there is no guarantee that the Internal Revenue Service will agree with the Company's determination. A subsequent IRS determination that the Exercise Price is less than such fair market value could result in adverse tax consequences to the Participant. By signing below, the Participant agrees that the Company, its directors, officers and shareholders shall not be held liable for any tax, penalty, interest or cost incurred by the Participant as a result of such determination by the IRS. The Participant is urged to consult with his or her own tax advisor regarding the tax consequences of the Option, including the application of Section 409A.

By their signatures below, the Company and the Participant agree that the Option is governed by this Grant Notice and by the provisions of the Plan and the Award Agreement, both of which are attached to and made a part of this document. The Participant acknowledges receipt of copies of the Plan and the Award Agreement, represents that the Participant has read and is familiar with their provisions, and hereby accepts the Option subject to all of their terms and conditions.

JAGUAR ANIMAL HEALTH, INC.

By: _____

Its: _____

Address:

PARTICIPANT

_____
Signature

_____
Date

_____
Address

ATTACHMENTS: Jaguar Animal Health, Inc. 2013 Equity Incentive Plan, as amended to the Date of Grant; Award Agreement and Exercise Notice

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THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102, OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

JAGUAR ANIMAL HEALTH, INC.
FORM OF AWARD AGREEMENT

Jaguar Animal Health, Inc. has granted to the Participant named in the *Notice of Grant of Stock Option* (the "***Grant Notice***") to which this Award Agreement is attached an option (the "Option") to purchase certain Shares upon the terms and conditions set forth in the Grant Notice and this Award Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Jaguar Animal Health, Inc. 2013 Equity Incentive Plan, as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of, and represents that the Participant has read and is familiar with the terms and conditions of, the Grant Notice, this Award Agreement and the Plan, (b) accepts the Option subject to all of the terms and conditions of the Grant Notice, this Award Agreement and the Plan, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Grant Notice, this Award Agreement or the Plan.

1. **DEFINITIONS AND CONSTRUCTION.**

1.1. **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2. **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Award Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. **TAX CONSEQUENCES.**

2.1. **Tax Status of Option.** This Option is intended to have the tax status designated in the Grant Notice.

a. ***Incentive Stock Option.*** If the Grant Notice so designates, this Option is intended to be an Incentive Stock Option within the meaning of Section 422(b) of the Code, but the Company does not represent or warrant that this Option qualifies as such. The Participant should consult with the Participant's own tax advisor regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. (NOTE TO PARTICIPANT: If the Option is exercised more than three (3) months after the date on which you cease to be an Employee (other than by reason of your death or permanent and total disability as defined in Section 22(e)(3) of the Code), the Option will be treated as a Nonstatutory Stock Option and not as an Incentive Stock Option to the extent required by Section 422 of the Code.)

b. ***Nonstatutory Stock Option.*** If the Grant Notice so designates, this Option is intended to be a Nonstatutory Stock Option and shall not be treated as an Incentive Stock Option within the meaning of Section 422(b) of the Code.

2.2 ISO Fair Market Value Limitation. *If the Grant Notice designates this Option as an Incentive Stock Option*, then to the extent that the Option (together with all Incentive Stock Options granted to the Participant under all stock option plans of the Participating Company Group, including the Plan) becomes exercisable for the first time during any calendar year for shares having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000), the portion of such options which exceeds such amount will be treated as Nonstatutory Stock Options. For purposes of this Section 2.2, options designated as Incentive Stock Options are taken into account in the order in which they were granted, and the Fair Market Value of stock is determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 2.2, such different limitation shall be deemed incorporated herein effective as of the date required or permitted by such amendment to the Code. If the Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section 2.2, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option. (NOTE TO PARTICIPANT: If the aggregate Exercise Price of the Option (that is, the Exercise Price multiplied by the Number of Option Shares) plus the aggregate exercise price of any other Incentive Stock Options you hold (whether granted pursuant to the Plan or any other stock option plan of the Participating Company Group) is greater than $100,000, you should contact the Chief Financial Officer of the Company to ascertain whether the entire Option qualifies as an Incentive Stock Option.)

3. ADMINISTRATION.

All questions of interpretation concerning the Grant Notice, this Award Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration

of the Plan or the Option shall be determined by the Board. All such determinations by the Board shall be final, binding and conclusive upon all persons having an interest in the Option, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Board in the exercise of its discretion pursuant to the Plan or the Option or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Option. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

4. EXERCISE OF THE OPTION.

4.1 Right to Exercise. Except as otherwise provided herein, the Option shall be exercisable on and after the Initial Vesting Date and prior to the termination of the Option (as provided in Section 6) in an amount not to exceed the number of Vested Shares less the number of shares previously acquired upon

exercise of the Option, subject to the Company's repurchase rights set forth in Section 17. In no event shall the Option be exercisable for more shares than the Number of Option Shares, as adjusted pursuant to Section 9.

4.2 Method of Exercise. Exercise of the Option shall be by means of electronic or written notice (the "***Exercise Notice***") in a form authorized by the Company. An electronic Exercise Notice must be digitally signed or authenticated by the Participant in such manner as required by the notice and transmitted to the Company or an authorized representative of the Company (including a third-party administrator designated by the Company). In the event that the Participant is not authorized or is unable to provide an electronic Exercise Notice, the Option shall be exercised by a written Exercise Notice addressed to the Company, which shall be signed by the Participant and delivered in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Company, or an authorized representative of the Company (including a third-party administrator designated by the Company). Each Exercise Notice, whether electronic or written, must state the Participant's election to exercise the Option, the number of whole Shares for which the Option is being exercised and such other representations and agreements as to the Participant's investment intent with respect to such shares as may be required pursuant to the provisions of this Award Agreement. Further, each Exercise Notice must be received by the Company prior to the termination of the Option as set forth in Section 6 and must be accompanied by full payment of the aggregate Exercise Price for the number of Shares being purchased. The Option shall be deemed to be exercised upon receipt by the Company of such electronic or written Exercise Notice and the aggregate Exercise Price.

4.3 Payment of Exercise Price.

a. Forms of Consideration Authorized. Except as otherwise provided below, payment of the aggregate Exercise Price for the number of Shares for which the Option is being exercised shall be made (i) in cash or by check or cash equivalent, (ii) if permitted by the Company, by tender to the Company, or attestation to the ownership, of whole Shares owned by the Participant having a Fair Market Value not less than the aggregate Exercise Price, (iii) if

permitted by the Company, by tender to the Company, or attestation to the ownership by means of a Cashless Exercise, as defined in Section 4.3(b), (iv) if permitted by the Company, by delivery of a properly executed notice electing a Net-Exercise, or (v) by any combination of the foregoing.

b. Limitations on Forms of Consideration.

i. Tender of Shares. Notwithstanding the foregoing, the Option may not be exercised by tender to the Company, or attestation to the ownership, of Shares to the extent such tender or attestation would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's Shares. If required by the Company, the Option may not be exercised by tender to the Company, or attestation to the ownership, of Shares unless such shares either have been owned by the Participant for more than six (6) months or such other period, if any, required by the Company (and not used for another option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

ii. Cashless Exercise. A "***Cashless Exercise***" means the delivery of a properly executed notice together with irrevocable instructions to a broker in a form acceptable to the Company providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the Shares acquired upon the exercise of the Option pursuant to a program or procedure approved by the Company (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve, or terminate any such program or procedure, including with respect to the Participant notwithstanding that such program or procedures may be available to others.

4.4 Tax Withholding.

(a) ***In General.*** At the time the Award Agreement is executed, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the grant, vesting or exercise of the Option or the issuance of Shares in settlement thereof. The Company shall have no obligation to deliver Shares until the tax obligations of the Company have been satisfied by the Participant.

(b) ***Withholding in Securities.*** The Company may, in its discretion, permit or require the Participant to satisfy all or any portion of the tax obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Option a number of Shares having a fair market value, as determined by the Company as of the date on which the tax obligations arise, not in excess of the amount of such tax obligations determined by the applicable withholding rates. In the event that the Company determines that the tax obligations will not be satisfied by the method described above, Participant authorizes the designated plan administrator or any successor plan administrator, to sell a number of Shares that are purchased under the Option, which the Company determines is sufficient to generate an amount that meets

the tax obligations plus additional Shares, as necessary. To account for rounding and market fluctuation, and to pay such tax withholding amounts to the Company. The Shares may be sold as part of a block trade with other Participants of the Plan in which all Participants receive an average price. Any adverse consequences to the Participant resulting from the procedure permitted under this Section 4.4, including, without limitation, tax consequences, shall be the sole responsibility of the Participant.

(c) ***Consultation***. The Participant hereby acknowledges that he or she understands that the Participant may suffer adverse tax consequences as a result of the Participant's exercise of the Option or disposition of the Shares. The Participant hereby represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the exercise of the Option or disposition of the Shares and that the Participant is not relying on the Company for any tax advice.

4.5 Beneficial Ownership of Shares; Certificate Registration. The Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all shares acquired by the Participant pursuant to the exercise of the Option. Except as provided by the preceding sentence, a certificate for the shares as to which the Option is exercised shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

4.6 Restrictions on Grant of the Option and Issuance of Shares. The grant of the Option and the issuance of Shares upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of Shares upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, the Option may not be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE PARTICIPANT IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE PARTICIPANT MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

4.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of the Option.

5. NONTRANSFERABILITY OF THE OPTION.

During the lifetime of the Participant, the Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. The Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Following the death of the Participant, the Option, to the extent provided in Section 7, may be exercised by the Participant's legal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

6. TERMINATION OF THE OPTION.

The Option shall terminate and may no longer be exercised after the first to occur of (a) the close of business on the Option Expiration Date, (b) the close of business on the last date for exercising the Option following Termination of the Participant's Continuous Status as an Employee, Director or Consultant as described in Section 7, or (c) a Change in Control to the extent provided in Section 8.

7. EFFECT OF TERMINATION OF CONTINUOUS STATUS AS AN EMPLOYEE, DIRECTOR OR CONSULTANT.

7.1 Option Exercisability. The Option shall terminate immediately upon the Participant's Termination of Continuous Status as an Employee, Director or Consultant to the extent that it is then unvested and shall be exercisable after the Participant's Termination of Continuous Status as an Employee, Director or Consultant to the extent it is then vested only during the applicable time period as determined below and thereafter shall terminate.

a. Disability. If the Participant's Continuous Status as an Employee, Director or Consultant is Terminated because of the Disability of the Participant, the Option, to the extent unexercised and exercisable for Vested Shares on the date on which the Participant's Continuous Status as an Employee, Director or Consultant Terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Participant's Continuous Status as an Employee, Director or Consultant Terminated, but in any event no later than the Option Expiration Date.

b. Death. If the Participant's Continuous Status as an Employee, Director or Consultant is Terminated because of the death of the Participant, the Option, to the extent unexercised and exercisable for Vested Shares on the date on which the Participant's Continuous Status as an Employee, Director or Consultant Terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of twelve (12) months after the date on which the Participant's Continuous Status as an Employee, Director or Consultant Terminated, but in any event no later than the Option Expiration Date. The Participant's Continuous Status as an Employee, Director or Consultant shall be deemed to have Terminated on account of death

if the Participant dies within three (3) months after the Participant's Termination of Continuous Status as an Employee, Director or Consultant.

c. Termination for Cause. Notwithstanding any other provision of this Award Agreement, if the Participant's Continuous Status as an Employee, Director or Consultant is Terminated for Cause, the Option shall terminate and cease to be exercisable immediately upon such Termination of Continuous Status as an Employee, Director or Consultant.

d. Other Termination of Continuous Status as an Employee, Director or Consultant. If the Participant's Continuous Status as an Employee, Director or Consultant Terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable for Vested Shares by the Participant on the date on which the Participant's Continuous Status as an Employee, Director or Consultant Terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months after the date on which the Participant's Continuous Status as an Employee, Director or Consultant Terminated, but in any event no later than the Option Expiration Date.

7.2 Extension if Exercise Prevented by Law. Notwithstanding the foregoing other than Termination of Continuous Status as an Employee, Director or Consultant for Cause, if the exercise of the Option within the applicable time periods set forth in Section 7.1 is prevented by the provisions of Section 4.6, the Option shall remain exercisable until the later of (a) thirty (30) days after the date such exercise first would no longer be prevented by such provisions or (b) the end of the applicable time period under Section 7.1, but in any event no later than the Option Expiration Date.

8. EFFECT OF CHANGE IN CONTROL.

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "***Acquiror***"), may, without the consent of the Participant, assume or continue in full force and effect the Company's rights and obligations under all or any

portion of the Option or substitute for all or any portion of the Option a substantially equivalent option for the Acquiror's stock. For purposes of this Section, the Option or any portion thereof shall be deemed assumed if, following the Change in Control, the Option confers the right to receive, subject to the terms and conditions of the Plan and this Award Agreement, for each Share subject to such portion of the Option immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a Share on the effective date of the Change in Control was entitled; provided, however, that if such consideration is not solely common stock of the Acquiror, the Board may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise of the Option for each Share to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Shares pursuant to the Change in Control. If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. The Option shall terminate and cease to be outstanding effective as of the time of consummation of the Change in

Control to the extent that the Option is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised as of the date of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of the Option prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of this Award Agreement except as otherwise provided herein.

9. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.

Subject to any required action by the stockholders of the Company and the requirements of Sections 409A and 424 of the Code to the extent applicable, in the event of any change in the Shares effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Shares (excepting normal cash dividends) that has a material effect on the Fair Market Value of Shares, appropriate and proportionate adjustments shall be made in the number, Exercise Price and kind of shares subject to the Option, in order to prevent dilution or enlargement of the Participant's rights under the Option. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number, and the Exercise Price shall be rounded up to the nearest whole cent. In no event may the Exercise Price be decreased to an amount less than the par value, if any, of the stock subject to the Option. Such adjustments shall be determined by the Board, and its determination shall be final, binding and conclusive.

10. RIGHTS AS A SHAREHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.

The Participant shall have no rights as a shareholder with respect to any shares covered by the Option until the date of the issuance of the shares for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the shares are issued, except as provided in Section 9. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Award Agreement shall confer upon the Participant any right to continue in the Continuous Status as an Employee, Director or Consultant of a Participating Company or interfere in any way with any right of the Participating Company Group to Terminate the Participant's Continuous Status as an Employee, Director or Consultant, as the case may be, at any time.

11. NOTICE OF SALES UPON DISQUALIFYING DISPOSITION.

The Participant shall dispose of the shares acquired pursuant to the Option only in accordance with the provisions of this Award Agreement. In addition, *if the Grant Notice designates this*

Option as an Incentive Stock Option, the Participant shall (a) promptly notify the stock plan administrator for the Company if the Participant disposes of any of the shares acquired pursuant to the Option within one (1) year after the date the Participant exercises all or part of the Option or within two (2) years after the Date of Grant and (b) provide the Company with a description of the circumstances of such disposition. Until such time as the Participant disposes of such shares in a manner consistent with the provisions of this Award Agreement, unless otherwise expressly authorized by the Company, the Participant shall hold all shares acquired pursuant to the Option in the Participant's name (and not in the name of any nominee) for the one-year period immediately after the exercise of the Option and the two-year period immediately after Date of Grant. At any time during the one-year or two-year periods set forth above, the Company may place a legend on any certificate representing shares acquired pursuant to the Option requesting the transfer agent for the Company's Shares to notify the Company of any such transfers. The obligation of the Participant to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate pursuant to the preceding sentence.

12. LEGENDS.

The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing Shares subject to the provisions of this Award Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Participant in order to carry out the provisions of this Section. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

12.1 "THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT."

12.2 "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, INCLUDING A RIGHT OF REPURCHASE IN FAVOR OF THE CORPORATION OR ITS ASSIGNEE SET FORTH IN AN AGREEMENT BETWEEN THE CORPORATION AND THE REGISTERED HOLDER, OR SUCH HOLDER'S PREDECESSOR IN INTEREST, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS CORPORATION."

12.3 "THE SHARES EVIDENCED BY THIS CERTIFICATE WERE ISSUED BY THE CORPORATION TO THE REGISTERED HOLDER UPON EXERCISE OF AN INCENTIVE STOCK OPTION AS DEFINED IN SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("ISO"). IN ORDER TO OBTAIN THE

PREFERENTIAL TAX TREATMENT AFFORDED TO ISOs, THE SHARES SHOULD NOT BE TRANSFERRED PRIOR TO *[INSERT DISQUALIFYING DISPOSITION DATE HERE]*. SHOULD THE REGISTERED HOLDER ELECT TO TRANSFER ANY OF THE SHARES PRIOR TO THIS DATE AND FOREGO ISO TAX TREATMENT, THE TRANSFER AGENT FOR THE SHARES SHALL NOTIFY THE CORPORATION IMMEDIATELY. THE REGISTERED HOLDER SHALL HOLD ALL SHARES PURCHASED UNDER THE INCENTIVE STOCK OPTION IN THE REGISTERED HOLDER'S NAME (AND NOT IN THE NAME OF ANY NOMINEE) PRIOR TO THIS DATE OR UNTIL TRANSFERRED AS DESCRIBED ABOVE."

13. LOCK-UP AGREEMENT.

The Participant hereby agrees that in the event of any underwritten public offering of stock, including an initial public offering of stock, made by the Company pursuant to an effective registration statement filed under the Securities Act, the Participant shall not offer, sell, contract to sell, pledge, hypothecate, grant any option to purchase or make any short sale of, or otherwise dispose of any Shares of the Company or any rights to acquire stock of the Company for such period of time from and after the effective date of such registration statement as may be established by the underwriter for such public offering. The foregoing limitation shall not apply to shares registered in the public offering under the Securities Act. The Participant hereby agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing within a reasonable timeframe if so requested by the Company.

14. RESTRICTIONS ON TRANSFER OF SHARES.

No shares acquired upon exercise of the Option may be sold, exchanged, transferred (including, without limitation, any transfer to a nominee or agent of the Participant), assigned, pledged, hypothecated or otherwise disposed of, including by operation of law in any manner which violates any of the provisions of this Award Agreement, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any shares which will have been transferred in violation of any of the provisions set forth in this Award Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares will have been so transferred.

15. COMPANY'S REPURCHASE RIGHTS

15.1 Termination of Continuous Status as an Employee, Director or Consultant; Exercise of Right. If the Participant's Continuous Status as an Employee, Director or Consultant to the Company is Terminated for any reason, including for death or Disability, the Company or its assignee of rights hereunder shall upon the date of the Termination Date have an irrevocable right and exclusive option (the *"Repurchase Right"*) to repurchase from the Participant, or the Participant's personal representative, as the case may be, all or any portion of any Securities acquired pursuant to the Award Agreement at Fair Market Value on the date the Repurchase Right is exercised (the *"Repurchase Price"*). Subject to this Section 15, the Repurchase Right may be exercised in writing by the Company at any time after the later to occur of (x) the Termination Date and (y) the six- (6) month anniversary of the date the Securities were acquired by the Participant.

15.2 Payment. The Company, at its election, may satisfy its payment obligation to the Participant with respect to exercise of the Repurchase Right by either (A) delivering a check to the Participant in the amount of the aggregate Repurchase Price for the Shares being repurchased, or (B) in the event the Participant is indebted to the Company, offsetting the aggregate Repurchase Price for the Shares being repurchased with an amount of such indebtedness equal to the aggregate Repurchase Price for the Shares being repurchased, or (C) by a combination of (A) and (B) so that the combined payment and cancellation of indebtedness equals the aggregate Repurchase Price. At its election, the Company or its assignee of rights hereunder may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this election by a notice in writing to the Participant stating the name and address of the bank, date of closing, and waiving the closing at the Company's office. As a result of any repurchase of Shares pursuant to this Section 15, the Company shall become the legal and beneficial owner of the Shares being repurchased and shall have all rights and interest therein or related thereto to the extent permitted by the applicable laws and Company's articles of association, and the Company shall have the right to transfer to its own name the number of Shares being repurchased by the Company, without further action by the Participant.

15.3 Change in Control. In the event of Change in Control, any Repurchase Right under this Section 15 shall remain in full force and effect and shall apply to the new shares of capital received in exchange for the Shares in consummation of the Change in Control.

15.4 Lapse. Notwithstanding any other provision of this Award Agreement, any Repurchase Right provided in this Section 15 shall terminate as to any Shares upon the earlier to occur of (i) a qualified public offering and (ii) a Change in Control in which the successor corporation has equity securities that are publicly traded.

15.5 Power of Attorney. The Participant hereby grants an irrevocable power of attorney to the Company to sell and transfer the Shares in the Participant's name to the Company at Fair Market Value, subject to (i) the Company exercising the Repurchase Right, and (ii) the terms and conditions included in this Award Agreement and the Plan. In performing acts pursuant to this power of attorney, the Company may act pursuant to a power of attorney granted by one or more other persons involved in the acts referred to in the previous sentence.

15.6 Rights of the Company. The Company shall not (i) record on its books the transfer of any Securities that have been sold or transferred in contravention of this Award Agreement or (ii) treat as the owner of Shares, or otherwise to accord voting, if applicable, dividend or liquidation rights to, any transferee to whom Shares have been transferred in contravention of this Award Agreement or applicable laws. Any transfer of Shares not made in conformance with the transfer restrictions applicable to the Shares as set forth in the Plan and this Award Agreement shall be null and void and shall not be recognized by the Company.

15.7 Stop-Transfer Notices. The Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

16. MISCELLANEOUS PROVISIONS.

16.1 Termination or Amendment. The Board may terminate or amend the Plan or the Option at any time; provided, however, that except as provided in Section 8 in connection with a Change in Control, no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Participant unless such termination or amendment is necessary to comply with any applicable law or government regulation, including, but not limited to Section 409A of the Code. No amendment or addition to this Award Agreement shall be effective unless in writing.

16.2 Compliance with Section 409A. The Company intends that income realized by the Participant pursuant to the Plan and this Award Agreement will not be subject to taxation under Section 409A of the Code. The provisions of the Plan and this Award Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. The Company, in its reasonable discretion, may amend (including retroactively) the Plan and this Agreement in order to conform to the applicable requirements of Section 409A of the Code, including amendments to facilitate the Participant's ability to avoid taxation under Section 409A of the Code. However, the preceding provisions shall not be construed as a guarantee by the Company of any particular tax result for income realized by the Participant pursuant to the Plan or this Award Agreement. In any event, and except for the responsibilities of the Company set forth in Section 4.4., no Participating Company shall be responsible for the payment of any applicable taxes on income realized by the Participant pursuant to the Plan or this Award Agreement.

16.3 Further Instruments. The parties hereto agree to execute such further instruments (including, but not limited to, a joinder to the company shareholder agreement) and to take such further action as may reasonably be necessary to carry out the intent of this Award Agreement.

16.4 Binding Effect. Subject to the restrictions on transfer set forth herein, this Award Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

16.5 Delivery of Documents and Notices. Any document relating to participation in the Plan, or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Award Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery electronic delivery at the e-mail address, if any, provided for the Participant by the Participating Company, or, upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

a. ***Description of Electronic Delivery.*** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Award Agreement, and any reports of the Company provided generally to the Company's shareholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may

deliver electronically the Grant Notice and Exercise Notice called for by Section 4.2 to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

b. ***Consent to Electronic Delivery*****.** The Participant acknowledges that the Participant has read Section 16.5(a) of this Award Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice and Exercise Notice, as described in Section 16.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 16.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 16.5(a).

16.6 Integrated Agreement. The Grant Notice, this Award Agreement and the Plan, together with any employment, service or other agreement with the Participant and a Participating Company referring to the Option, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, the Award Agreement and the Plan shall survive any exercise of the Option and shall remain in full force and effect.

16.7 Applicable Law. This Award Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

16.8 Counterparts. The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

o Incentive Stock Option Participant:

o Nonstatutory Stock Option

Date:

STOCK OPTION EXERCISE NOTICE

Jaguar Animal Health, Inc.
Attention:

Ladies and Gentlemen:

1. **Option.** I was granted an option (the *"**Option**"*) to purchase shares of the common stock (the *"**Shares**"*) of Jaguar Animal Health, Inc. (the *"**Company**"*) pursuant to the Company's 2013 Equity Incentive Plan (the *"**Plan**"*), my Notice of Grant of Stock Option (the *"**Grant Notice**"*) and my Award Agreement as follows:

Date of Grant:
Number of Option Shares:
Exercise Price per Share: $

2. **Exercise of Option.** I hereby elect to exercise the Option to purchase the following number of Shares, all of which are Vested Shares, in accordance with the Grant Notice and the Award Agreement:

Total Shares Purchased:
Total Exercise Price (Total Shares X Price per Share) $

3. **Payments.** I enclose payment in full of the total exercise price for the Shares in the following form(s), as authorized by my Award Agreement:

o Cash: $
o Check: $
o Tender of Company Shares: Contact Plan Administrator

4. **Tax Withholding.** I authorize payroll withholding and otherwise will make adequate provision for the federal, state, local and foreign tax withholding obligations of the Company, if any, in connection with the Option. If I am exercising a Nonstatutory Stock Option, I enclose payment in full of my withholding taxes, if any, as follows:

(Contact Plan Administrator for amount of tax due.)

o Cash: $
o Check: $

5. **Participant Information.**

My address is:

My Social Security Number is:

6. **Notice of Disqualifying Disposition.** If the Option is an Incentive Stock Option, I agree that I will promptly notify the Chief Financial Officer of the Company if I transfer any of the Shares within one (1) year from the date I exercise all or part of the Option or within two (2) years of the Date of Grant.

7. **Tax Consultation**. I hereby acknowledge that I understand that I may suffer adverse tax consequences as a result of my purchase or disposition of the Shares. I hereby represent that I have consulted with any tax consultants that I deem advisable in connection with the purchase or disposition of the Shares and that I am not relying on the Company for any tax advice.

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8. **Binding Effect.** I agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of the Grant Notice, the Award Agreement, including the Company's Repurchase Right set forth therein, and the Plan, to all of which I hereby expressly assent. This Agreement shall inure to the benefit of and be binding upon my heirs, executors, administrators, successors and assigns.

9. **Transfer.** I understand and acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the *"**Securities Act**"*), and that consequently the Shares must be held indefinitely unless they are subsequently registered under the Securities Act, an exemption from such registration is available, or they are sold in accordance with Rule 144 or Rule 701 under the Securities Act. I further understand and acknowledge that the Company is under no obligation to register the Shares. I understand that the certificate or certificates evidencing the Shares will be imprinted with legends which prohibit the transfer of the Shares unless they are registered or such registration is not required in the opinion of legal counsel satisfactory to the Company.

I am aware that Rule 144 under the Securities Act, which permits limited public resale of securities acquired in a nonpublic offering, is not currently available with respect to the Shares and, in any event, is available only if certain conditions are satisfied. I understand that any sale of the Shares that might be made in reliance upon Rule 144 may only be made in limited amounts in accordance with the terms and conditions of such rule and that a copy of Rule 144 will be delivered to me upon request.

I understand that I am purchasing the Shares pursuant to the terms of the Plan, the Grant Notice and my Award Agreement, copies of which I have received and carefully read and understand.

Very truly yours,

_____

(Signature)

Receipt of the above is hereby acknowledged.
Jaguar Animal Health, Inc.
By: _____
Title: _____
Dated: _____

Exhibit 10.4

JAGUAR ANIMAL HEALTH, INC.
FORM OF NOTICE OF GRANT OF RESTRICTED STOCK UNITS

Participant has been granted the number of Restricted Stock Units set forth below (the *"**RSUs**"*) pursuant to the Jaguar Animal Health, Inc. 2013 Equity Incentive Plan (the *"**Plan**"*), as follows:

Participant:

Date of Grant:

Number of Restricted Stock Units:

Vesting Requirements:

There are two vesting requirements, both of which must be satisfied, for the RSUs to be considered vested and the underlying Shares eligible for issuance: (1) service requirement; and (2) liquidity event requirement.

1. Service Requirement. So long as Participant remains in continuous Service as an employee, director or consultant, 50% of the RSUs will satisfy this vesting requirement on January 1, 2016 and the remaining 50% of the RSUs will satisfy this vesting requirement on July 1, 2017.

2. Liquidity Event Requirement. Either (a) a corporate transaction of Company (as defined in Paragraph 19 of the Plan) (a "Corporate Transaction") or (b) a Qualified Initial Placement Offer of Company's Shares must occur in order for the RSUs to satisfy this vesting requirement.

For the purposes of the RSUs, the term "Qualified Initial Placement Offer" shall mean: the closing of an underwritten public offering (a) pursuant to an effective registration statement under the U.S. Securities Act of 1933 or (b) on the basis of an approved prospectus and/or pursuant to a valid registration, qualification or filing under applicable law of another jurisdiction, in each case of the Shares or other equity securities of the Company.

Issuance and/or Disposition of the Shares

In the event of a Corporate Transaction, the Service requirement for the RSUs will be accelerated as of the Corporate Transaction effective date and the Service requirement will be considered satisfied. If the Company is acquired by a company with shares listed on a public exchange, the Shares underlying the RSUs will be issued to Participant on the effective date of the Corporate Transaction.

If the Company is acquired by a company that does not have its shares listed on a public exchange, at the discretion of the Company and subject to the terms of the applicable acquisition agreement, on the effective date of the Corporate Transaction, the RSUs either will be assumed and converted to equivalent RSUs for shares of the acquiring company's stock or Participant will be paid the cash value of the RSUs.

In the event of a Qualified Initial Placement Offer, the Shares underlying the RSUs for which the Service requirement is satisfied will be issued to Participant on the 8th month anniversary of the date of the Qualified Initial Placement Offer. The portion of the RSUs for which the Service requirement is not satisfied on the date of the Qualified Initial Placement Offer will be issued on the date the Service requirement is satisfied (but no sooner than the 8th month anniversary of the date of the Qualified Initial Placement Offer.)

If (1) the Service requirement is not satisfied or (2) the liquidity event requirement does not occur by December 31, 2020, the RSUs will terminate and no shares will be issued under the RSUs.

Capitalized terms not defined herein shall have the meaning as set forth in the Plan.

By signing below, Participant agrees that the Company, its directors, officers and shareholders shall not be held liable for any tax, penalty, interest or cost incurred by Participant as a result of such determination by the IRS. Participant is urged to consult with his or her own tax advisor regarding the tax consequences of the RSUs, including the application of Section 409A of the Code.

By their signatures below, the Company and Participant agree that the RSUs are governed by this Grant Notice and by the provisions of the Plan and the Restricted Stock Unit Agreement, both of which are attached to and made a part of this document. Participant acknowledges receipt of copies of the Plan and the Restricted Stock Unit Agreement, represents that Participant has read and is familiar with their provisions, and hereby accepts the RSUs subject to all of their terms and conditions.

JAGUAR ANIMAL HEALTH, INC.

By:
Its:

Address: 185 Berry Street, Suite 1300
San Francisco, CA 94107

PARTICIPANT

Signature

Date

Address

ATTACHMENTS: Jaguar Animal Health, Inc. 2013 Equity Incentive Plan, as amended to the Date of Grant; Restricted Stock Unit Agreement

JAGUAR ANIMAL HEALTH, INC.
FORM OF RESTRICTED STOCK UNIT AGREEMENT

Jaguar Animal Health, Inc. has granted to Participant named in the *Notice of Grant of Restricted Stock Units* (the "***Grant Notice***") to which this Restricted Stock Unit Agreement (the "***Agreement***") is attached a number of Restricted Stock Units (the "***RSUs***") pursuant to the terms and conditions set forth in the Grant Notice and this Agreement. The RSUs have been granted pursuant to and shall in all respects be subject to the terms and conditions of the Jaguar Animal Health, Inc. 2013 Equity Incentive Plan (the "***Plan***"), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Grant Notice, Participant: (a) acknowledges receipt of, and represents that Participant has read and is familiar with the terms and conditions of, the Grant Notice, this Agreement and the Plan, (b) accepts the RSUs subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Grant Notice, this Agreement or the Plan.

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 ***Definitions.*** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2 ***Construction.*** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. **ADMINISTRATION.**

All questions of interpretation concerning the Grant Notice, this Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the RSUs shall be determined by the Board. All such determinations by the Board shall be final, binding and conclusive upon all persons having an interest in the RSUs, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Board in the exercise of its discretion pursuant to the Plan or the RSUs or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the RSUs. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

3. **DIVIDENDS.**

Participant shall not receive any payment or other adjustment in the number of RSUs for dividends or other distributions that may be made in respect of the Shares to which the RSUs relate.

4. **DISTRIBUTION OF SHARES.**

The Company will issue to Participant a number of Shares equal to the number of vested Shares on the issuance date or dates provided in the Grant Notice. However, in the event that the Company determines that Participant is subject to a "black out" period on the schedule issuance date or if the scheduled issuance date does not occur during an applicable "window period" as set forth in the Company's policy regarding insider trading of the Company's Shares, then such Shares shall not be delivered on the scheduled issuance date and shall instead be delivered as soon as practicable within the next applicable "window period" pursuant to such policy.

5. **NUMBER OF SHARES.**

The number of Shares underlying the RSUs may be adjusted from time to time for capitalization adjustments, as provided in Section 4.3 of the Plan.

6. **SECURITIES LAW COMPLIANCE.**

Participant may not be issued any Shares pursuant to the RSUs unless the Shares are either (i) then registered under the Securities Act or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The RSUs must also comply with other applicable laws and regulations governing the RSUs, and Participant shall not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

7. **EXECUTION OF DOCUMENTS.**

Participant hereby acknowledges and agrees that the manner selected by the Company to indicate Participant's consent to the Grant Notice is also deemed to be execution of the Grant Notice and of this Agreement. Participant further agrees that such manner of indicating consent may be relied upon as Participant's signature for establishing execution of any documents to be executed in the future in connection with the RSUs. This Agreement shall be deemed to be signed by the Company and Participant upon the respective signing by the Company and Participant of the Grant Notice to which it is attached.

8. **RSUS NOT A SERVICE CONTRACT.**

The RSUs are not an employment or service contract, and nothing in the RSUs shall be deemed to create in any way whatsoever any obligation on Participant to continue in the service of the Company or Affiliate, or on the part of the Company or Affiliate to continue such service. In addition, nothing in the RSUs shall obligate the Company or Affiliate, their respective stockholders, boards of directors, Officers or Employees to continue any relationship that Participant might have as an Employee, Director or Consultant for the Company or Affiliate.

9. **UNSECURED OBLIGATION.**

The RSUs are unfunded, and as a holder of a vested number of RSUs, Participant shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue Shares pursuant to this Agreement.

10. **TAX WITHHOLDING.**

10.1 ***In General.*** At the time this Agreement is executed, or at any time thereafter as requested by the Company, Participant hereby authorizes withholding from payroll and any other amounts payable to Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the grant or vesting of the RSUs or the issuance of Shares in settlement thereof. The Company shall have no obligation to deliver Shares until the tax obligations of the Company have been satisfied by Participant.

10.2 ***Withholding in Securities.*** The Company may, in its discretion, permit or require Participant to satisfy all or any portion of the tax obligations by deducting from the Shares otherwise deliverable to Participant in settlement of the RSUs a number of Shares having a Fair Market Value, as determined by the Company as of the date on which the tax obligations arise, not in excess of the amount of such tax obligations determined by the applicable withholding rates. In the event that the Company determines that the tax obligations will not be satisfied by the method described above, Participant authorizes the designated plan administrator or any successor plan administrator, to sell a number of Shares otherwise deliverable to Participant in settlement of the RSUs, which the Company determines is sufficient to generate an amount that meets the tax obligations, and to pay such tax withholding amounts to the Company. The Shares may be sold as part of a block trade with other Participants of the Plan in which all Participants receive an average price. Any adverse consequences to Participant resulting from the procedure permitted under this Section 10.2, including, without limitation, tax consequences, shall be the sole responsibility of Participant.

10.3 ***Consultation.*** Participant hereby acknowledges that he or she understands that Participant may suffer adverse tax consequences as a result of participation in the Plan. Participant hereby represents that Participant has consulted with tax consultants in connection with the Award and that Participant is not relying on the Company for any tax advice.

10.4 ***Beneficial Ownership of Shares; Certificate Registration.*** Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of Participant with any broker with which Participant has an account relationship of which the Company has notice any or all shares acquired by Participant pursuant to the settlement of the RSUs. Except as provided by the preceding sentence, a certificate for the shares pursuant to the RSUs shall be registered in the name of Participant, or, if applicable, in the names of the heirs of Participant.

11. **NONTRANSFERABILITY OF THE RSUS.**

The RSUs and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) in any manner otherwise than by will or by the laws of descent or distribution, shall not be subject to sale under execution, attachment, levy or similar process and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and the Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant.

12. **RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.**

Participant shall have no rights as a stockholder with respect to any Shares related to the RSUs until the date of issuance of the Shares pursuant to the RSUs (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). If Participant is an Employee, Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Company or Affiliate and Participant, Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon Participant any right to continue in the Service of Company or Affiliate or interfere in any way with any right of the Company or Affiliate to terminate Participant's Service as a Director, an Employee or Consultant, as the case may be, at any time.

13. **MISCELLANEOUS PROVISIONS.**

13.1 ***Termination or Amendment.*** The Board may terminate or amend the Plan or the RSUs at any time.

13.2 ***Compliance with Section 409A.*** The Company intends that income realized by Participant pursuant to the Plan and this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of the Plan and this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. The Company, in its reasonable discretion, may amend (including retroactively) the Plan and this Agreement in order to conform to the applicable requirements of Section 409A of the Code, including amendments to facilitate Participant's ability to avoid taxation under Section 409A of the Code. However, the preceding provisions shall not be construed as a guarantee by the Company of any particular tax result for income realized by Participant pursuant to the Plan or this Agreement. In any event, and except for the responsibilities of the Company set forth in Section 10, the Company or Affiliate shall be responsible for the payment of any applicable taxes on income realized by Participant pursuant to the Plan or this Agreement.

13.3 ***Fractional Shares.*** The Company shall not be required to issue fractional shares upon the settlement of the RSUs.

13.4 ***Further Instruments.*** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

13.5 ***Binding Effect.*** Subject to the restrictions on transfer set forth herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

13.6 ***Delivery of Documents and Notices.*** Any document relating to participation in the Plan, or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery electronic delivery at the e-mail address, if any, provided for Participant by the Participating Company, or, upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally

recognized overnight courier service with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

13.7 ***Integrated Agreement.*** The Grant Notice, this Agreement and the Plan, together with any employment, service or other agreement with Participant and Company or Affiliate referring to the RSUs, shall constitute the entire understanding and agreement of Participant and the Company or Affiliate with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among Participant and the Company or Affiliate with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, this Agreement and the Plan shall survive any vesting of the RSUs and shall remain in full force and effect.

13.8 ***Applicable Law.*** This Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

13.9 ***Counterparts.*** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

JAGUAR ANIMAL HEALTH, INC.
2014 STOCK INCENTIVE PLAN

1. **ESTABLISHMENT, PURPOSE AND TERM OF PLAN.**

1.1 **Establishment.** The Plan is hereby established effective as of , 2014.

1.2 **Purpose.** The purpose of the Plan is to (i) advance the interests of the Participating Company Group and its shareholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group; and (ii) permit the payment of compensation that qualifies as "performance-based compensation" under Section 162(m) of the Code. The Company intends that Awards granted pursuant to the Plan be exempt from or comply with Section 409A of the Code (including any amendments or replacements of such section), and the Plan shall be so construed.

1.3 **Term of Plan**. The Plan shall continue in effect until its termination by the Board; provided, however, that all Awards shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the shareholders of the Company.

2. **DEFINITIONS AND CONSTRUCTION.**

2.1 **Definitions.** Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended.

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

(d) "**Award**" means an Option, Restricted Stock, or Restricted Stock Units granted under the Plan.

(e) "**Award Agreement**" means a written or electronic agreement between the Company and a Participant setting forth the terms, conditions and restrictions of the Award granted to the Participant.

(f) "**Board**" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "**Board**" also means such Committee(s).

(g) "**Cause**" means, unless such term or an equivalent term is otherwise defined with respect to an Award by the Participant's Award Agreement or written contract of employment or service, any of the following: (i) the Participant's theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any Participating Company documents or records;

(ii) the Participant's material failure to abide by a Participating Company's code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); (iii) the Participant's unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of a Participating Company (including, without limitation, the Participant's improper use or disclosure of a Participating Company's confidential or proprietary information); (iv) any intentional act by the Participant which has a material detrimental effect on a Participating Company's reputation or business; (v) the Participant's repeated failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (vi) any material breach by the Participant of any employment or service agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement; or (vii) the Participant's conviction (including any plea of guilty or *nolo contendere*) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs the Participant's ability to perform his or her duties with a Participating Company.

(h) "**Change of Control**" means the occurrence of any of the following events:

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

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

(iii) A change in the ownership of a "substantial portion of the Company's assets", as defined herein. For this purpose, a "substantial portion of the Company's assets" shall mean assets of the Company having a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such change in ownership. For purposes of this subsection (c), a change in ownership of a substantial portion of the Company's assets occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that constitute a "substantial portion of the Company's assets." For purposes of this subsection (c), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or

voting power of which is owned, directly or indirectly, by a Person described in this subsection (c). For purposes of this subsection (c), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

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

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change of control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if its primary purpose is to: (1) change the state of the Company's incorporation, or (2) create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction

(i) "**Code**" means the Internal Revenue Code of 1986, as amended.

(j) "**Committee**" means the committee appointed by the Board (pursuant to Section 3 to administer the Plan.

(k) **"Company"** means Jaguar Animal Health, Inc., a Delaware corporation, or any successor corporation thereto.

(l) "**Consultant**" means a person engaged to provide consulting or advisory services (other than as an Employee or a Director) to a Participating Company, provided that the identity of such person, the nature of such services or the entity to which such services are provided would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on a Form S-8 Registration Statement under the Securities Act.

(m) "**Director**" means a member of the Board.

(n) "**Disability**" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code. In the case of Awards other than Incentive Stock Options, the Committee, in its discretion, may determine that a different definition of Disability shall apply in accordance with standards adopted by the Committee from time to time.

(o) "**Employee**" means any person treated as an employee (including an Officer or a Director who is also treated as an employee) in the records of a Participating Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code; provided, however, that neither service as a Director nor payment of a director's fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of an individual's rights, if any, under the terms of the Plan as of the time of the Company's determination of whether or not the individual is an Employee, all such determinations by the Company shall be final, binding and conclusive as to such rights, if any, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination as to such individual's status as an Employee.

(p) "**Exercise Price**" means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option

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(q) "**Fair Market Value**" means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) If, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock as quoted on the national or regional securities exchange or market system constituting the primary market for the Stock, as reported in The Wall Street Journal or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, the Stock is not listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse, and in a manner consistent with the requirements of Section 409A of the Code.

(r) "**Grant Date**" means, with respect to an Award, the date on which the Committee makes the determination granting such Award, or such later date as is determined by the Committee at the time it approves the grant. The Grant Date of an Award shall not be earlier than the date the Award is approved by the Committee.

(s) "**Incentive Stock Option**" means an Option intended to be (as set forth in the Award Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(t) "**Insider**" means an Officer, a Director or other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

(u) "**Insider Trading Policy**" means the written policy of the Company pertaining to the purchase, sale, transfer or other disposition of the Company's equity securities by Directors, Officers, Employees or other service providers who may possess material, nonpublic information regarding the Company or its securities.

(v) "**Nonemployee Director**" means a Director who is not an employee of the Company or any Affiliate.

(w) "**Nonstatutory Stock Option**" means an Option not intended to be (as set forth in the Award Agreement) or which does not qualify as an Incentive Stock Option.

(x) "**Officer**" means any person designated by the Board as an officer of the Company.

(y) "**Option**" means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

(z) "**Parent Corporation**" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

(aa) "**Participant"** means any eligible person who has been granted one or more Awards.

(bb) "**Participating Company**" means the Company or any Parent Corporation or Subsidiary Corporation.

(cc) "**Participating Company Group**" means, at any point in time, all entities collectively which are then Participating Companies,

(dd) "**Performance Goals**" means the goal(s) (or combined goal(s)) determined by the Committee in its discretion to be applicable to a Participant with respect to an Award. As determined by the Committee, the Performance Goals applicable to an Award shall provide for a targeted level or levels of achievement using one or more of the following measures: (a) cash flow, (b) earnings per share, (c) gross revenue, (d) market share, (e) return on capital, (f) total shareholder return, or (g) operating profits.

(ee) "**Performance Period"** means the time period during which the Performance Goals or continued status as an Employee, Director, or Consultant must be met as determined by the Committee at is sole discretion

(ff) **"Plan"** means the Jaguar Animal Health, Inc. 2014 Stock Incentive Plan, as amended.

(gg) "**Restricted Stock Award**" means an Award of a Restricted Stock granted pursuant to Section 7.

(hh) **"Restricted Stock Unit Award"** means an Award of a right to receive Stock on a future date granted pursuant to Section 8.

(ii) "**Rule 16b-3**" means Rule 16b-3 promulgated under the 1934 Act, and any future regulation amending, supplementing or superseding such regulation.

(jj) **"Section 16 Person"** means an individual, who, with respect to the shares of Stock, is subject to Section 16 of the 1934 Act and the rules and regulations promulgated thereunder.

(kk) "**Service**" means a Participant's employment or service with the Participating Company Group, whether in the capacity of an Employee, a Director or a Consultant. Unless otherwise provided by the Board, a Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders such Service or a change in the Participating Company for which the Participant renders such Service, provided that there is no interruption or termination of the Participant's Service. Furthermore, a Participant's Service shall not be deemed to have terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company. However, unless otherwise provided by the Board, if any such leave taken by a Participant exceeds ninety (90) days, then on the ninety-first (91st) day following the commencement of such leave the Participant's Service shall be deemed to have terminated, unless the Participant's right to return to Service is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, an unpaid leave of absence shall not be treated as Service for purposes of determining vesting under the Participant's Award Agreement. Except as otherwise provided by the Board, in its discretion, the Participant's Service shall be deemed to have terminated either upon an actual termination of Service or upon the business entity for which the Participant performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its discretion,

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shall determine whether the Participant's Service has terminated and the effective date of and reason for such termination.

(ll) "**Stock**" means a share of common stock of the Company, as adjusted from time to time in accordance with Section 4.3.

(mm) "**Subsidiary Corporation**" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

(nn) "**Ten Percent Stockholder**" means a person who, at the time an Award is granted to such person, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company within the meaning of Section 422(b)(6) of the Code.

(oo) "**Vesting Conditions**" mean those conditions established in accordance with the Plan prior to the satisfaction of which shares subject to an Award remain subject to forfeiture or a repurchase option in favor of the Company exercisable for the Participant's monetary purchase price, if any, for such shares upon the Participant's termination of Service.

2.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. ADMINISTRATION.

3.1 **The Committee.** The Plan shall be administered by the Committee. The Committee shall consist of not less than two (2) Directors who shall be appointed from time to time by, and shall serve at the pleasure of, the Board of Directors. The Committee shall be comprised solely of Directors are (a) "outside directors" under Section 162(m) of the Code and (b) "non-employee directors" under Rule 16b-3.

3.2 **Authority of the Committee.** It shall be the duty of the Committee to administer the Plan in accordance with the Plan's provisions. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (a) determine which Employees Consultants and Directors shall be granted Awards, (b) prescribe the terms and conditions of the Awards, (c) interpret the Plan and the Awards, (d) adopt such procedures and subplans as are necessary or for the purpose of satisfying Applicable Laws, (e) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (f) interpret, amend or revoke any such rules. Notwithstanding the preceding, the

Committee shall not implement an Exchange Program without the approval of the holders of a majority of the shares that are present in person or by proxy and entitled to vote at any Annual or Special Meeting of Stockholders of the Company.

3.3 **Delegation by the Committee.** The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or any part of its authority and powers under the Plan to one or more Directors or officers of the Company, except that the Committee may not delegate all or any part of its authority under the Plan with respect to Awards granted to any individual who is subject to Section 16 Persons. Notwithstanding the foregoing, with respect to Awards that are intended to qualify as performance-based compensation under Section 162(m) of the Code, the Committee may not delegate its authority and powers with respect to such Awards if such delegation would cause the Awards to fail to so

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qualify. To the extent of any delegation by the Committee, references to the Committee in this Plan and any Award Agreement shall be deemed also to include reference to the applicable delegate(s).

3.4 **Decisions Binding.** All interpretations, determinations and decisions made by the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

4. **SHARES SUBJECT TO PLAN.**

4.1 **Number of Shares.** Subject to adjustment as provided in Section 4.3, and the provisions in this Section 4.1 regarding the annual increase, the aggregate number of shares of Stock that may be issued pursuant to Awards shall not exceed 500,000 shares (the "Share Reserve"). In addition, the Share Reserve will automatically increase on January 1st of each year, for a period of not more than five years, beginning on January 1st of the year following the year in which the Plan became effective in an amount equal to 2% of the total number of shares of Stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of Stock than would otherwise occur pursuant to this Section 4.1.

4.2 **Lapsed Awards**. If an Award expires without having been exercised in full, or, with respect to Restricted Stock and Restricted Stock Units is forfeited to the Company, the shares which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if unvested shares of Restricted Stock or Restricted Stock Units are repurchased by the Company or are forfeited to the Company, such shares will become available for future grant under the Plan. Shares used to pay the exercise or purchase price of an Award and/or to satisfy the tax withholding obligations related to an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than shares, such cash payment will not reduce the number of shares available for issuance under the Plan.

4.3 **Adjustments in Awards and Authorized Shares.** In the event that any dividend (other than regular, ongoing dividends) or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or other securities of the Company, or other change in the corporate structure of the Company affecting the shares such that an adjustment is determined by the Committee (in its sole discretion) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and class of stock. Notwithstanding the preceding, the number of shares subject to any Award always shall be a whole number.

5. **ELIGIBILITY.**

5.1 **Persons Eligible for Awards.** Awards may be granted only to Employees, Consultants and Directors.

5.2 **Participation in the Plan**. Awards are granted solely at the discretion of the Board. Eligible persons may be granted more than one Award. However, eligibility in accordance with this

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Section shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

6. **STOCK OPTIONS.**

Options shall be evidenced by Award Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 **Option Limitations.** No Participant shall be granted Options covering more than a total of 350,000 shares during any Company fiscal year, subject to adjustment under Section 4.3. Notwithstanding the foregoing, during the Company fiscal year in which a Participant first becomes an Employee, he or she may be granted Options to purchase up to a total of an additional 100,000 shares.

6.2 **Exercise Price.** The exercise price for each Option shall be established in the discretion of the Board; provided, however, that (a) the exercise price per share for an Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option and (b) no Incentive Stock Option granted to a Ten Percent Stockholder shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonstatutory Stock Option) may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code.

6.3 **Exercisability and Term of Options.** Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Board and set forth in the Award Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option and (b) no Incentive Stock Option granted to a Ten Percent Stockholder shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option. Subject to the foregoing, unless otherwise specified by the Board in the grant of an Option, any Option granted hereunder shall terminate ten (10) years after the effective date of grant of the Option, unless earlier terminated in accordance with its provisions.

6.4 **Payment of Exercise Price.**

(a) **Forms of Consideration Authorized**. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Participant having a Fair Market Value not less than the exercise price, (iii) by delivery of a properly executed notice of exercise together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "**Cashless Exercise**"), (iv) by delivery of a properly executed notice electing a Net-Exercise, (v) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (vi) by any combination thereof. The Board may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) **Limitations on Forms of Consideration - Tender of Stock.** Notwithstanding the foregoing, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender or attestation would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's Stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Participant for more than six (6) months or such other period, if any, required by the Company (and were not used for another Option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

6.5 **Certain Additional Provisions for Incentive Stock Options.**

(a) **Maximum Number of Shares Issuable Pursuant to Incentive Stock Options.** Subject to Section 4 and adjustment as provided in Subsection 4.3, the maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to the exercise of Incentive Stock Options shall not exceed 500,000 shares (the "**ISO Share Limit**"). The maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to all Awards other than Incentive Stock Options shall be the number of shares determined in accordance with Section 4, subject to adjustment as provided in Subsection 4.3.

(b) **Exercisability**. The aggregate Fair Market Value (determined on the Grant Date(s)) of the shares with respect to which Incentive Stock Options are exercisable for the first time by any Employee during any calendar year (under all plans of the Company and its Subsidiaries) shall not exceed $100,000.

(c) **Termination of Service**. No Incentive Stock Option may be exercised more than three (3) months after the Participant's Termination of Service for any reason other than Disability or death, unless (a) the Participant dies during such three-month period, and/or (b) the Award Agreement or the Committee permits later exercise (in which case the Option instead may be deemed to be a Nonqualified Stock Option). No Incentive Stock Option may be exercised more than one (1) year after the Participant's Termination of Service on account of Disability, unless (a) the Participant dies during such one-year period, and/or (b) the Award Agreement or the Committee permit later exercise (in which case the option instead may be deemed to be a Nonqualified Stock Option).

(d) **Expiration**. No Incentive Stock Option may be exercised after the expiration of ten (10) years from the Grant Date; provided, however, that if the Option is granted to an Employee who, together with persons whose stock ownership is attributed to the Employee pursuant to Section 424(d) of the Code, owns stock possessing more than 10% of the total combined voting power of all classes of the stock of the Company or any of its Subsidiaries, the Option may not be exercised after the expiration of five (5) years from the Grant Date.

6.6 **Effect of Termination of Service.**

(a) **Option Exercisability.** Subject to earlier termination of the Option as otherwise provided by this Plan and unless a longer exercise period is provided by the Board, an Option shall terminate immediately upon the Participant's termination of Service to the extent that it is then unvested and shall be exercisable after the Participant's termination of Service to the extent it is then vested only during the applicable time period determined in accordance with this Section and thereafter shall terminate:

(i) **Disability.** If the Participant's Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the date of expiration of the Option's term as set forth in the Award Agreement evidencing such Option (the "**Subsection**").

(ii) **Death.** If the Participant's Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date. The Participant's Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months after the Participant's termination of Service.

(iii) **Termination for Cause.** Notwithstanding any other provision of the Plan to the contrary, if the Participant's Service is terminated for Cause, the Option shall terminate in its entirety and cease to be exercisable immediately upon such termination of Service.

(iv) **Other Termination of Service.** If the Participant's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(b) **Extension if Exercise Prevented by Law.** Notwithstanding the foregoing other than termination of Service for Cause, if the exercise of an Option within the applicable time periods set forth in Subsection 6.6(a) is prevented by the provisions of Section 12 below, the Option shall remain exercisable until the later of (i) thirty (30) days after the date such exercise first would no longer be prevented by such provisions or (ii) the end of the applicable time period under Subsection 6.6(a), but in any event no later than the Option Expiration Date.

6.7 **Transferability of Options.** During the lifetime of the Participant, an Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. An Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Notwithstanding the foregoing, to the extent permitted by the Board, in its discretion, and set forth in the Award Agreement evidencing such Option, a Nonstatutory Stock Option shall be assignable or transferable subject to the applicable limitations, if any, described in the General Instructions to Form S-8 Registration Statement under the 1933 Act.

7. **RESTRICTED STOCK AWARDS.**

Restricted Stock Awards shall be evidenced by Award Agreements in such form as the Board shall from time to time establish. Award Agreements evidencing Restricted Stock Awards may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

7.1 **Restricted Stock Limitations.** No Participant shall be granted Restricted Stock covering more than a total of 350,000 shares during any Company fiscal year, subject to adjustment under Section 4.3. Notwithstanding the foregoing, during the Company fiscal year in which a Participant first becomes an Employee, he or she may be granted Restricted Stock to purchase up to a total of an additional 100,000 shares.

7.2 **Types of Restricted Stock Awards Authorized.** Restricted Stock Awards may be granted upon such conditions as the Board shall determine, including, without limitation, upon the attainment of one or more performance goals.

7.3 **Purchase Price**. The purchase price for shares of Stock issuable under each Restricted Stock Award shall be established by the Board in its discretion. Except as may be required by applicable law or established by the Board, no monetary payment (other than applicable tax withholding) shall be required as a condition of receiving shares of Stock pursuant to a Restricted Stock Award.

7.4 **Payment of Purchase Price**. Except as otherwise provided below, payment of the purchase price (if any) for the number of shares of Stock being purchased pursuant to any Restricted Stock Award shall be made (a) in cash, by check or in cash equivalent, (b) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (c) by any combination thereof.

7.5 **Vesting and Restrictions on Transfer**. Shares issued pursuant to any Restricted Stock Award may (but need not) be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, as shall be established by the Board and set forth in the Award Agreement evidencing such Award. During any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, such shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of other than pursuant to an Ownership Change Event or as provided in Subsection 7.7. The Board, in its discretion, may provide in any Award Agreement evidencing a Restricted Stock Award that, if the satisfaction of Vesting Conditions with respect to any shares subject to such Restricted Stock Award would otherwise occur on a day on which the sale of such shares would violate the provisions of the Insider Trading Policy, then satisfaction of the Vesting Conditions automatically shall be determined on the next trading day on which the sale of such shares would not violate the Insider Trading Policy. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

7.6 **Voting Rights; Dividends and Distributions.** Except as provided in this Section 7.5, Subsection 7.4 and any Award Agreement, during any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, the Participant shall have all of the rights of a stockholder of the Company holding shares of Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares. However, in the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Subsection 4.3, any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant is entitled by reason of the Participant's Restricted Stock Award shall be immediately subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid or adjustments were made.

7.7 **Effect of Termination of Service**. Unless otherwise provided by the Board in the Award Agreement evidencing a Restricted Stock Award, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then (a) the Company shall have the option to repurchase for the purchase price paid by the Participant any shares acquired by the Participant pursuant to a Restricted Stock Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service and (b) if the Participant did not pay any consideration for any shares acquired by the Participant pursuant to a Restricted Stock Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company.

7.8 **Nontransferability of Restricted Stock Award Rights**. Rights to acquire shares of Stock pursuant to a Restricted Stock Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or the laws of descent and distribution. All rights with respect to a Restricted Stock Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

8. **RESTRICTED STOCK UNIT AWARDS.**

Restricted Stock Unit Awards shall be evidenced by Award Agreements in such form as the Board shall from time to time establish. Award Agreements evidencing Restricted Stock Unit Awards may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

8.1 **Restricted Stock Unit Limitations.** No Participant shall be granted Restricted Stock Units covering more than a total of 350,000 shares during any Company fiscal year, subject to adjustment under Section 4.3. Notwithstanding the foregoing, during the Company fiscal year in which a Participant first becomes an Employee, he or she may be granted Restricted Stock Units to purchase up to a total of an additional 100,000 shares.

8.2 **Types of Restricted Stock Unit Awards Authorized**. Restricted Stock Unit Awards may be granted upon such conditions as the Board shall determine, including, without limitation, upon the attainment of one or more performance goals.

8.3 **Number of Securities.** Each Award Agreement will specify the number of Awarded Securities and will provide for the adjustment of such number in accordance with Subsection 4.3 of the Plan.

8.4 **Purchase Price.** The purchase price for shares of Stock issuable under each Restricted Stock Unit Award shall be established by the Board in its discretion. Except as may be required by applicable law or established by the Board, no monetary payment (other than applicable tax withholding) shall be required as a condition of receiving a Restricted Stock Unit Award.

8.5 **Payment of Purchase Price**. Except as otherwise provided below, payment of the purchase price (if any) for the number of shares of Stock being purchased pursuant to any Restricted Stock Unit Award shall be made (a) in cash, by check or in cash equivalent, (b) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (c) by any combination thereof.

8.6 **Vesting and Restrictions on Transfer.** Shares issued pursuant to any Restricted Stock Award may (but need not) be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, as shall be established by the Board and set forth in the Award Agreement evidencing such Award. The Board, in its discretion, may provide in any Award Agreement evidencing a Restricted Stock Unit Award that, if the satisfaction of Vesting Conditions with respect to any shares subject to such Restricted Stock Unit Award would otherwise occur on a day on which the sale of such shares would violate the provisions of the Insider Trading Policy, then satisfaction of the Vesting Conditions automatically shall be determined on the next trading day on which the sale of such shares would not violate the Insider Trading Policy.

8.7 **Settlement of Restricted Units.**

(a) **Procedure; Rights as a Shareholder.** Any Restricted Stock Unit Award granted hereunder will be settled according to the terms of the Plan and at such times and under such conditions as determined by the Board and set forth in the Award Agreement. Until the Restricted Stock Unit Awards are settled and the shares of Stock are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote, if applicable, or receive dividends or any other rights as a shareholder will exist with respect to the Award. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Securities are delivered, except as provided in Subsection 4.2 of the Plan or the applicable Award Agreement.

(b) **Nontransferability of Restricted Stock Unit Award Rights.** Rights to acquire shares of Stock pursuant to a Restricted Stock Unit Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or the laws of descent and distribution. All rights with respect to a Restricted Stock Unit Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

8.8 **Cessation of Services.** Each Award Agreement will specify the consequences of a Participant's ceasing to be a Service Provider prior to the settlement of a Restricted Stock Unit Award.

9. **PERFORMANCE-BASED AWARDS UNDER CODE SECTION 162(M)**

9.1 **General.** If the Committee, in its discretion, decides to grant an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the provisions of this Section 9 will control over any contrary provision in the Plan. The Committee, in its discretion, also may grant Awards that are not intended to qualify as "performance-based compensation" under Section 162(m) of the Code.

9.2 **Performance Goals.** The granting and/or vesting of Awards and other incentives under the Plan may, in the discretion of the Committee, be made subject to the achievement of one or more Performance Goals.

9.3 **Procedures.** To the extent necessary to comply with the "performance-based compensation" provisions of Section 162(m) of the Code, with respect to any Award granted subject to Performance Goals and intended to qualify as "performance-based compensation" under such section, on or before the Determination Date (i.e., within the first 25% of the Performance Period, but in no event more than ninety (90) days following the commencement of any Performance Period or such other time as may be required or permitted by Section 162(m) of the Code), the Committee will, in writing, (i)

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designate one or more Participants to whom an Award will be made, (ii) determine the Performance Period, (iii) establish the Performance Goals and amounts that may be earned for the Performance Period, and (iv) determine any other terms and conditions applicable to the Award(s).

9.4 **Additional Limitations.** Notwithstanding any other provision of the Plan, any Award that is granted to a Participant and is intended to constitute qualified "performance-based compensation" under Section 162(m) of the Code will be subject to any additional limitations set forth in the Code (including any amendment to Section 162(m)) or any regulations and ruling issued thereunder that are requirements for qualification as "performance-based compensation" under Section 162(m) of the Code, and the Plan will be deemed amended to the extent necessary to conform to such requirements.

9.5 **Determination of Amounts Earned.** Following the completion of each Performance Period, the Committee will certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. A Participant will be eligible to receive payment pursuant to an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code for a Performance Period only if the Performance Goals for such period are achieved. In determining the amounts earned by a Participant pursuant to an Award intended to qualified as "performance-based compensation" under Section 162(m) of the Code, the Committee will have the right to (a) reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period, (b) determine what actual Award, if any, will be paid in the event of a termination of employment as the result of a Participant's death or disability or upon a Change of Control or in the event of a termination of employment following a Change of Control prior to the end of the Performance Period, and (c) determine what actual Award, if any, will be paid in the event of a termination of employment other than as the result of a Participant's death or Disability prior to a Change of Control and prior to the end of the Performance Period to the extent an actual Award would have otherwise been achieved had the Participant remained employed through the end of the Performance Period.

10. **CHANGE IN CONTROL.**

10.1 **Effect of Change in Control on Awards.** Subject to the requirements and limitations of Section 409A of the Code, if applicable, the Board may provide for any one or more of the following:

(a) **Accelerated Vesting**. The Board may, in its discretion, provide in any Award Agreement or, in the event of a Change in Control, may take such actions as it deems appropriate to provide for the acceleration of the exercisability and/or vesting in connection with such Change in Control of each or any outstanding Award or portion thereof and shares acquired pursuant thereto upon such conditions, including termination of the Participant's Service prior to, upon, or following such Change in Control, to such extent as the Board shall determine.

(b) **Assumption, Continuation or Substitution of Awards**. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "**Acquiror**"), may, without the consent of any Participant, assume or continue the Company's rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock. For purposes of this Section, if so determined by the Board, in its discretion, an Award or any portion thereof shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each share of Stock subject to such portion of the Award immediately prior to the Change in Control, the

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consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled; provided, however, that if such consideration is not solely common stock of the Acquiror, the Board may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise of the Award for each share of Stock to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. If any portion of such consideration may be received by holders of Stock pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. Any Award or portion thereof which is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of an Award prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of the Award Agreement evidencing such Award except as otherwise provided in such Award Agreement.

(c) **Cash-Out of Outstanding Awards.** The Board may, in its discretion and without the consent of any Participant, determine that, upon the occurrence of a Change in Control, each or any Award or portion thereof outstanding immediately prior to the Change in Control shall be canceled in exchange for a payment with respect to each vested share (and each unvested share, if so determined by the Board) of Stock subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control, reduced by the exercise or purchase price per share, if any, under such Award. If any portion of such consideration may be received by holders of Stock pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. In the event such determination is made by the Board, the amount of such payment (reduced by applicable withholding taxes, if any) shall be paid to Participants in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards.

11. **TAX WITHHOLDING.**

11.1 **Withholding Requirements**. Prior to the delivery of any shares or cash pursuant to an Award (or exercise thereof), or at such earlier time as the Tax Obligations are due, the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all Tax Obligations.

11.2 **Withholding Arrangements.** The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may designate the method or methods by which a Participant may satisfy such Tax Obligations. As determined by the Committee in its discretion from time to time, these methods may include one or more of the following: (a) paying cash, (b) electing to have the Company withhold otherwise cash or shares having a Fair Market Value equal to the amount required to be withheld, (c) delivering to the Company already-owned shares having a Fair Market Value equal to the minimum amount required to be withheld or remitted, provided the delivery of such shares will not result in any adverse accounting consequences as the Committee determines in its sole discretion, (d) selling a sufficient number of shares otherwise deliverable to the Participant through such means as

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the Committee may determine in its sole discretion (whether through a broker or otherwise) equal to the Tax Obligations required to be withheld, (e) retaining from salary or other amounts payable to the Participant cash having a sufficient value to satisfy the Tax Obligations, or (f) any other means which the Committee, in its sole discretion, determines to both comply with Applicable Laws, and to be consistent with the purposes of the Plan. The amount of Tax Obligations will be deemed to include any amount that the Committee agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant or the Company, as applicable, with respect to the Award on the date that the amount of tax or social insurance liability to be withheld or remitted is to be determined. The Fair Market Value of the shares to be withheld or delivered shall be determined as of the date that the Tax Obligations are required to be withheld.

12. **COMPLIANCE WITH SECURITIES LAW.**

12.1 **Section 16 Persons**. With respect to Section 16 Persons, transactions under this Plan are intended to qualify for the exemption provided by Rule 16b-3. To the extent any provision of the Plan, Award Agreement or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable or appropriate by the Committee.

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

12.3 **Inability to Obtain Authority.** The Company will not be required to issue any Shares, cash or other property under the Plan unless all the following conditions are satisfied: (a) the admission of the shares or other property to listing on all stock exchanges on which such class of stock or property then is listed; (b) the completion of any registration or other qualification or rule compliance of the shares under any U.S. state or federal law or under the rulings or regulations of the Securities and Exchange Commission, the stock exchange on which shares of the same class are then listed, or any other governmental regulatory body, as counsel to the Company, in its absolute discretion, deems necessary or advisable; (c) the obtaining of any approval or other clearance from any U.S. federal, state or other governmental agency, which counsel to the Company, in its absolute discretion, determines to be necessary or advisable; and (d) the lapse of such reasonable period of time following the Grant Date, vesting and/or exercise as the Company may establish from time to time for reasons of administrative convenience. If the Committee determines, in its absolute discretion, that one or more of the preceding conditions will not be satisfied, the Company automatically will be relieved of any liability with respect to the failure to issue the shares, cash or other property as to which such requisite authority will not have been obtained.

13. **AMENDMENT OR TERMINATION OF PLAN.**

The Board may amend, suspend or terminate the Plan at any time. However, without the approval of the Company's shareholders, there shall be (a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Subsection 4.3), (b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the Plan that would require approval of the Company's shareholders under any applicable law, regulation or rule, including the rules of any stock exchange or market system upon which the Stock may then be listed. No amendment, suspension or termination of the Plan shall affect any then outstanding Award unless expressly provided by the Board. Except as provided by the next sentence, no amendment, suspension or termination of the Plan may adversely affect any then outstanding Award

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without the consent of the Participant. Notwithstanding any other provision of the Plan or any Award Agreement to the contrary, the Board may, in its sole and absolute discretion and without the consent of any Participant, amend the Plan or any Award Agreement, to take effect retroactively or otherwise, as it deems necessary or advisable for the purpose of conforming the Plan or such Award Agreement to any present or future law, regulation or rule applicable to the Plan, including, but not limited to, Section 409A of the Code.

14. **MISCELLANEOUS PROVISIONS.**

14.1 **Indemnification.** Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement, and (b) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

14.2 **Successors**. All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

14.3 **Rights as Employee, Consultant or Director**. No person, even though eligible pursuant to Section 5, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee, Consultant or Director or interfere with or limit in any way any right of a Participating Company to terminate the Participant's Service at any time. To the extent that an Employee of a Participating Company other than the Company receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

14.4 **Rights as a Stockholder.** A Participant shall have no rights as a stockholder with respect to any shares covered by an Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued.

14.5 **Delivery of Title to Shares**. Subject to any governing rules or regulations, the Company shall issue or cause to be issued the shares of Stock acquired pursuant to an Award and shall deliver such shares to or for the benefit of the Participant by means of one or more of the following: (a) by delivering to the Participant evidence of book entry shares of Stock credited to the account of the Participant, (b) by depositing such shares of Stock for the benefit of the Participant with any broker with which the Participant has an account relationship, or (c) by delivering such shares of Stock to the Participant in certificate form.

14.6 **Fractional Shares.** The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

14.7 **Retirement and Welfare Plans.** Neither Awards made under this Plan nor shares of Stock or cash paid pursuant to such Awards shall be included as "compensation" for purposes of computing the benefits payable to any Participant under any Participating Company's retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing such benefits.

14.8 **Section 409A of the Code.** Notwithstanding other provisions of the Plan or any Award Agreements hereunder, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is reasonably determined by the Board or, if delegated by the Board to the Committee, by the Committee that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award Agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, including as a result of the fact that the Participant is a "specified employee" under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code. The Company shall use commercially reasonable efforts to implement the provisions of this Subsection 14.8 in good faith; provided that neither the Company, the Board nor any of the Company's employees, directors or representatives shall have any liability to Participants with respect to this Subsection 14.8.

14.9 **Severability.** If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

14.10 **No Constraint on Corporate Action**. Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or another Participating Company's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or another Participating Company to take any action which such entity deems to be necessary or appropriate.

14.11 **Choice of Law**. Except to the extent governed by applicable federal law, the validity, interpretation, construction and performance of the Plan and each Award Agreement shall be governed by the laws of the State of California, without regard to its conflict of law rules.

14.12 **Stockholder Approval**. The Plan or any increase in the maximum aggregate number of shares of Stock issuable thereunder as provided in Subsection 4 (the "**Authorized Shares**") shall be approved by a majority of the outstanding securities of the Company entitled to vote by the later of (a) a period beginning twelve (12) months before and ending twelve (12) months after the date of adoption thereof by the Board. Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of security holder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such Awards shall be rescinded if such security holder approval is not received in the manner described in the preceding sentence.

Exhibit 10.6

JAGUAR ANIMAL HEALTH, INC.
FORM OF NOTICE OF GRANT OF STOCK OPTION

The Participant has been granted an option (the *"**Option**"*) to purchase certain Shares of Jaguar Animal Health, Inc. (the "***Company***") pursuant to the Jaguar Animal Health, Inc. 2014 Stock Incentive Plan (the *"**Plan**"*), as follows:

Participant:

Date of Grant:

Number of Option Shares:

Exercise Price: $

Initial Vesting Date: The date one (1) year after *[vesting commencement date]*

Option Expiration Date: The date ten (10) years after the Date of Grant

Tax Status of Option: Stock Option. (Enter "Incentive" or "Nonstatutory." If blank, this Option will be a Nonstatutory Stock Option.)

Vested Shares: Except as provided in the Stock Option Agreement, the number of Vested Shares (disregarding any resulting fractional share) as of any date is determined by multiplying the Number of Option Shares by the *"**Vested Ratio**"* determined as of such date as follows:

	Vested Ratio
On Initial Vesting Date, provided the Participant's Service has not terminated prior to such date	[ ]
Plus	
For each additional full month of the Participant's continuous Service from Initial Vesting Date until the Vested Ratio equals 1/1, an additional	[ ]

Capitalized terms not defined herein shall have the meaning as set forth in the 2014 Stock Incentive Plan.

[Notwithstanding the vesting schedule described above, nor any terms of the Stock Option Agreement and/or the Plan, in the event a Change in Control occurs 100% of the unvested portion of this Option shall become immediately vested and exercisable.]

OR

[Notwithstanding the vesting schedule described above, nor any terms of the Stock Option Agreement and/or Plan, in the event a Change in Control occurs and within 12 months of the Change in Control Participant's Service is terminated by the Company or successor company without Cause, or if the Company or successor company takes action that results in a material diminution in Participant's position, duties, responsibilities or compensation without Participant's consent, except in connection with the possible termination of Participant's Service for Cause, 100% of the unvested portion of this Option shall become immediately vested and exercisable.]

Upon any other termination of Participant's Service, any portion of the Option that is not vested and exercisable as of such date of termination shall automatically expire in accordance with Section 7 of the Stock Option Agreement.

The Exercise Price represents an amount the Company believes to be no less than the fair market value of a Share as of the Date of Grant, determined in good faith in compliance with the requirements of Section 409A of the Code. However, there is no guarantee that the Internal Revenue Service will agree with the Company's determination. A subsequent IRS determination that the Exercise Price is less than such fair market value could result in adverse tax consequences to the Participant. By signing below, the Participant agrees that the Company, its Directors, Officers and shareholders shall not be held liable for any tax, penalty, interest or cost incurred by the Participant as a result of such determination by the IRS. The Participant is urged to consult with his or her own tax advisor regarding the tax consequences of the Option, including the application of Section 409A.

By their signatures below, the Company and the Participant agree that the Option is governed by this Grant Notice and by the provisions of the Plan and the Stock Option Agreement, both of which are attached to and made a part of this document. The Participant acknowledges receipt of copies of the Plan and the Stock Option Agreement, represents that the Participant has read and is familiar with their provisions, and hereby accepts the Option subject to all of their terms and conditions.

JAGUAR ANIMAL HEALTH, INC.

By: _____

Its: _____

Address:

PARTICIPANT

_____
Signature

_____
Date

_____
Address

ATTACHMENTS: Jaguar Animal Health, Inc. 2014 Stock Incentive Plan, as amended to the Date of Grant; Stock Option Agreement and Exercise Notice

FORM OF STOCK OPTION AGREEMENT

Jaguar Animal Health, Inc. has granted to the Participant named in the *Notice of Grant of Stock Option* (the "***Grant Notice***") to which this Stock Option Agreement (the "***Option Agreement***") is attached an option (the "Option") to purchase certain Shares of Stock upon the terms and conditions set forth in the Grant Notice and this Option Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Jaguar Animal Health, Inc. 2014 Stock Incentive Plan (the "***Plan***"), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of, and represents that the Participant has read and is familiar with the terms and conditions of, the Grant Notice, this Option Agreement and the Plan, (b) accepts the Option subject to all of the terms and conditions of the Grant Notice, this Option Agreement and the Plan, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Grant Notice, this Option Agreement or the Plan.

1. **DEFINITIONS AND CONSTRUCTION.**

1.1. ***Definitions.*** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2. ***Construction.*** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Option Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. **TAX CONSEQUENCES.**

2.1. ***Tax Status of Option.*** This Option is intended to have the tax status designated in the Grant Notice.

a. ***Incentive Stock Option.*** If the Grant Notice so designates, this Option is intended to be an Incentive Stock Option within the meaning of Section 422(b) of the Code, but the Company does not represent or warrant that this Option qualifies as such. The Participant should consult with the Participant's own tax advisor regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. (NOTE TO PARTICIPANT: If the Option is exercised more than three (3) months after the date on which you cease to be an Employee (other than by reason of your death or permanent and total disability as defined in Section 22(e)(3) of the Code), the Option will be treated as a Nonstatutory Stock Option and not as an Incentive Stock Option to the extent required by Section 422 of the Code.)

b. ***Nonstatutory Stock Option.*** If the Grant Notice so designates, this Option is intended to be a Nonstatutory Stock Option and shall not be treated as an Incentive Stock Option within the meaning of Section 422(b) of the Code.

2.2 ***ISO Fair Market Value Limitation.*** If the Grant Notice designates this Option as an Incentive Stock Option, then to the extent that the Option (together with all Incentive Stock Options granted to the Participant under all stock option plans of the Participating Company Group, including the Plan) becomes exercisable for the first time during any calendar year for shares of Stock having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000), the portion of such Options which exceeds such amount will be treated as Nonstatutory Stock Options. For purposes of this Subsection 2.2, options designated as Incentive Stock Options are taken into account in the order in which they were granted, and the Fair Market Value of Stock is determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Subsection 2.2, such different limitation shall be deemed incorporated herein effective as of the date required or permitted by such amendment to the Code. If the Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Subsection 2.2, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option. (NOTE TO PARTICIPANT: If the aggregate Exercise Price of the Option (that is, the Exercise Price multiplied by the Number of Option Shares) plus the aggregate exercise price of any other Incentive Stock Options you hold (whether granted pursuant to the Plan or any other stock option plan of the Participating Company Group) is greater than $100,000, you should contact the Chief Financial Officer of the Company to ascertain whether the entire Option qualifies as an Incentive Stock Option.)

3. ADMINISTRATION.

All questions of interpretation concerning the Grant Notice, this Option Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the Option shall be determined by the Board. All such determinations by the Board shall be final, binding and conclusive upon all persons having an interest in the Option, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Board in the exercise of its discretion pursuant to the Plan or the Option or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Option. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

4. EXERCISE OF THE OPTION.

4.1 ***Right to Exercise.*** Except as otherwise provided herein, the Option shall be exercisable on and after the Initial Vesting Date and prior to the termination of the Option (as provided in Section 6) in an amount not to exceed the number of Vested Shares less the number of shares previously acquired upon exercise of the Option. In no event shall the Option be exercisable for more shares than the Number of Option Shares, as adjusted pursuant to Section 9.

4.2 ***Method of Exercise.*** Exercise of the Option shall be by means of electronic or written notice (the "***Exercise Notice***") in a form authorized by the Company. An electronic Exercise Notice must be digitally signed or authenticated by the Participant in such manner as required by the notice and transmitted to the Company or an authorized representative of the Company (including a third-party administrator designated by the Company). In the event that the Participant is not authorized or is unable to provide an electronic Exercise Notice, the Option shall be exercised by a written Exercise Notice addressed to the Company, which shall be signed by the Participant and delivered in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Company, or an authorized representative of the Company (including a third-party administrator designated by the Company). Each Exercise Notice, whether electronic or written, must state the Participant's election to exercise the Option, the

number of shares of Stock for which the Option is being exercised and such other representations and agreements as to the Participant's investment intent with respect to such shares of Stock as may be required pursuant to the provisions of this Option Agreement. Further, each Exercise Notice must be received by the Company prior to the termination of the Option as set forth in Section 6 and must be accompanied by full payment of the aggregate Exercise Price for the number of shares of Stock being purchased. The Option shall be deemed to be exercised upon receipt by the Company of such electronic or written Exercise Notice and the aggregate Exercise Price.

4.3 ***Payment of Exercise Price.***

a. ***Forms of Consideration Authorized.*** Forms of Consideration Authorized. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Participant having a Fair Market Value not less than the exercise price, (iii) by delivery of a properly executed notice of exercise together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "**Cashless Exercise**"), or (iv) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (v) by any combination thereof. The Board may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

4.4 ***Tax Withholding*****.**

(a) ***In General.*** At the time the Award Agreement is executed, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the grant, vesting or exercise of the Option or the issuance of shares of Stock in settlement thereof. The Company shall have

no obligation to deliver shares of Common Stock until the tax obligations of the Company have been satisfied by the Participant.

(b) ***Withholding in Securities.*** The Company may, in its discretion, permit or require the Participant to satisfy all or any portion of the tax obligations by deducting from the shares of Stock otherwise deliverable to the Participant in settlement of the Option a number of shares of Stock having a fair market value, as determined by the Company as of the date on which the tax obligations arise, not in excess of the amount of such tax obligations determined by the applicable withholding rates. In the event that the Company determines that the tax obligations will not be satisfied by the method described above, Participant authorizes the designated plan administrator or any successor plan administrator, to sell a number of shares of Stock that are purchased under the Option, which the Company determines is sufficient to generate an amount that meets the tax obligations plus additional shares of Stock, as necessary. To account for rounding and market fluctuation, and to pay such tax withholding amounts to the Company. The shares of Stock may be sold as part of a block trade with other Participants of the Plan in which all Participants receive an average price. Any adverse consequences to the Participant resulting from the procedure permitted under this Subsection 4.4, including, without limitation, tax consequences, shall be the sole responsibility of the Participant.

(c) ***Consultation***. The Participant hereby acknowledges that he or she understands that the Participant may suffer adverse tax consequences as a result of the Participant's exercise of the Option or disposition of the Stock. The Participant hereby represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the exercise of the Option or disposition of the Stock and that the Participant is not relying on the Company for any tax advice.

4.5 ***Beneficial Ownership of Stock; Certificate Registration.*** The Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all shares of Stock acquired by the Participant pursuant to the exercise of the Option. Except as provided by the preceding sentence, a certificate for the Stock as to which the Option is exercised shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

4.6 ***Restrictions on Grant of the Option and Issuance of Stock.*** The grant of the Option and the issuance of Stock upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares of Stock subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares of Stock as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to

evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

4.7 ***Fractional Shares*****.** The Company shall not be required to issue fractional shares upon the exercise of the Option.

5. **<u>NONTRANSFERABILITY OF THE OPTION</u>.**

During the lifetime of the Participant, the Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. The Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Following the death of the Participant, the Option, to the extent provided in Section 7, may be exercised by the Participant's legal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

6. **<u>TERMINATION OF THE OPTION</u>.**

The Option shall terminate and may no longer be exercised after the first to occur of (a) the close of business on the Option Expiration Date, (b) the close of business on the last date for exercising the Option following termination of the Participant's Service as described in Section 7, or (c) a Change in Control to the extent provided in Section 8.

7. EFFECT OF TERMINATION OF SERVICE.

7.1 ***Option Exercisability.*** The Option shall terminate immediately upon the Participant's termination of Service to the extent that it is then unvested and shall be exercisable after the Participant's termination of Service to the extent it is then vested only during the applicable time period as determined below and thereafter shall terminate.

a. Disability. If the Participant's Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable for Vested Shares on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

b. Death. If the Participant's Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable for Vested Shares on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date. The Participant's Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months after the Participant's termination of Service.

c. Termination for Cause. Notwithstanding any other provision of this Option Agreement, if the Participant's Service is terminated for Cause, the Option shall terminate and cease to be exercisable immediately upon such termination of Service.

d. Other Termination of Service. If the Participant's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable for Vested Shares by the Participant on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

7.2 ***Extension if Exercise Prevented by Law.*** Notwithstanding the foregoing other than termination of Service for Cause, if the exercise of the Option within the applicable time periods set forth in Subsection 7.1 is prevented by the provisions of Subsection 4.6, the Option shall remain exercisable until the later of (a) thirty (30) days after the date such exercise first would no longer be prevented by such provisions or (b) the end of the applicable time period under Subsection 7.1, but in any event no later than the Option Expiration Date.

8. EFFECT OF CHANGE IN CONTROL.

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "***Acquiror***"), may, without the consent of the Participant, assume or continue in full force and effect the Company's rights and obligations under all or any portion of the Option or substitute for all or any portion of the Option a substantially equivalent option for the Acquiror's stock. For purposes of this Section 8, the Option or any portion thereof shall be deemed assumed if, following the Change in Control, the Option confers the right to receive, subject to the terms and conditions of the Plan and this Option Agreement, for each share of Stock subject to such portion of the Option immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled; provided, however, that if such consideration is not solely common stock of the Acquiror, the Board may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise of the Option for each Share to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. If any portion of such consideration may be received by holders of Stock pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. The Option shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control to the extent that the Option is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised as of the date of the Change in Control. Notwithstanding the foregoing, Stock acquired upon exercise of the Option prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such Stock shall continue to be subject to all applicable provisions of this Option Agreement except as otherwise provided herein.

9. RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.

The Participant shall have no rights as a stockholder with respect to any Stock covered by the Option until the date of the issuance of the Stock for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the shares of Stock are issued, except as provided in the Plan. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Option Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service as a Director, an Employee or Consultant, as the case may be, at any time.

10. NOTICE OF SALES UPON DISQUALIFYING DISPOSITION.

The Participant shall dispose of the shares of Stock acquired pursuant to the Option only in accordance with the provisions of this Option Agreement. In addition, *if the Grant Notice designates this Option as an Incentive Stock Option*, the Participant shall (a) promptly notify the stock plan administrator for the Company if the Participant disposes of any of the shares of Stock acquired pursuant to the Option within one (1) year after the date the Participant exercises all or part of the Option or within two (2) years after the Date of Grant and (b) provide the Company with a description of the circumstances of such disposition. Until such time as the Participant disposes of such shares of Stock in a manner consistent with the provisions of this Option Agreement, unless otherwise expressly authorized by the Company, the Participant shall hold all shares of Stock acquired pursuant to the Option in the Participant's name (and not in the name of any nominee) for the one-

year period immediately after the exercise of the Option and the two-year period immediately after Date of Grant. At any time during the one-year or two-year periods set forth above, the Company may place a legend on any certificate representing shares of Stock acquired pursuant to the Option requesting the transfer agent for the Company's stock to notify the Company of any such transfers. The obligation of the Participant to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate pursuant to the preceding sentence.

11. MISCELLANEOUS PROVISIONS.

11.1 ***Termination or Amendment.*** The Board may terminate or amend the Plan or the Option at any time; provided, however, that except as provided in Section 8 in connection with a Change in Control, no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Participant unless such termination or amendment is necessary to comply with any applicable law or government regulation, including, but not limited to Section 409A of the Code. No amendment or addition to this Option Agreement shall be effective unless in writing.

11.2 ***Compliance with Section 409A.*** The Company intends that income realized by the Participant pursuant to the Plan and this Option Agreement will not be subject to taxation

under Section 409A of the Code. The provisions of the Plan and this Option Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. The Company, in its reasonable discretion, may amend (including retroactively) the Plan and this Agreement in order to conform to the applicable requirements of Section 409A of the Code, including amendments to facilitate the Participant's ability to avoid taxation under Section 409A of the Code. However, the preceding provisions shall not be construed as a guarantee by the Company of any particular tax result for income realized by the Participant pursuant to the Plan or this Option Agreement. In any event, and except for the responsibilities of the Company set forth in Subsection 4.4., no Participating Company shall be responsible for the payment of any applicable taxes on income realized by the Participant pursuant to the Plan or this Option Agreement.

11.3 ***Further Instruments.*** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Option Agreement.

11.4 ***Binding Effect.*** Subject to the restrictions on transfer set forth herein, this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

11.5 ***Delivery of Documents and Notices.*** Any document relating to participation in the Plan, or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Option Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery electronic delivery at the e-mail address, if any, provided for the Participant by the Participating Company, or, upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

a. ***Description of Electronic Delivery.*** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Option Agreement, and any reports of the Company provided generally to the Company's shareholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice and Exercise Notice called for by Section 4.2 to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

b. ***Consent to Electronic Delivery.*** The Participant acknowledges that the Participant has read Subsection 11.5(a) of this Option Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice and Exercise Notice, as described in Subsection 11.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing.

The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Subsection 11.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Subsection 11.5(a).

11.6 ***Integrated Agreement.*** The Grant Notice, this Option Agreement and the Plan, together with any employment, service or other agreement with the Participant and a Participating Company referring to the Option, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, the Option Agreement and the Plan shall survive any exercise of the Option and shall remain in full force and effect.

11.7 ***Applicable Law.*** This Option Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

11.8 ***Counterparts.*** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

o Incentive Stock Option
o Nonstatutory Stock Option

Participant: _____

Date: _____

STOCK OPTION EXERCISE NOTICE
Jaguar Animal Health, Inc.
Attention: _____

Ladies and Gentlemen:

1. **Option.** I was granted an option (the *"**Option**"*) to purchase shares of the common stock (the *"**Stock**"*) of Jaguar Animal Health, Inc. (the *"**Company**"*) pursuant to the Company's Stock Incentive Plan (the *"**Plan**"*), my Notice of Grant of Stock Option (the *"**Grant Notice**"*) and my Stock Option Agreement (the *"**Option Agreement**"*) as follows:

Date of Grant:
Number of Option Shares:
Exercise Price per Share: $

2. **Exercise of Option.** I hereby elect to exercise the Option to purchase the following number of shares of Stock, all of which are Vested Shares, in accordance with the Grant Notice and the Option Agreement:

Total Shares Purchased:
Total Exercise Price (Total Shares X Price per Share) $

3. **Payments.** I enclose payment in full of the total exercise price for the Stock in the following form(s), as authorized by my Option Agreement:

o Cashless Exercise
o Cash / Check: $
o Tender of Company Stock: Contact Plan Administrator

4. **Tax Withholding.** I authorize payroll withholding, net-share withholding and otherwise will make adequate provision for the federal, state, local and foreign tax withholding obligations of the Company, if any, in connection with the Option.

5. **Participant Information.**

My address is:
My Social Security Number is:

6. **Notice of Disqualifying Disposition.** If the Option is an Incentive Stock Option, I agree that I will promptly notify the Chief Financial Officer of the Company if I transfer any of the Stock within one (1) year from the date I exercise all or part of the Option or within two (2) years of the Date of Grant.

7. **Tax Consultation**. I hereby acknowledge that I understand that I may suffer adverse tax consequences as a result of my purchase or disposition of the Stock. I hereby represent that I am not relying on the Company for any tax advice.

8. **Binding Effect.** I understand that I am purchasing the Shares pursuant to the terms of the Plan, the Grant Notice and my Option Agreement, copies of which I have received and carefully read and understand. This Agreement shall inure to the benefit of and be binding upon my heirs, executors, administrators, successors and assigns.

Very truly yours,

_____
(Signature)

Receipt of the above is hereby acknowledged.
Jaguar Animal Health, Inc.

By: _____
Title: _____
Dated: _____

Exhibit 10.7

JAGUAR ANIMAL HEALTH, INC.
FORM OF NOTICE OF GRANT OF RESTRICTED STOCK

The Participant has been granted an award of Restricted Stock (the "***Restricted Stock***") pursuant to the Jaguar Animal Health, Inc. Stock Incentive Plan (the "***Plan***"), as follows:

Participant:

Date of Grant:

Total Number of Shares:

Purchase Price

Vesting Commencement Date

Vested Shares: Subject to your continued status as a Service provider through each of the applicable vesting dates, the Restricted Stock shall become vested, in whole or in part, in accordance with the terms of the Plan, the Agreement, this Notice of Grant and the following schedule::

First Anniversary of Vesting Commencement Date	of the Number of Restricted Stock
Second Anniversary of Vesting Commencement Date	of the Number of Restricted Stock
Third Anniversary of Vesting Commencement Date	of the Number of Restricted Stock
Fourth Anniversary of Vesting Commencement Date	of the Number of Restricted Stock

Capitalized terms not defined herein shall have the meaning as set forth in the Stock Incentive Plan.

[OPTIONAL - Notwithstanding the vesting schedule described above, nor any terms of the Restricted Stock Agreement and/or Plan, in the event a Change in Control occurs, and within 18 months of the Change in Control your Service is terminated by the Company without Cause, or if the Company takes action that results in a material diminution in your position, duties, responsibilities or compensation without your consent except in connection with the possible termination of your Service for Cause, 100% of the unvested portion of this Restricted Stock Award shall become immediately vested.

OR

[OPTIONAL - Notwithstanding the vesting schedule described above, nor any terms of the Restricted Stock Agreement and/or Plan, in the event a Change in Control occurs, 100% of the unvested portion of this Restricted Stock Award shall become immediately vested.

Except as provided in the immediately preceding paragraph,] if the vesting conditions described in the Vested Shares section above are not achieved by the date indicated, the Restricted Stock Award will terminate and Participant's right to the shares will be forfeited.

By signing below, the Participant agrees that the Company, its directors, officers and shareholders shall not be held liable for any tax, penalty, interest or cost incurred by the Participant as a result of such determination by the IRS or any regulatory, administrative or judicial body or agency arising from this grant of Restricted Stock, if any. The Participant is urged to consult with his or her own tax advisor regarding the tax consequences of the grant of Restricted Stock, including the application of Section 409A of the Code.

By their signatures below, the Company and the Participant agree that the Restricted Stock is governed by this Grant Notice and by the provisions of the Plan and the Restricted Stock Agreement, both of which are attached to and made a part of this document. The Participant acknowledges receipt of copies of the Plan and the Restricted Stock Agreement, represents that the Participant has read and is familiar with their provisions, and hereby accepts the Restricted Stock subject to all of their terms and conditions.

JAGUAR ANIMAL HEALTH, INC.

By: _____

Its: _____

PARTICIPANT

_____
Signature

_____

Date

Address:

_____
Address

_____

ATTACHMENTS: Jaguar Animal Health, Inc. Omnibus Stock Plan, as amended to the Date of Grant; Restricted Stock Agreement

JAGUAR ANIMAL HEALTH, INC.
FORM OF RESTRICTED STOCK AGREEMENT

Jaguar Animal Health, Inc. has granted to the Participant named in the *Notice of Grant of Restricted Stock* (the "***Grant Notice***") to which this Restricted Stock Agreement (the "***Agreement***") is attached, a Restricted Stock Award (the "***Restricted Stock***") pursuant to the terms and conditions set forth in the Grant Notice and this Agreement. The Restricted Stock has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Jaguar Animal Health, Inc. Stock Incentive Plan (the "***Plan***"), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of, and represents that the Participant has read and is familiar with the terms and conditions of, the Grant Notice, this Agreement and the Plan, (b) accepts the Restricted Stock subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Grant Notice, this Agreement or the Plan.

1. DEFINITIONS AND CONSTRUCTION.

1.1 ***Definitions.*** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2 ***Construction.*** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. ADMINISTRATION.

All questions of interpretation concerning the Grant Notice, this Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the Restricted Stock shall be determined by the Board. All such determinations by the Board shall be final, binding and conclusive upon all persons having an interest in the Restricted Stock, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Board in the exercise of its discretion pursuant to the Plan or the Restricted Stock or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Restricted Stock. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

3. THE AWARD.

3.1 ***Grant and Issuance of Shares.*** Upon the later of (a) the Date of Grant and (b) the date the Notice shall have been fully executed, the Participant shall acquire and the Company

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shall issue, subject to the provisions of this Agreement, a number of shares equal to the Total Number of Shares set forth in the Notice. As a condition to the issuance of the shares, the Participant shall execute and deliver to the Company, along with the Notice, the Assignment Separate from Certificate duly endorsed (with date and number of shares blank) in the form attached to the Notice.

3.2 ***Beneficial Ownership of Shares; Certificate Registration.*** The Participant hereby authorizes the Company, in its sole discretion, to deposit the shares with the Company's transfer agent, including any successor transfer agent, to be held in book entry form during the term of the Escrow pursuant to Section 10. Furthermore, the Participant hereby authorizes the Company, in its sole discretion, to deposit, following the term of such Escrow, for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all shares which are no longer subject to such Escrow. Except as provided by the foregoing, a certificate for the shares shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

3.3 ***Issuance of Shares in Compliance with Law.*** The issuance of the shares shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No shares shall be issued hereunder if their issuance would knowingly constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any shares shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the issuance of the shares, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

4. VESTING.

Subject to the limitations contained herein, the Restricted Stock shall vest as provided in the Grant Notice, provided that vesting shall cease upon termination of Service.

5. DIVIDENDS.

The Participant is eligible to receive any payment or other adjustment in the number of Restricted Stock for dividends or other distributions that may be made in respect of the shares of Stock.

6. NUMBER OF SHARES.

The number of Restricted Stock subject to the Participant's Award may be adjusted from time to time for capitalization adjustments, as provided in Subsection 4.3 of the Plan.

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7. Reacquisition Rights.

7.1 ***Company Reacquisition Right — Unvested Shares of Restricted Stock.*** In the event that (i) Participant's Service is terminated for any reason or no reason, with or without cause, or, (ii) Participant, Participant's legal representative, or other holder of shares acquired pursuant to this Agreement, attempts to

sell, exchange, transfer, pledge, or otherwise dispose of (other than pursuant to an Change in Control), including, without limitation, any transfer to a nominee or agent of the Participant, any shares which are not Vested Shares ("***Unvested Shares***"), the Company shall automatically reacquire the Unvested Shares, and the Participant shall not be entitled to any payment therefor (the "***Company Reacquisition Right***").

7.2 ***Change in Control***. In the event of Change in Control, any Reacquisition Right under this Section 7 shall remain in full force and effect and shall apply to the new shares of capital received in exchange for the Shares in consummation of the Change in Control.

7.3 ***Power of Attorney***. The Participant hereby grants an irrevocable power of attorney to the Company to transfer the Shares in the Participant's name to the Company subject to (i) the Company exercising the Reacquisition Right, and (ii) the terms and conditions included in this Agreement and the Plan. In performing acts pursuant to this power of attorney, the Company may act pursuant to a power of attorney granted by one or more other persons involved in the acts referred to in the previous sentence.

8. ESCROW.

8.1 ***Appointment of Agent.*** To ensure that Shares subject to the Company Reacquisition Right, as described in Subsection 7.1 above, will be available for reacquisition, the Participant agrees that the Company may appoint an agent, acting on the Company's behalf and as attorney-in-fact for the Participant (the "***Agent***") to hold any and all Unvested Shares and to assign and transfer to the Company any such Unvested Shares reacquired by the Company pursuant to the Company Reacquisition Right. The Participant understands that appointment of the Agent is a material inducement to make this Restricted Stock Award and that such appointment is coupled with an interest and is irrevocable. The Agent shall not be personally liable for any act the Agent may do or omit to do hereunder as escrow agent, agent for the Company, or attorney in fact for the Participant while acting in good faith and in the exercise of the Agent's own good judgment, and any act done or omitted by the Agent pursuant to the advice of the Agent's own attorneys shall be conclusive evidence of such good faith. The Agent may rely upon any letter, notice or other document executed by any signature purporting to be genuine and may resign at any time.

8.2 ***Establishment of Escrow.*** The Participant authorizes the Company to deposit the Unvested Shares with the Company's transfer agent to be held in book entry form and the Participant agrees to deliver to and deposit with the Agent each certificate, if any, evidencing the shares and an Assignment Separate from Certificate with respect to such book entry shares and each such certificate duly endorsed (with date and number of shares blank) in the form attached to the Agreement, to be held by the Agent under the terms and conditions of this Section 8 (the "***Escrow***"). Upon the occurrence of a Change in Control or a change, as described in the Plan, in the character or amount of any outstanding stock of the corporation the stock of which is subject

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to the provisions of this Agreement , any and all new, substituted or additional securities or other property to which the Participant is entitled by reason of his or her ownership of the shares that remain, following such Change in Control, subject to the Company Reacquisition Right shall be immediately subject to the Escrow to the same extent as the shares immediately before such event. The Company shall bear the expenses of the Escrow.

8.3 ***Delivery of Shares to Participant.*** The Escrow shall continue with respect to any shares for so long as such shares remain subject to the Company Reacquisition Right. Upon termination of the Reacquisition Right with respect to shares, the Company shall so notify the Agent and direct the Agent to deliver such number of shares to the Participant. As soon as practicable after receipt of such notice, the Agent shall cause to be delivered to the Participant the shares specified by such notice, and the Escrow shall terminate with respect to such shares.

9. SECURITIES LAW COMPLIANCE.

The Participant may not be issued any shares of Stock under the Restricted Stock award unless the shares of Stock are either (i) then registered under the 1933 Act or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the 1933 Act. The Restricted Stock must also comply with other applicable laws and regulations governing the Restricted Stock, and the Participant shall not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

10. EXECUTION OF DOCUMENTS.

The Participant hereby acknowledges and agrees that the manner selected by the Company to indicate the Participant's consent to the Grant Notice is also deemed to be execution of the Grant Notice and of this Agreement. The Participant further agrees that such manner of indicating consent may be relied upon for establishing execution of any documents to be executed in the future in connection with the Restricted Stock. This Agreement shall be deemed to be signed by the Company and the Participant upon the respective signing by the Company and the Participant of the Grant Notice to which it is attached.

11. RESTRICTED STOCK AWARD NOT A SERVICE CONTRACT.

The Restricted Stock Award is not an employment or service contract, and nothing in the Award shall be deemed to create in any way whatsoever any obligation on the part of the Participant to continue in the Service of the Company or Participating Company, or on the part of the Company or Participating Company to continue such service. In addition, nothing in the Award shall obligate the Company or Participating Companies, their respective stockholders, boards of directors, Officers or Employees to continue any relationship that the Participant might have as an Employee, Director or Consultant for the Company or Participating Company.

12. TAX WITHHOLDING.

12.1 ***In General.*** At the time this Agreement is executed, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for (including, if necessary or appropriate, making payments in cash or readily available funds), any

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sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the grant or vesting of the Restricted Stock or the issuance of Stock in settlement thereof. The Company shall have no obligation to deliver shares of Stock until the tax obligations of the Company have been satisfied by the Participant.

12.2 ***Withholding in Shares.*** The Company may, in its discretion, permit or require the Participant to satisfy all or any portion of the tax obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Restricted Stock Award a number of Shares having a fair market value,

as determined by the Company as of the date on which the tax obligations arise, not in excess of the amount of such tax obligations determined by the applicable withholding rates. In the event that the Company determines that the tax obligations will not be satisfied by the method described above, Participant authorizes the designated plan administrator or any successor plan administrator, at their sole discretion, (a) to sell a number of Shares that are purchased or awarded under the Restricted Stock Award, or (b) to satisfy the tax obligations pursuant to the terms of Subsection 12.1 above, which, in either case, the Company determines is sufficient to generate an amount that meets the tax obligations plus additional Shares, as necessary to account for rounding and market fluctuation, and to pay such tax withholding amounts to the Company or to satisfy the tax obligations pursuant to the terms of Subsection 12.1 above. The Shares may be sold as part of a block trade with other Participants of the Plan in which all Participants receive an average price. Any adverse consequences to the Participant resulting from the procedure permitted under this Subsection 12.2, including, without limitation, tax consequences, shall be the sole responsibility of the Participant.

12.3 ***Consultation***. The Participant hereby acknowledges that he or she understands that the Participant may suffer adverse tax consequences as a result of participation in the Plan. The Participant hereby represents that the Participant has consulted with tax consultants in connection with participation in the Plan and that the Participant is not relying on the Company for any tax advice.

13. RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.

The Participant shall have no rights as a stockholder with respect to any Shares covered by the Restricted Stock until the date of the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company.) If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service as a Director, an Employee or Consultant, as the case may be, at any time.

14. MISCELLANEOUS PROVISIONS.

14.1 ***Termination or Amendment.*** The Board may terminate or amend the Plan or the Restricted Stock at any time.

14.2 ***Compliance with Section 409A.*** The Company intends that income realized by the Participant pursuant to the Plan and this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of the Plan and this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. The Company, in its reasonable discretion, may amend (including retroactively) the Plan and this Agreement in order to conform to the applicable requirements of Section 409A of the Code, including amendments to facilitate the Participant's ability to avoid taxation under Section 409A of the Code. However, the preceding provisions shall not be construed as a guarantee by the Company of any particular tax result for income realized by the Participant pursuant to the Plan or this Agreement. In any event, and except for the responsibilities of the Company set forth in Section 12, no Participating Company shall be responsible for the payment of any applicable taxes on income realized by the Participant pursuant to the Plan or this Agreement.

14.3 ***Fractional Shares.*** The Company shall not be required to issue fractional shares upon the settlement of the Restricted Stock.

14.4 ***Further Instruments.*** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

14.5 ***Binding Effect.*** Subject to the restrictions on transfer set forth herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

14.6 ***Delivery of Documents and Notices.*** Any document relating to participation in the Plan, or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery electronic delivery at the e-mail address, if any, provided for the Participant by the Participating Company, or, upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) ***Description of Electronic Delivery.*** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, and any reports of the Company provided generally to the Company's shareholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) ***Consent to Electronic Delivery.*** The Participant acknowledges that the Participant has read Subsection 14.6(a) of this Agreement and consents to the electronic delivery

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of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice as described in Subsection 14.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Subsection 14.6(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Subsection 14.6(a).

14.7 ***Integrated Agreement.*** The Grant Notice, this Agreement and the Plan, together with any employment, service or other agreement with the Participant and a Participating Company referring to the Restricted Stock, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions,

representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, this Agreement and the Plan shall survive any exercise of the Restricted Stock and shall remain in full force and effect.

14.8 ***Applicable Law.*** This Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

14.9 ***Counterparts.*** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED the undersigned does hereby sell, assign and transfer unto

( ) shares of the Stock of Jaguar Animal Health, Inc. standing in the undersigned's name on the books of said corporation represented by Certificate No. herewith and does hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of said corporation with full power of substitution in the premises.

Dated: _____

_____
Signature

_____
Print Name

Instructions: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its Company Right of First Refusal set forth in the Restricted Stock Agreement without requiring additional signatures on the part of the Participant.

JAGUAR ANIMAL HEALTH, INC.
FORM OF NOTICE OF GRANT OF RESTRICTED STOCK UNITS

The Participant has been granted the number of Restricted Stock Units set forth below (the *"**RSUs**"*) pursuant to the Jaguar Animal Health, Inc. 2014 Stock Incentive Plan (the *"**Plan**"*), as follows:

Participant:

Date of Grant:

Number of Restricted Stock Units:

Vested Shares: Subject to your continued status as a Service provider through each of the applicable vesting dates, the RSUs shall become vested, in whole or in part, in accordance with the terms of the Plan, the Award Agreement, this Notice of Grant and the following schedule:

First Anniversary of Vesting Commencement Date	of the Number of RSUs
Second Anniversary of Vesting Commencement Date	of the Number of RSUs
Third Anniversary of Vesting Commencement Date	of the Number of RSUs
Fourth Anniversary of Vesting Commencement Date	of the Number of RSUs

Capitalized terms not defined herein shall have the meaning as set forth in the Plan.

[Notwithstanding the vesting schedule described above, nor any terms of the Restricted Stock Unit Agreement and/or the Plan, in the event a Change in Control occurs 100% of the unvested portion of the RSUs shall become immediately vested.]

OR

[Notwithstanding the vesting schedule described above, nor any terms of the Restricted Stock Unit Agreement and/or Plan, in the event a Change in Control occurs and within 12 months of the Change in Control Participant's Service is terminated by the Company or successor company without Cause, or if the Company or successor company takes action that results in a material diminution in Participant's position, duties, responsibilities or compensation without Participant's consent, except in connection with the possible termination of Participant's Service for Cause, 100% of the unvested portion of the RSUs shall become immediately vested.]

Upon any other termination of Participant's Service, if the vesting conditions described in the Vested Shares section above are not achieved by the date indicated, the Restricted Stock Award will terminate and Participant's right to the shares will be forfeited.

By signing below, the Participant agrees that the Company, its directors, officers and shareholders shall not be held liable for any tax, penalty, interest or cost incurred by the Participant as a result of such determination by the IRS. The Participant is urged to consult with his or her own tax advisor regarding the tax consequences of the RSUs, including the application of Section 409A.

By their signatures below, the Company and the Participant agree that the RSUs are governed by this Grant Notice and by the provisions of the Plan and the Restricted Stock Unit Agreement, both of which are attached to and made a part of this document. The Participant acknowledges receipt of copies of the Plan and the Restricted Stock Unit Agreement, represents that the Participant has read and is familiar with their provisions, and hereby accepts the RSUs subject to all of their terms and conditions.

JAGUAR ANIMAL HEALTH, INC.	PARTICIPANT
By: _____	_____
	Signature
Its: _____	_____
	Date
Address:	_____
	Address
	_____

ATTACHMENTS: Jaguar Animal Health, Inc. 2014 Stock Incentive Plan, as amended to the Date of Grant; Restricted Stock Unit Agreement

JAGUAR ANIMAL HEALTH, INC.
FORM OF RESTRICTED STOCK UNIT AGREEMENT

Jaguar Animal Health, Inc. has granted to the Participant named in the *Notice of Grant of Restricted Stock Units* (the "***Grant Notice***") to which this Restricted Stock Unit Agreement (the "***Agreement***") is attached a number of Restricted Stock Units (the "***RSUs***") pursuant to the terms and conditions set forth in the Grant Notice and this Agreement. The RSUs have been granted pursuant to and shall in all respects be subject to the terms and conditions of the Jaguar Animal Health, Inc. 2014 Stock Incentive Plan (the "***Plan***"), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By

signing the Grant Notice, the Participant: (a) acknowledges receipt of, and represents that the Participant has read and is familiar with the terms and conditions of, the Grant Notice, this Agreement and the Plan, (b) accepts the RSUs subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Grant Notice, this Agreement or the Plan.

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 ***Definitions.*** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2 ***Construction.*** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. **ADMINISTRATION.**

All questions of interpretation concerning the Grant Notice, this Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the RSUs shall be determined by the Board. All such determinations by the Board shall be final, binding and conclusive upon all persons having an interest in the RSUs, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Board in the exercise of its discretion pursuant to the Plan or the RSUs or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the RSUs. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

3. **VESTING.**

Subject to the limitations contained herein, the RSUs shall vest as provided in the Grant Notice, provided that vesting shall cease upon the termination of the Participant's Service. Any RSUs that have not vested shall be forfeited upon termination of Service.

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4. **DIVIDENDS.**

The Participant shall not receive any payment or other adjustment in the number of RSUs for dividends or other distributions that may be made in respect of the shares of Stock to which the RSUs relate.

5. **DISTRIBUTION OF SHARES OF STOCK.**

The Company will deliver to the Participant a number of shares of Stock equal to the number of vested shares of Stock subject to the RSUs on the vesting date or dates provided in the Grant Notice; *provided, however*, that the shares of Stock subject to the RSUs that vest on or prior to the execution of the Grant Notice shall be delivered as soon as practicable following the date of execution of the Grant Notice; and *provided further, however*, that in the event that the Company determines that the Participant is subject to its policy regarding insider trading of the Company's stock and any shares of Stock subject to the RSUs are scheduled to be delivered on a day (the "***Original Distribution Date***") that does not occur during an applicable "window period," as determined by the Company in accordance with such policy, then such shares shall not be delivered on such Original Distribution Date and shall instead be delivered as soon as practicable within the next applicable "window period" pursuant to such policy.

6. **NUMBER OF SHARES.**

The number of RSUs may be adjusted from time to time for capitalization adjustments, as provided in Section 4.3 of the Plan.

7. **SECURITIES LAW COMPLIANCE.**

The Participant may not be issued any shares of Stock pursuant to the RSUs unless the shares of Stock are either (i) then registered under the Securities Act or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The RSUs must also comply with other applicable laws and regulations governing the RSUs, and the Participant shall not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

8. **EXECUTION OF DOCUMENTS.**

The Participant hereby acknowledges and agrees that the manner selected by the Company to indicate the Participant's consent to the Grant Notice is also deemed to be execution of the Grant Notice and of this Agreement. The Participant further agree that such manner of indicating consent may be relied upon as the Participant's signature for establishing execution of any documents to be executed in the future in connection with the RSUs. This Agreement shall be deemed to be signed by the Company and the Participant upon the respective signing by the Company and the Participant of the Grant Notice to which it is attached.

9. **RSUS NOT A SERVICE CONTRACT.**

The RSUs are not an employment or service contract, and nothing in the RSUs shall be deemed to create in any way whatsoever any obligation on the Participant to continue in the

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service of the Company or Participating Company, or on the part of the Company or Participating Company to continue such service. In addition, nothing in the RSUs shall obligate the Company or Participating Companies, their respective stockholders, boards of directors, Officers or Employees to continue any relationship that the Participant might have as an Employee, Director or Consultant for the Company or Participating Company.

10. **UNSECURED OBLIGATION.**

The RSUs are unfunded, and as a holder of vested number of RSUs, the Participant shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares of Stock pursuant to Section 5 of this Agreement.

11. **TAX WITHHOLDING.**

11.1 ***In General.*** At the time this Agreement is executed, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the grant or vesting of the RSUs or the issuance of Stock in settlement thereof. The Company shall have no obligation to deliver Stock until the tax obligations of the Company have been satisfied by the Participant.

11.2 ***Withholding in Securities.*** The Company may, in its discretion, permit or require the Participant to satisfy all or any portion of the tax obligations by deducting from the shares of Stock otherwise deliverable to the Participant in settlement of the RSUs a number of shares of Stock having a fair market value, as determined by the Company as of the date on which the tax obligations arise, not in excess of the amount of such tax obligations determined by the applicable withholding rates. In the event that the Company determines that the tax obligations will not be satisfied by the method described above, the Participant authorizes the designated plan administrator or any successor plan administrator, to sell a number of shares of Stock otherwise deliverable to the Participant in settlement of the RSUs, which the Company determines is sufficient to generate an amount that meets the tax obligations plus additional shares of Stock, as necessary to account for rounding and market fluctuation, and to pay such tax withholding amounts to the Company. The shares of Stock may be sold as part of a block trade with other Participants of the Plan in which all Participants receive an average price. Any adverse consequences to the Participant resulting from the procedure permitted under this Section 11.2, including, without limitation, tax consequences, shall be the sole responsibility of the Participant.

11.3 ***Consultation.*** The Participant hereby acknowledges that he or she understands that the Participant may suffer adverse tax consequences as a result of participation in the Plan. The Participant hereby represents that the Participant has consulted with tax consultants in connection with the Award and that the Participant is not relying on the Company for any tax advice.

11.4 ***Beneficial Ownership of Shares; Certificate Registration.*** The Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of the Participant

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with any broker with which the Participant has an account relationship of which the Company has notice any or all shares acquired by the Participant pursuant to the settlement of the RSUs. Except as provided by the preceding sentence, a certificate for the shares pursuant to the RSUs shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

12. **NONTRANSFERABILITY OF THE RSUS.**

The RSUs and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) in any manner otherwise than by will or by the laws of descent or distribution, shall not be subject to sale under execution, attachment, levy or similar process and may be exercised during the lifetime of the Participant only by the Participant. The terms of the Plan and the Award Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

13. **RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.**

The Participant shall have no rights as a stockholder with respect to any shares related to the RSUs until the date of issuance of the shares pursuant to the RSUs (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service as a Director, an Employee or Consultant, as the case may be, at any time.

14. **MISCELLANEOUS PROVISIONS.**

14.1 ***Termination or Amendment.*** The Board may terminate or amend the Plan or the RSUs at any time.

14.2 ***Compliance with Section 409A.*** The Company intends that income realized by the Participant pursuant to the Plan and this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of the Plan and this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. The Company, in its reasonable discretion, may amend (including retroactively) the Plan and this Agreement in order to conform to the applicable requirements of Section 409A of the Code, including amendments to facilitate the Participant's ability to avoid taxation under Section 409A of the Code. However, the preceding provisions shall not be construed as a guarantee by the Company of any particular tax result for income realized by the Participant pursuant to the Plan or this Agreement. In any event, and except for the responsibilities of the Company set forth in Section 11, no Participating Company shall be responsible for the payment of any applicable taxes on income realized by the Participant pursuant to the Plan or this Agreement.

14.3 ***Fractional Shares.*** The Company shall not be required to issue fractional shares upon the settlement of the RSUs.

14.4 ***Further Instruments.*** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

14.5 ***Binding Effect.*** Subject to the restrictions on transfer set forth herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

14.6 ***Delivery of Documents and Notices.*** Any document relating to participation in the Plan, or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery electronic delivery at the e-mail address, if any, provided for the Participant by the Participating Company, or, upon deposit in the U.S. Post

Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) ***Description of Electronic Delivery.*** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, and any reports of the Company provided generally to the Company's shareholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) ***Consent to Electronic Delivery.*** The Participant acknowledges that the Participant has read Section 14.6(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice, as described in Section 14.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 14.6(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 14.6(a).

14.7 ***Integrated Agreement.*** The Grant Notice, this Agreement and the Plan, together with any employment, service or other agreement with the Participant and a Participating Company referring to the RSUs, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, this Agreement and the Plan shall survive any vesting of the RSUs and shall remain in full force and effect.

14.8 ***Applicable Law.*** This Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

14.9 ***Counterparts.*** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit 10.9

March 1, 2014

VIA HAND DELIVERY and e-MAIL

Lisa A. Conte

Dear Lisa,

Jaguar Animal Health, Inc. ("JAH" or the "Company") is pleased to offer you a position as Chief Executive Officer, reporting to the Company's Board of Directors. We believe that you will continue to play an instrumental role in growing the Company.

If you accept this offer your Start Date will be March 1, 2014 and your position will be a full-time, exempt position. Your bi-weekly salary, if annualized, would be $400,000 per twelve month period, paid in arrears in accordance with our regular payroll processing procedures. We pay bi-weekly, and, thus, we have 26 pay periods during each calendar year. Therefore, you will be paid $15,384.62 per pay period, less applicable payroll taxes and other authorized deductions. Your base salary will be subject to performance review and possible adjustment on an annual basis.

If and when bonuses are declared by the Company's Board of Directors, you will be eligible for a target bonus of thirty percent (30%) of your base salary. Your bonus in any given bonus period would be determined by a combination of the Company's performance and your meeting certain goals and objectives that you and the Board of Directors have mutually established for that bonus period. For a bonus to be payable to you for any previous bonus period, you must still be employed by the Company on the date such bonus is actually paid for such period.

JAH provides a benefits package to all regular full-time employees working thirty (30) or more hours per week. You are eligible to participate in the benefits package. The benefits package will include a medical plan, a dental plan, a vision plan, long term disability and life insurance. The Company will pay the premiums for all the foregoing policies to cover you; and, additionally, the Company will pay the premiums for the medical plan, the dental plan, and the vision plan to cover your spouse (or domestic partner) and your dependents. The Company intends to establish a non-matching 401(k) plan in which you would be eligible to participate; provided, however, that establishment of such a plan will be in the sole discretion of the Board of Directors.

Your position accrues paid time off ("PTO") at the rate of 6.15 hours per pay period (which is equivalent to 20 work days per year). In addition to PTO which may be used for either vacation or sick leave, in accordance with the policies set forth in the Company's ***Employee Handbook*** (the "Handbook"), you will be entitled to the Company's paid holidays and five (5) personal days as other JAH employees, in accordance with JAH's policies as in effect from time to time. You may accrue up to a maximum of two hundred (200) hours (equivalent to 20 PTO days and 5 personal days), at which time you shall cease to accrue any additional PTO or personal days until you use some of the accrual, bringing your balance below the maximum.

Subject to approval by the Company's Board of Directors and the stockholders, you will be eligible to receive a grant of options to purchase up to that number of shares of the Company's common stock as shall be equal to three percent (3%) of the fully diluted capitalization of the Company, calculated following the final closing of the Company's Series A preferred stock financing (the "Stock Options"). The Company's Board of Directors will consider grants of stock

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options as soon as is practicable after the closing of the financing (and, in the case of a multi-tranche financing, after the closing of the first tranche). The Stock Options, when granted, will be granted pursuant to the JAH's 2013 Equity Incentive Plan. The Stock Options are intended to be incentive stock options within the meaning of Section 422(a) of the Internal Revenue Code of 1986, as amended.

The Stock Options shall have an exercise price equal to the fair market value of the Company's common stock on the date upon which the Stock Options are granted (the "Grant Date"). You will vest in these stock options as follows: in one-twelfth (1/12) of the Stock Options upon the last day of the month that is three months after the Grant Date, and then, at the rate of 1/36th of the Stock Options each month over a period of thirty-three (33) months, on the last day of each month. Assuming you remain in the employ of the Company, you will be fully vested in all these stock options after three years from the Grant Date

The Company will reimburse you for reasonable expenses associated with travel you undertake for Company business, so long as (i) you use the Company's travel agent or an alternative source for your travel arrangements that is at least as, or more, economical for the Company and (ii) so long as you submit your expenses with original receipts, in accordance with the Company's reimbursement policies and procedures. The Company's policy regarding travel expenses, as noted above, is to reimburse employees at coach or economy fares for domestic travel and at business class for international travel.

As a condition of your employment, you will be required to execute and be bound by the Company's ***Employee Proprietary Information and Inventions Agreement***, a copy of which is attached as ***Exhibit A*** and incorporated herein by this reference. The covenants in that agreement will survive any termination of your employment with the Company. You agree that, when the Handbook has been approved for use, and a copy has been delivered to you, you will acknowledge receipt, as will all other employees of the Company. We expect that you will comply with the Company's policies and procedures set forth in the Handbook.

Finally, in accordance with the laws of California, you understand that the Company is an "at-will" employer. The term "at-will" is explained in the Handbook.

It is my understanding that, as of your Start Date, you will not be serving any other company in any capacity. You agree that, while you are employed with JAH, you will not accept employment with, consult with, or work with, in any capacity whatsoever (including as a director or advisor), any company or organization that directly competes with the Company without my prior approval, or the approval of my designee, nor engage in any efforts that would detract from your performance at JAH. If you have any question or doubt as to whether or not a company with which you would like to work is considered a competitor or if an activity would be considered a meaningful distraction, you will consult with me prior to commencing any such working relationship.

This letter is to be interpreted and enforced in accordance with the internal laws of the State of California.

This letter reflects our entire understanding on this subject matter. This letter, together with the ***Employee Proprietary Information and Inventions Agreement***, any other exhibits, schedules and addenda, and the Handbook, set forth the terms of your employment and supersedes any prior representations or agreements, whether written or oral. This letter may be executed in counterparts. Facsimile signatures, if identifiable, legible and complete, will be considered original signatures for purposes of enforcement. Any modification, alteration, or change to this letter shall be made only by a written agreement duly executed by both you and me.

Please sign and return this letter to Charles Thompson, the Company's Chief Financial Officer.

Warm Regards,

/s/ Charles Thompson
Charles Thompson
CFO

Agreed to and Accepted by:

/s/ Lisa A. Conte
Lisa A. Conte

March 1, 2014

EXHIBIT A
TO THE OFFER LETTER

EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

As a condition of my employment with Jaguar Animal Health, Inc., its subsidiaries, affiliates, successors or assigns (together the "Company"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree as of the date of commencement of my employment to the following:

1. **At-Will Employment**. I UNDERSTAND AND ACKNOWLEDGE THAT MY EMPLOYMENT WITH THE COMPANY IS FOR AN UNSPECIFIED DURATION AND CONSTITUTES "AT-WILL" EMPLOYMENT. I ALSO UNDERSTAND THAT ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND NOT VALID UNLESS OBTAINED IN WRITING AND SIGNED BY AN OFFICER OF THE COMPANY.

2. **Confidential Information**.

(a) **Company Information**. I agree at all times during the term of my employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the Board of Directors of the Company, any Confidential Information of the Company. I understand that "Confidential Information" means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the term of my employment), markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information disclosed to me by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment. I further understand that Confidential Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

(b) **Former Employer Information**. I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that I will not bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

(c) **Third Party Information**. I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party.

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3. **Inventions**.

(a) **Inventions Retained and Licensed**. I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Company's proposed business, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If in the course of my employment with the Company, I incorporate into a Company product, process or machine a Prior Invention owned by me or in which I have an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) **Assignment of Inventions**. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, technologies, formulations, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (collectively referred to as "Inventions"), except as provided in Section 3(f) below. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention.

(c) **Inventions Assigned to the United States**. I agree to assign to the United States government all my right, title, and interest in and to any and all Inventions whenever such full title is required by a contract between the Company and the United States or any of its agencies.

(d) **Maintenance of Records**. I agree that any written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company, whether in the form of notes, sketches, drawings, and any other format that may be specified by the Company, will be available to and remain the sole property of the Company at all times.

(e) **Patent and Copyright Registrations**. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of

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authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

(f) **Exception to Assignments**. I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention which qualifies fully under the provisions of California Labor Code Section 2870 (attached hereto as Exhibit B). I will advise the Company promptly in writing of any inventions that I believe meet the criteria in California Labor Code Section 2870 and not otherwise disclosed on Exhibit A.

4. **Conflicting Employment**. I agree that, during the term of my employment with the Company, I will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company.

5. **Returning Company Documents**. I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by me pursuant to my employment with the Company or otherwise belonging to the Company, its successors or assigns. In the event of the termination of my employment, I agree to sign and deliver the "Termination Certification" attached hereto as Exhibit C.

6. **Notification of New Employer**. In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

7. **Solicitation of Employees**. I agree that for a period of twelve (12) months immediately following the termination of my relationship with the Company for any reason, whether with or without cause, I shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company, or attempt to solicit, induce, recruit, or encourage any such employees to leave their employment with the Company, either for myself or for any other person or entity.

8. **Representations**. I agree to execute any proper oath or verify any proper and commercially reasonable document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any oral or written agreement in conflict herewith.

9. **Arbitration and Equitable Relief**.

(a) **Arbitration**. EXCEPT AS PROVIDED IN SECTION 9(b) BELOW, I AGREE THAT ANY DISPUTE OR CONTROVERSY ARISING OUT OF, RELATING TO, OR CONCERNING ANY INTERPRETATION, CONSTRUCTION, PERFORMANCE OR BREACH OF THIS AGREEMENT, SHALL BE SETTLED BY ARBITRATION TO BE HELD IN SAN FRANCISCO COUNTY, CALIFORNIA, IN ACCORDANCE WITH THE EMPLOYMENT DISPUTE

RESOLUTION RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR MAY GRANT INJUNCTIONS OR OTHER RELIEF IN SUCH DISPUTE OR CONTROVERSY. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE AND BINDING ON THE PARTIES TO THE ARBITRATION. JUDGMENT MAY BE ENTERED ON THE ARBITRATOR'S DECISION IN ANY COURT HAVING JURISDICTION.

THIS ARBITRATION CLAUSE RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP (EXCEPT AS PROVIDED IN SECTION 10(b) BELOW), INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

i. ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION;

ii. ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL, STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq.*;

iii. ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

(b) **Equitable Remedies**. I AGREE THAT IT WOULD BE IMPOSSIBLE OR INADEQUATE TO MEASURE AND CALCULATE THE COMPANY'S DAMAGES FROM ANY BREACH OF THE COVENANTS SET FORTH IN SECTIONS 2, 3, AND 5 HEREIN. ACCORDINGLY, I AGREE THAT IF I BREACH ANY OF SUCH SECTIONS, THE COMPANY WILL HAVE AVAILABLE, BEFORE COMMENCING ARBITRATION PROCEEDINGS, THE RIGHT TO OBTAIN AN INJUNCTION FROM A COURT OF COMPETENT JURISDICTION RESTRAINING SUCH BREACH OR THREATENED BREACH AND TO SPECIFIC PERFORMANCE OF ANY SUCH PROVISION OF THIS AGREEMENT. I FURTHER AGREE THAT NO BOND OR OTHER SECURITY SHALL BE REQUIRED IN OBTAINING SUCH EQUITABLE RELIEF AND I HEREBY CONSENT TO THE ISSUANCE OF SUCH INJUNCTION AND TO THE ORDERING OF SPECIFIC PERFORMANCE.

(c) **Consideration**. I UNDERSTAND THAT EACH PARTY'S PROMISE TO RESOLVE CLAIMS BY ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT, RATHER THAN THROUGH THE COURTS, IS CONSIDERATION FOR OTHER PARTY'S LIKE PROMISE. I FURTHER UNDERSTAND THAT I AM OFFERED EMPLOYMENT IN CONSIDERATION OF MY PROMISE TO ARBITRATE CLAIMS.

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10. **General Provisions**.

(a) **Governing Law; Consent to Personal Jurisdiction**. This Agreement will be governed by the laws of the State of California. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in California for any lawsuit filed there against me by the Company arising from or relating to this Agreement.

(b) **Entire Agreement**. This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

(c) **Severability**. If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

(d) **Successors and Assigns**. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

(e) **Survival**. The provisions of this Agreement will survive termination of my employment for a period of three (3) years.

_____
Employee's Signature

_____
Type/Print Employee's Name

EXHIBIT A TO THE
EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

o No inventions or improvements

o Additional Sheets Attached

Signature of Employee: _____

Print Name of Employee: _____

EXHIBIT B
To the

EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

CALIFORNIA LABOR CODE SECTION 2870
INVENTION ON OWN TIME o EXEMPTION FROM AGREEMENT

"(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

_____
Employee's Signature

_____
Type/Print Employee's Name

EXHIBIT C
To the EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to JAH Pharmaceuticals, Inc., its subsidiaries, affiliates, successors or assigns (together, the "**Company**").

I further certify that I have complied with all the terms of the Company's Employment, Confidential Information, Invention Assignment and Arbitration Agreement signed by me, including the reporting of any inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employment, Confidential Information, Invention Assignment, and Arbitration Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees.

I further agree that for twelve (12) months from this date, I will not hire any employees of the Company and I will not solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company.

Date:

_____
Employee's Signature

_____
Type/Print Employee's Name

January 23, 2014

SENT BY e-MAIL AND REGULAR MAIL

Serge Martinod, D.V.M., Ph.D.

Dear Serge:

Jaguar Animal Health, Inc. ("JAH" or the "Company") is pleased to offer you the position of Chief Veterinary Officer, reporting to me, the Company's Chief Executive Officer. We are looking forward to having you become a part of the JAH family. We believe that you will play an instrumental role in building our operations and growing the Company.

As we have discussed, the date upon which you will become an employee of JAH (your "Start Date") will be the date upon which the Company receives the funds from the first tranche of its first round of financing through the sale of preferred stock, if JAH has received commitments which will assure JAH of aggregate net proceeds of at least $5,000,000, in one or more tranches (the "Financing"). We anticipate the first tranche of the Financing to close on January 31, 2014. You have committed to devote ninety percent (90%) of your work week to the Company; thus, your position will be a 90% FTE, exempt position (that is, no less than thirty-six (36) hours per week).

Your bi-weekly salary for 90% of your time, if annualized, will be $220,000 per twelve-month period, paid in arrears in accordance with our regular payroll processing procedures. Because we pay bi-weekly, we have 26 pay periods during each calendar year. Thus, you will be paid $8461.54 per pay period, less applicable payroll taxes and other authorized deductions. Within three (3) months after a successful initial public offering of the Company's capital stock, we will conduct a salary review for your position. The term "successful IPO" means a firmly underwritten initial public offering of JAH common stock, resulting in net proceeds to JAH of at least $10,000,000. When the Company's operations require a full-time Chief Veterinary Officer, and when you are available to increase your commitment to the Company, we will adjust your compensation, subject, of course, to your satisfactory performance to be commensurate with such increased commitment to the Company.

If, and when, the Board of Directors of JAH adopts Company-wide bonus awards, you will be eligible, under that Company-wide plan, for an annual target bonus up to thirty percent (30%) of your base salary. Your bonus in any given future bonus period will be determined by a combination of the Company's performance and your meeting certain goals and objectives that you and I, or you and my designee, have mutually established for that bonus period. For a bonus to be payable to you for any bonus period, you must still be employed by the Company on the date such bonus is actually paid for such period.

You will be eligible to participate in the Company's benefits package. The benefits package will include a medical plan, a dental plan, a vision plan, long term disability and life insurance. The Company pays the premiums for each employee, and, if you elect to cover spouse and dependents, you may authorize an automatic deduction from your compensation each pay period for such additional premiums. After the closing of the Financing, the Company intends to establish a non-matching 401(k) plan in which you would be eligible to participate; provided, however, that establishment of such a plan will be in the sole discretion of the Board of Directors.

You will have a total of twenty (20) days of paid time off ("PTO") per year. Your position accrues fifteen (15) work days per year of PTO at the rate of 2.31 hours per week. In addition to that PTO which may be used for either vacation or sick leave, in accordance with the policies to be set forth in the Handbook

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(defined below), you will be entitled to five (5) paid personal days, and the Company holidays, which will be set forth in the Company's employee handbook (the "Handbook"), all in accordance with JAH's policies as may be in effect from time to time.

After your first ninety (90) days of continuous full-time employment with the Company, you will be permitted to use your accrued PTO and your personal days. You may accrue up to a maximum of one hundred sixty (160) hours (equivalent to 15 PTO days and 5 personal days), at which time you shall cease to accrue any additional PTO or personal days until you use some of the accrual, bringing your balance below the maximum.

Subject to approval by the Company's Board of Directors and the stockholders, you will be eligible to receive a grant of options to purchase up to that number of shares of the Company's common stock as shall be equal to one and one-half percent (1.5%) of the fully diluted capitalization of the Company, calculated following the final closing of the Financing (the "Stock Options"). The Company's Board of Directors will consider grants of stock options as soon as is practicable after the closing of a Financing (and, in the case of a multi-tranche financing, after the closing of the first tranche). The Stock Options, when granted, will be granted pursuant to JAH's 2013 Equity Incentive Plan. The Stock Options are intended to be incentive stock options within the meaning of Section 422(A) of the Internal Revenue Code of 1986, as amended.

The Stock Options shall have a an exercise price equal to the fair market value of the Company's common stock on the date upon which the Stock Options are granted (the "Grant Date"). You will vest in these stock options as follows: in one-twelfth (1/12) of the Stock Options upon the last day of the month that is three months after the Grant Date, and then, at the rate of 1/36th of the Stock Options each month over a period of thirty-three (33) months, on the last day of each month. Assuming you remain in the employ of the Company, you will be fully vested in all these stock options after three years from the Grant Date.

As a condition of your employment, you will be required to execute and be bound by the Company's ***Employee Proprietary Information and Inventions Agreement***, a copy of which is attached as ***Exhibit A*** and incorporated herein by this reference. The covenants in that agreement will survive any termination of your employment with the Company. The Company will provide you with an employee handbook (the "Handbook"). You agree that, when the Handbook has been

approved for use, you will acknowledge receipt, as will all other employees of the Company. We will expect that you will comply with the Company's policies and procedures set forth in the Handbook.

Finally, in accordance with the laws of California, you understand that the Company is an "at-will" employer. The term "at-will" is explained in the Handbook.

The Company will reimburse you for reasonable expenses associated with travel you undertake for Company business, so long as (i) you use the Company's travel agent or an alternative source for your travel arrangements that is at least as, or more, economical for the Company and (ii) so long as you submit your expenses with original receipts, in accordance with the Company's reimbursement policies and procedures. If the foregoing conditions are satisfied, the Company reimburses coach or economy fares for domestic travel and business class for international travel.

It is my understanding that you are serving on the Board of Directors of TNG Pharmaceuticals, Inc. and you agree that you will confer with me prior to accepting a seat on the board of directors for any other company. You agree that, while you are employed with JAH, you will not accept employment with, consult with, or work with, in any capacity whatsoever (including as a director or advisor), any company or organization that directly competes with the Company without my prior approval, or the approval of my designee, nor engage in any efforts that would detract from your performance at JAH. If you have any question or doubt as to whether or not a company with which you would like to work is considered a competitor or if an activity would be considered a meaningful distraction, you will consult with me prior to commencing any such working relationship.

This letter is to be interpreted and enforced in accordance with the internal laws of the State of California.

This letter reflects our entire understanding on this subject matter. This letter and the exhibits, schedules and addenda, and the Handbook, will set forth the terms of your employment and supersedes any prior representations or agreements, whether written or oral. This letter may be executed in counterparts. Facsimile signatures or signatures on copies scanned into a PDF file, if identified, legible and complete, will be considered original signatures for purposes of enforcement. Any modification, alteration, or change to this letter shall be made only by a written agreement duly executed by both you and me, or my designee.

Please sign and return this letter to me by January 30, 2014.

Warm regards,

/s/ Lisa A. Conte

Lisa A. Conte
Chief Executive Officer

Agreed to and Accepted by:

/s/ Serge Martinod, D.V.M., Ph.D.
Serge Martinod, D.V.M., Ph.D.

January 28, 2014

EXHIBIT A
TO THE OFFER LETTER

EMPLOYMENT, CONFIDENTIAL INFORMATION,
(a) INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

As a condition of my employment with Jaguar Animal Health, Inc., its subsidiaries, affiliates, successors or assigns (together the "Company"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree as of the date of commencement of my employment to the following:

1. **At-Will Employment**. I UNDERSTAND AND ACKNOWLEDGE THAT MY EMPLOYMENT WITH THE COMPANY IS FOR AN UNSPECIFIED DURATION AND CONSTITUTES "AT-WILL" EMPLOYMENT. I ALSO UNDERSTAND THAT ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND NOT VALID UNLESS OBTAINED IN WRITING AND SIGNED BY AN OFFICER OF THE COMPANY.

2. **Confidential Information**.

(a) **Company Information**. I agree at all times during the term of my employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the Board of Directors of the Company, any Confidential Information of the Company. I understand that "Confidential Information" means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the term of my employment), markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information disclosed to me by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment. I further understand that Confidential Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

(b) **Former Employer Information**. I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that I will not bring onto the premises of the Company

any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

(c) **Third Party Information**. I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party.

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3. **Inventions**.

(a) **Inventions Retained and Licensed**. I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Company's proposed business, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If in the course of my employment with the Company, I incorporate into a Company product, process or machine a Prior Invention owned by me or in which I have an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) **Assignment of Inventions**. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, technologies, formulations, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (collectively referred to as "Inventions"), except as provided in Section 3(f) below. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention.

(c) **Inventions Assigned to the United States**. I agree to assign to the United States government all my right, title, and interest in and to any and all Inventions whenever such full title is required by a contract between the Company and the United States or any of its agencies.

(d) **Maintenance of Records**. I agree that any written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company, whether in the form of notes, sketches, drawings, and any other format that may be specified by the Company, will be available to and remain the sole property of the Company at all times.

(e) **Patent and Copyright Registrations**. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

(f) **Exception to Assignments**. I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention which qualifies fully under the provisions of California Labor Code Section 2870 (attached hereto as Exhibit B). I will advise the Company promptly in writing of any inventions that I believe meet the criteria in California Labor Code Section 2870 and not otherwise disclosed on Exhibit A.

4. **Conflicting Employment**. I agree that, during the term of my employment with the Company, I will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company.

5. **Returning Company Documents**. I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by me pursuant to my employment with the Company or otherwise belonging to the Company, its successors or assigns. In the event of the termination of my employment, I agree to sign and deliver the "Termination Certification" attached hereto as Exhibit C.

6. **Notification of New Employer**. In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

7. **Solicitation of Employees**. I agree that for a period of twelve (12) months immediately following the termination of my relationship with the Company for any reason, whether with or without cause, I shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company, or attempt to solicit, induce, recruit, or encourage any such employees to leave their employment with the Company, either for myself or for any other person or entity.

8. **Representations**. I agree to execute any proper oath or verify any proper and commercially reasonable document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any oral or written agreement in conflict herewith.

9. **Arbitration and Equitable Relief**.

(a) **Arbitration**. EXCEPT AS PROVIDED IN SECTION 9(b) BELOW, I AGREE THAT ANY DISPUTE OR CONTROVERSY ARISING OUT OF, RELATING TO, OR CONCERNING ANY INTERPRETATION, CONSTRUCTION, PERFORMANCE OR BREACH OF THIS AGREEMENT, SHALL BE SETTLED BY ARBITRATION TO BE HELD IN SAN FRANCISCO COUNTY, CALIFORNIA, IN ACCORDANCE WITH THE EMPLOYMENT DISPUTE

RESOLUTION RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR MAY GRANT INJUNCTIONS OR OTHER RELIEF IN SUCH DISPUTE OR CONTROVERSY. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE AND BINDING ON THE PARTIES TO THE ARBITRATION. JUDGMENT MAY BE ENTERED ON THE ARBITRATOR'S DECISION IN ANY COURT HAVING JURISDICTION.

THIS ARBITRATION CLAUSE RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP (EXCEPT AS PROVIDED IN SECTION 10(b) BELOW), INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

i. ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION;

ii. ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL, STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq.*;

iii. ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

(b) **Equitable Remedies**. I AGREE THAT IT WOULD BE IMPOSSIBLE OR INADEQUATE TO MEASURE AND CALCULATE THE COMPANY'S DAMAGES FROM ANY BREACH OF THE COVENANTS SET FORTH IN SECTIONS 2, 3, AND 5 HEREIN. ACCORDINGLY, I AGREE THAT IF I BREACH ANY OF SUCH SECTIONS, THE COMPANY WILL HAVE AVAILABLE, BEFORE COMMENCING ARBITRATION PROCEEDINGS, THE RIGHT TO OBTAIN AN INJUNCTION FROM A COURT OF COMPETENT JURISDICTION RESTRAINING SUCH BREACH OR THREATENED BREACH AND TO SPECIFIC PERFORMANCE OF ANY SUCH PROVISION OF THIS AGREEMENT. I FURTHER AGREE THAT NO BOND OR OTHER SECURITY SHALL BE REQUIRED IN OBTAINING SUCH EQUITABLE RELIEF AND I HEREBY CONSENT TO THE ISSUANCE OF SUCH INJUNCTION AND TO THE ORDERING OF SPECIFIC PERFORMANCE.

(c) **Consideration**. I UNDERSTAND THAT EACH PARTY'S PROMISE TO RESOLVE CLAIMS BY ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT, RATHER THAN THROUGH THE COURTS, IS CONSIDERATION FOR OTHER PARTY'S LIKE PROMISE. I FURTHER UNDERSTAND THAT I AM OFFERED EMPLOYMENT IN CONSIDERATION OF MY PROMISE TO ARBITRATE CLAIMS.

10. **General Provisions**.

(a) **Governing Law; Consent to Personal Jurisdiction**. This Agreement will be governed by the laws of the State of California. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in California for any lawsuit filed there against me by the Company arising from or relating to this Agreement.

(b) **Entire Agreement**. This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

(c) **Severability**. If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

(d) **Successors and Assigns**. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

(e) **Survival**. The provisions of this Agreement will survive termination of my employment for a period of three (3) years.

Employee's Signature

Type/Print Employee's Name

EXHIBIT A TO THE
EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

oNo inventions or improvements

oAdditional Sheets Attached

Signature of Employee: _____

Print Name of Employee: _____

EXHIBIT B
To the

EMPLOYMENT, CONFIDENTIAL INFORMATION,
(b) **INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT**

CALIFORNIA LABOR CODE SECTION 2870
INVENTION ON OWN TIME EXEMPTION FROM AGREEMENT

"(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

_____
Employee's Signature

_____
Type/Print Employee's Name

EXHIBIT C
To the EMPLOYMENT, CONFIDENTIAL INFORMATION,
(c) **INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT**

TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to JAH Pharmaceuticals, Inc., its subsidiaries, affiliates, successors or assigns (together, the "**Company**").

I further certify that I have complied with all the terms of the Company's Employment, Confidential Information, Invention Assignment and Arbitration Agreement signed by me, including the reporting of any inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employment, Confidential Information, Invention Assignment, and Arbitration Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees.

I further agree that for twelve (12) months from this date, I will not hire any employees of the Company and I will not solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company.

Date:

Employee's Signature

Type/Print Employee's Name

February 7, 2014

VIA HAND DELIVERY and e-MAIL

Steven R. King

Dear Steve,

Jaguar Animal Health, Inc. ("JAH" or the "Company") is pleased to offer you a position as Executive Vice President of Sustainable Supply, Ethnobotanical Research and Intellectual Property, reporting to me, the Company's Chief Executive Officer, or my designee. We are looking forward to having you fully integrated into the JAH family. We believe that you will continue to play an instrumental role in growing the Company.

If you accept this offer your Start Date will be March 1, 2014 and your position will be a full-time, exempt position. Your bi-weekly salary, if annualized, would be $255,000 per twelve month period, paid in arrears in accordance with our regular payroll processing procedures. We pay bi-weekly, and, thus, we have 26 pay periods during each calendar year. Therefore, you will be paid $9807.69 per pay period, less applicable payroll taxes and other authorized deductions. Your base salary will be subject to performance review and possible adjustment on an annual basis.

If and when bonuses are declared by the Company's Board of Directors, you will be eligible for a target bonus of thirty percent (30%) of your base salary. Your bonus in any given bonus period would be determined by a combination of the Company's performance and your meeting certain goals and objectives that you and I, or the person to whom you are then-reporting, have mutually established for that bonus period. For a bonus to be payable to you for any previous bonus period, you must still be employed by the Company on the date such bonus is actually paid for such period.

JAH provides a benefits package to all regular full-time employees working thirty (30) or more hours per week. You are eligible to participate in the benefits package. The benefits package will include a medical plan, a dental plan, a vision plan, long term disability and life insurance. The Company will pay the premiums for all the foregoing policies to cover you; and, additionally, the Company will pay the premiums for the medical plan, the dental plan, and the vision plan to cover your spouse (or domestic partner) and your dependents. The Company intends to establish a non-matching 401(k) plan in which you would be eligible to participate; provided, however, that establishment of such a plan will be in the sole discretion of the Board of Directors.

Your position accrues paid time off ("PTO") at the rate of 6.15 hours per pay period (which is equivalent to 20 work days per year). In addition to PTO which may be used for either vacation or sick leave, in accordance with the policies set forth in the Company's ***Employee Handbook*** (the "Handbook"), you will be entitled to the Company's paid holidays and five (5) personal days as other JAH employees, in accordance with JAH's policies as in effect from time to time. You may accrue up to a maximum of two hundred (200) hours (equivalent to 20 PTO days and 5 personal days), at which time you shall cease to accrue any additional PTO or personal days until you use some of the accrual, bringing your balance below the maximum.

Subject to approval by the Company's Board of Directors and the stockholders, you will be eligible to receive a grant of options to purchase up to that number of shares of the Company's common stock as shall be equal to one and three-quarters percent (1.75%) of the fully diluted capitalization of the Company, calculated following the final closing of the Company's Series A preferred stock financing (the "Stock Options"). The Company's Board of Directors will consider grants of stock options as soon as is practicable after the closing of the financing (and, in the case of a multi-tranche financing, after the closing of the first tranche). The Stock Options, when granted, will be granted pursuant to the JAH's 2013 Equity Incentive Plan. The Stock Options are intended to be incentive stock options within the meaning of Section 422(a) of the Internal Revenue Code of 1986, as amended.

The Stock Options shall have an exercise price equal to the fair market value of the Company's common stock on the date upon which the Stock Options are granted (the "Grant Date"). You will vest in these stock options as follows: in one-twelfth (1/12) of the Stock Options upon the last day of the month that is three months after the Grant Date, and then, at the rate of 1/36th of the Stock Options each month over a period of thirty-three (33) months, on the last day of each month. Assuming you remain in the employ of the Company, you will be fully vested in all these stock options after three years from the Grant Date

The Company will reimburse you for reasonable expenses associated with travel you undertake for Company business, so long as (i) you use the Company's travel agent or an alternative source for your travel arrangements that is at least as, or more, economical for the Company and (ii) so long as you submit your expenses with original receipts, in accordance with the Company's reimbursement policies and procedures. The Company's policy regarding travel expenses, as noted above, is to reimburse employees at coach or economy fares for domestic travel and at business class for international travel.

As a condition of your employment, you will be required to execute and be bound by the Company's ***Employee Proprietary Information and Inventions Agreement***, a copy of which is attached as ***Exhibit A*** and incorporated herein by this reference. The covenants in that agreement will survive any termination of your employment with the Company. You agree that, when the Handbook has been approved for use, and a copy has been delivered to you, you will acknowledge receipt, as will all other employees of the Company. We expect that you will comply with the Company's policies and procedures set forth in the Handbook.

Finally, in accordance with the laws of California, you understand that the Company is an "at-will" employer. The term "at-will" is explained in the Handbook.

It is my understanding that, as of your Start Date, you will not be serving any other company in any capacity. You agree that, while you are employed with JAH, you will not accept employment with, consult with, or work with, in any capacity whatsoever (including as a director or advisor), any company or organization that directly competes with the Company without my prior approval, or the approval of my designee, nor engage in any efforts that would detract from your performance at JAH. If you have any question or doubt as to whether or not a company with which you would like to work is considered a competitor or if an activity would be considered a meaningful distraction, you will consult with me prior to commencing any such working relationship.

This letter is to be interpreted and enforced in accordance with the internal laws of the State of California.

This letter reflects our entire understanding on this subject matter. This letter, together with the ***Employee Proprietary Information and Inventions Agreement***, any other exhibits, schedules and addenda, and the Handbook, set forth the terms of your employment and supersedes any prior representations or agreements, whether written or oral. This letter may be executed in

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counterparts. Facsimile signatures, if identifiable, legible and complete, will be considered original signatures for purposes of enforcement. Any modification, alteration, or change to this letter shall be made only by a written agreement duly executed by both you and me.

Please sign and return this letter to Charles Thompson, the Company's Chief Financial Officer by February 15, 2014.

Warm Regards,

/s/ Lisa A. Conte
Lisa A. Conte.
Chief Executive Officer

Agreed to and Accepted by:

/s/ Steven R. King
Steven R. King

February 28, 2014

EXHIBIT A
TO THE OFFER LETTER

EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

As a condition of my employment with Jaguar Animal Health, Inc., its subsidiaries, affiliates, successors or assigns (together the "Company"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree as of the date of commencement of my employment to the following:

1. **At-Will Employment**. I UNDERSTAND AND ACKNOWLEDGE THAT MY EMPLOYMENT WITH THE COMPANY IS FOR AN UNSPECIFIED DURATION AND CONSTITUTES "AT-WILL" EMPLOYMENT. I ALSO UNDERSTAND THAT ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND NOT VALID UNLESS OBTAINED IN WRITING AND SIGNED BY AN OFFICER OF THE COMPANY.

2. **Confidential Information**.

(a) **Company Information**. I agree at all times during the term of my employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the Board of Directors of the Company, any Confidential Information of the Company. I understand that "Confidential Information" means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the term of my employment), markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information disclosed to me by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment. I further understand that Confidential Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

(b) **Former Employer Information**. I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that I will not bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

(c) **Third Party Information**. I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party.

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3. **Inventions**.

(a) **Inventions Retained and Licensed**. I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Company's proposed business, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If in the course of my employment with the Company, I incorporate into a Company product, process or machine a Prior Invention owned by me or in which I have an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) **Assignment of Inventions**. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, technologies, formulations, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (collectively referred to as "Inventions"), except as provided in Section 3(f) below. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention.

(c) **Inventions Assigned to the United States**. I agree to assign to the United States government all my right, title, and interest in and to any and all Inventions whenever such full title is required by a contract between the Company and the United States or any of its agencies.

(d) **Maintenance of Records**. I agree that any written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company, whether in the form of notes, sketches, drawings, and any other format that may be specified by the Company, will be available to and remain the sole property of the Company at all times.

(e) **Patent and Copyright Registrations**. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of

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authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

(f) **Exception to Assignments**. I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention which qualifies fully under the provisions of California Labor Code Section 2870 (attached hereto as Exhibit B). I will advise the Company promptly in writing of any inventions that I believe meet the criteria in California Labor Code Section 2870 and not otherwise disclosed on Exhibit A.

4. **Conflicting Employment**. I agree that, during the term of my employment with the Company, I will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company.

5. **Returning Company Documents**. I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by me pursuant to my employment with the Company or otherwise belonging to the Company, its successors or assigns. In the event of the termination of my employment, I agree to sign and deliver the "Termination Certification" attached hereto as Exhibit C.

6. **Notification of New Employer**. In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

7. **Solicitation of Employees**. I agree that for a period of twelve (12) months immediately following the termination of my relationship with the Company for any reason, whether with or without cause, I shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company, or attempt to solicit, induce, recruit, or encourage any such employees to leave their employment with the Company, either for myself or for any other person or entity.

8. **Representations**. I agree to execute any proper oath or verify any proper and commercially reasonable document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any oral or written agreement in conflict herewith.

9. **Arbitration and Equitable Relief**.

(a) **Arbitration**. EXCEPT AS PROVIDED IN SECTION 9(b) BELOW, I AGREE THAT ANY DISPUTE OR CONTROVERSY ARISING OUT OF, RELATING TO, OR CONCERNING ANY INTERPRETATION, CONSTRUCTION, PERFORMANCE OR BREACH OF THIS AGREEMENT, SHALL BE SETTLED BY ARBITRATION TO BE HELD IN SAN FRANCISCO COUNTY, CALIFORNIA, IN ACCORDANCE WITH THE EMPLOYMENT DISPUTE

RESOLUTION RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR MAY GRANT INJUNCTIONS OR OTHER RELIEF IN SUCH DISPUTE OR CONTROVERSY. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE AND BINDING ON THE PARTIES TO THE ARBITRATION. JUDGMENT MAY BE ENTERED ON THE ARBITRATOR'S DECISION IN ANY COURT HAVING JURISDICTION.

THIS ARBITRATION CLAUSE RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP (EXCEPT AS PROVIDED IN SECTION 10(b) BELOW), INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

i. ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION;

ii. ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL, STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq.*;

iii. ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

(b) **Equitable Remedies**. I AGREE THAT IT WOULD BE IMPOSSIBLE OR INADEQUATE TO MEASURE AND CALCULATE THE COMPANY'S DAMAGES FROM ANY BREACH OF THE COVENANTS SET FORTH IN SECTIONS 2, 3, AND 5 HEREIN. ACCORDINGLY, I AGREE THAT IF I BREACH ANY OF SUCH SECTIONS, THE COMPANY WILL HAVE AVAILABLE, BEFORE COMMENCING ARBITRATION PROCEEDINGS, THE RIGHT TO OBTAIN AN INJUNCTION FROM A COURT OF COMPETENT JURISDICTION RESTRAINING SUCH BREACH OR THREATENED BREACH AND TO SPECIFIC PERFORMANCE OF ANY SUCH PROVISION OF THIS AGREEMENT. I FURTHER AGREE THAT NO BOND OR OTHER SECURITY SHALL BE REQUIRED IN OBTAINING SUCH EQUITABLE RELIEF AND I HEREBY CONSENT TO THE ISSUANCE OF SUCH INJUNCTION AND TO THE ORDERING OF SPECIFIC PERFORMANCE.

(c) **Consideration**. I UNDERSTAND THAT EACH PARTY'S PROMISE TO RESOLVE CLAIMS BY ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT, RATHER THAN THROUGH THE COURTS, IS CONSIDERATION FOR OTHER PARTY'S LIKE PROMISE. I FURTHER UNDERSTAND THAT I AM OFFERED EMPLOYMENT IN CONSIDERATION OF MY PROMISE TO ARBITRATE CLAIMS.

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10. **General Provisions**.

(a) **Governing Law; Consent to Personal Jurisdiction**. This Agreement will be governed by the laws of the State of California. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in California for any lawsuit filed there against me by the Company arising from or relating to this Agreement.

(b) **Entire Agreement**. This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

(c) **Severability**. If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

(d) **Successors and Assigns**. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

(e) **Survival**. The provisions of this Agreement will survive termination of my employment for a period of three (3) years.

_____
Employee's Signature

_____
Type/Print Employee's Name

EXHIBIT A TO THE
EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

o No inventions or improvements

o Additional Sheets Attached

Signature of Employee: _____

Print Name of Employee: _____

EXHIBIT B
To the

EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

CALIFORNIA LABOR CODE SECTION 2870
INVENTION ON OWN TIME o EXEMPTION FROM AGREEMENT

"(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

_____
Employee's Signature

_____
Type/Print Employee's Name

EXHIBIT C
To the EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to JAH Pharmaceuticals, Inc., its subsidiaries, affiliates, successors or assigns (together, the "**Company**").

I further certify that I have complied with all the terms of the Company's Employment, Confidential Information, Invention Assignment and Arbitration Agreement signed by me, including the reporting of any inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employment, Confidential Information, Invention Assignment, and Arbitration Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees.

I further agree that for twelve (12) months from this date, I will not hire any employees of the Company and I will not solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company.

Date:

_____
Employee's Signature

_____
Type/Print Employee's Name

Exhibit 10.12

February 7, 2014

VIA HAND DELIVERY and e-MAIL

Charles O. Thompson

Dear Charles,

Jaguar Animal Health, Inc. ("JAH" or the "Company") is pleased to offer you a position as Executive Vice President, Finance, and Chief Financial Officer, reporting to me, the Company's Chief Executive Officer, or my designee. We are looking forward to having you fully integrated into the JAH family. We believe that you will continue to play an instrumental role in growing the Company.

If you accept this offer your Start Date will be March 1, 2014 and your position will be a full-time, exempt position. Your bi-weekly salary, if annualized, would be $255,000 per twelve month period, paid in arrears in accordance with our regular payroll processing procedures. We pay bi-weekly, and, thus, we have 26 pay periods during each calendar year. Therefore, you will be paid $9807.69 per pay period, less applicable payroll taxes and other authorized deductions. Your base salary will be subject to performance review and possible adjustment on an annual basis.

If and when bonuses are declared by the Company's Board of Directors, you will be eligible for a target bonus of thirty percent (30%) of your base salary. Your bonus in any given bonus period would be determined by a combination of the Company's performance and your meeting certain goals and objectives that you and I, or the person to whom you are then-reporting, have mutually established for that bonus period. For a bonus to be payable to you for any previous bonus period, you must still be employed by the Company on the date such bonus is actually paid for such period.

JAH provides a benefits package to all regular full-time employees working thirty (30) or more hours per week. You are eligible to participate in the benefits package. The benefits package will include a medical plan, a dental plan, a vision plan, long term disability and life insurance. The Company will pay the premiums for all the foregoing policies to cover you; and, additionally, the Company will pay the premiums for the medical plan, the dental plan, and the vision plan to cover your spouse (or domestic partner) and your dependents. The Company intends to establish a non-matching 401(k) plan in which you would be eligible to participate; provided, however, that establishment of such a plan will be in the sole discretion of the Board of Directors.

Your position accrues paid time off ("PTO") at the rate of 6.15 hours per pay period (which is equivalent to 20 work days per year). In addition to PTO which may be used for either vacation or sick leave, in accordance with the policies set forth in the Company's ***Employee Handbook*** (the "Handbook"), you will be entitled to the Company's paid holidays and five (5) personal days as other JAH employees, in accordance with JAH's policies as in effect from time to time. You may accrue up to a maximum of two hundred (200) hours (equivalent to 20 PTO days and 5 personal days), at which time you shall cease to accrue any additional PTO or personal days until you use some of the accrual, bringing your balance below the maximum.

Subject to approval by the Company's Board of Directors and the stockholders, you will be eligible to receive a grant of options to purchase up to that number of shares of the Company's common stock as shall be equal to one and eight-tenths percent (1.8%) of the fully diluted capitalization of the Company, calculated following the final closing of the Company's Series A preferred stock financing (the "Stock Options"). The Company's Board of Directors will consider grants of stock options as soon as is practicable after the closing of the financing (and, in the case of a multi-tranche financing, after the closing of the first tranche). The Stock Options, when granted, will be granted pursuant to the JAH's 2013 Equity Incentive Plan. The Stock Options are intended to be incentive stock options within the meaning of Section 422(a) of the Internal Revenue Code of 1986, as amended.

The Stock Options shall have an exercise price equal to the fair market value of the Company's common stock on the date upon which the Stock Options are granted (the "Grant Date"). You will vest in these stock options as follows: in one-twelfth (1/12) of the Stock Options upon the last day of the month that is three months after the Grant Date, and then, at the rate of $1/36^{th}$ of the Stock Options each month over a period of thirty-three (33) months, on the last day of each month. Assuming you remain in the employ of the Company, you will be fully vested in all these stock options after three years from the Grant Date

The Company will reimburse you for reasonable expenses associated with travel you undertake for Company business, so long as (i) you use the Company's travel agent or an alternative source for your travel arrangements that is at least as, or more, economical for the Company and (ii) so long as you submit your expenses with original receipts, in accordance with the Company's reimbursement policies and procedures. The Company's policy regarding travel expenses, as noted above, is to reimburse employees at coach or economy fares for domestic travel and at business class for international travel.

As a condition of your employment, you will be required to execute and be bound by the Company's ***Employee Proprietary Information and Inventions Agreement***, a copy of which is attached as ***Exhibit A*** and incorporated herein by this reference. The covenants in that agreement will survive any termination of your employment with the Company. You agree that, when the Handbook has been approved for use, and a copy has been delivered to you, you will acknowledge receipt, as will all other employees of the Company. We expect that you will comply with the Company's policies and procedures set forth in the Handbook.

Finally, in accordance with the laws of California, you understand that the Company is an "at-will" employer. The term "at-will" is explained in the Handbook.

It is my understanding that, as of your Start Date, you will not be serving any other company in any capacity. You agree that, while you are employed with JAH, you will not accept employment with, consult with, or work with, in any capacity whatsoever (including as a director or advisor), any company or organization that directly competes with the Company without my prior approval, or the approval of my designee, nor engage in any efforts that would detract from your performance at JAH. If you have any question or doubt as to whether or not a company with which you would like to work is considered a competitor or if an activity would be considered a meaningful distraction, you will consult with me prior to commencing any such working relationship.

This letter is to be interpreted and enforced in accordance with the internal laws of the State of California.

This letter reflects our entire understanding on this subject matter. This letter, together with the ***Employee Proprietary Information and Inventions Agreement***, any other exhibits, schedules and addenda, and the Handbook, set forth the terms of your employment and supersedes any prior representations or agreements, whether written or oral. This letter may be executed in counterparts. Facsimile signatures, if identifiable, legible and complete, will be considered original

signatures for purposes of enforcement. Any modification, alteration, or change to this letter shall be made only by a written agreement duly executed by both you and me.

Please sign and return this letter to me by February 15, 2014.

Warm Regards,

/s/ Lisa A. Conte

Lisa A. Conte.
Chief Executive Officer

Agreed to and Accepted by:

/s/ Charles O. Thompson
Charles O. Thompson

February 28, 2014

EXHIBIT A
TO THE OFFER LETTER

EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

As a condition of my employment with Jaguar Animal Health, Inc., its subsidiaries, affiliates, successors or assigns (together the "Company"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree as of the date of commencement of my employment to the following:

1. **At-Will Employment**. I UNDERSTAND AND ACKNOWLEDGE THAT MY EMPLOYMENT WITH THE COMPANY IS FOR AN UNSPECIFIED DURATION AND CONSTITUTES "AT-WILL" EMPLOYMENT. I ALSO UNDERSTAND THAT ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND NOT VALID UNLESS OBTAINED IN WRITING AND SIGNED BY AN OFFICER OF THE COMPANY.

2. **Confidential Information**.

(a) **Company Information**. I agree at all times during the term of my employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the Board of Directors of the Company, any Confidential Information of the Company. I understand that "Confidential Information" means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the term of my employment), markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information disclosed to me by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment. I further understand that Confidential Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

(b) **Former Employer Information**. I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that I will not bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

(c) **Third Party Information**. I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party.

3. **Inventions**.

(a) **Inventions Retained and Licensed**. I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Company's proposed business, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If in the course of my employment with the Company, I incorporate into a Company product, process or machine a Prior Invention owned by me or in which I have an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) **Assignment of Inventions**. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, technologies, formulations, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (collectively referred to as "Inventions"), except as provided in Section 3(f) below. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention.

(c) **Inventions Assigned to the United States**. I agree to assign to the United States government all my right, title, and interest in and to any and all Inventions whenever such full title is required by a contract between the Company and the United States or any of its agencies.

(d) **Maintenance of Records**. I agree that any written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company, whether in the form of notes, sketches, drawings, and any other format that may be specified by the Company, will be available to and remain the sole property of the Company at all times.

(e) **Patent and Copyright Registrations**. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of

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authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

(f) **Exception to Assignments**. I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention which qualifies fully under the provisions of California Labor Code Section 2870 (attached hereto as Exhibit B). I will advise the Company promptly in writing of any inventions that I believe meet the criteria in California Labor Code Section 2870 and not otherwise disclosed on Exhibit A.

4. **Conflicting Employment**. I agree that, during the term of my employment with the Company, I will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company.

5. **Returning Company Documents**. I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by me pursuant to my employment with the Company or otherwise belonging to the Company, its successors or assigns. In the event of the termination of my employment, I agree to sign and deliver the "Termination Certification" attached hereto as Exhibit C.

6. **Notification of New Employer**. In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

7. **Solicitation of Employees**. I agree that for a period of twelve (12) months immediately following the termination of my relationship with the Company for any reason, whether with or without cause, I shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company, or attempt to solicit, induce, recruit, or encourage any such employees to leave their employment with the Company, either for myself or for any other person or entity.

8. **Representations**. I agree to execute any proper oath or verify any proper and commercially reasonable document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any oral or written agreement in conflict herewith.

9. **Arbitration and Equitable Relief**.

(a) **Arbitration**. EXCEPT AS PROVIDED IN SECTION 9(b) BELOW, I AGREE THAT ANY DISPUTE OR CONTROVERSY ARISING OUT OF, RELATING TO, OR CONCERNING ANY INTERPRETATION, CONSTRUCTION, PERFORMANCE OR BREACH OF THIS AGREEMENT, SHALL BE SETTLED BY ARBITRATION TO BE HELD IN SAN FRANCISCO COUNTY, CALIFORNIA, IN ACCORDANCE WITH THE EMPLOYMENT DISPUTE

RESOLUTION RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR MAY GRANT INJUNCTIONS OR OTHER RELIEF IN SUCH DISPUTE OR CONTROVERSY. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE AND BINDING ON THE PARTIES TO THE ARBITRATION. JUDGMENT MAY BE ENTERED ON THE ARBITRATOR'S DECISION IN ANY COURT HAVING JURISDICTION.

THIS ARBITRATION CLAUSE RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP (EXCEPT AS PROVIDED IN SECTION 10(b) BELOW), INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

i. ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION;

ii. ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL, STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq.*;

iii. ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

(b) **Equitable Remedies**. I AGREE THAT IT WOULD BE IMPOSSIBLE OR INADEQUATE TO MEASURE AND CALCULATE THE COMPANY'S DAMAGES FROM ANY BREACH OF THE COVENANTS SET FORTH IN SECTIONS 2, 3, AND 5 HEREIN. ACCORDINGLY, I AGREE THAT IF I BREACH ANY OF SUCH SECTIONS, THE COMPANY WILL HAVE AVAILABLE, BEFORE COMMENCING ARBITRATION PROCEEDINGS, THE RIGHT TO OBTAIN AN INJUNCTION FROM A COURT OF COMPETENT JURISDICTION RESTRAINING SUCH BREACH OR THREATENED BREACH AND TO SPECIFIC PERFORMANCE OF ANY SUCH PROVISION OF THIS AGREEMENT. I FURTHER AGREE THAT NO BOND OR OTHER SECURITY SHALL BE REQUIRED IN OBTAINING SUCH EQUITABLE RELIEF AND I HEREBY CONSENT TO THE ISSUANCE OF SUCH INJUNCTION AND TO THE ORDERING OF SPECIFIC PERFORMANCE.

(c) **Consideration**. I UNDERSTAND THAT EACH PARTY'S PROMISE TO RESOLVE CLAIMS BY ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT, RATHER THAN THROUGH THE COURTS, IS CONSIDERATION FOR OTHER PARTY'S LIKE PROMISE. I FURTHER UNDERSTAND THAT I AM OFFERED EMPLOYMENT IN CONSIDERATION OF MY PROMISE TO ARBITRATE CLAIMS.

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10. **General Provisions**.

(a) **Governing Law; Consent to Personal Jurisdiction**. This Agreement will be governed by the laws of the State of California. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in California for any lawsuit filed there against me by the Company arising from or relating to this Agreement.

(b) **Entire Agreement**. This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

(c) **Severability**. If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

(d) **Successors and Assigns**. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

(e) **Survival**. The provisions of this Agreement will survive termination of my employment for a period of three (3) years.

_____
Employee's Signature

_____
Type/Print Employee's Name

EXHIBIT A TO THE
EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

o No inventions or improvements

o Additional Sheets Attached

Signature of Employee: _____

Print Name of Employee: _____

EXHIBIT B
To the

EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

CALIFORNIA LABOR CODE SECTION 2870
INVENTION ON OWN TIME o EXEMPTION FROM AGREEMENT

"(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

_____
Employee's Signature

_____
Type/Print Employee's Name

EXHIBIT C
To the EMPLOYMENT, CONFIDENTIAL INFORMATION,
INVENTION ASSIGNMENT AND ARBITRATION AGREEMENT

TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to JAH Pharmaceuticals, Inc., its subsidiaries, affiliates, successors or assigns (together, the "**Company**").

I further certify that I have complied with all the terms of the Company's Employment, Confidential Information, Invention Assignment and Arbitration Agreement signed by me, including the reporting of any inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employment, Confidential Information, Invention Assignment, and Arbitration Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees.

I further agree that for twelve (12) months from this date, I will not hire any employees of the Company and I will not solicit, induce, recruit or encourage any of the Company's employees to leave their employment with the Company.

Date:

_____
Employee's Signature

_____
Type/Print Employee's Name

Exhibit 10.13

AMENDED AND RESTATED LICENSE AGREEMENT

by and between

NAPO PHARMACEUTICALS, INC.

and

JAGUAR ANIMAL HEALTH, INC.

originally dated as of January 27, 2014

and amended and restated

as of August 6, 2014

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AMENDED AND RESTATED LICENSE AGREEMENT

This Amended and Restated License Agreement (this **"Agreement"**) is made originally as of January 27, 2014 (the **"Effective Date"**) and amended and restated as of August 6, 2014 (the **"Restatement Date"**), by and between Napo Pharmaceuticals, Inc., a Delaware corporation, having offices located at 185 Berry Street, Suite 1300, San Francisco, California 94107 (**"Napo"**), and Jaguar Animal Health, Inc., a Delaware corporation, having offices located at 185 Berry Street, Suite 1300, San Francisco, California 94107 (**"JAH"**). Napo and JAH are sometimes referred to herein individually as a **"Party"** and collectively as the **"Parties."** All capitalized terms used herein are defined either in the Section 1 below or within the context of the section where the term is first used in this

Agreement. This Agreement as amended and restated as of the Restatement Date amends and restates (and replaces and supersedes) in its entirety this Agreement as originally executed, to the extent of any conflict, all of the foregoing to have effect retroactive to the Effective Date.

RECITALS

WHEREAS, Napo owns or exclusively controls the Napo Technology and the Napo IP in the Field of Use; and

WHEREAS, Napo and JAH have entered into the Term Sheet pursuant to which JAH has remitted to Napo a payment of $100,000 to purchase an option to license Napo's rights, and such payment is to be creditable against certain payments under this Agreement; and

WHEREAS, Napo wishes to grant to JAH, and JAH wishes to receive from Napo, an exclusive license to the Napo Technology and the Napo IP (as each is defined below), all as necessary to permit JAH to develop, formulate, manufacture, market, use, offer for sale, sell, import, export, commercialize and distribute Products within the Field of Use in the Territory, all in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Parties hereto agree that JAH shall pursue the development and commercialization of Products within the Field of Use in the Territory, as provided hereunder; and

WHEREAS, the Parties entered into that certain License Agreement dated as of January 27, 2014 and amended by that certain Amendment to License Agreement dated June 24, 2014 (the "**Prior Agreement**"), and now desire to amend and restate the Prior Agreement as set forth herein, effective as of the Restatement Date.

NOW THEREFORE, THE PARTIES HERETO HAVE AGREED AS FOLLOWS (INCLUDING AGREEING TO AMEND, RESTATE AND SUPERSEDE THIS AGREEMENT AS ORIGINALLY EXECUTED, TO THE EXTENT OF ANY CONFLICT WITH THE FOLLOWING):

1 **DEFINITIONS**

In this Agreement, the following terms shall bear the meanings assigned to them below, unless specifically stated otherwise:

1.1 "**Adverse Drug Experience**" means any adverse event associated with the use in animals of a Compound, whether or not considered to be related to the Compound and whether or not such Compound was used in accordance with the approved labeling (*i.e.*, used according to label directions or used in an extra-label manner, including but not limited to different route of administration, different species, different indications, or other than labeled dosage). "Adverse Drug Experience" includes, but is not limited to: (i) an adverse event occurring in animals in the course of the use of Compound by a veterinarian or by a livestock producer or other animal owner or caretaker; and (ii) an adverse event occurring in humans from exposure during

manufacture, testing, handling, or use of a Compound (Title 21, Part 514.3 of the Code of Federal Regulations)

1.2 **"Affiliate"** shall mean, with respect to a Party, a corporation or other legal entity controlling, controlled by, or under common control with, such Party, for only so long as such control exists. For these purposes, "*control*" shall refer to: (i) the possession, directly or indirectly, of the power to direct the management or policies of a corporation or other legal entity, whether through the ownership of voting securities, by contract or otherwise, or (ii) the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of a corporation or other legal entity, provided, that if local law restricts foreign ownership, control will be established by direct or indirect ownership of the maximum ownership percentage that may, under such local law, be owned by foreign interests.

1.3 **"Agreement"** shall mean this license agreement together with the recitals above and all appendices, exhibits, schedules and other attachments to this Agreement.

1.4 **"ANDA"** shall mean abbreviated new drug application filed with the FDA to obtain approval to market a bioequivalent version of a marketed drug (or any corresponding applications or submissions filed with the relevant Regulatory Authorities to obtain similar Regulatory Approval in any other country or region in the Territory).

1.5 **"ANADA**" shall mean abbreviated new animal drug application filed with the FDA/CVM to obtain approval to market a bioequivalent version of a marketed drug (or any corresponding applications or submissions filed with the relevant Regulatory Authorities to obtain similar Regulatory Approval in any other country or region in the Territory).

1.6 **"Applicable Laws"** shall mean all laws, rules, regulations, including any rules, regulations, guidelines, or other requirements of the U.S., any foreign country or any domestic or foreign state, county, city or other political subdivision or of any court, governmental or administrative agency, including any Regulatory Authority, that may be in effect from time-to-time that are applicable to a Party's rights and obligations under this Agreement.

1.7 **"Bankruptcy Code"** shall mean the United States Bankruptcy Code

1.8 **"Calendar Quarter"** shall mean the three-month period ending on March 31, June 30, September 30, and December 31 in each Calendar Year.

1.9 **"Calendar Year"** shall mean the period from January 1 of a year through the end of December 31 of the same year.

1.10 "**cGMP**" means current good manufacturing practice as promulgated by the FDA under and in accordance with the FDC Act, Title 21, Parts 210, 211 and 226 of the U.S. Code of Federal Regulations, and the guidelines and standards published by the FDA that relate to the testing, manufacturing, processing, packaging, holding or distribution of the Compound and all Licensed Products. To the extent consistent with U.S. law, "**cGMP**" also includes the practices and standards described in the Guide to Good Manufacturing Practices for Medicinal Products as promulgated by the European Commission under European Directive 2003/94/EC, similar standards, guidelines and regulations promulgated or otherwise required by applicable Regulatory Authorities in any other country or legal jurisdiction in the Territory and the ICH Harmonised Tripartite Good Manufacturing Practice Guide For Active Pharmaceutical Ingredients (ICH Q7), as each may be amended from time-to-time, or any successors thereto.

1.11 **"Change in Control,"** shall be deemed to have occurred if any of the following occurs after the Effective Date:

1.11.1 any "person" or "group" (a) is or becomes the "beneficial owner", directly or indirectly, of shares of capital stock of such Party then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the directors, managers or similar supervisory positions ("**Voting Stock**") of such Party representing fifty percent (50%) or more of the total voting power of all outstanding classes of Voting Stock of such Party (other than an initial public offering of any class of a Party's stock) or (b) has the power, directly or indirectly, to elect a majority of the members of the Party's board of directors or similar governing body ("**Board of Directors**"); or

1.11.2 such Party enters into a merger, consolidation or similar transaction with another Person (whether or not such Party is the surviving entity) and as a result of such merger, consolidation or similar transaction (a) the members of the Board of Directors of such Party immediately prior to such transaction constitute less than a majority of the members of the Board of Directors of such Party or such surviving Person immediately following such transaction or (b) the Persons that beneficially owned, directly or indirectly, the shares of Voting Stock of such Party immediately prior to such transaction cease to beneficially own, directly or indirectly, shares of Voting Stock of such Party representing at least a majority of the total voting power of all outstanding classes of Voting Stock of the surviving Person in substantially the same proportions as their ownership of Voting Stock of such Party immediately prior to such transaction; or

1.11.3 the holders of capital stock of such Party approve a plan or proposal for the liquidation or dissolution of such Party.

For the purpose of this definition of Change in Control, (a) "person" and "group" have the meanings given such terms under Section 13(d) and 14(d) of the United States Securities Exchange Act of 1934 and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the said Act, (b) a "beneficial owner" shall be determined in accordance with Rule 13d-3 under the aforesaid Act, and (c) the terms "beneficially owned" and "beneficially own" shall have meanings correlative to that of "beneficial owner."

1.12 **"Commercially Reasonable Efforts"** shall mean, with respect to a Party, those reasonable efforts and diligence in the research, development and commercialization of a Product, as applicable, such reasonable efforts and diligence to be in accordance with the efforts and resources commonly used in the research-based pharmaceutical industry for an internally-developed product of similar commercial potential at a similar stage in such Party's lifecycle, taking into consideration such Product's safety and efficacy, its cost to develop, the competitiveness of alternative products, the demand in the marketplace, its proprietary position, the likelihood of regulatory approval, and the expected profitability of the Product. Commercially Reasonable Efforts shall be determined on a market-by-market basis for each Product without regard to the particular circumstances of a Party, including any other, possibly more favored product opportunities of such Party.

1.13 "**Compound**" shall mean any pharmaceutical, or biological product (including any over-the-counter product), any standardized botanical extract or nutraceutical substance or product, or any food or dietary supplement or other natural product currently marketed or in development or to be developed in the Field of Use, and subject to the terms of this Agreement.

1.14 **"Confidential Information"** shall mean all confidential or proprietary information disclosed by either Party to the other Party, whether orally, visually, electronically, graphically, tangibly or in writing, prior to and during the term of this Agreement, and shall include, without limitation: (a) with respect to JAH, all proprietary, scientific, technical or commercial materials, information or data of JAH that is related to JAH's business, products, programs, research, manufacturing or other processes, inventions, know-how or technologies, including, for the avoidance of doubt, materials, information or data relating to Products furnished by JAH to Napo; and (b) with respect

to Napo, all proprietary, scientific, technical or commercial materials, information or data of Napo that is related to Napo's business, products, programs, research, manufacturing or other processes, inventions, Know-How or technologies including, for the avoidance of doubt, materials, information or data relating to Products furnished by Napo to JAH. The Parties agree that the terms and conditions of this Agreement shall be considered the Confidential Information of both Parties, subject to all of the obligations set forth in Section 12 to protect other Confidential Information.

1.15 **"Drug Master File"** shall mean any drug master files filed with the FDA with respect to a product, and any equivalent filing in other countries or regulatory jurisdictions.

1.16 "**Effective Date**" shall have the meaning assigned to such term in the preamble of this Agreement.

1.17 **"FDA"** shall mean the Food and Drug Administration of the United States, or any successor agency(ies) thereto, and **"FDA/CVM"** shall mean the Center for Veterinary Medicine of the FDA.

1.18 **"Field of Use"** shall mean all veterinary treatment uses and indications for all species of animals except humans.

1.19 **"First Commercial Sale"** shall mean the first sale of the Product in any country in the Territory to a person or entity that is not an Affiliate of JAH, its Affiliates or Sublicensees, for which payment is due for use or consumption by the general public of such Product after all required registrations (if any) have been granted by the applicable Regulatory Authority in such country. Sales for clinical studies, for compassionate use, for Target Animal Safety Study(ies), under a treatment INADA, for test marketing, for any other non-registrational studies, or for any similar instance where a Product is supplied with or without charge will not constitute a First Commercial Sale.

1.20 "**GAAP**" shall mean generally accepted accounting principles.

1.21 **"INAD"** shall mean an investigational new animal drug, for which a file is maintained by the FDA/CVM as part of a phased review of any Registration Application.

1.22 **"INADA"** shall mean an investigational new animal drug application filed with the FDA/CVM (or any corresponding applications or submissions filed with the relevant Regulatory Authorities in any other country or region in the Territory).

1.23 **"Intellectual Property Rights"** shall mean all legal rights, titles and interests, evidenced by or embodied in: (i) all inventions, invention disclosures, Patents, provisional and priority patent applications, patent applications (whether pending or not), and patent disclosures together with all reissues, continuations, divisions, continuations in part, revisions, extensions, and reexaminations thereof; (ii) all trademarks, service marks, trade styles, logos, trade dress, and corporate names, including all goodwill associated therewith; (iii) any work of authorship, regardless of copyrightability, all

compilations, all copyrights (including the droit morale) and designs; (iv) all trade secrets, Know-How, discoveries (whether or not patentable) and proprietary processes, and licenses; and (v) all derivative works of the above and all other proprietary rights and any other intellectual property rights of any kind and nature however designated and however recognized in any country or jurisdiction worldwide.

1.24 **"Jaguar IP"** shall mean Intellectual Property Rights developed, discovered or conceived in the performance of this Agreement, or any agreement entered into between the Parties and/or their Affiliates after the Effective Date of this Agreement relating to the subject matter of this Agreement which was developed, discovered or conceived solely by a JAH employee or agent or anyone with an obligation to assign Intellectual Property Rights to JAH. For the avoidance of doubt, Jaguar IP shall not include any of the Napo IP or Napo Technology or Joint IP.

1.25 "**Joint IP**" shall mean Intellectual Property Rights developed, discovered or conceived in the performance of this Agreement, or any agreement entered into between the Parties and/or their Affiliates after the Effective Date of this Agreement relating to the subject matter of this Agreement which was developed, discovered or conceived jointly by (1) a JAH employee or agent or anyone with an obligation to assign Intellectual Property Rights to JAH, and (2) a Napo employee or agent or anyone with an obligation to assign Intellectual Property Rights to Napo. For the avoidance of doubt, Joint IP shall not include any of the Napo IP or Napo Technology or Jaguar IP.

1.26 **"Know-How"** shall mean all technical information, know-how and materials relating to and including the Napo Technology, methods of use and manufacturing Napo Technology and/or the Products, including without limitation, components, compositions, compounds, formulations, analytical methods, tests, specifications, characterization data, manufacturing processes, stability, *in vitro* properties, *in vivo* properties, marketing information, experimental protocols and procedures, biological, chemical, pharmacological, toxicological, preclinical, clinical, assay, control, manufacturing and other data.

1.27 **"License"** shall have the meaning as given in Section 2.1.

1.28 "**License Fee**" shall have the meaning ascribed to it in Section 5.1.

1.29 **"Licensed Patent Rights"** shall mean all Patents included in the Napo IP, as of the Effective Date or thereafter during the term of this Agreement, but only to the extent a claim contained in such Patent covers any Napo Technology or Product (including the methods of using and/or making the Napo Technology and/or the Products), and is necessary or useful for the development, manufacture, use or sale of the Napo Technology and/or the Products in the Field of Use. Licensed Patent Rights as of the Effective Date include those listed in ***Appendix 1.29*** attached hereto.

1.30 "**MUMS Waiver**" shall mean any waiver from user fees granted by the FDA/CVM Office of Minor Use and Minor Species Animal Drug Development (OMUMS) under the minor use/minor species provision, pursuant to Section 740(d)(1)(D)) of the Animal Drug User Fee Act (ADUFA) of 2003, including specifically, that certain waiver no. SR1276 from user fees in fiscal year 2014, granted on November 4, 2013 to Napo for crofelemer for the treatment of chemotherapy induced diarrhea in dogs.

1.31 "**NADA**" shall mean a New Animal Drug Application filed by, or on behalf of, JAH or one of its Affiliates or Sublicensees with the FDA/CVM with respect to a Product pursuant to applicable FDA/CVM regulations (or any corresponding applications or submissions filed with the relevant Regulatory Authorities in any other country or region in the Territory).

1.32 **"NDA"** shall mean a New Drug Application filed by, or on behalf of, Napo or one of its Affiliates or Sublicensees with the FDA with respect to a product pursuant to applicable FDA regulations (or any corresponding applications or submissions filed with the relevant Regulatory Authorities in any other country or region in the Territory).

1.33 **"Napo Acquiror"** shall mean a non-Affiliate third party that acquires Napo through a Change In Control.

1.34 **"Napo IP"** shall mean all Intellectual Property Rights in Napo Technology, developed, conceived, discovered, synthesized, controlled or acquired by Napo and/or its Affiliates, other than JAH, prior to, on or after the Effective Date, which are necessary for, used for, or cover the composition of, or method for preparing or using the Napo Technology, or Products; *provided*, *however*, that Napo IP shall not include any Intellectual Property Rights owned or controlled by a Napo Acquiror or any of its Affiliates (other than Napo and any of Napo's Affiliates existing immediately prior to

the acquisition of Napo by such Napo Acquiror) prior to, on or after the date of such acquisition. Napo IP includes but is not limited to Napo's rights and interests in the Intellectual Property Rights described in or arising from (i) the Patents listed on ***Appendix 1.29*** and any and all corresponding Patents, (ii) Know-How, and (iii) the right to cross reference, file or incorporate by reference any regulatory submission or Drug Master File (and any data contained therein) for any product developed by Napo or a licensee of Napo, and for which Napo has a right of reference, or any component of such regulatory submission (including all approvals) to which Napo has rights and has access, in order to support other regulatory submissions that JAH is permitted to make under this Agreement, (including specifically that certain right of reference granted by Salix Pharmaceuticals, Inc. to Napo in the *Collaboration Agreement* dated December 9, 2008, for the NDA approved by the FDA on December 31, 2012 for crofelemer). For the avoidance of doubt, Napo IP shall not include Jaguar IP or Joint IP or IP developed by, or jointly with, any of Napo's licensees, for use outside the Field of Use

1.35 "**Napo Supplies**" shall mean (i) all the inventory listed on ***Appendix 1.35-A,*** (ii) all equipment and resins (and other supplies) listed on ***Appendix 1.35-B***, (iii) the INADA entitled "SP-303 (crofelemer) for the treatment of chemotherapy-induced diarrhea in dogs" filed with the FDA/CVM by Napo on November 19, 2013 and (iv) any and all INADs, INADAs, NADAs and MUMS Waivers owned by Napo.

1.36 "**Napo Technology**" shall mean all Napo's Compounds, formulations, and drug candidates, whether developed, in the process of development or in Napo's pipeline for development, including specifically, and without limitation, (1) crofelemer (SP-303), (2) normal stool formula (NSF), (3) Nutraceutical (SB-300), (4) any and all technology and information related to SP-303, NSF and SB-300, and any other product derived from, or containing an ingredient derived from, the crude plant latex of *Croton lechleri* owned by Napo or to which Napo had rights prior to July 1, 2005, NP-500, (5) Napo's natural product pipeline of tropical medicinal plants and extracts, and (6) any and all technology and information related to Compounds, formulations, plants, and extracts, including methods of isolating, manufacturing, formulating or otherwise manipulating the Compounds, formulations,

plants and extracts for therapeutic use, and methods of use of such Compounds, formulations, plants, and extracts. For the avoidance of doubt, Napo Technology shall not include Jaguar IP or Joint IP.

1.37 **"Net Sales"** shall mean, with respect to any Product, the gross sales price of such Product invoiced by JAH, its Affiliates and Sublicensees resulting from the commercial sale, licensing or other commercial exploitation of the Product to an independent third party that is not an Affiliate of such seller, less deductions for the following items if not already deducted and reflected in the invoiced sales price**:** (a) trade, cash, prompt payment, quantity or other discounts given in respect of sales of the Product including allowances or credits to customers on account of price reductions (including fees incurred or accrued relative to recorded sales pursuant to inventory management or other fee-for-services agreements with wholesalers); (b) returns, recall expenses, allowances, rebates, or chargebacks; (c) customs, duties, sales taxes (including VAT), tariffs, excises and other similar taxes (other than income taxes); (d) reasonable fees, chargebacks or rebates paid to group purchasing organizations, pharmacy benefit managers, government agencies, wholesalers and veterinary hospitals or other similar organizations in connection with the sale; (e) allocation of invoiced freight and shipping, insurance expenses and other transportation charges; (f) invoiced amounts that are written off as uncollectible; (g) discounts actually paid under state legislated or seller-sponsored discount prescription drug programs or reductions for coupon and voucher programs; and (h) credits, price adjustments or allowances for damaged products, returns, rejections or product replacement, whether cash or trade. For purposes of this Agreement, "sale" shall not include transfers or other distributions or dispositions of a Product in reasonable quantities at no charge for regulatory purposes, clinical trials, patient assistance programs, charitable purposes or to veterinarians or veterinary hospitals for promotional purposes.

If JAH, or its Sublicensee or Affiliate, undertakes to sell a Product together with another product for a single price (i) that consists of a Product combined with an another pharmaceutical product (i.e., whether or not other active pharmaceutical ingredients are formulated as a single prescription), or (ii) that consists of a Product combined with a Nutraceutical, in either case, for purposes of calculating Net Sales for determining royalties due to Napo, the Product shall be deemed to be have been sold for an amount equal to the following:

(X divided by Y) multiplied by Z

(X divided by Y) multiplied by Z where X is the average sales price during the applicable reporting period generally achieved for the Product in the country in which such sale or other disposal occurred when the Product is sold alone and not with other pharmaceutical products; Y is the sum of the average sales prices of the component products during the applicable reporting period generally achieved in that country when sold alone (including the Product) included in the combination of products that is sold for the single price; and Z equals the single price at which the combination of products represented in Y was actually sold.

An example of the foregoing calculation is set forth, for illustrative purposes, on ***Appendix 1.37***. In the event one or more of the products in the product combination are not sold separately, the Parties shall confer in good faith to determine a fair market price that shall be equitable for the value of the Product within the combination product.

In calculating Net Sales, all amounts shall be expressed in U.S. Dollars and any amount received in a currency other than U.S. Dollars shall be translated into U.S. Dollars in accordance with Section 5.9.

1.38 "**Nutraceutical**" shall mean any Product that does not require pre-marketing approval from the FDA/CVM or other Regulatory Authority.

1.39 **"Party"** shall mean either Napo or JAH; and **"Parties"** shall mean both Napo and JAH.

1.40 **"Patent(s)"** shall mean all patents and patent applications in any country in the Territory, including without limitation, any and all continuations, continuations-in-part, divisions, patents of addition, confirmations, reissues, reexaminations, renewals, extensions, supplementary protection certificates and all foreign counterparts to any of the foregoing, and any patents based on applications that claim priority from any of the foregoing, and any patents that may issue from any of the foregoing in any country in the Territory.

1.41 **"Product"** or **"Products",** as the context requires, shall mean any composition, formulation or preparation, derived from a Compound or combination of Compounds, in final form or in a form that is commercially exploitable which contains Napo Technology or was developed using Napo Technology for use in the Field of Use. The term Product or Products may be either a pharmaceutical product or a Nutraceutical, and may include combinations of individual Products.

1.42 "**Product Development Plan**" shall mean a written product development plan which shall, at a minimum, include, among other items, key development milestone events, a reasonable timeline, all scientific, clinical, legal and regulatory activities required to obtain marketing approval, which plan must be approved by Napo (and, Napo's approval shall not be unreasonably withheld, delayed or conditioned), and shall be, thereafter, attached to this Agreement, as ***Appendix 1.42***.

1.43 **"Product Registration Documents"** shall have the meaning ascribed to it in Section 7.4.

1.44 "**Registration Application**" means a NADA (as defined in Title 21, Section 514.1 *et seq*. of the U.S. Code of Federal Regulations) including all amendments and supplements filings, any ANADA, or a comparable filing for regulatory approval of the marketing, manufacture and sale in

the U.S. and any equivalent filing(s) made with the Regulatory Authority in any other country in the Territory for Regulatory Approval of the marketing, manufacture and sale of a Product in the Field of Use.

1.45 **"Regulatory Approval"** shall mean any and all approvals, licenses, registrations, or authorizations of any country, federal, supranational, state or local regulatory agency, department, bureau or other government entity that are necessary for the manufacture, use, storage, import, transport and/or sale of a particular Product in the applicable jurisdiction, including without limitation any approvals of any Registration Application.

1.46 **"Regulatory Authority" and "Regulatory Authorities"** shall mean the FDA/CVM, and any other counterpart regulatory authority in any country in the Territory that holds responsibility for any approval, product and/or establishment license, registration or other authorization necessary for the

development, manufacture and/or commercialization of veterinary medicines, and holds responsibility for granting regulatory marketing approval for a veterinary Product in such country, and any successor(s) thereto.

1.47 "**Royalty Term**" shall have the meaning ascribed to it is Section 5.7.

1.48 **"Sublicense"** shall mean any right granted, license conferred, or agreement entered into, by JAH to or with a Sublicensee (or other third party) granting any rights included in the License, whether or not such grant of rights, license or agreements entered into is described as a sublicense or as an agreement with a third party with respect to the development and/or manufacture and/or marketing and/or distribution and/or sale of one or more Products.

1.49 **"Sublicensee"** shall mean any third party to whom JAH grants any marketing and/or distribution and/or sale rights included in the License, whether or not such grant of rights, license or agreements entered into is described as a sublicense, unless the arrangement between JAH and such third party is expressly described otherwise.

1.50 "**Target Animal Safety Study(ies)**" shall mean a study or studies designed to provide information on the safety of an investigational veterinary product in the intended species under the proposed conditions of use and meet the requirements of Title 21, Part 514.4 of the U.S. Code of Federal Regulations and set forth in FDA's Guidance to Industry #185 and any equivalent study requirements of Regulatory Authorities in any other country in the Territory.

1.51 "**Term Sheet**" shall mean that certain term sheet dated October 30, 2013, as amended by agreement of the Board of Directors of Napo and the sole Director of JAH.

1.52 **"Territory"** shall mean worldwide.

1.53 **"U.S."** shall mean the United States of America, its territories and possessions.

1.54 **"Valid Claim"** shall mean: (i) any issued, unexpired patent claim in a Patent included in Licensed Patent Rights that covers Napo Technology and/or a Product without regard to its intended use, which claim has not been finally and permanently disclaimed, denied or admitted to be unpatentable or invalid, or been found to be unpatentable, invalid or unenforceable in a judgment or other order by a court or other authorized tribunal in the country in which the patent is issued, for which all applicable appeal time periods have expired; and (ii) any claim contained in a pending patent application in a Patent included in Licensed Patent Rights that covers the Napo Technology and/or the Product without regard to its intended use, which claim has been diligently prosecuted and has not been pending for more than eight (8) years after the Effective Date, or has not been finally rejected and all applicable appeal periods or reinstatement periods have expired. For the avoidance of doubt, any claim contained in any patent application that is pending for more than eight (8) years after the Effective Date, for any reason, shall not be

considered to be a Valid Claim for purposes of this Agreement unless and until a patent with respect to such application issues with such claim.

2 LICENSE GRANT AND ASSIGNMENT OF NAPO SUPPLIES

2.1 **License Grant**. Napo hereby grants to JAH an exclusive (even as to Napo), freely sublicensable (with the right to grant sublicenses using multiple tiers) and transferable license to use the Licensed Patent Rights, the Napo IP and the Napo Technology to research, develop, formulate, make, have made, use, have used, market, offer for sale, sell, have sold, and import, and to otherwise exploit, Napo Technology and Products within the Field of Use in the Territory (the **"License");** notwithstanding the above, JAH acknowledges that Napo may have rights to certain Glenmark intellectual property and/or certain Napo-Glenmark joint intellectual property, developed pursuant to that certain Collaboration Agreement dated July 2, 2005 between Napo and Glenmark Pharmaceuticals, Ltd., as amended and that the License hereunder does not extend to any such Glenmark intellectual property or Napo-Glenmark joint intellectual property. For the avoidance of doubt, this License does ***not*** extend to any use of the Licensed Patent Rights, the Napo IP and the Napo Technology outside the Field of Use.

2.2 **Sublicense**. JAH may grant sublicenses of the licenses granted to JAH in this Agreement to its Affiliates and Sublicensees; provided, however, that**:** (i) JAH shall be responsible for making all payments due, and making any reports required under this Agreement, with respect to sales of Product by its Affiliates or Sublicensees, and their compliance with all applicable terms of this Section 2.2; (ii) each Affiliate or Sublicensee agrees in writing to maintain books and records and permit Napo to audit such books and records pursuant to Section 6; (iii) JAH uses commercially reasonable efforts to require the sublicense agreement with each Sublicensee to continue in full force and effect in accordance with the terms and conditions of such sublicense agreement and permits JAH to assign to Napo such sublicense agreements upon the termination of this Agreement, provided however, Napo shall be obliged to continue any Sublicense agreements after a termination of this Agreement subject to the provisions of Section 14.5.1(v); and (iv) prior to any Change in Control of JAH or Napo, JAH will furnish to Napo a copy of each sublicense agreement (redacted for financial and other confidential terms, but not for information relating to the timing of payments) within thirty (30) days after it is signed.

2.3 **Restriction**. Except as otherwise expressly stated in Sections 2.1, and 2.2, JAH acknowledges and agrees that nothing in this Agreement grants JAH any rights to, or licenses to the Licensed Patent Rights, the Napo IP, and the Napo Technology.

2.4 **Retained Rights**. For avoidance of doubt, as between Napo and JAH, Napo retains the exclusive right to commercially exploit, and to grant license rights for third parties to commercially exploit, the Napo Technology and Napo IP, to research, develop, make, have made, use, have used, market, offer for sale, sell, have sold, import, and otherwise exploit any product(s) outside the Field of Use in the Territory; and, Napo does not retain any rights with respect to Napo Technology or Napo IP within the Field of Use.

2.5 **Trademarks**. JAH shall market the Products throughout the Territory under a trademark or trademarks selected by JAH, and JAH shall own all rights, title and interest, including all goodwill, associated with such trademark(s).

2.6 **Assignment of Napo Supplies.** In partial consideration for the License Fee to be paid by JAH in accordance with Section 5.1 below and in an effort to facilitate commercialization of Products for the benefit of Napo, Napo hereby assigns and transfers to JAH the Napo Supplies for use in research, development, manufacturing, marketing, selling, and otherwise distributing Products in the Field of Use in the Territory.

3 NAPO RESPONSIBILITIES

3.1 **Assistance**.

3.1.1 Within sixty (60) days after the Effective Date, at Napo's expense, Napo shall (i) furnish to JAH all the details, reports, information, materials and Know-How reasonably available to Napo, as of the Effective Date, which may be required or useful for JAH to fully exploit the License, manufacture or commercialize the Napo Technology and/or Products, or otherwise fulfill its rights and obligations under this Agreement, and (ii) communicate and deliver to JAH the Know-How, the Napo Technology, and Products available to Napo, as of the Effective Date, relating to the Napo Technology and/or Products.

3.1.2 At any time thereafter, at JAH's request and expense, (i) Napo shall, to the extent permissible, within a reasonable time frame of such request, furnish to JAH all additional details, reports, information, materials and Know-How then reasonably available to Napo (and which are not prohibited from disclosure by other agreements to which Napo is a party, as determined by Napo in its sole discretion) which may be required or useful for JAH to fully exploit the License, manufacture or commercialize the Napo Technology and/or Products, or otherwise fulfill its rights and obligations under this Agreement, (ii) Napo shall promptly perform any needed activities, within Napo's normal business capabilities, to communicate and deliver to JAH the Know-How and the Napo Technology and/or the Products, and (iii) Napo shall assist JAH with any regulatory filings or other activities related to the development and/or commercialization of the Napo Technology and/or Products within Napo's normal business capabilities.

3.1.3 Upon the request of JAH (and at JAH's expense), Napo shall provide transfer of the Napo Technology, including relevant manufacturing information and such other related services, as may be necessary or useful to enable a contract manufacturing organization selected by JAH to manufacture and supply Compounds and Products to JAH.

4 JAH RESPONSIBILITIES.

4.1 **Development**. JAH shall be responsible for, and shall ensure, the development and commercialization of Products within the Field of Use in the Territory. JAH (by itself and/or through its Affiliates and Sublicensees) shall exercise Commercially Reasonable Efforts to commercially develop, obtain any required Regulatory Approvals, manufacture Compounds and Products, promote and sell Products within the Field of Use in the Territory. Within ninety (90) days after the Effective Date, JAH shall deliver to Napo the Product Development Plan which outlines the Products anticipated to undergo development by JAH in 2014, subject to resource availability at JAH, which, when completed in its first iteration, shall be attached to this Agreement as ***Appendix 1.42***. Until the First Commercial Sale of a Product and until there has been a Change In Control of Napo, JAH shall keep Napo generally informed as to JAH's efforts and progress for such development and commercialization, including furnishing an annual written report therefore to Napo within sixty (60) days after June 30th and within sixty (60) days after December 31st of each Calendar Year.

4.2 **Commercialization**. JAH and its Affiliates and Sublicensees shall be solely responsible, at their sole expense, for commercializing Products in the Territory, and shall have the sole right to engage in commercialization activities with respect to Products in the Territory during the term of this Agreement, including, without limitation, compliance with governmental regulatory requirements, marketing, promotion, medical education, price negotiation and setting, customer relations, sales, order processing, invoicing and collection, preparation of sales records and reports, warehousing, inventory management, logistics and distribution (including, without limitation, the handling of returns, market withdrawals, field corrections and recalls) and other commercialization activities. All of the foregoing activities may be executed by JAH, and/or by Affiliate(s) and/or by Sublicensee(s), at the direction of JAH.

4.3 **Adverse Event Reporting.** During the Term of this Agreement JAH shall provide to Napo a copy of each Adverse Drug Experience report with respect to the Napo Technology. JAH shall provide these copies in a monthly report submitted to Napo within ten (10) days of the end of each month. The foregoing shall not be construed as restricting either Party from making a required report or submission to any applicable Regulatory Authority or take any other action that it deems to be appropriate or required by Applicable Laws.

5 LICENSING FEES; MILESTONE PAYMENTS; REPORTS

5.1 **License Fee**. In consideration of the development work conducted by Napo prior to the Effective Date with respect to the Napo Technology and Napo IP, and in consideration of the Napo Supplies, JAH shall pay to Napo a one-time, non-refundable license fee in an amount equal to Two Million Dollars ($2,000,000), less the fee of One Hundred Thousand Dollars that JAH already paid to Napo for the option to take this License (the "***License Fee***"). JAH shall remit the License Fee after JAH has first achieved a benchmark in Net Sales, which cumulatively exceeds $2,000,000, of one or more Products in the Territory.

5.2 **Milestone Payments for Products Derived From *Croton lechleri*.** As further consideration to Napo for the License and other rights granted to JAH under this Agreement, upon the occurrence of each milestone event set forth below with respect to a Product that is derived from, or contains an ingredient derived from, the crude plant latex of the *Croton lechleri* plant (a "CRO-Product"), a non-refundable, non-creditable milestone payment will be due from JAH to Napo after the occurrence of such milestone event.

	Milestone Event		Milestone Payment
5.2.1	The first approval by the FDA/CVM of a MUMS indication (or the equivalent in a Major Market) for each CRO-Product;	$	1,000,000
5.2.2	The first approval by the FDA/CVM of an indication that is broader than MUMS (or the equivalent in a Major Market) for each CRO-Product.	$	2,000,000

In the event of a Change in Control of Napo while Napo is the major shareholder of JAH, JAH shall have, upon the closing of the transaction effecting such Change in Control, no further obligation to pay to Napo milestone payments for any CRO-Product.

5.3 **Milestone Payments for All Other Products**. As further consideration to Napo for the License and other rights granted to JAH under this Agreement, upon the occurrence of each milestone event set forth below with respect to any Product that is not derived from, nor contains an ingredient derived from, the crude plant latex of *Croton lechleri* (a "Non-CRO-Product"), a non-refundable, non-creditable milestone payment will be due from JAH to Napo after the occurrence of such milestone event.

	Milestone Event	Milestone Payment
5.3.1	The first approval by the FDA/CVM of a MUMS indication (or the equivalent in a Major Market) for each Non-CRO-Product;	$ 50,000
5.3.2	The first approval by the FDA/CVM of an indication that is broader than MUMS (or the equivalent in a Major Market) for each Non-CRO-Product.	$ 100,000

To clarify, JAH shall make the foregoing milestone payments, set forth in Sections 5.2 and 5.3 above) to Napo one time for each such Product, without regard to the number of animal species for which it is developed, the number of formulations or the number of indications for which it is

used as a treatment. No milestone payment will be due for subsequent approvals where the subsequent approval is for a Product that is a combination of CRO-Products and/or Non-CRO-Products previously approved by FDA/CVM for any indication.

Notwithstanding the provisions of Sections 5.2 and 5.3, in the event that JAH consummates an IPO (as defined above) while Napo is a major shareholder of JAH, JAH shall thereafter have no further obligation to pay Napo any milestone payments. For clarification, the License Fee defined above in Section 5.1 is not considered a milestone payment and shall remain payable to Napo.

5.4 **Royalty Payments to Napo.** Until the expiration of the Royalty Term (as defined in Section 5.7 below), and except as set forth in this Section, JAH shall also pay to Napo, within thirty (30) days after the end of each Calendar Quarter**:**

5.4.1 an eight percent (8%) royalty on annual Net Sales of all CRO-Products in the Territory (based upon the Net Sales of Product(s) still subject to royalties on a Product-by-Product, country-by-country, basis as set forth in Section 5.6 below), cumulatively, up to $30,000,000, and, then, on annual Net Sales of all CRO-Products in the Territory, cumulatively, of $30,000,000 or more, a royalty of ten percent (10%). However, in the event that, at any time prior to December 31, 2015, JAH consummates a firmly underwritten initial public offering of its common stock while Napo is a major shareholder of JAH, from which the net proceeds to JAH are at least ten million dollars ($10,000,000) ("**IPO**"), the royalties on Net Sales shall be reduced; and, thereafter, for the duration of the Royalty Term, JAH shall pay to Napo, within thirty (30) days after the end of each Calendar Quarter, a two percent (2%) royalty on annual Net Sales of all Products that are pharmaceuticals approved by the FDA/CVM or the equivalent regulatory agency in another country in the Territory (or are combined with approved pharmaceuticals); and, a one percent (1%) royalty on annual Net Sales of all Products that are Nutraceuticals (or are combined with Nutraceuticals). The foregoing reduced royalties shall be based upon the Net Sales of Product(s) which are then-still subject to royalties on a Product-by-Product, country-by-country, basis as set forth in Section 5.6 below.

5.4.2 a two percent (2%) royalty on annual Net Sales of all pharmaceutical Non-CRO-Products approved by a Regulatory Authority in the Territory (based upon the Net Sales of Product(s) still subject to royalties on a Product-by-Product, country-by-country, basis as set forth in Section 5.6 below); and, a one percent (1%) royalty on annual Net Sales of all Nutraceutical Non-CRO-Products in the Territory (based upon the Net Sales of Product(s) still subject to royalties on a Product-by-Product, country-by-country, basis as set forth in Section 5.6 below). However, in the event that, at any time prior to December 31, 2015, JAH consummates an IPO, there shall be no further royalties due to Napo on Net Sales of any Non-CRO-Products for the duration of the Royalty Term.

5.5 **Sales Royalty Reductions**. If JAH, in its reasonable business judgment, determines that it is desirable to obtain a license or other rights to any Blocking Patents in order to develop or commercialize a Product in any given country, JAH shall notify Napo to such effect. For purposes of this Section 5.5, **"Blocking Patent"** means any patent issued to a third party that might present a commercial obstacle to the development, manufacture, use or sale of such Product in a particular country.

5.5.1 Upon execution of a final agreement with such third party, JAH shall provide an executed copy to Napo. The documented costs paid to such third party (including royalties upfront, initial, milestone and periodic payments, court awarded damages and settlement payments) associated with obtaining such license or other rights shall be shared equally by the Parties in the following manner**:** all costs shall be paid by JAH to such third party, *provided* that fifty percent (50%) of such costs shall be reimbursed to JAH by crediting at any one time (until such time as JAH has recovered such fifty percent (50%) of such costs) such costs against up to twenty-five percent (25%) of any sales royalty payments due pursuant to Section 5.4;

and such credit shall be made only on a country-by-country and Product-by-Product basis for the Net Sales of Products which are covered by such third party's Blocking Patents and the related royalties payable under Section 5.4; and JAH may carry forward any unreimbursed amount to be credited against future payments until the full fifty percent (50%) of such costs (including royalties upfront, initial, milestone and periodic payments, court awarded damages and settlement payments) paid by JAH have been fully recaptured by JAH.

5.5.2 For clarification, the sales royalty reductions specified in Section 5.5.1 shall apply only to payments made to third parties that are not Affiliates or Sublicensees of JAH for the purpose of acquiring rights to the Blocking Patents. Such sales royalty reductions shall not exceed twenty-five percent (25%) of the sales royalties due under Section 5.4 during any one Calendar Quarter related to the sales of the Product in that given country, and any excess sales royalty reductions shall be carried over to the succeeding Calendar Quarters until the sales royalty reductions are taken to allow JAH to recover in full fifty percent (50%) of such costs. Such sales royalty reductions shall not be applied retroactively and shall be applied only on a going forward basis against future sales royalties to be paid to Napo on a country-by-country and Product-by-Product basis.

5.5.3 If Napo disagrees with JAH's assessment in Section 5.5, regarding whether a third party patent is a Blocking Patent, the Parties shall obtain an opinion of independent patent counsel reasonably acceptable to both Parties to make such determination, and such opinion shall be binding on both Parties. In the event that such opinion indicates that there is a Blocking Patent, then the Parties shall immediately proceed in the manner provided in Section 5.5.1. The Party making the incorrect assessment shall be solely responsible for the fees of such independent patent counsel incurred in connection with this Section 5.5.3.

5.6 **Obligation to Pay Royalties**. The obligation to pay royalties to Napo under this Section 5 is imposed only once with respect to the same unit of Product regardless of the number of Valid Claims pertaining thereto. Payments due under this Section 5 shall be deemed to accrue when sale of Products is

recognized by JAH in a manner consistent with GAAP.

5.7 **Royalty Term.**

5.7.1 Napo's right to receive royalties under Section 5.4 shall expire on a country-by-country and Product-by-Product basis upon the later of (i) ten (10) Calendar Years from the date of First Commercial Sale of a Product in such country on an animal by animal basis and (ii) the first date on which there is no longer (A) a Licensed Patent Right that includes at least one Valid Claim that covers the use, manufacture or sale of such Product or (B) any data exclusivity conferred by the applicable Regulatory Authority, with respect to such Product in such country, and, in the instance of either (ii)(A) or (ii)(B), a competitive product has been introduced into the market in such country (such period, the "Royalty Term").

5.7.2 Upon expiration of the last Valid Claim that covers a Product in any given country, the royalty rate on Net Sales of such Product in that country as calculated by Section 5.4 shall be decreased by twenty-five percent (25%) until the end of the Royalty Term for such Product. The royalty paid pursuant to this section is in recognition of the value of the Know-how licensed from Napo to JAH.

Upon expiration of each such Royalty Term, on a country-by-country and Product-by-Product basis, the licenses set forth in Section 2 shall be fully paid up and JAH shall have perpetual licenses with respect to such Products in such countries.

5.8 **Payments and Financial Reports**.

5.8.1 License Fee and Milestone Payments**:** The payment to be made by JAH to Napo

pursuant to Section 5.1 shall be made within thirty (30) days after JAH first recognizes, according to GAAP, cumulative Net Sales, exceeding $2,000,000, of one or more of its Products in the Territory. JAH shall promptly (and in any event within thirty (30) days) following the occurrence of any event triggering a milestone payment under Section 5.2 or Section 5.3 above, notify Napo in writing of such occurrence, and, within ten (10) days thereafter, pay the triggered License Fee or milestone payment, as the case may be.

5.8.2 Royalty Payments and Reports**:** Royalty payments and reports for the sale of Product(s) shall be calculated and reported for each Calendar Quarter after the First Commercial Sale. Each payment of royalties, pursuant to Section 5.4, shall be accompanied by a report of Net Sales of Product(s) in sufficient detail to permit confirmation of the accuracy of the royalty payment made, including, without limitation and on a country-by-country basis, the Net Sales of Product(s) in U.S. Dollars, the deductions pursuant to the definition of Net Sales, the applicable royalty rate, the royalties payable in U.S. Dollars, the method used to calculate the royalty, the taxes withheld, the exchange rates used, and the payment due Napo ("**Quarterly Royalty Report**"). All such Quarterly Royalty Reports shall be treated as Confidential Information of JAH pursuant to Section 12 below.

5.9 **Exchange Rate, Manner and Place of Payments**. All fees payable to Napo under this Section 5 are due on the dates specified and shall be payable in U.S. Dollars. The calculation of royalties payable on Net Sales outside the United States shall be converted to U.S. Dollars, using either (i) the quarterly conversion rate for each foreign currency of the country in which the Net Sales are made calculated as the average of the conversion rate for such currency as published in the Exchange Rate table of *The Wall Street Journal* (Eastern edition) for the first business day of each month of the Calendar Year for which royalties are payable; or (ii) such other currency calculation method consistently used by JAH, or its Affiliate or Sublicensee in such country. All payments owed under this Agreement shall be made by wire transfer to a bank and account designated in writing by Napo, unless otherwise specified in writing by Napo.

5.10 **Taxes**. Napo shall be responsible for the payment of any levies or taxes demanded by any governmental authorities resulting from payments received by Napo under this Agreement. In the event that JAH is required to withhold any tax and to pay such tax to the tax or revenue authorities regarding any payment to Napo due to the applicable laws, such amount shall be deducted from the payment to be made by JAH to Napo, and JAH shall pay Napo the amount that would have been otherwise payable under this Agreement, less such deductions. If JAH is required to withhold any tax in any country (i) JAH shall pay such tax in the name of Napo, and (ii) JAH shall provide appropriate documents for Napo to use in claiming the foreign tax credit for such taxes paid or withholding. Each Party agrees to reasonably cooperate with the other Party in claiming exemptions from such deductions or withholdings under any agreement or treaty from time to time in effect. JAH shall furnish to Napo written evidence of all such withholding tax as paid to the tax or revenue authorities. For avoidance of doubt, any such withholding taxes shall not be used as a deduction for calculating the Net Sales.

5.11 **Late Payment Charge.** In the event that any payment, including the license fee, royalty or milestone payments, due hereunder is not made when due, the payment shall accrue interest from the date due at the annual rate of two percent (2%) over the prime rate of interest reported in *The Wall Street Journal* (Eastern edition) for the date such amount was due; provided, however, that in no event shall such rate exceed the then-current maximum legal annual interest rate for the State of California. The payment of such interest shall not limit a Party from exercising any other rights it may have as a consequence of the delay of the payment; provided, however, that any late payment will not be considered a material breach of this Agreement unless such payment is more than three (3) months overdue.

5.12 **Prohibited Payments.** Notwithstanding any other provision of this Agreement, if JAH is prevented from paying any such royalty by virtue of the statutes, laws, codes or governmental regulations of the country from which the payment is to be made, then such royalty shall be paid

by depositing funds in the currency in which accrued, to Napo's account in a bank acceptable to Napo in the country whose currency is involved.

5.13 **Payments in Equity.** JAH may, at its discretion, elect to remit the License Fee, and any milestone payments and/or royalties in the form of JAH common stock, the value of which shall be the fair market value of such common stock, as shall be determined in good faith by the Board of Directors of JAH, on the date such common stock is issued; and, the Parties may, at that time, or at any time thereafter, negotiate a single, lump-sum payment representing the net present value of all anticipated future payments of License Fee, and any milestone payments and/or royalties.

5.14 **Effect of a Sale of Napo's Assets**. At any time during the term of this Agreement, immediately upon consummation of the sale to a third party of all assets related to the use, production or exploitation of CRO-Products, any and all rights and licenses granted to JAH by Napo in this Agreement

pertaining to the use, production or exploitation of CRO-Products, shall be deemed to be exclusive in the Field of Use, perpetual, fully paid-up, royalty-free and irrevocable, with the right to grant sublicenses.

6 FINANCIAL REPORTS; AUDITS.

6.1 **Annual Reconciliation**. Within thirty (30) days following the last business day of each Calendar Year, JAH shall reconcile the aggregate royalty payments remitted to Napo quarterly on Net Sales during the immediately preceding Calendar Year with the royalties due Napo on Net Sales annually pursuant to the terms of this Agreement.

6.2 **Audit Rights**. At the request and expense of Napo, JAH (and its Affiliates and Sublicensees, if applicable) shall permit an independent, certified public accountant appointed by Napo and reasonably acceptable to JAH, which is bound by a duty of confidentiality no less protective of JAH's Confidential Information than Section 12 of this Agreement, during JAH's regular business hours and upon no less than ten (10) business days written notice, to examine such records as may be necessary for the sole purpose of verifying the calculation and reporting of Net Sales, and the correctness of any royalty payment or other payment made or payable under this Agreement for any period within the current Calendar Year and the preceding two (2) Calendar Years; provided, however, Napo shall be permitted only one (1) such audit for a particular country or countries in any twelve (12) month period. The accountant shall not disclose to Napo or any other person any information, except that such accountant may disclose to Napo the fact of a deficiency, the lack of a deficiency or the fact of any overpayment, and the degree thereof, including the dollar amount. All results of any such examination shall be promptly made available to JAH.

6.3 **Adjustments**. In the event that any reconciliation or audit reveals an overpayment or an underpayment in the amount of any payments that should have been paid by JAH to Napo, then the overpayment or underpayment amount shall be paid, in the case of an accounting reconciliation, within five (5) business days and in the case of an audit by Napo, within forty-five (45) days after receipt of the final audit report, plus interest, in either case, at the annual rate of eight percent (8.0%) of any underpayment. In addition, notwithstanding the allocation of audit expenses to Napo in Section 6.2 above, if the underpayment is in excess of five percent (5.0%) of the amount that actually should have been paid for the records so audited, then JAH shall promptly reimburse Napo for the documented cost of such audit.

6.4 **Conclusive Determination**. Except in the case of circumstances which would have prevented an error or anomaly from being disclosed during an audit performed under this Section 6, such as fraud, misrepresentation or other willful misconduct or gross negligence to provide accurate information, upon the expiration of three (3) years following the end of any Calendar Year, the calculation of royalties payable with respect to such Calendar Year will be binding and conclusive

upon each Party and JAH will be released from any liability or accountability with respect to royalties for such Calendar Year.

7 TITLE TO INTELLECTUAL PROPERTY

7.1 **Existing and Future Technology**. Other than as explicitly set forth in this Agreement, nothing in this Agreement shall be construed as granting either Party any right or license to the other Party's existing or future Intellectual Property Rights. However, the Parties understand and foresee that continued research and development pursuant to this Agreement or other agreements between the Parties may result in the creation of future Intellectual Property Rights having application within the Field of Use and outside the Field of Use. It is the intent of the Parties, as expressed in the definitions of Jaguar IP, Napo IP and Joint IP, for JAH to own or have an exclusive license to all Intellectual Property Rights developed pursuant to this Agreement that pertain to the Field of Use; and for Napo to have exclusive license to all intellectual property rights developed pursuant to this Agreement outside the Field of Use.

7.2 **Napo IP.** All Napo IP will be owned continuously and exclusively by Napo and shall be subject to the License granted hereunder. Subject to the licenses granted to JAH pursuant to Sections 2.1, and 2.2, and the terms of Sections 2.3 and 2.4, and to certain third party licenses outside the Field of Use, Napo has and shall retain all rights, title and interest in and to the Napo IP (including, without limitation, the Licensed Patents Rights set forth on ***Appendix 1.29***).

7.3 **Jaguar IP.** JAH shall own all rights, title and interest in the Jaguar IP and Napo shall not have any ownership interest in Jaguar IP. JAH grants Napo and its Affiliates a non-exclusive, paid up, irrevocable, worldwide license to Jaguar IP outside the Field of Use.

7.4 **Joint IP.** JAH shall own all rights, title and interest in the Joint IP and Napo shall not have any ownership interest in Joint IP. To the extent that a Napo employee or agent or anyone else with an obligation to assign his or her rights in intellectual property to Napo has contributed to any Joint IP, then Napo shall, and hereby does, assign any right, title and interest in such intellectual property to JAH and shall take any necessary actions, including executing any documents, to perfect JAH's ownership rights in same. JAH grants Napo and its Affiliates an exclusive, paid up, worldwide license to Joint IP outside the Field of Use.

7.5 **Regulatory Filings and Documents.** JAH and its Affiliates and Sublicensees have and shall retain all right, title and interest in and to any and all registration applications, registrations and other regulatory filings and approvals relating to Napo Technology and/or Product(s), filed pursuant to this Agreement, including without limitation any INADs, NADAs, MUMS Waivers and Regulatory Approvals (the **"Product Registration Documents"**), except as otherwise specifically provided in this Agreement.

8 PROSECUTION AND PROTECTION OF INTELLECTUAL PROPERTY

8.1 **Patent Filing and Prosecution**.

8.1.1 **Napo IP.** Napo, either itself or its third party licensee, shall have responsibility for the preparation, filing, prosecution, maintenance and defense (for example in a reexamination, reissue, opposition, post grant review or *inter partes* review proceeding in the United States Patent and Trademark Office or foreign counterpart) of Patents within Napo IP throughout the Territory. To the extent requested by Napo and as necessary, JAH will assist and cooperate with Napo, or a third party licensee, in the preparation, prosecution, maintenance and defense of the Napo IP. To the extent reasonably practicable, Napo shall share copies of applications, patent office correspondence and patent office filings and permit JAH to offer comments on draft submissions. If, in the case of any issued patent within Napo IP, Napo plans to abandon such Patent, Napo shall notify JAH in writing at least thirty (30) days in

advance of the due date for making a payment or taking a routine administrative action (not including filing a substantive response in a post-grant proceeding in a patent office or court), and JAH may elect, upon written notice to Napo, to take such action on behalf of Napo or its third party licensee who has the right to take such action.

8.1.2 **Jaguar IP.** JAH shall be responsible, at its sole expense for the preparation, filing, prosecution, maintenance and defense (for example in a reexamination, reissue, opposition, post grant review or *inter partes* review proceeding in the United States Patent and Trademark Office or foreign counterpart) of all Patents included in Jaguar IP throughout the Territory. Unless and until there occurs a Change In Control of Napo, JAH shall provide Napo copies of applications, patent office correspondence and patent office submissions related to Jaguar IP generated pursuant to this Agreement and, to the extent necessary or practicable, provide Napo with an opportunity to comment on draft submissions and will take any comments into account. Upon JAH's request, Napo shall cooperate with and assist JAH in the preparation, filing, prosecution, maintenance and defense of Patents within Jaguar IP.

8.1.3 **Joint IP.** JAH shall be responsible for the preparation, filing, prosecution, and maintenance and defense (for example in a reexamination, reissue, opposition, post grant review or *inter partes* review proceeding in the United States Patent and Trademark Office or foreign counterpart) of all Patents included in Joint IP throughout the Territory. JAH shall provide Napo copies of applications, patent office correspondence and patent office submissions related to Joint IP generated pursuant to this Agreement and, to the extent necessary or practicable, provide Napo with an opportunity to comment on draft submissions and will take any comments into account. Upon JAH's request, Napo shall cooperate with and assist JAH in the preparation, filing, prosecution, maintenance and defense of Patents within Joint IP.

8.2 **Patent Enforcement**.

8.2.1 In the event that either Party becomes aware of any infringement, unauthorized use, misappropriation or ownership claim or threatened infringement or other such claim, including an ANDA or ANADA filing, in the Territory by a third party with respect to the Napo IP or Jaguar IP or Joint IP, such Party (the ***"Notifying Party"***) will promptly advise the other Party of all the relevant facts and circumstances known by the Notifying Party in connection with the infringement, misappropriation or claim.

8.2.2 Napo shall have the sole right and responsibility (as to JAH and subject to rights of Napo's third party licensees) to enforce the Napo IP against any third party with respect to any such infringement, misappropriation or claim. Napo shall have the full right to make decisions regarding whether to enforce any Napo IP and shall have full control over the prosecution, maintenance and settlement of any enforcement actions at its own cost. All proceeds from any such enforcement action shall be allocated to Napo (subject to reimbursement of reasonable expenses incurred by JAH as necessary, and if requested by Napo to institute and prosecute the enforcement action).

8.2.3 JAH shall have the sole right and responsibility (as to Napo) to enforce the Jaguar IP and Joint IP against any third party with respect to any such infringement, misappropriation or claim. JAH shall have the full right to make decisions regarding whether to enforce any Jaguar IP and Joint IP and shall have full control over the prosecution, maintenance and settlement of any enforcement actions at its own cost. All proceeds from any such enforcement action shall be allocated to JAH (subject to reimbursement of reasonable expenses incurred by Napo as necessary and if requested by JAH to institute and prosecute the enforcement action).

8.2.4 If, with respect to Napo IP, Napo elects not to take any action to initiate enforcement for such alleged infringement or misappropriation, Napo shall notify JAH with its election and

JAH may, at its own expense, enforce any of the Intellectual Property Rights in Napo IP against such infringement or misappropriation, bring an action against any third party suspected of infringement or misappropriation of same and control the defense of any counterclaim or declaratory judgment action (or other action) relating thereto. For clarity, this provision does not apply if a third party licensee of the Napo IP elects to take action against the suspected infringer for enforcement of Napo IP and JAH's right to institute, prosecute, maintain and settle such an action is subject to rights of Napo's third party licensees. Any recovery obtained as a result of such action shall be applied first to the documented legal fees and other costs and expenses actually incurred by JAH in connection with the action and those reasonably incurred by Napo as necessary for the filing and prosecution of the action on a pro-rata basis, and the remainder, after recovery of all such costs and expenses, shall be allocated to JAH.

8.3 **Patent Infringement**.

8.3.1 In the event that during the term of this Agreement a suit or action is brought against either Napo or JAH, or both of them, by a third party alleging that the development, manufacture, use or sale of the Napo Technology in the Field of Use and/or the Product(s) in the Field of Use in the Territory infringes upon any Intellectual Property Rights of such third party, the Party being so sued shall immediately give the other Party notice of same.

8.3.2 Except for suits or actions covered by Napo's indemnification obligation pursuant to Section 11.2 (which shall be handled as provided in Section 11), JAH shall have the right, but not the obligation, to defend against such action, on behalf of JAH or both Parties.

8.4 **General**.

8.4.1 At the request and reasonable expense of the other Party, Napo and JAH will reasonably cooperate in the prosecution of any enforcement action brought by either Party against a suspected third party infringer or defense of any claims brought against the other Party pursuant to this Agreement and shall voluntarily join any such litigation if so required by law. Napo and JAH will execute all documents reasonably necessary for the relevant Party to prosecute and/or defend against such action, and shall provide documents and help with making contacts to witnesses that are, or were, their employees, consultants or otherwise connected to them, whose testimony, in the judgment of the attorneys handling the law suit (or Napo's or JAH's counsel in the event the proceedings will be brought only on the name of one Party), is necessary to allow such litigation to go forward. Each Party, in litigating any such infringement actions, shall keep the other Party reasonably informed as to the status of such actions. Each Party has the right to be represented by counsel of its choice at its own expense except for reasonable, necessary expenses reimbursable hereunder.

9 WARRANTIES, REPRESENTATIONS AND COVENANTS

9.1 **General**. Each Party hereby represents and warrants that: (i) it has the full power and authority to enter into this Agreement, and to convey the rights herein conveyed, and to perform the obligations as set forth in this Agreement; (ii) entering this Agreement and performance thereof shall not constitute a breach of any agreement, contract, understanding and/or obligation that it is currently bound by, the breach of which would have a material adverse impact on such Party's ability to perform hereunder; and (iii) it has the financial capacity, as well as the necessary experience and expertise, to carry out all its obligations hereunder, and that in carrying out its undertakings and responsibilities pursuant to this Agreement, it shall obtain all necessary approvals and consents and shall comply with all applicable laws and regulations, licenses, permits, and approvals.

9.2 **Additional Napo Representations**. As of the Effective Date of this Agreement, Napo represents, warrants and covenants that**:**

9.2.1 The Napo Technology and Napo IP in the Field of Use are and shall remain solely owned or exclusively controlled by Napo (subject to the terms of this Agreement) through a valid, enforceable and fully paid license, during the term of this Agreement.

9.2.2 It has not granted, and during the term of this Agreement, it shall not grant, any rights to the Napo Technology, Napo IP, Joint IP or the Jaguar IP that may derogate from the rights granted to JAH hereunder, and further that no third party has any rights to the Napo Technology, Napo IP, Joint IP or Jaguar IP that could be asserted against JAH or could prevent JAH from exercising its rights hereunder.

9.2.3 Napo has not received any notice or other communication from any third party, including any Regulatory Authority or any other governmental authority, but not including an Office Action received during the course of patent prosecution, which contests the ownership, validity or enforceability of the Napo IP or any part thereof.

9.2.4 There has been no *ex parte* or *inter partes* proceedings (such as oppositions, interferences, reexaminations, reissues, or nullity actions) known to Napo anywhere in the Territory, regarding any of the Licensed Patent Rights.

9.2.5 Napo has obtained the assignments of all interests and all rights of any and all third parties (including but not limited to present or former employees) with respect to the Napo IP.

9.3 **Napo Covenant.** During the term of this Agreement, Napo agrees that neither it nor any of its Affiliates shall develop, manufacture or sell, or enter into an agreement, contract or arrangement to provide services (or to otherwise provide such services) to any third party that could be used to develop, manufacture or sell, a Product within the Field of Use in the Territory or any other product containing any Napo Technology for use within the Field of Use. This covenant shall be binding on any Napo Acquiror only with respect to those Intellectual Property Rights of Napo which are actually acquired by such Napo Acquiror.

9.4 **DISCLAIMER**. EXCEPT AS EXPRESSLY SET FORTH ABOVE, (I) EACH PARTY HEREBY DISCLAIMS ALL IMPLIED WARRANTIES AND REPRESENTATIONS, SUCH AS THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND (II) ALL NAPO TECHNOLOGY, INFORMATION AND INTELLECTUAL PROPERTY RIGHTS PROVIDED BY EITHER PARTY HEREUNDER ARE PROVIDED "AS IS" AND WITHOUT WARRANTY.

10 LIMITATION OF LIABILITY

NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF THIS AGREEMENT OR THE EXERCISE OF ITS RIGHTS HEREUNDER, INCLUDING WITHOUT LIMITATION, LOST PROFITS ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, EVEN IF IT HAS BEEN PUT ON NOTICE OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THIS SECTION 10 SHALL NOT APPLY TO THE PARTIES' (I) RIGHTS AND OBLIGATIONS REGARDING CONFIDENTIALITY UNDER SECTION 12; AND (II) INDEMNIFICATION RIGHTS AND OBLIGATIONS UNDER SECTION 11.

11 INDEMNIFICATION

11.1 **Indemnification by JAH**. JAH shall defend, indemnify and hold Napo, its Affiliates, and the officers, directors, employees, consultants, contractors and agents of each of them, harmless from and against any losses, costs, damages, liabilities, fees and expenses (including reasonable fees of attorneys and other professionals) arising out of any third party claim to the extent relating to (i) gross negligence or willful misconduct of JAH or its Affiliates (other than Napo) or

Sublicensees and their respective directors, officers, employees, consultants, contractors and agents, in performance of this Agreement; or (ii) any breach by JAH of any of its covenants, representations and warranties hereunder, or (iii) the manufacture, sale or use of the Product(s) (unless such claim is subject to indemnification by Napo pursuant to Section 11.2).

11.2 **Indemnification by Napo**. Napo shall defend, indemnify and hold JAH and its Affiliates and Sublicensees, and the officers, directors, employees, consultants, contractors and agents of each of them, harmless from and against any losses, costs, damages, liabilities, fees and expenses (including reasonable fees of attorneys and other professionals) arising out of any third party claim to the extent relating to (i) gross negligence or willful misconduct of Napo or its Affiliates or its licensees (in either case, other than JAH) or its sublicensees and their respective directors, officers, employees, consultants, contractors and agents, in performance of this Agreement, or (ii) any breach by Napo of any of its covenants, representations and warranties hereunder.

11.3 **Notice of Indemnification**. As soon as reasonably possible after an indemnified party becomes aware of any potential liability hereunder, such indemnified party shall deliver written notice to the indemnifying party, stating the nature of the potential liability; provided, however, that the failure to give such notification shall not affect the indemnification provided hereunder except to the extent that the indemnifying party shall have been actually prejudiced as a result of such failure. The indemnifying party shall have the right to assume the defense of any suit or claim related to the liability if it has assumed responsibility for the suit or claim in writing; provided, however, if in the reasonable judgment of the indemnified party, such suit or claim involves an issue or matter which could have a materially adverse effect on the business, operations or assets of the indemnified party, the indemnified party may waive its rights to indemnity under this Agreement and control the defense or settlement thereof, but in no event shall any such waiver be construed as a waiver of any indemnification rights such indemnified party may have at law or in equity. In the defense of any claim or litigation, the

indemnifying party shall not, except with the prior written consent of the other Party, enter into a settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such other Party a complete release from all liability in respect of such claim or litigation.

11.4 **Participation in Defense**. If the indemnifying party defends the suit or claim, the indemnified Party may participate in (but not control) the defense thereof at its sole cost and expense.

11.5 **Complete Indemnification**. As the Parties intend complete indemnification, all costs and expenses, including without limitation, reasonable legal fees and expenses, actually incurred by an indemnified party in connection with enforcement of Sections 11.1 or 11.2 shall also be reimbursed by the indemnifying party.

12 CONFIDENTIALITY

12.1 **Confidentiality Obligations**. Except to the extent expressly authorized by this Agreement, each of JAH and Napo (each a **"Recipient"**) (a) shall hold the other Party's (the **"Discloser"**) Confidential Information in strict confidence, (b) shall not disclose such Confidential Information to any third party and shall implement practices and procedures as necessary to prevent such disclosure, which steps shall include at least those taken by the Recipient to protect its own confidential information of like kind, and (c) shall use such Confidential Information only as expressly authorized by this Agreement unless the Parties shall have agreed otherwise in writing. Both Parties agree that in order to ensure that each Party understands which information is deemed to be confidential, all Confidential Information will be in written form and clearly marked as "Confidential," and if the Confidential Information is initially disclosed in oral or some other non-written form, it will be confirmed and summarized in writing and clearly marked as "Confidential" within thirty (30) days of disclosure. The Recipient shall hold such Confidential Information in confidence and shall treat such information in the same manner as it treats its own confidential information but not less than with a reasonable degree of care. The Recipient may disclose the Discloser's Confidential Information to the Recipient's Affiliates, Sublicensees, and

their respective directors, officers, employees, consultants, agents, subcontractors and/or any other person or entity acting on Recipient's behalf, individually or collectively (collectively **"Representatives"**) who have a *bona fide* need to access the Confidential Information, but only to the extent reasonably necessary to exercise the Recipient's rights and fulfill the Recipient's obligations under this Agreement. Each Recipient (i) shall inform all those Representatives to whom Confidential Information is disclosed that such Confidential Information is, in fact, confidential and is not to be disclosed to third parties, (ii) shall obligate all Representatives in writing to abide by nondisclosure and nonuse obligations reasonably comparable to those set forth in this Agreement, and (iii) shall be responsible for, and indemnify the Discloser from and against, any noncompliance by its Representatives. In addition, the Recipient shall promptly notify the Discloser in writing of any unauthorized use or disclosure of any Confidential Information.

12.2 **Exclusions**. The undertakings and obligations under this Section 12 shall not apply to any part of the Confidential Information of the Discloser which:

(i) was known to the Recipient prior to disclosure by the Discloser;

(ii) was generally available to the public prior to disclosure to the Recipient;

(iii) is disclosed to Recipient by a third party who is not bound by any confidentiality obligation, having a legal right to make such disclosure;

(iv) has become through no act or failure to act on the part of the Recipient public information or generally available to the public; or

(v) was independently developed by Recipient without reference to or reliance upon the Confidential Information, as evidenced by reliable written records.

12.3 **Exceptions**. The obligations of this Section 12 shall not apply to Confidential Information that:

(i) is submitted to a Regulatory Authority to facilitate the issuance of, or otherwise in connection with, correspondence and/or submissions filed for any Regulatory Approval of a Product, provided, that, reasonable measures shall be taken to assure confidential treatment of such information;

(ii) is provided by the Recipient to third parties under confidentiality agreements having provisions at least as stringent as those in this Agreement, for consulting, manufacturing development, manufacturing, external testing and marketing research with respect to any of the subject matter of this Agreement; and, with respect to JAH, to third parties who are actual or potential Sublicensees or other development/marketing partners of JAH;

(iii) is provided by the Recipient to actual or prospective investors, or to a Party's accountants, attorneys and other professional advisors, and in the case of disclosure to such prospective investors, accountants, attorneys and advisors, in each such case, only under confidentiality terms having provisions at least as stringent as those in this Section 12;

(iv) is otherwise required to be disclosed in compliance with Applicable Laws or regulations (including, without limitation and for the avoidance of doubt, the requirements of the U.S. Securities and Exchange Commission, or any other stock exchange on which securities issued by a Party are traded) or order by a court or other governmental authority having competent jurisdiction; provided, that, if a Recipient is required to make any such disclosure of a Discloser's Confidential Information, the Recipient will give reasonable advance written notice to the Discloser of such disclosure requirement and, except to the extent inappropriate in the case of patent applications, will use its Commercially Reasonable Efforts to secure confidential treatment of such Confidential Information required to be disclosed; or

(v) is submitted to a patent-granting government authority/agency in connection with the Patents related to a Product, provided, that, reasonable measures shall be taken to assure confidential treatment of such information.

12.4 **Injunction**. JAH and Napo acknowledge that the respective Confidential Information of the other Party is of special and unique significance to each of them and that any unauthorized disclosure or use of the Confidential Information could cause irreparable harm and significant injury to the Discloser that may be difficult to ascertain. Accordingly, the Parties acknowledge that money damages are an inadequate remedy for a breach of this Section 12, and

that a Party shall be entitled to specific performance or injunctive relief against the breach of any provision hereof, without posting any bond (unless such bond is required by statute and the statute mandating the bond does not permit such bond to be waived) and without showing actual damages. No right or remedy reserved to either Party is intended to be exclusive of any other right or remedy and each right or remedy shall be cumulative and in addition to any right or remedy existing at law or in equity or by statute.

12.5 **Survival Term**. The provisions relating to confidentiality in this Section 12 shall remain in effect during the term of this Agreement and for a period of ten (10) years after its termination.

13 PUBLICATION

The Parties acknowledge that scientific lead-time is a key element of the value of the Jaguar IP, Napo IP and/or Joint IP, and further agree that scientific publications must be strictly monitored to prevent any adverse effect from premature publication of results of the activities conducted hereunder. At least thirty (30) days prior to submission of any material related to the development of Jaguar IP, Napo IP and/or Joint IP for publication or presentation, the submitting Party shall provide to the other Party a draft of such material for its review and comment. Such other Party shall provide any comments to the submitting Party within twenty (20) days after receipt of such materials and the publishing Party shall consider such comments in good faith and shall respond reasonably regarding requested changes. No publication or presentation with respect to Jaguar IP, Napo IP and/or Joint IP and/or to development activities relating to Jaguar IP, Napo IP and/or Joint IP, in the Field of Use or outside the Field of Use, as the case may be, shall be made by either Party without prior written approval of the other Party, and unless and until any information determined by the non-publishing Party to be Confidential Information has been removed. If requested in writing by the non-publishing Party, the publishing Party shall withhold material from submission for publication or presentation for an additional thirty (30) days to allow for the filing of a patent application or the taking of such other measures as may be required to establish and preserve proprietary rights in the information in the material being submitted for publication or presentation.

Publications and presentations are permissible by either Party under those identified circumstances set for above in Section 12.3 (Exceptions to Confidentiality), to the extent applicable.

14 TERM AND TERMINATION

14.1 **Term**. This Agreement shall be effective from the Effective Date and shall continue in full force and effect and shall terminate (i) on a Product-by-Product and country-by-country basis at the end of the Royalty Term set forth in Section 5.7 and (ii) in its entirety on the expiration of all Royalty Terms for all Products in all countries in the Territory, unless earlier terminated, in accordance with this Section 14.

14.2 **Termination for Cause**. Without derogating from any other remedies that any Party may have under the terms of this Agreement or at law or in equity, each Party shall have the right, upon a thirty (30) day prior written notice, to terminate this Agreement forthwith upon the occurrence of any of the following:

14.2.1 The commission of a material breach by the other Party of its obligations hereunder, and such other Party's failure to remedy such breach within ninety (90) days after being requested in writing to do so; or

14.2.2 The other Party's liquidation or bankruptcy, whether voluntarily or otherwise, or if it makes an assignment for the benefit of creditors, if such proceeding is not dismissed within ninety (90) days after the filing thereof;

14.3 **Termination by JAH without Cause**. Notwithstanding the foregoing, JAH shall be entitled, in its sole discretion, to terminate this Agreement without cause and without penalty or any compensation obligation at any time during the term of this Agreement by providing a ninety (90) days prior written notice to Napo.

14.4 **Accrued Obligations**. Except as otherwise specified herein, the termination of this Agreement for any reason shall not relieve either Party of any obligations which shall have accrued prior to such termination, including the payments owed under Section 5.

14.5 **Effect of Termination**.

14.5.1 Upon any termination of this Agreement (A) by Napo under Section 14.2, or by JAH under Section 14.3, in which case the costs and expenses incurred by either Party to execute on the following shall be paid by JAH, or (B) by JAH under Section 14.2, in which case the costs and expenses incurred by either Party to execute on the following shall be paid by Napo: (i) the License granted by Napo to JAH under the Agreement shall cease immediately; (ii) any unpaid license fee under Section 5.1 shall be paid and any other payments which had accrued or become payable prior to the date of termination shall survive termination of this Agreement and shall be paid; (iii) each Party shall return to the other Party within thirty (30) days of termination the other Party's Confidential Information including any Confidential Information shared with Representatives pursuant to Section 12.1, or shall certify that, to such Party's knowledge, any Confidential Information not returned to the Discloser has been destroyed; (iv) upon the payment of reasonable consideration to be negotiated, JAH shall transfer to Napo, ownership of all Product Registration Documents made or filed for the Product(s) in the Territory, if permitted by applicable laws and regulations; (v) all Sublicenses granted to Sublicensees by JAH under this Agreement shall continue in full force and effect if permitted by the terms and conditions of the respective Sublicense agreements, and, if permitted under the terms and conditions of such Sublicense agreements, JAH will assign to Napo such Sublicense agreements; except that if said Sublicense agreement has terms which are not at least as favorable to Napo as are the terms of this Agreement for the applicable continuing business of such Sublicense, then such Sublicense will need to either be (i) modified to achieve such favorable terms, or (ii) terminated.

14.5.2 In the event of any termination or expiration of this Agreement, if such termination or expiration occurs after the First Commercial Sale of Product in the Territory, during the nine (9) month period following termination or expiration of this Agreement, JAH may sell its then-existing inventory of Products in the Territory and complete the manufacture of and dispose of any Products constituting work-in-progress then being manufactured, and will pay all amounts due to Napo hereunder with respect to any Net Sales of such inventory occurring during such nine (9) month period. Additionally, the Parties' rights and obligations under this Agreement will continue during such nine (9) months after the expiration or termination of this Agreement, to the extent applicable to such sales.

14.5.3 Following the expiration of the term of this Agreement with respect to a Product in any country in the Territory pursuant to Section 14.1, any and all rights and licenses granted to JAH by Napo in this Agreement shall be deemed to be non-exclusive, perpetual, fully paid-up and irrevocable, with the right to grant sublicenses, to continue to make, have made, market,

distribute and sell the Products in such country, using the Napo IP, Joint IP and the Jaguar IP in connection therewith.

14.6 **Survival**. The following provisions of this Agreement shall survive the termination or expiration hereof:

Section 1	-	Definitions
Sections 2.3 - 2.5	-	To the extent applicable per Section 14.5
Sections 5.1, 5.4 - 5.13	-	To the extent applicable per Section 14.5
Section 6	-	Financial Reports; Audits
Section 7	-	Title to Intellectual Property
Section 8.2 - 8.4	-	To the extent applicable per Section 14.5
Section 9.4	-	Disclaimer
Section 10	-	Limitation of Liability
Section 11	-	Indemnification
Section 12	-	Confidentiality
Section 13	-	Publication
Section 14.4	-	Accrued Obligations
Section 14.5	-	Effect of Termination
Section 14.6	-	Survival
Section 15	-	Dispute resolution, Governing Law and Venue
Section 16	-	General Provisions

14.7 **Rights in Bankruptcy**. All rights and licenses granted under or pursuant to this Agreement are and shall otherwise be deemed to be, for purposes of the Bankruptcy Code, licenses of rights to "intellectual property" as defined in Section 101(56) of the Bankruptcy Code. The Parties shall retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code. Upon the bankruptcy of any Party, the non-bankrupt Party shall further be entitled to a complete duplicate of, or complete access to, any such intellectual property, and such, if not already in its possession, shall be promptly delivered to the non-bankrupt Party, unless the bankrupt Party elects to continue, and continues, to perform all of its obligations under this Agreement.

15 DISPUTE RESOLUTION, GOVERNING LAW AND VENUE

15.1 **Dispute Resolution**. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or validity thereof (hereinafter referred to as "**Dispute**"), shall be referred promptly for decision to a senior executive of each Party not involved in the Dispute. If no resolution is reached between such senior executives within thirty (30) days of the initiating request by one of the Parties, then the aggrieved Party shall be at liberty to proceed with legal or equitable action at such Party's election. Consistent with the American Rule, each Party shall pay all of its own expenses in any legal or equitable action, including without limitation, its own attorneys' fees, court costs, expert and consultant expenses.

15.2 **Governing Law.** This Agreement and the rights of the Parties shall be interpreted and governed by the laws of California without reference to its conflicts of law principles.

15.3 **Jurisdiction and Venue.** The Parties hereto hereby agree that all actions and proceedings relating directly or indirectly to such dispute shall be brought and maintained in any state or federal court located in San Francisco County, California. The Parties hereby consent to jurisdiction and venue in any such court in California.

16 GENERAL PROVISIONS

16.1 **Headings**. The headings in this Agreement are intended solely for convenience or reference and shall be given no effect in the interpretation of this Agreement.

16.2 **Entire Agreement; Amendment**. This Agreement (including the appendices attached hereto) constitutes the entire agreement between the Parties with respect to the subject matter otherwise set forth in this Agreement, and supersedes all prior agreements, arrangements, dealings or writings between the Parties with respect to the subject matter set forth in this Agreement (including this Agreement as originally executed, which original version is hereby amended, superseded and replaced by the version signed by the Parties as of the Restatement Date). No subsequent alteration, amendment change or addition to this Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

16.3 **Counterparts and Facsimile Signatures**. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement (and each amendment, modification and waiver in respect of it) by facsimile or other electronic transmission, if identified, legible and complete, will be regarded as an original signature and shall be as effective as delivery of a manually executed original counterpart of each such instrument.

16.4 **Assignment**. Neither Party may assign this Agreement or its rights and/or obligations hereunder in whole or in part, without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed, provided that either Party shall be entitled, at any time, to assign this Agreement or any of its rights and/or obligations under this Agreement to an Affiliate of such Party or to a third party which acquires all or substantially all of that Party's business related to this Agreement (which, for purposes of JAH, shall mean the assumption of the obligations of this Agreement, taken as a whole), whether by merger, sale of assets or otherwise, provided that the assignee shall assume performance of any and all financial liabilities hereunder of the assigning Party.

16.5 **Subcontracting**. JAH may subcontract any responsibility under this Agreement that it reasonably deems necessary or useful without obtaining the consent (written or otherwise) of Napo. Napo may not subcontract any responsibility under this Agreement unless it obtains JAH's prior written consent. In any event, the subcontracting Party shall at all times remain primarily responsible and liable for all such activities.

16.6 **Waiver**. No waiver of a breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver; and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature. No failure by any Party hereto to take any action against any breach of this Agreement or default by another Party hereto shall constitute a waiver of the former Party's rights to enforce any provision of this Agreement or to take action against such breach or default or any subsequent breach or default by such other Party.

16.7 **Severability**. Should any part or provision of this Agreement be held unenforceable or in conflict with the Applicable Laws of any applicable jurisdiction, the invalid or unenforceable part or provision shall, provided that it does not go to the essence of this Agreement, be replaced with a revision which accomplishes, to the extent possible, the original commercial purpose of such part or provision in a valid and enforceable manner, and the balance of this Agreement shall remain in full force and effect and binding upon the Parties hereto.

16.8 **Independent Contractors**. This Agreement shall make neither JAH nor Napo the agent or legal representative of the other Party. Each Party shall be an independent contractor, not an

employee or partner of the other Party, and the manner in which each Party renders its services under this Agreement shall be within its sole discretion. Neither JAH nor Napo is granted any right or authority to assume or to create any obligation or responsibility, express or implied, on behalf of or in the name of the other, with regard to any manner or thing under this Agreement, unless otherwise specifically agreed upon in writing.

16.9 **Further Actions**. Each Party agrees to execute, acknowledge and deliver such further documents and instruments and do any other acts, from time to time, as may be reasonably necessary, to effectuate the purposes of this Agreement.

16.10 **Force Majeure**. Neither Party shall be responsible to the other Party for failure or delay in performing any of its obligations under this Agreement or for other non-performance hereof to the extent that such delay or non-performance is occasioned by a cause beyond the reasonable control and without fault or negligence of such Party, including, but not limited to earthquake, fire, flood, explosion, discontinuity in the supply of power, court order or governmental interference, acts of God, strike or other labor trouble, act of war or terrorism, and provided that such Party will inform the other Party as soon as is reasonably practicable, and that it will entirely perform its obligations immediately after the relevant cause has ceased its effect.

16.11 **Notices**. Notice or other communication required or authorized to be given by any Party under this Agreement to the other Party shall be in writing and shall be personally delivered, sent by facsimile transmission or electronic mail, (with a copy by ordinary U.S. Mail in either case), or by registered or certified U.S. Mail with postage pre-paid, or dispatched by a nationally recognized private courier addressed to the other Party at the address set forth in the preamble of this Agreement, or such other address as shall be specified by the Party by notice in accordance with the provisions of this Section 16.11.

16.12 **Interpretation; Singular; Plural; Use of Words**. The Preamble, Definitions, and Appendices hereto form an integral part of this Agreement. In the event of any discrepancy between the terms of this Agreement and any Appendix hereto, the terms of this Agreement shall prevail. The definitions of the terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "**include**," "**includes**" and "**including**" shall be deemed to be followed by the phrase "**without limitation**" (regardless of whether it is actually written there (and drawing no implication from the actual inclusion of such phrase in some instances after such terms but not others)). The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**." Unless the context requires otherwise: (a) any definition of or reference to any agreement, instrument or other document in this Agreement shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in this Agreement); (b) any reference in this Agreement to any person shall be construed to include the person's successors and assigns; (c) the words "**herein**," "**hereof**" and "**hereunder**" and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision of this Agreement; and (d) all references in this Agreement to Recitals, Sections or Appendices shall be construed to refer to the recitals, sections and appendices of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the Parties has executed this Amended and Restated License Agreement as of the date below.

JAH	**Napo**
Signature:	Signature:
/s/ Lisa A. Conte	/s/ Charles O. Thompson
Name: Lisa A. Conte	Name: Charles O. Thompson
Title: Interim Chief Executive Officer	Title: Chief Financial Officer
Date: August 6, 2014	Date: August 6, 2014

APPENDIX 1.29

LICENSED PATENT RIGHTS

[See attached]

APPENDIX 1.29

LICENSED PATENT RIGHTS

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03001	US	United States of America	60/797074	01-May-2006	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					N/A		Expired
119557-03002	US	United States of America	11/510152	24-Aug-2006	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	US-2007-0254050-A1	01-Nov-2007			N/A	Napo Pharmaceuticals, Inc.	Abandoned on December 14, 2011
119557-03003	US	United States of America	13/304604	25-Nov-2011	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	US-2012-0189720-A1	26-Jul-2012			N/A	Napo Pharmaceuticals, Inc. Assignment not available. Continuation of US 11/510,152	Pending Awaiting further action from USPTO Response to OA filed May 8, 2014
119557-03020	WO	Patent Cooperation Treaty	PCT/US2007/067725	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	WO/2007/130882	15-Nov-2007			N/A	Napo Pharmaceuticals, Inc. and Trine Pharmaceuticals, Inc.	National
119557-03023	AR	Argentina	P070101888	02-May-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	AR060829A1	16-Jul-2008			None	Napo Pharmaceuticals, Inc.	Pending Application awaiting Examination
119557-03024	AU	Australia	2007248172	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME		15-Nov-2007	2007248172	04-Jul-2013	None	Napo Pharmaceuticals, Inc.	Granted

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03026	CA	Canada	2650294	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	2650294				N/A	Napo Pharmaceuticals, Inc.	Pending
119557-03027	CL	Chile	1243-2007	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					Opposition filed in 2008	Napo Pharmaceuticals, Inc.	Pending
119557-03035	EP	European Patent Convention	07761541.7	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	2034844	18-Mar-2009			N/A	Napo Pharmaceuticals, Inc.	Pending Communication under Article 94(3) EPC dated February 11, 2014
119557-03037	GC	Gulf Cooperation Council	GCC/P/2007/8244	01-May-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					N/A	Napo Pharmaceuticals, Inc.	Pending Under examination
119557-03039	HK	Hong Kong	09108148.5	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	1128861A	13-Nov-2009			N/A	Napo Pharmaceuticals, Inc.	Pending
119557-03040	IN	India	8912/DELNP/2008	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					None	Napo Pharmaceuticals, Inc.	Pending Awaiting Examination
119557-03043	JP	Japan	2009-509982	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT	2009-509982	30-Apr-2007	5384329	03-Oct-2013	None	Napo Pharmaceuticals, Inc.	Granted

					IRRITABLE BOWEL SYNDROME								

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03046	KR	Korea, Republic of	10-2008-7029446	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	10-2009-0009291	22-Jan-2009			None	Napo Pharmaceuticals, Inc.	Pending Application under Examination
119557-03048	MX	Mexico	MX/a/2008/013871	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME						Napo Pharmaceuticals, Inc.	Pending Application under Examination
119557-03051	NZ	New Zealand	572048	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME			572048	11-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03056	PE	Peru	533-2007	02-May-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					None	Napo Pharmaceuticals, Inc./Trine Pharmaceuticals, Inc.	Abandoned
119557-03060	SG	Singapore	200807687-9	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					N/A	Napo Pharmaceuticals, Inc.	Abandoned
119557-03063	TW	Taiwan	96115334	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	200810772	01-Mar-2008			N/A	Napo Pharmaceuticals, Inc./Trine Pharmaceuticals, Inc.	Pending 1/3/14 - Petition for reexamination filed
119557-03064	TH	Thailand	0701002130	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME						Napo Pharmaceuticals, Inc./Trine Pharmaceuticals, Inc.	Pending Not yet published

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03069	VE	Venezuela	07-00875	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					Yes · Opposition published in the Official Bulletin No. 528 dated April 18, 2012. · This opposition was filed by The Chamber of the Pharmaceutical Industry — Cifar (La Cámara de la Industria Farmacéutica - Cifar) on June 25, 2010. · The corresponding Reconsideration Recourse (Appeal) was filed on June 5, 2012.	Napo Pharmaceuticals, Inc./Trine Pharmaceuticals, Inc.	Pending
119557-03071	BD	Bangladesh	94/2007	29-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME						Napo Pharmaceuticals, Inc. and Trine Pharmaceuticals, Inc.	Pending
119557-03077	BO	Bolivia	SP-270146	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME							Abandoned

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-	PA	Panama	87249	30-Apr-	METHOD FOR					None	Napo	Granted

03078				2007	TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME						Pharmaceuticals, Inc. and Trine Pharmaceuticals, Inc.	
119557-03079	PY	Paraguay	13051/2007	30-Apr-2007	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME					None	Napo Pharmaceutical LC	Granted
119557-03091	NZ	New Zealand	595749	13-Oct-2011	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME			595749	04-Mar-2014	None	Napo Pharmaceuticals, Inc.	Granted
119557-03099	SG	Singapore	201105523-3	01-Aug-2011	METHOD FOR TREATMENT OF DIARRHEA-PREDOMINANT IRRITABLE BOWEL SYNDROME	174025	29-Sep-2011			N/A	Napo Pharmaceuticals, Inc.	Pending
119557-03101	US	United States of America	60/797076	01-May-2006	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME					N/A		Expired
119557-03102	US	United States of America	11/741796	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	US 2008-0031983 A1	07-Feb-2008	7556831	07-Jul-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03103	US	United States of America	12/476590	02-Jun-2009	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME			8067041	29-Nov-2011	None	Napo Pharmaceuticals, Inc. (Assignment not available. Listed on face of Patent)	Granted

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03104	US	United States of America	13/271624	12-Oct-2011	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	US-2012-0128797-A1	24-May-2012			N/A	Napo Pharmaceuticals, Inc. (Assignment not available. Continuation of USP 8067041)	Pending Awaiting First Action
119557-03114	AT	Austria	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03115	MC	Monaco	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03116	PL	Poland	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03117	HU	Hungary	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03118	CY	Cyprus, Republic of	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted

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119557-03120	WO	Patent Cooperation Treaty	PCT/US2007/067739	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	WO 2007/130892	15-Nov-2007				Napo Pharmaceuticals, Inc. and Trine Pharmaceuticals, Inc.	National
119557-	AU	Australia	2007248182	30-Apr-	METHOD FOR			2007248182	05-	None	Napo	Granted

03124				2007	TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME				Sep-2013		Pharmaceuticals, Inc.	
119557-03126	CA	Canada	2650022	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2650022				N/A	Napo Pharmaceuticals, Inc.	Pending
119557-03135	EP	European Patent Convention	07761552.4	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	EP2015639	21-Jan-2009			N/A	Napo Pharmaceuticals, Inc.	Withdrawn on December 10, 2010
119557-03139	HK	Hong Kong	10110100.4	27-Oct-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	1143541A	07-Jan-2011			None	Napo Pharmaceuticals, Inc.	Granted
119557-03140	IN	India	8911/DELNP/2008	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME					None	Napo Pharmaceuticals, Inc.	Pending Application awaiting Examination

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119557-03143	JP	Japan	2009-509989	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME					None	Napo Pharmaceuticals, Inc.	Withdrawn Demand for trial has not been filed in response to the decision of refusal dated 29 July, 2013.
119557-03146	KR	Korea, Republic of	10-2008-7029447	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME					None	Napo Pharmaceuticals, Inc.	Pending Application under Examination
119557-03148	MX	Mexico	MX/a/2008/013768	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME		26-Jul-2013	311804		None	Napo Pharmaceuticals, Inc.	Granted
119557-03151	NZ	New Zealand	572049	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME			572049	11-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03154	NO	Norway	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012			According to EPO asscociate, this country was not designated/validated
119557-03155	BG	Bulgaria	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted

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119557-03156	CZ	Czech Republic	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03157	EE	Estonia	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03158	SK	Slovakia	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-	SI	Slovenia	10007687.6	23-Jul-2010	METHOD FOR	2241318	20-Oct-	2241318	19-	None	Napo	Granted

03159					TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME			2010		Dec-2012	Pharmaceuticals, Inc.	
119557-03160	SG	Singapore	200807678-8	30-Apr-2007	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME					N/A	Napo Pharmaceuticals, Inc.	Withdrawn
119557-03161	RO	Romania	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03162	LT	Lithuania	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted

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119557-03163	LV	Latvia	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03164	MT	Malta	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03165	HR	Croatia	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03166	MK	Macedonia	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03167	SM	San Marino	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012			According to EPO asscociate, this country was not designated/validated
119557-03168	AL	Albania	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	AL-P-2013-000034	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03169	RS	Serbia	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted

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119557-03170	BA	Bosnia and Herzegovina	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03171	ME	Montenegro	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03178	SG	Singapore	201002504-7	09-Apr-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	161259	27-May-2010	161259	31-Dec-2013	None	Napo Pharmaceuticals, Inc.	Granted
119557-	EP	European	10007687.6	23-Jul-2010	METHOD FOR	2241318	20-Oct-	2241318	19-	None	Napo	Granted

03179		Patent Convention			TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME		2010		Dec-2012		Pharmaceuticals, Inc.	
119557-03180	CH	Switzerland	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03181	DE	Germany	602007027555.5	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03182	DK	Denmark	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted

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119557-03183	ES	Spain	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03184	PT	Portugal	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03185	FR	France	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03186	GB	United Kingdom	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03187	TR	Turkey	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03188	LI	Liechtenstein	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03189	IE	Ireland	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted

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119557-03190	IT	Italy	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03191	NZ	New Zealand	595679	10-Oct-2011	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME					None	Napo Pharmaceuticals, Inc.	Granted
119557-03192	GR	Greece	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-	NL	Netherlands	10007687.6	23-Jul-2010	METHOD FOR	2241318	20-Oct-	2241318	19-	None	Napo	Granted

03193				TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME		2010		Dec-2012		Pharmaceuticals, Inc.	
119557-03194	IS	Iceland	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03195	LU	Luxembourg	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03196	FI	Finland	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted

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119557-03197	BE	Belgium	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03198	SE	Sweden	10007687.6	23-Jul-2010	METHOD FOR TREATMENT OF CONSTIPATION-PREDOMINANT IRRITABLE BOWEL SYNDROME	2241318	20-Oct-2010	2241318	19-Dec-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03201	US	United States of America	60/797075	01-May-2006	COMPOSITIONS AND METHODS FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER							Expired
119557-03202	US	United States of America	11/741797	30-Apr-2007	COMPOSITIONS AND METHODS FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER	US 2008-0031984 A1	07-Feb-2008			N/A	Napo Pharmaceuticals, Inc.	Pending Nonfinal Rejection - December 23, 2013
119557-03220	WO	Patent Cooperation Treaty	PCT/US2007/067741	30-Apr-2007	COMPOSITIONS AND METHODS FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER	WO/2007/130893	15-Nov-2007					National

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119557-03224	AU	Australia	2007248183	30-Apr-2007	COMPOSITIONS AND METHODS FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER		30-Apr-2007	2007248183	30-Apr-2013	None	Napo Pharmaceuticals, Inc.	Granted
119557-03226	CA	Canada	2657803	30-Apr-2007	COMPOSITIONS AND METHODS FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER	2657803				N/A	Napo Pharmaceuticals, Inc.	Pending
119557-03235	EP	European Patent	07761553.2	30-Apr-2007	COMPOSITIONS AND METHODS	2061327	27-May-2009			N/A	Napo Pharmaceuticals, Inc.	Pending

		Convention			FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER							Awaiting Examination
119557-03239	HK	Hong Kong	09109093.8	30-Apr-2007	COMPOSITIONS AND METHODS FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER	1131002A	15-Jan-2010				Napo Pharmaceuticals, Inc.	Pending
119557-03279	EP	European Patent Convention	12182318.1	30-Mar-2012	COMPOSITIONS AND METHODS FOR TREATING OR PREVENTING INFLAMMATORY BOWEL DISEASE, FAMILIAL ADENOMATOUS POLYPOSIS AND COLON CANCER	2529626	05-Dec-2012			N/A	Napo Pharmaceuticals, Inc.	Pending Awaiting Examination

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119557-03301	US	United States of America	60/005370	13-Oct-1995	USE OF PROANTHOCYANIDIN POLYMERIC COMPOSITIONS FOR TREATMENT OF SECRETORY DIARRHEAS							Expired
119557-03302	US	United States of America	08/559396	15-Nov-1995	USE OF PROANTHOCYANIDIN POLYMERIC COMPOSITIONS FOR TREATMENT OF SECRETORY DIARRHEAS							Not Publicly Available
119557-03303	US	United States of America	08/730772	16-Oct-1996	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS							Abandoned - Not Publicly Available
119557-03304	US	United States of America	09/066989	23-Apr-1998	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS						Shaman Pharmaceuticals, Inc.	Abandoned on January 11, 2001
119557-03305	US	United States of America	09/712033	14-Nov-2000	METHOD OF TREATING SECRETORY DIARRHEA WITH ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER			7341744	11-Mar-2008	9/5/2008 - Napo Pharmaceuticals, Inc. v. Dudas, Docket No. 1:08cv1542, District of Columbia	Napo Pharmaceuticals, Inc.	Granted Court Proceedings terminated on 5/19/10 2/28/13 - PTE of 1075 days filed
119557-03306	US	United States of America	10/919969	17-Aug-2004	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	US 2005-0019389 A1	27-Jan-2005	7323195	29-Jan-2008		Napo Pharmaceuticals, Inc.	Granted 2/28/13 - PTE for 1096 days filed

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119557-03307	US	United States of America	11/998170	28-Nov-2007	PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS					N/A		Abandoned on September 9, 2008
119557-03308	US	United States of America	11/998171	28-Nov-2007	METHOD OF TREATMENT WITH PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS					N/A		Abandoned on September 2, 2008
119557-03309	US	United States of America	12/175131	17-Jul-2008	COMPOSITIONS AND METHODS OF TREATMENT WITH PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	US-2009-0148397 A1	11-Jun-2009	8574634 B2	15-Nov-2013		Napo Pharmaceuticals, Inc.	Granted
		United States of America	14/023598	11-Sep-2013	COMPOSITIONS AND METHODS OF TREATMENT WITH PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	US20140011869	09-Jan-2014				Napo Pharmaceuticals, Inc.	Abandoned 5/13/14 - EOT filed in favor of CON
119557-	WO	Patent	PCT/US1997/018845	14-Oct-1997	ENTERIC	WO 1998/16111	23-Apr-					National

03320		Cooperation Treaty			FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS			1998				
119557-03321	EP	European Patent Convention	09003375.4	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP2060183	20-May-2009			N/A	Napo Pharmaceuticals, Inc.	Pending Awaiting further action Response filed March 11, 2011

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119557-03322	EP	European Patent Convention	10177942.9	21-Sep-2010	Method of Treating Secretory Diarrhea With Enteric Formulations of Proanthocyanidin Polymer	2255661	01-Dec-2010			N/A	Napo Pharmaceuticals, Inc.	Pending 2/24/14 - Third Party observation filed
119557-03324	AU	Australia	20303/02	04-Mar-2002	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS		29-Jul-2004	775330	11-Nov-2004	None	Napo Pharmaceuticals, Inc.	Granted
119557-03325	BE	Belgium	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03326	CA	Canada	2269078	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	2269078		2269078	24-Jan-2012	None	Napo Pharmaceuticals, Inc.	Granted
119557-03329	HK	Hong Kong	11105290.3	27-May-2011	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	1151189A	27-Jan-2012			None	Napo Pharmaceuticals, Inc.	Granted
119557-03335	EP	European Patent Convention	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03339	HK	Hong Kong	09110214.0	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	1130158A	24-Dec-2009			None	Napo Pharmaceuticals, Inc.	Granted

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119557-03340	IN	India	2297/MAS/1997	15-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS			209532	04-Sep-2007	None	Napo Pharmaceuticals, Inc.	Granted
119557-03343	JP	Japan	10-518632	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS			4195728	03-Oct-2008	None	Napo Pharmaceuticals, Inc.	Granted
119557-03346	KR	Korea, Republic of	10-1999-7003305	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	10-2000-0049206	25-Jul-2000	467532	13-Jan-2005	None	Napo Pharmaceuticals, Inc.	Granted
119557-03348	MX	Mexico	PA/a/1999/003517	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS			294817	25-Oct-2011	None	Napo Pharmaceuticals, Inc.	Granted
119557-03351	NZ	New Zealand	335317	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS		23-Feb-2001	335317	06-Jun-2001	None	Napo Pharmaceuticals, Inc.	Granted
119557-03357	PH	Philippines	I-58235	16-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS						Shaman Pharmaceuticals, Inc.	Abandoned
119557-03363	TW	Taiwan	086115262	16-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	537898	21-Jun-2003	179821	21-Jun-2003	None	Napo Pharmaceuticals, Inc.	Granted

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03376	AT	Austria	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03377	IN	India	270/CHE/2007	15-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS					None		Refusal of Application
119557-03378	LI	Liechtenstein	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03379	CH	Switzerland	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03381	DE	Germany	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03382	DK	Denmark	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03383	ES	Spain	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03384	FI	Finland	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03385	FR	France	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03386	GB	United Kingdom	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03387	GR	Greece	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03389	IE	Ireland	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03390	IT	Italy	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03391	LU	Luxembourg	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03392	MC	Monaco	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted

119557-03393	NL	Netherlands	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03396	PT	Portugal	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03397	MX	Mexico	MX/a//2012/000601	12-Jan-2012	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS						Napo Pharmaceuticals, Inc.	Pending
119557-03398	SE	Sweden	97912779.2	14-Oct-1997	ENTERIC FORMULATIONS OF PROANTHOCYANIDIN POLYMER ANTIDIARRHEAL COMPOSITIONS	EP0935417	23-Apr-1998	0935417	06-May-2009	None	Napo Pharmaceuticals, Inc.	Granted
119557-03399	IN	India	2528/CHE/2011	22-Jul-2011	Method of Treating Secretory Diarrhea With Enteric Formulations of Proanthocyanidin Polymer							Not yet published - Not Publicly Available
119557-03401	US	United States of America	07/737077	29-Jul-1991	METHODS FOR USING PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY			5211944	18-May-1993		Napo Pharmaceuticals, Inc.	Expired
119557-03402	US	United States of America	08/194779	09-Feb-1994	METHODS FOR USING PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY			5494661	27-Feb-1996		Napo Pharmaceuticals, Inc.	Expired

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03420	WO	Patent Cooperation Treaty	PCT/US1991/007679	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME	WO/1992/006695	30-Apr-1992				Napo Pharmaceuticals, Inc.	National
119557-03424	AU	Australia	88780/91	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME		06-Jul-1995	660631	23-Oct-1995	None	Napo Pharmaceuticals, Inc.	Expired
119557-03426	CA	Canada	2093825	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME	2093825		2093825	07-Jan-2003	None	Napo Pharmaceuticals, Inc.	Expired
119557-03435	EP	European Patent Convention	91919754.1	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME	EP0553253	04-Aug-1993	EP0553253	05-Jul-2000	None	Shaman Pharmaceuticals, Inc.	Expired
119557-03439	HK	Hong Kong	98113185.1	11-Dec-1998	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME	1011931	23-Jul-1999			N/A	Shaman Pharmaceuticals, Inc.	Expired
119557-03443	JP	Japan	03-518512	19-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME			3448052	04-Jul-2003	None	Shaman Pharmaceuticals, Inc.	Expired
119557-03446	KR	Korea, Republic of	10-1993-0701100	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME	10-1993-0702010	08-Sep-1993	207949	14-Apr-1999	N/A	Shaman Pharmaceuticals, Inc./Napo Pharmaceuticals, Inc.	Expired
119557-03448	MX	Mexico	9601703	07-May-1996	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME			217866	02-Dec-2003	None	PS Pharmaceuticals	Granted
119557-03451	NZ	New Zealand	240200	11-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME			240200	18-Oct-1994	None	Shaman Pharmaceuticals, Inc.	Expired

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-03460	SG	Singapore	9608125-2	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL	52707	28-Sep-1998	553253	19-Sep-2000	None	Napo Pharmaeuticals, Inc.	Expired

					ACTIVITY AND METHODS OF OBTAINING SAME								
119557-03477	MX	Mexico	911540	11-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME			182669	18-Sep-1996	None	Shaman Pharmaceuticals	Granted
119557-03486	GB	United Kingdom	91919754.1	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME	EP0553253	04-Aug-1993	EP0553253	05-Jul-2000	None	Shaman Pharmaceuticals, Inc.	Expired
119557-03493	NL	Netherlands	91919754.1	10-Oct-1991	PROANTHOCYANIDIN POLYMERS HAVING ANTIVIRAL ACTIVITY AND METHODS OF OBTAINING SAME	EP0553253	04-Aug-1993	EP0553253	05-Jul-2000	None	Shaman Pharmaceuticals, Inc.	Expired
119557-06001	US	United States of America	61/408622	31-Oct-2010	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA					N/A		Expired
119557-06002	US	United States of America	61/409335	02-Nov-2010	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA					N/A		Expired
119557-06003	US	United States of America	61/416249	22-Nov-2010	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA					N/A		Expired
119557-06004	US	United States of America	61/434379	19-Jan-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA					N/A		Expired
119557-06005	US	United States of America	13/294307	11-Nov-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	US-2012-0107370 A1	03-May-2012			N/A	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending 12/17/13 - Final Rejection

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
119557-06006	US	United States of America	13/285397	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	US 2012-0184605 A1	19-Jul-2012			N/A	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending 03/13/14 - Final Rejection
119557-06020	WO	Patent Cooperation Treaty	PCT/US2011/058549	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	WO2012/058664	03-May-2012			N/A	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	National
	AU	Australia	20110320155	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	2.011E+10	09-May-2013			N/A	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending
	CA	Canada	2816416	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	2816416	03-May-2012			N/A	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending
	CN	China	2011863739	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	103370101	23-Oct-2013			N/A	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending
	CO	Colombia	20130132887	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	6771411	15-Oct-2013			Yes 1/16/2014 - Third Party Opposition filed	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Granted

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
	EP	European Patent Convention	20110837249	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	2632550	04-Sep-2013			N/A	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending 4/11/14 - Invitation to Proceed with Application and Response to EESR
	JP	Japan	20130536904	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	2013540826	07-Nov-2013			None	Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending
	MX	Mexico	20130004873	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-	2013004873	21-Aug-2013				Salix Pharmaceuticals, Ltd.	Pending

					ASSOCIATED DIARRHEA							
	PE	Peru	20130092620	31-Oct-2011	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA	362014	31-Jan-2014			Salix Pharmaceuticals, Ltd. And Napo Pharmaceuticals, Inc.	Pending
119557-06335	EP	European Patent Convention	10822557.4	4/12/2012 05-Oct-2010	METHODS OF TREATING DISEASES WITH PROANTHOCYANIDIN OLIGOMERS SUCH AS CROFELEMER	2485596	05-Aug-2012		N/A	The Regents of the University of California and Napo Pharmaceuticals, Inc.	Pending 3/3/14 - Communication Pursuant to Article 94(3) EPC

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
	AU	Australia	20100303577	05-Oct-2010	METHODS OF TREATING DISEASES WITH PROANTHOCYANIDIN OLIGOMERS SUCH AS CROFELEMER	2010303577	17-May-2012			N/A	The Regents of the University of California and Napo Pharmaceuticals, Inc.	Pending
	CA	Canada	2777214	05-Oct-2010	METHODS OF TREATING DISEASES WITH PROANTHOCYANIDIN OLIGOMERS SUCH AS CROFELEMER	2777214	14-Apr-2011			N/A	The Regents of the University of California and Napo Pharmaceuticals, Inc.	Pending
	JP	Japan	20120533251	05-Oct-2010	METHODS OF TREATING DISEASES WITH PROANTHOCYANIDIN OLIGOMERS SUCH AS CROFELEMER	2013506716	28-Feb-2013			None	The Regents of the University of California and Napo Pharmaceuticals, Inc.	Pending Application under Examination
	WO	Patent Cooperation Treaty	PCT/US2010/051530	05-Oct-2010	METHODS OF TREATING DISEASES WITH PROANTHOCYANIDIN OLIGOMERS SUCH AS CROFELEMER	2011044167	14-Apr-2011				The Regents of the University of California and Napo Pharmaceuticals, Inc.	National
	US	United States of America	13/500589	05-Oct-2010	METHODS OF TREATING DISEASES WITH PROANTHOCYANIDIN OLIGOMERS SUCH AS CROFELEMER	2.012E+10	09-Aug-2012				The Regents of the University of California and Napo Pharmaceuticals, Inc.	Pending 2/27/14 - Nonfinal Rejection
119557-06401	US	United States of America	61/734901	07-Dec-2012	METHODS AND COMPOSITIONS FOR TREATING HIV-ASSOCIATED DIARRHEA							Expired

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
	US	United States of America	13/453618	23-Apr-12	PHARMACOLOGICALLY OPTIMIZED MULTIMODAL DRUG DELIVERY	US20130011478	1-Oct-13			N/A	Napo Pharmaceuticals, Inc.	Pending Awaiting further Action from USPTO 1/7/14 - Supplemental Response filed
	US	United States of America	13/911893	6-Jun-13	PHARMACOLOGICALLY OPTIMIZED MULTIMODAL DRUG DELIVERY	US-20130274346	17-Oct-13			N/A	Napo Pharmaceuticals, Inc.	Pending 5/8/14 - Final Rejection
	EP	European Patent Convention	20120773908	23-Apr-12	PHARMACOLOGICALLY OPTIMIZED MULTIMODAL DRUG DELIVERY SYSTEM FOR NORDIHYDROGUIARETIC ACID (NDGA)	2699236	26-Feb-14				Napo Pharmaceuticals, Inc.	Pending Awaiting first action
	WO	Patent Cooperation Treaty	PCT/US2012/034675	23-Apr-12	PHARMACOLOGICALLY OPTIMIZED MULTIMODAL DRUG DELIVERY SYSTEM FOR NORDIHYDROGUIARETIC ACID (NDGA)	2012145749	26-Oct-12				Napo Pharmaceuticals, Inc.	National
		India	8957/CHENP/2013	8-Nov-13	PHARMACOLOGICALLY OPTIMIZED MULTIMODAL DRUG DELIVERY SYSTEM FOR NORDIHYDROGUIARETIC ACID (NDGA)						Napo Pharmaceuticals, Inc.	Pending
	IN	India	1962/MUM/2009	26-Aug-09	METHOD FOR PRODUCING PROANTHOCYANIDIN POLYMER COMPO					None	Glenmark Pharmacauticals, Inc. and Napo Pharmaceuticals, Inc.	Pending Application under Examination

Docket Number:	Country	CountryName	Application #:	Filing Date:	Application Title:	Publication #:	Publication Date:	Patent #:	Issue Date:	Oppositions/ Reexaminations	Assignee	Status
	WO	Patent Cooperation Treaty	IB2010002060	24-Aug-10	METHOD FOR PRODUCING PROANTHOCYANIDIN POLYMER COMPO	WO2011024049	3-Mar-11				Glenmark Pharmacauticals, Inc. and Napo Pharmaceuticals, Inc.	National - Filed in Eurasia only (EA201290098)

APPENDIX 1.35

NAPO SUPPLIES

[See attached]

APPENDIX 1.35-B
Napo Supplies

Sr. no.	Equipment name	Quantity	PO reference number
1	Chromatography columns with spares (Millipore)		AL-VSP1/CAP-11-12/D/527
5	Chromatography pumps (Liquiflo-4556633N210)	2	AL/VSP1/CAP/11-12/D/676
6	Diaphragm pump (Grundfos DMX-226)	1	AL/VSP1/CAP/11-12/D/528
7	Motors (FLP) for above pumps	3	AL/VSP1/CAP/11-12/D/589
8	VFD units for above motors	3	AL/VSP1/CAP/11-12/D/611
9	Jordi HPLC columns	6	Customer supplied
10	UF units (Millipore)	2	AL/VSP1/CAP/11-12/D/526
11	Prostak units (SK2P133E1)	13	AL-VSP1/CAP-11-12/D/016
12	Integrity tester	1	AL-VSP1/CAP-11-12/D/016
13	Waters HPLC GPC software	2	AL-VSP1/CAP-11-12/I/010
14	Glass lined RCVD	1	AL-VSP1/CAP-11-12/I/017
15	UV detecor & monitor (Spinco)	1	AL-VSP1/CAP-11-12/I/021
16	Micron filters (Kumar or equivalent)	4	AL-VSP1/CAP-11-12/D/176
17	Rotary evaporator	1	AL-VSP1/CAP-11-12/D/541

Sr. no.	Name of Material	Quantity	Batch number	Remarks/ Suppliers
1	Resin LH-20 (GE)	60 kgs		GE Healthcare Bio-Scinces Ltd.
2	Resin CMS (GE)	160 lts		GE Healthcare Bio-Scinces Ltd.
4	Impurities (purchased at Laurus)			
a	Gallocatechin (-)	133.7 mg	Product No. G6657	Sigma Aldrich
b	Epigallogcatechin (-)	133.5mg	Product No: E3768	Sigma Aldrich
c	Catechin (+)	10 mg	Product No.: 43412	Sigma Aldrich
d	Catechin (-)	133.6mg	Product No. C0567	Sigma Aldrich
e	Epicatechin (-)	1.993g	Product No. E1753	Sigma Aldrich
f	Procyanidin B1	79 mg	Product No: 19542	Sigma Aldrich & LGC
g	Procyanidin B2	39 mg	Product No: 42157	Sigma Aldrich
h	Diacetone alcohol	475mL		Sigma Aldrich
5	Taspine (isolated at Laurus)	1.9		
6	Taspine (from Napo)	400 mg		Consumed for analysis
7	Latex pre-shipment samples			
		1L x 2	NPCPL 026	
		1L x 9	NPCPL 027	
		1L x 160.5L x 3	NPCPL 031	Used for Taspine isolation
		1L x 6	NPCPL 032	
8	Latex main barrels			
		110 Gallons	NPCPL 026	Napo supplied
		495 Gallons	NPCPL 027	Napo supplied
		1100 Gallons	NPCPL 031	Napo supplied
		330 Gallons	NPCPL 032	Napo supplied
		550 Gallons	NPCPL 033	Received on 5th Sep 2012
			NPCPL 034	Expecting shortly (880 Gallons)
9	Stage-A intermediate sample	50g	AA006A7013	Received quantity is 50g
10	API sample	390g	lot 061103974	Consumed in Microbial analysis, Reference standard qualification
11	API sample	50g	lot 061104014	Consumed in Microbial analysis
12	API sample	50g	lot 061104055	Consumed in Microbial analysis
13	Old reference standard	4g	7008	Consumed while ref. std. qualification

APPENDIX 1.37

ILLUSTRATION OF CALCULATION OF NET SALES FOR COMBINED PRODUCTS

If JAH, or its Sublicensee or Affiliate, undertakes to sell a Product together with another product for a single price (i) that consists of a Product combined with an another pharmaceutical product (*i.e.*, whether or not other active pharmaceutical ingredients are formulated as a single prescription), or (ii) that consists of a Product combined with a Nutraceutical, in either case, for purposes of calculating Net Sales for determining royalties due to Napo, the Product shall be deemed to be have been sold for an amount equal to the following**:**

(X divided by Y) multiplied by Z, where W, X, Y and Z have the following values (W is defined for clarification purposes only).

W= $50 per unit, the average sales price generally achieved for another product in the country in which such sale occurred for the Calendar Quarter

X= $100 per unit, the average sales price generally achieved for the Product in the country in which such sale occurred for the Calendar Quarter

Y= $150, the sum of W and X, when W and X are each sold separately, during the Calendar Quarter in the country in which such sale occurred

Z= $130 the price of the combined product, W and X sold together as a single unit

EXAMPLE**:**

W= $50

X= $100

Y= $150

Z= $130

The imputed price of the Product shall be equal to**:** (X/Y)*Z or ($100/$150)* $130 = $86.67

APPENDIX 1.42

PRODUCT DEVELOPMENT PLAN
[to come within 90 days after Effective Date]

EMPLOYEE LEASING AND OVERHEAD ALLOCATION AGREEMENT

This **EMPLOYEE LEASING AND OVERHEAD ALLOCATION AGREEMENT** (the "**Agreement**"), dated July 1, 2013, is made and entered into by and between Napo Pharmaceuticals, Inc., a Delaware corporation ("**Napo**"), and Jaguar Animal Health, Inc., a Delaware corporation ("**JAG**"), with reference to the following facts:

1. Napo has Licensed (the "**License**") to JAG certain intellectual property and other rights of Napo related to the development and commercialization of crofelemer for animals (the "JAG Business") in exchange certain other consideration as detailed in the License.

2. Napo currently employs those individuals identified on Exhibit A, each of whom has been providing services in connection with the JAG Business prior to the License (the "**Leased Employees**"). JAG desires to receive the benefit of the Leased Employees' services and other overhead costs of Napo during the Transition Period (as defined below) pursuant to the terms and conditions of this Agreement.

3. Napo and JAG desire to enter into this Agreement in order to set forth the terms under which Napo will lease the Employees to JAG and be reimbursed for certain overhead costs identified on Exhibit A during the Transition Period.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. **Term; Transition Period**. The transition period ("**Transition Period**") shall commence on the date hereof and shall terminate on February 28, 2014. The term ("**Term**") of this Agreement shall be for the Transition Period unless it is extended by mutual written agreement of the parties or earlier terminated pursuant to Paragraph 5 hereof.

2. **Description of Services**. During the Term:

(a) Napo shall provide JAG with the Leased Employees to perform the same or substantially similar work for JAG with respect to the JAG Business as the Leased Employees were performing for Napo with respect to the JAG Business up through the date of the License;

(b) JAG shall have the sole right to control and direct the Leased Employees as to the performance of their duties and the means by which such duties are performed; and

(c) Other than to lease the Leased Employees to JAG, Napo shall not make any material changes in the terms and conditions of employment of the Leased Employees, including without limitation, in their salaries, wages, bonuses or employee benefits, except (i) in the ordinary course of business, (ii) as required by law or regulation, or (iii) with respect to which Napo has obtained the prior written consent of JAG, which consent shall not be unreasonably withheld, conditioned or delayed.

3. **Fees and Expenses**. Napo is providing Leased Employees to JAG at the rate of $65,811 per month equal to the dollar value of each of the following items: (i) such Leased Employee's gross wages and/or salary owed by Napo during each calendar month during the

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Term (before any tax withholdings or other deductions) multiplied by the percentage of such Leased Employee's total hours worked during such calendar month that consisted of services performed for or on behalf of JAG which the parties agree shall be the "approximate percentage of time to be spent rendering services to or for the benefit of JAG" as shown on Exhibit A (the "Applicable Percentage") the "**Employment Costs**"), and (ii) $6,000 per month for overhead and office expenses. JAG shall pay to Napo, in cash, $71,811 per month for the months of December 2013, January 2014 and February 2014. The amounts recognized as Employment Costs for the months of July 1, 2013 to the end of November 2013 shall be borne by Napo. Napo has received 4,000,000 shares of JAG common stock.

4. **Status of Employees and Responsibility for Taxes**. Napo is the employer of the Leased Employees and will be responsible for payment of federal, state, and local income, social security, unemployment, and other payroll taxes, employment taxes and other taxes for which Napo is responsible with respect to the Leased Employees, and shall withhold, file, and pay such taxes for each Leased Employee's wages and other taxable compensation to the extent required by law. Napo shall indemnify and hold JAG harmless for any and all tax liabilities that JAG may incur arising out of, relating to, or resulting from this Agreement.

5. **Termination**. Notwithstanding any provision herein to the contrary, this Agreement may be terminated: (a) by either party upon not less than thirty (30) days' prior written notice to the other; or (b) by mutual agreement of Napo and JAG. Expiration or termination of this Agreement shall not relieve the parties of any obligation accruing prior to such expiration or termination.

6. **No Agent Authority**. Nothing in this Agreement shall be construed to treat either party as the other party's partner, co-employer, joint employer, employee or agent, or to give either party the actual or apparent authority to bind the other party in any respect.

7. **Duties of JAG**. With respect to the Leased Employees, during the Term JAG shall:

(a) maintain personnel policies and practices that ensure JAG's compliance with all applicable federal, state, and local employment laws, including but not limited to Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Family and Medical Leave Act, the Fair Labor Standards Act, the Occupational Safety and Health Act, the California Labor Code, and California Government Code Section 12940 et seq. (collectively, the "**Employment Laws**");

(b) direct the work of the Leased Employees in accordance with the terms and conditions of this Agreement, the personnel policies and procedures of JAG (including, but not limited to, its policies against discrimination and harassment), and in compliance with all of the Employment Laws;

(c) provide the Leased Employees with any protective or safety equipment, as required to perform work by federal, state or local law, rule, regulation, ordinance, directive, or order;

(d) verify and report to Napo in an accurate and timely manner the actual weekly hours that each Leased Employee worked or was absent for any reason during the Term, for the purpose of permitting Napo to pay each of the Leased Employees his or her earned wages, which Napo shall use to generate payroll for each Leased Employee and make appropriate deductions and withholdings from his or her pay;

(e) maintain adequate personnel records and related employment documentation, including but not limited to records regarding all documents relating to any accident, injury, or illness that is, is claimed to be, or may be attributable to any Leased Employee's work, and make all such records and documentation available to Napo upon request;

(f) obtain and maintain in full force any insurance, other than workers' compensation insurance or any insurance with respect to which premiums are included in the Employment Costs, that may be necessary in light of work assigned to or performed by the Leased Employees, including but not limited to any such insurance covering Leased Employees in the event of injury or illness incurred or suffered by any of them in the course of performing their duties as assigned by the Buyer and, upon request by Napo, furnish Napo with a certificate of insurance verifying such coverage;

(g) execute and complete any and all documents required to perform its obligations under this Agreement within a reasonable time; and

(h) cooperate with Napo on employment matters related to the Leased Employees.

8. Indemnification.

(a) JAG agrees to indemnify and hold harmless Napo, each of Napo' officers, directors, employees, and agents (collectively, the "**Napo Indemnified Parties**") from and against, and pay and reimburse the Napo Indemnified Parties for any and all claims, demands, losses, costs, expenses, taxes and/or liabilities, including, without limitation, reasonable attorneys' fees and expenses incident to any suit, proceeding or investigation or any claim (collectively, the "**Losses**") arising out of this Agreement or relating to Napo' employment of the Leased Employees during the Term, other than any Losses that are due to the gross negligence or willful misconduct of any of the Napo Indemnified Parties arising in connection with this Agreement; provided, however, that to the extent a Leased Employee renders services to both Napo and JAG, the indemnification set forth in this paragraph with respect to Losses relating to Napo' employment of the Leased Employees during the Term shall only apply to Losses relating to services rendered by such Leased Employee to or for the benefit of JAG pursuant to this Agreement.

(b) Napo shall indemnify and hold harmless JAG and each of its officers, directors, employees, and agents (collectively, the "JAG Indemnified Parties") from and against, and pay and reimburse the JAG Indemnified Parties for, any losses that are due to the gross negligence or willful misconduct of any of the Napo Indemnified Parties arising in connection with this Agreement.

9. General Provisions.

(a) **Entire Agreement**. This Agreement represents the entire agreement between the parties with respect to the matters covered by this document, and supersedes all prior agreements, whether written or oral. This Agreement may be amended only in writing, executed by all parties hereto.

(b) **No Waiver**. The failure of any party to insist upon strict adherence to any terms of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right to insist later on strict adherence thereto, or thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing and signed by an authorized representative of the relevant party in order to be effective.

(c) **Notices.** All notices, requests, demands, claims and other communications hereunder ("**Notices**") shall be in writing. Any Notice hereunder shall be deemed duly given (i) upon receipt if delivered in person; (ii) on the date delivered by Federal Express, UPS, DHL or similar international courier service as established by the sender by evidence obtained from the courier; (iii) upon transmission by facsimile, provided an electronic acknowledgement of receipt is generated; or (iv) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid; in each case addressed to the intended recipient as set forth below (or to such other address or facsimile number as the intended recipient may request by way of an appropriate Notice given in accordance with this Section):

If to JAG:

with a copy to:

Donald C. Reinke, Esq.
Reed Smith LLP

If to Napo:

with a copy to:

Donald C. Reinke, Esq.
Reed Smith LLP

(d) **No Assignment**. Neither party shall assign this Agreement or any right, interest or benefit under this Agreement, nor delegate any of its duties or obligations hereunder, without the prior written consent of the other party. Except as permitted by the foregoing, any attempted assignment or delegation shall be null, void, and of no effect. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of each of the parties.

(e) **Counterparts**. This Agreement may be executed in any number of counterparts which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile shall be effective as delivery of a manually executed counterpart.

(f) **Governing Law**. This Agreement shall be governed by and construed under the internal laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California, without reference to principles of conflict of laws or choice of laws.

(g) **Amendments**. Neither this Agreement nor any of the terms or conditions hereof may be waived, amended or modified except by means of a written instrument duly executed by both parties.

(h) **Arbitration**. The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to binding arbitration in Los Angeles County before the Judicial Arbitration and Mediation Service ("**JAMS**"). The Parties agree that the prevailing party in any arbitration shall be entitled to relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing party in any arbitration shall be awarded its reasonable attorneys' fees and costs. The Parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury.

(i) **Further Assurances**. The parties, without further consideration of any kind, shall each execute and deliver, or cause to be executed and delivered, such other instruments, and take, or cause to be taken, such other action, as shall reasonably be requested by the other party hereto to more effectively carry out the terms and provisions of this Agreement.

(j) **Severability**. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

10. **Ownership of New Technology**.

(a) **New Technology**. Any and all (i) inventions (whether or not reduced to practice and whether or not patentable), (ii) works of authorship, (iii) trade secrets, know-how, confidential information (including but not limited to confidential ideas, research and development, technology, discoveries, methods, formulas, compositions, manufacturing processes, designs, specifications, clinical trial protocols, statistical analyses and other regulatory information, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals) and all other proprietary information and data (including but not limited to technical and safety, efficacy and other clinical data) conceived, developed or reduced to practice by JAG or Napo, either jointly or individually, in whole or in part, after the date hereof and during the Term (collectively, "**New Technology**") shall be owned by (i) Napo to the extent such New Technology is within the Napo Field of Use defined as XXXX and (ii) JAG to the extent such New Technology is outside the Napo Field of Use. Each party shall disclose to the other party any New Technology promptly after it has been conceived, developed or reduced to practice. For the purposes of this Section 10, all determinations of inventorship shall be made in accordance with United States patent law. For no additional consideration, each party (the "**Assignor**") hereby assigns to the other party (the "**Assignee**") all of the Assignor's right, title and interest, worldwide, in and to any New Technology (including without limitation all intellectual property rights associated therewith and all copies and tangible embodiments thereof, in whatever form or medium) consistent with the ownership allocation described above so that sole and exclusive ownership therein resides in Napo to the extent such New Technology is within the Napo Field of Use and in JAG to the extent such New Technology is outside the Napo Field of Use. Assignor shall, at Assignee's request and expense, execute documents and

perform such acts as Assignee may deem necessary, to confirm in Assignee, all right, title and interest throughout the world, in and to any New Technology consistent with the ownership allocation set forth herein, and all patents, trademarks, copyrights and other applicable statutory protections thereon, and to enable and assist Assignee in procuring, maintaining, enforcing and defending patents, trademarks, copyrights and other statutory protections throughout the world in and to any such New Technology. Each party shall cause each of its employees, contractors and consultants to execute and deliver an agreement assigning all of their respective right, title and interest in and to any New Technology consistent with the above ownership allocation so that sole and exclusive ownership therein resides in Napo to the extent such New Technology is within the Napo Field of Use and in JAG to the extent such New Technology is outside the Napo Field of Use.

11. **Confidentiality.**

(a) **Use of Confidential Information**. From time to time prior to the commencement of and during the Term, each party hereto has disclosed or may disclose its confidential information (e.g., information regarding a disclosing party's business and operations, research and development activities, pre-clinical and clinical data, regulatory strategies and submissions, products, customers, employees, financial results, contractual relationships, etc.) to the other party. In addition each party may, from time to time during the Term, obtain or have access to the other party's confidential information. As used herein, the term "confidential information" does not include information that (i) is in or comes into the public domain through no fault of the receiving party or any of its affiliates or their representatives, or (ii) is lawfully acquired without confidentiality obligations to the disclosing party from sources having the right to make such disclosure or (iii) was developed independently by the receiving party without use of any confidential information of the disclosing party. Each party shall maintain (and cause its affiliates and subcontractors to maintain) the confidentiality of the other party's confidential information and not to use or disclose such confidential information except as required to perform its obligations in accordance with this Agreement or as permitted hereby or by the disclosing party in writing. If compelled to disclose any confidential information by judicial or administrative process or by requirement of law, the receiving party shall promptly notify the disclosing party in writing and, if legal protection is not obtained, may disclose only that portion of such information that is legally required to be disclosed as advised by counsel; provided that the receiving party shall exercise commercially reasonable efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. Because of the unique nature of the confidential information, the parties understand and agree that the disclosing party will suffer irreparable harm in the event that a party which receives such disclosing party's confidential information fails to comply with any of its obligations hereunder and that monetary damages will be inadequate to compensate disclosing party for such breach. Accordingly, each party agrees that the disclosing party shall, in addition to any other remedies available to it at law or in equity, be entitled to seek injunctive relief to enforce the terms hereof.

(b) **Return of Confidential Information**. Upon termination of this Agreement, unless a party has a continuing right to use such confidential information pursuant to a license granted hereunder, upon request of the other party, each of the parties hereto agrees to return to the other all such confidential information of the other, or, at its option destroy such

confidential information and, thereafter, certify immediately to the disclosing party that all such confidential information has been returned or destroyed.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives as of the day and year first above written.

NAPO

By: /s/ Charles O. Thompson
Its: CFO

JAG

By: /s/ Lisa A. Conte
Its: CEO

EXHIBIT A
LEASED EMPLOYEES AND OVERHEAD ALLOCATION

Employee Name	Position	Approximate percentage of time to be spent rendering services to or for the benefit of JAG

ASSIGNMENT OF SUBLEASE AND CONSENT OF LANDLORD

THIS ASSIGNMENT OF SUBLEASE AND CONSENT OF LANDLORD (this "**Assignment**"), dated as of June 1, 2014, is entered into by and between **NAPO PHARMACEUTICALS, INC**., a Delaware corporation ("**Current Subtenant**") and **JAGUAR ANIMAL HEALTH, INC.**, a Delaware corporation ("**New Subtenant**"). Capitalized terms used herein and not otherwise defined shall have the meaning given them in the Lease, First Amendment to Sublease Agreement, and Second Amendment to Sublease Agreement, as those terms are hereinafter defined.

RECITALS

A. **BCCI CONSTRUCTION COMPANY**, a California corporation ("**Sublandlord**") leases certain premises from **SPF CHINA BASIN HOLDINGS, LLC**, a Delaware limited liability company ("**Landlord**"), located at 185 Berry Street, San Francisco, California (the "**Building**"), pursuant to an Office Lease dated April 3, 2002, as amended by that certain First Amendment to Office Lease dated April 27, 2007 (collectively, the "**Lease**").

B. Current Subtenant leases from Sublandlord a portion of the Leased Premises comprising approximately 3,125 rentable square feet (the "**Subleased Premises**") on the terms and conditions of that certain Sublease Agreement dated December 15, 2009 (the "**Original Sublease**"), as amended by that certain First Amendment to Sublease Agreement dated as of November 15, 2011 (the "**First Amendment to Sublease**"), and as further amended by that certain Second Amendment to Sublease Agreement dated as of September 18, 2012 (the "**Second Amendment to Sublease**") (the Original Sublease, as amended by the First Amendment to Sublease and Second Amendment to Sublease, being referred to herein as the, the "**Sublease**"). Landlord consented to the Sublease pursuant to that certain Consent to Sublease Agreement dated as of December 31, 2009, pursuant to that certain Consent to First Amendment to Sublease Agreement dated as of November 15 2011, and pursuant to that certain Consent to Second Amendment to Sublease dated as of November 20, 2012 (collectively, the "**Consent**").

C. The current expiration of the Sublease Term is June 30, 2015.

D. Current Subtenant and New Subtenant desire to effect an assignment and assumption of Sublease (the "**Assignment**"). Current Subtenant has requested Landlord and Sublandlord's consent to the Assignment.

TERMS

NOW, THEREFORE, for and in consideration of the foregoing Recitals and the mutual covenants, promises, conditions and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. **Assignment of Sublease**.

(a) Current Subtenant hereby assigns all of its right, title, and interest in and to the Sublease to New Subtenant and New Subtenant assumes all of Current Subtenant's obligations, as Subtenant under the Sublease whether occurring before or after the date hereof. Such assignment and assumption of the Sublease shall not relieve Subtenant of any obligations under the Sublease.

2. **Landlord's Approval**. By its execution hereof, Landlord and Sublandlord hereby consent to the terms of this Assignment as provided herein, subject to the terms and conditions of the Sublease. The terms and conditions of the Consent shall likewise continue to apply to the Sublease as so assigned, and Assignee hereby consents to and agrees to be bound by all of the terms and conditions of the Consent.

3. **Entire Agreement and Incorporation**.

(a) This Assignment contains the entire agreement of Current Subtenant and New Subtenant with respect to the subject matter hereof. It is agreed that there are no oral agreements between Current Subtenant and New Subtenant affecting the Assignment, as hereby amended, and this Assignment supersedes and cancels any and all previous negotiations, representations, agreements and understandings, if any, between Current Subtenant, New Subtenant, Sublandlord, and Landlord and their respective agents with respect to the subject matter hereof, and none shall be used to interpret or construe the Sublease as amended hereby.

(b) Except as expressly amended hereby, the Sublease remains unmodified and in full force and effect.

4. **Counterparts**. This Assignment may be executed in multiple counterparts, and by each party on separate counterparts, each of which shall be deemed to be an original but all of which shall together constitute one agreement. Delivery by any party of an electronic or facsimile copy of such party's original, wet-ink signature shall be fully effective as if such original, wet-ink signature had been delivered.

[Execution Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date and year first above written.

SUBLANDLORD:

BCCI CONSTRUCTION COMPANY, INC.,
a California corporation

By: /s/ Michael Scribner
Name: Michael Scribner
Title: President

CURRENT SUBTENANT:

NAPO PHARMACEUTICALS, INC.,

a Delaware corporation

By: /s/ Lisa A. Conte
Name: Lisa A. Conte
Title: CEO

NEW SUBTENANT:

JAGUAR ANIMAL HEALTH, INC.,
a Delaware corporation

By: /s/ Charles O. Thompson
Name: Charles O. Thompson
Title: CFO

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date and year first above written.

LANDLORD:

SPF CHINA BASIN HOLDINGS, LLC,
a Delaware limited liability company

By: /s/ Karen Wilbrecht
Name: Karen Wilbrecht
Title: Vice President

EXHIBIT A

Sublease

SUBLEASE AGREEMENT

THIS SUBLEASE ("**Sublease**") is made as of the 15th day of December, 2009, by and between BCCI CONSTRUCTION COMPANY, a California corporation ("**Sublandlord**"), and NAPO PHARMACEUTICALS, INC., a Delaware corporation ("**Subtenant**").

BACKGROUND

A. Sublandlord leases certain premises from China Basin/San Francisco, LLC, a Delaware limited liability company ("**Landlord**"), located at 185 Berry Street, San Francisco, California (the "**Building**"), pursuant to an Office Lease dated April 3, 2002, as amended by that certain First Amendment to Office Lease dated April 27, 2007 (collectively, the "**Prime Lease**"; and the premised demised thereunder to Sublandlord, as "Tenant," being referred to herein as the "**Leased Premises**"). A true and correct copy of the Prime Lease is attached hereto and made a part hereof as Exhibit "A".

B. Subtenant desires to lease from Sublandlord, and Sublandlord desires to lease to Subtenant, a portion of the Leased Premises in accordance with the terms and conditions hereinafter set forth.

TERMS

NOW, THEREFORE, for and in consideration of the foregoing Recitals and the mutual covenants, promises, conditions and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to.be legally bound hereby, covenant and agree as follows:

A. **Definitions**. Capitalized terms used in this Sublease and not otherwise defined herein shall have the same meaning ascribed to them in the Prime Lease.

B. **Sublease Term and Subleased Premises**.

1. **Sublease Term**. Sublandlord hereby subleases to Subtenant and Subtenant hereby rents front Sublandlord the Subleased Premises (as defined hereinbelow) for a term (the "**Sublease Term**") commencing on the, date (referred to herein as the "**Sublease Commencement Date**") that is the later of January 4, 2010 or date of Subtenant's receipt of a fully executed sublease consent agreement from Landlord. The Sublease Term, unless terminated earlier pursuant to the terms hereof, shall automatically terminate, without the necessity of notice from either party, at midnight on June 30, 2011.

2. Subleased Premises. Pursuant to this Sublease, Sublandlord shall sublease to Subtenant approximately 3,125 rentable square feet of the Leased Premises, as more particularly located and configured as shown in the floor plan attached hereto as Exhibit "B" ("**Subleased Premises**"). Prior to the execution of this Sublease, each of Sublandlord and Subtenant have been given the opportunity to measure the square footage of the Subleased Premises and have agreed upon the load factor attributable to the Subleased Premises. Based thereon, Sublandlord and Subtenant agree that the rentable square footage of the Subleased Premises is final and binding between the Sublandlord and Subtenant.

C. **Rent**. "Rent" shall include both the Sublease Base Rent and the Sublease Additional Rent as defined in this Section, in addition to any other charges comprising Rent (as such term is defined in the Prime Lease) with respect to the Subleased Premises and/or this Sublease.

1. **Sublease Base Rent**. During the Sublease Term, Subtenant shall pay to Sublandlord as base rent for the Subleased Premises ("**Sublease Base Rent**"), an amount equal to $5,208.33 per month, which amount is based on $1.667 per rentable square foot, per month. All monthly installments of Sublease Base Rent shall be paid on the first (1st) day of each and every calendar month without prior notice or demand, abatement, set-off or deduction whatsoever. The first monthly installment of Sublease Base Rent shall be due and payable upon full execution of this Sublease.

2. **Sublease Additional Rent**. Subtenant shall also pay to Sublandlord as additional Rent (the "**Sublease Additional Rent**") its pro rata share (which the parties agree is 14.95%, based on the rentable square footage of the Premises, as set forth in the Prime Lease, of 20,898 rentable square feet) of the Additional Rent Sublandlord pays to Landlord in accordance with Article 4 of the Prime Lease, on account of Tenant's Share of Direct Expenses that are in excess of the amount of Tenant's Share of Direct Expenses applicable to the Base Year, with the "**Base Year**" for purposes of this Sublease being the calendar year 2010. All monthly installments of Sublease Additional Rent shall be paid with the corresponding installment of Sublease Base Rent. Subtenant shall pay directly to Sublandlord, prior to the date the corresponding payment is due under the Prime Lease, all other items of Rent (as such term is defined in the Prime Lease) due and payable, with respect to Subtenant's use and/or occupancy of the Subleased Premises, and any other sums due under this Sublease. Without limiting the generality of the foregoing, Sublandlord shall provide to Subtenant promptly following the delivery thereof from Landlord all Statements, including Estimate Statements of additional rent for any calendar year.

3. **Place of Payment**. All Sublease Base Rent and Sublease Additional Rent and/or any other charges herein reserved, included, or agreed to be treated as Rent, shall be payable: at the office of Sublandlord at 185 Berry Street, Suite 1200, San Francisco, CA, or at such other place as Sublandlord may from time to time designate by notice in writing.

D. **Late Charges**. Late charges with respect to any installment of Rent or other sum due from Subtenant hereunder shall be payable as provided in Article 25 of the Prime Lease.

E. **Use**. The sole Permitted Uses under this Sublease shall be general office use consistent with a first-class office building. Subject to any security policies or procedures of the Landlord, Subtenant shall have access to the Subleased Premises on a 24 hour per day, 7 day per week basis.

F. **Security Deposit**. Contemporaneously with the execution of this Sublease, Subtenant shall pay to Sublandlord the amount of $10,416.67 ("**Security Deposit**"), which shall be held by Sublandlord to secure Subtenant's performance of its obligations under this Sublease. The Security Deposit is not an advance payment of Rent or a measure or limit of Sublandlord's damages upon a default by Subtenant. Sublandlord may, from time to time following a default

by Subtenant under this Sublease (following any applicable notice and cure period provided for herein, and, by incorporation herein by this reference, in the Prime Lease) and without prejudice to any other remedy, use all or a part of the Security Deposit to perform any obligation Subtenant fails to perform hereunder. Following any such application of the Security Deposit, Subtenant shall pay to Sublandlord on demand the amount so applied in order to restore the Security Deposit to its original amount. Provided that Subtenant has performed all of its obligations hereunder, Sublandlord shall, within 30 days after the Sublease Term ends, return to Subtenant the portion of the Security Deposit which was not applied to satisfy Subtenant's obligations. The Security Deposit may be commingled with other funds, and no interest shall be paid thereon.

G. **Application of Prime Lease**.

1. **Subtenant's Obligations**. This Sublease is expressly subject and subordinate to all of the terms and conditions of the Prime Lease, and to all amendments, renewals and extensions thereof, and all of the terms, provisions and covenants as contained in the Prime Lease are incorporated herein by reference, except as herein expressly set forth; provided, however, that: (i) each reference in such incorporated provisions of the Prime Lease to "Lease" and to "Premises" shall be deemed a reference to this Sublease and to the Subleased Premises, respectively; (ii) except to the extent provided in this Sublease (including the limitation contained in clause (iii) of this Section 7(a)), each reference to "Landlord" shall be deemed a reference to both Landlord and to Sublandlord; (iii) Sublandlord shall have no liability to Subtenant with respect to any representations or warranties made by the Landlord under the Prime Lease, or any indemnification obligations of the Landlord under the Prime Lease, or any obligations or liabilities of the Landlord under the Prime Lease with respect to compliance with laws, condition of the Subleased Premises, access to Common Areas, changes in location of any elements of the Project, operation of the Project or any portion thereof, including Operating Expenses, or any Hazardous Materials; (iv) with respect to any approval or consent required to be obtained from Landlord under the Prime Lease, such consent must be obtained from both Landlord and Sublandlord, and the approval or consent of Sublandlord may be withheld if Landlord's approval or consent is not obtained; (v) in any case where "Tenant" is required to indemnify, defend, release, exculpate or waive claims against "Landlord," such indemnity, defense, release, exculpation and waiver shall be deemed to run in favor of both Landlord and Sublandlord and shall survive the expiration or earlier termination of this Sublease; provided, however, as to Sublandlord, the indemnification, defense, release and waiver by Subtenant shall apply except to the extent of the gross negligence and/or willful misconduct of Sublandlord and the employees, agents and contractors of Sublandlord, notwithstanding any negligence of any of the foregoing; and (vi) where "Tenant" is required to execute and deliver certain documents or notices to "Landlord," such obligation stall be deemed to run to both Landlord and Sublandlord. Subtenant hereby covenants and agrees to observe all of the terms, conditions, and covenants imposed upon the Tenant under the Prime Lease and to perform all of the duties and obligations imposed upon the Tenant thereunder to the extent applicable to the term of Subtenant's use and/or occupancy of the Subleased Premises, the Building and the Project. To the extent any provision of this Sublease is inconsistent with any provisions of the Prime Lease, this Sublease shall govern except that if the standard for performance is more stringent under the Prime Lease, in which event the more stringent provision shall prevail and Subtenant shall be obligated to comply therewith. Subtenant acknowledges that any default by it under this Sublease may constitute a default by Sublandlord as Tenant under the Prime Lease, and that Subtenant's

liability to Sublandlord shall include, but not be limited to, any damages or liabilities incurred by Sublandlord to Landlord under the Prime Lease.

2. **No Duty to Render Services**. Sublandlord is not and shall not be required to render any services or utilities of any kind whatsoever to Subtenant or to perform any obligation of Landlord under the Prime Lease to maintain any portion of the Subleased Premises or the Project or to make repairs, restoration, improvements or alterations to the Subleased Premises or the Project. In addition, Sublandlord shall not be liable to Subtenant for any default or failure on behalf of the Landlord under the Prime Lease in the performance or nonperformance by the Landlord of any of its covenants and obligations under the

Prime Lease. Without limiting the generality of the forgoing, (i) with respect to the terms of Section 6.2 of the Prime Lease, Subtenant shall not utilize any machines or equipment or lighting referred to therein without the prior written consent of the Landlord and Sublandlord, and any and all charges with respect to the use of any such machines and equipment, whether or not consented to by the Landlord and Sublandlord shall be for the sole account of Subtenant, and shall be payable by Subtenant as additional Rent hereunder, and (ii) any Rent abatement to which Subtenant may be entitled based on an Abatement Event shall be limited solely to a proportionate share of the amount that Sublandlord receives from the Landlord, based on the proportionate square footage of the Subleased Premises to the square footage of the Premises affected by the Abatement Event. Notwithstanding anything to the contrary in the foregoing, Sublandlord shall cooperate with Subtenant in providing written notices to Landlord contemplated by the Prime Lease in order to enforce the terms of the Prime Lease, to the extent the Prime Lease obligates the Landlord to provide services or perform any obligations under the Prime Lease.

3. **Termination of Prime Lease**. If for any reason whatsoever (other than Sublandlord's breach of any provision under the Prime Lease), the Prime Lease should terminate prior to the expiration of the Sublease Term, then this Sublease shall likewise terminate simultaneously with such termination and Subtenant shall have no right or cause of action against Landlord or Sublandlord by reason of such termination. In the event of Sublandlord's breach of any provision under the Prime Lease, then, consistent with Section 12 below, Subtenant shall have a cause of action against Sublandlord for breach of this Sublease.

4. **Insurance and Landlord Indemnification**. During the Sublease Term, Subtenant agrees to maintain all insurance as required on the part of the Tenant under the Prime Lease, and shall name as additional insureds, as their interests may appear, both the Landlord and Sublandlord. Prior to the Sublease Commencement Date, Subtenant shall deliver to Sublandlord a certificate of insurance evidencing the existence of such insurance. If and when requested, Subtenant shall deliver to Sublandlord replacement certificates of insurance together with receipted bills therefor as aforesaid. For purposes of Section 10.2 of the Prime Lease, as incorporated into this Sublease, the obligation to maintain such insurance shall be solely an obligation of the Landlord and not the Sublandlord. For purposes of Section 10.5 of the Prime Lease, each of Sublandlord and Subtenant incorporate such provision into this Sublease and, in addition, Subtenant agrees that the waiver of subrogation, as applicable to Subtenant, shall also apply to the Landlord. For purposes of Section 10.1.2 of the Prime Lease, as incorporated into this Sublease, the obligation of Landlord indemnification provided therein shall be solely an obligation of the Landlord and not of Sublandlord.

5. **Subordination**. Subtenant agrees to subordinate this Sublease as outlined in Article 18 of the Prime Lease.

6. **Exclusions**. The following Sections of the Prime Lease shall not apply to this Sublease:

- The entirety of the Summary of Basic Lease Information
- Section 1.1.1
- Sections 2.1 — 2.3
- Article 3
- Section 4.2.6
- Sections 10.12 and 10.2 (to the extent inconsistent with Section 7(d) hereof)
- Sections 11.1 — 11.2 (to the extent inconsistent with Section 8(a) hereof)
- Article 13 (to the extent inconsistent with Section 8(b) hereof)
- Article 14 (to the extent inconsistent with Section 11 hereof)
- Section 19.1.6
- Article 21
- Section 23.2
- Sections 29.18, 29.24, 29.29
- Exhibit B (Tenant Work Letter)
- Exhibit C Notice of Lease Term Dates
- The entirety of the First Amendment to Office Lease (other than the incorporation hereof, for purposes of reference only, of the terms of Sections 3, 4 and 5, which add to the Prime Lease the Subleased Premises and extend the term of the Prime Lease beyond the term of this Sublease).

H. **Casualty/Condemnation**.

1. **Casualty**. In the event of a fire or other casualty in the Subleased Premises, the Common Area or any other portion of the Building (a "**Casualty**") where, Subtenant's access to and/or occupancy of the Subleased Premises is materially affected, Subtenant's Base Rent and Subtenant's share of Direct Expenses shall be proportionately abated to the extent and for such period that the Casualty or the damage resulting therefrom prevents Subtenant from conducting its ordinary business operations in the Subleased Premises, but only to the extent Sublandlord receives Rent abatement from Landlord under the Prime Lease and then only to the extent that the proportionate share of rentable square footage of the Subleased Premises bears to the total Premises rendered unfit for occupancy. If the time estimated by the Landlord to repair or restore the Subleased Premises or any portion of the Building necessary for Subtenant's occupancy exceeds ninety (90) days, Subtenant may, in its sole discretion, elect to terminate this Sublease within thirty (30) days after the Landlord's notice or determination as of the date of Subtenant's written notice to Sublandlord, in which event the date of such termination of this Sublease shall be deemed the last day of the Sublease Term. If Subtenant does not elect to terminate this Sublease, Sublandlord, if and to the extent it is entitled to do so under the Prime Lease following a Casualty, may elect to terminate the Prime Lease in its sole discretion. If neither the Landlord or Subtenant elect to terminate the Prime Lease or Subtenant does not elect to terminate this Sublease, the obligation to restore the Subleased Premises shall be borne by the

Landlord, and not Sublandlord, on the terms and conditions of the Prime Lease, to the extent the Landlord is required to restore the condition of the Leased Premises under the Prime Lease (and Sublandlord's sole obligation shall be to restore the improvements Sublandlord has agreed to construct and/or provide pursuant to Section 9(c) hereof).

2. **Condemnation**. If all or any portion of the Subleased Premises is taken by any governmental agency with the power of condemnation, either party shall have the right to terminate this Sublease by written notice to the other party at any time following receipt of said notice of condemnation or taking, and effective as of the earlier of the date of said taking or sixty (60) days from the notice of termination given by Sublandlord or Subtenant. If neither party elects to terminate this Sublease prior to the taking, this Sublease shall remain in effect but this Sublease shall terminate as to the portion of the Subleased Premises so taken and Sublease Base Rent and Sublease Additional Rent shall be proportionally adjusted based on the remaining portion of the Subleased Premises.

I. **Condition of Subleased Premises**.

1. **Prime Lease**. Subtenant has examined the Prime Lease and accepts the terms and conditions of the Prime Lease without recourse to Sublandlord or Landlord by reason thereof. All prior understandings and agreements between the parties with respect to the subject matter hereof are merged within this Sublease. The covenants and agreements herein contained shall bind and inure to the benefit of Sublandlord, Subtenant, and their respective successors and permitted assigns.

2. **Condition of Subleased Premises**. The taking of occupancy or possession of the whole or any part of the Subleased Premises by Subtenant shall be conclusive evidence, as against Subtenant, that Subtenant accepts possession of the space so occupied, the same was accepted by Subtenant in its "**AS IS**" condition, and that the same were in good and satisfactory condition at the time such occupancy or possession was so taken, without representation, covenant or warranty, express or implied (including without limitation any implied warranty of habitability, merchantability or fitness for a particular purpose), in fact or in law, by Sublandlord or its agents. Notwithstanding the foregoing, Sublandlord shall deliver the Subleased Premises to Subtenant in broom-clean condition, with the furniture, fixtures and equipment listed on Exhibit "C" hereto ("**FF&E**") to remain in the Subleased Premises, and, subject to Landlord's prior consent, with the Demising Wall contemplated by Section 9(c) below constructed and in place. All FREE shall remain property of Sublandlord, shall not be removed from the Subleased Premises by Subtenant, and shall be returned to Sublandlord upon termination of this Sublease in the same condition as provided, excepting reasonable wear and tear.

3. **Sublandlord Improvements**. Subject to the prior approval of Landlord, Sublandlord shall, at its sole cost and expense construct a demising wall along the western side of the Subleased Premises (the "**Demising Wall**"). In addition, Sublandlord shall provide Subtenant with access to Sublandlord's server room located in the Subleased Premises to install Subtenant's server equipment and shall coordinate with Subtenant obtaining Landlord's consent to the installation of any Lines required to connect such equipment to equipment in the Subleased Premises. Any such Liens shall be installed at the sole cost and expense of Subtenant

and Subtenant shall be solely responsible for the removal thereof at the end of the Sublease Term in accordance with the terms of the Prime Lease.

J. **Alterations/Repairs/Signage**.

1. Subtenant shall not make any alterations, improvements or additions to the Subleased Premises: (i) in any event, without the written consent of Landlord (unless such consent is not required of Sublandlord as Tenant under the Prime Lease); and (li) without the written consent of Sublandlord, which consent shall not be unreasonably withheld or delayed. All alterations, improvements and additions must comply with the applicable portions of the Prime Lease, and are expressly subject to the terms thereof. Except as authorized in writing by Sublandlord, Subtenant must restore the Subleased Premises affected by the installation and maintenance of said security system and/or any other alterations, improvements and additions made by Subtenant to the Subleased Premises to the same condition as Subtenant received that portion of the Subleased Premises, reasonable wear and tear exempted.

2. Subtenant shall keep the Subleased Premises in a neat and orderly condition and shall make all repairs to maintain the Subleased Premises as required of Sublandlord as Tenant as set forth in the Prime Lease.

3. Subtenant may not place any signage on the Subleased Premises without written consent of Sublandlord and Landlord (if required under the Prime Lease). Sublandlord hereby consents to Subtenant's standard building directory and suite signage. All Subtenant signage must be removed upon termination of the Sublease, at Subtenant's sole expense.

K. **Assignment or Subletting**. Subtenant may not assign this Sublease, mortgage, pledge or encumber Subtenant's interest in this Sublease, sublet all or any portion of the Subleased Premises or otherwise enter into any other Transfer without the prior written consent of Landlord in accordance with the Prime Lease and of Sublandlord. Sublandlord's consent shall not be unreasonably withheld or delayed. In any such assignment or subletting, Subtenant shall remain fully and primarily liable to Sublandlord, in all respects, under this Sublease. In the event of a permitted assignment or subletting of all or a portion of the Premises, Subtenant shall pay to Sublandlord a portion of the Transfer Premium as outlined in Section 14.3 of the Prime Lease, as incorporated into this Sublease.

L. **Defaults and Termination**.

1. **Default by Subtenant**. If Subtenant shall at any time be in default in the payment of Rent or of any other sum required to be paid by Subtenant under this Sublease, or in the performance of or compliance with any of the terms, covenants, conditions or provisions of this Sublease or the Prime Lease, or if Subtenant breaches or otherwise commits an event of default under Section 19.1 of the Prime Lease, then and in addition to any other rights or remedies Sublandlord may have under this Sublease and at law and in equity, shall have the following rights:

(a) Sublandlord shall have the same rights and remedies against Subtenant for default of this Sublease as the Landlord would have against Sublandlord as Tenant

under the Prime Lease, including, without limitation, the rights of rental acceleration, Sublease termination, retaking possession and damages.

(b) If Subtenant shall be in default in the payment of Rent or any other sum required to be paid by Subtenant under this Sublease beyond any applicable grace period set forth in Section 15 below, Subtenant shall pay interest on the delinquent amounts at the rate of ten percent (10%) per annum from the date due to the date paid.

(c) If Subtenant shall be in default in the performance of any of its obligations hereunder, Sublandlord may (but shall not be obligated to do so), in addition to any other rights it may have in law or equity, cure such default on behalf of Subtenant. In such event, Subtenant shall reimburse Sublandlord upon demand, as additional rent, for any costs incurred by Sublandlord in curing said defaults, including without limitation reasonable attorneys' fees from the date Sublandlord incurs such costs, along with interest from the date Sublandlord cures any such default until the date such sum is paid, at the rate specified in Section 12(a)(ii) herein.

(d) No waiver by Sublandlord of any breach by Subtenant of any of Subtenant's obligation, agreements or covenants herein shall be a waiver of any subsequent breach or of any obligation, agreement of covenant, nor shall any forbearance by Sublandlord to seek a remedy for any breach by Subtenant be a waiver by Sublandlord of any rights and remedies with respect to such or any subsequent breach.

2. **Default by Sublandlord**. If Sublandlord shall be in default in the performance of any of its obligations hereunder, or under the Prime Lease, but only to the extent such default directly affects the Subleased Premises, Subtenant may (but shall not be obligated to do so), in addition to any other rights it may have in law or equity, cure such default on behalf of Sublandlord. In such event, Sublandlord shall reimburse Subtenant upon demand, for any costs incurred by Subtenant in curing said defaults, along with interest from the date Subtenant cures any such default until the date such sum is paid, at the rate specified in section 12(a)(ii) herein. Without limiting the generality of the foregoing, if a default by Sublandlord under the Prime Lease, not attributable to a default by Subtenant under this Sublease, results in a termination of this Sublease, Sublandlord shall be liable to Subtenant for any damages resulting from such termination.

M. **Sublandlord Obligations**.

1. Sublandlord represents and warrants to Subtenant that: (i) the documents attached as Exhibit "A" constitutes the entire agreement of the Sublandlord and Landlord as to the Prime Lease and there are no other understandings or agreements between such parties with respect to the subject matter of the Prime Lease; and (ii) there are no monetary defaults under the Prime Lease by Sublandlord and there are no uncured non-monetary defaults under the Prime Lease of which it is aware or as to which Sublandlord has received written notice from the Landlord.

2. Sublandlord covenants not to enter into any agreement or amendment to the Prime Lease that would adversely affect or materially increase the obligations of Subtenant

under this Sublease, or to enter, into any agreement or amendment to the Prime Lease, not contemplated by the Prime Lease, terminating the Prime Lease as to the Subleased Premises as of a date prior to the expiration of the Sublease Term.

N. **Grace Period**. If Subtenant shall be in default of any of the terms and provisions of this Sublease, and if the Prime Lease shall allow a grace period for cure of a default of a similar type and nature, then Subtenant shall be entitled to a grace period which is two (2) days (or business days, as the case may be) less than the corresponding grace period in the Prime Lease.

O. **Indemnification**. Subtenant agrees to indemnify, defend and save Sublandlord and Landlord harmless from and against any and all claims by or on behalf of any persons, firms or corporations arising (a) from Subtenant's occupancy, conduct, operation or management of the Subleased Premises; (b) from any work or thing whatsoever done or not done in and on the Subleased Premises by or on behalf of Subtenant; (c) from any breach or default on the part of Subtenant in the performance of any covenant or agreement on the part of Subtenant to be performed pursuant to the terms of this Sublease, or under the law; (d) arising from any act, neglect or negligence of Subtenant, or any of its agents, contractors, subtenants, servants, employees, or licensees; or (e) from any accident, injury or damage whatsoever caused to any person, firm, corporation or property occurring during the term of this Sublease, in or about the Subleased Premises (collectively, "**Subtenant Indemnified Claims**"), and from and against all reasonable costs, expenses and liabilities incurred in connection with any such Subtenant Indemnified Claims or action or proceeding brought thereon (including, without limitation, the reasonable fees of attorneys, investigators and experts).

P. **Notices**.

1. All notices, requests and demands to be given hereunder shall be in writing, sent to at the addresses set forth below by: (i) certified mail, return receipt requested, postage prepaid; (ii) recognized overnight courier service with next business day service; or (iii) hand delivery, if personally received by the individual to whose attention such notices are to be delivered as indicated below.

If to Sublandlord: BCCI Construction Company
185 Berry Street, Suite 1200
San Francisco, CA 94107
Attention: Michael Scribner

If to Subtenant: at the Subleased Premises
Attention: Chief Financial Officer

2. Each such notice, request or demand shall be deemed to have been given upon the earliest of (i) actual receipt or refusal by the addressee if delivered in accordance with subsection (a)(iii) above, or (ii) two (2) business days following deposit thereof at any main branch of the United States Post Office if sent in accordance with subsection (a)(i) above, or (iii) one (1) business day following deposit thereof with the carrier if sent in accordance with subsection (a)(ii).

3. Either party, by notice similarly given, may change the person and/or address to which future notices shall be sent.

Q. **Surrender**. At the expiration or earlier termination of this Sublease, Subtenant covenants that it will peaceably and quietly leave and surrender the Subleased Premises, and will leave the Subleased Premises in broom clean condition and in the same condition as Subtenant is required to maintain the same during the term of this Sublease, reasonable wear and tear exempted.

R. **No Other Rights Conveyed**. This Sublease shall not be construed to convey to Subtenant any expansion options, rights of first offer, rights of first refusal, renewal rights or options or any other rights, options or privileges of Sublandlord under the Prime Lease which are not specifically set forth in this Sublease, all of which shall be personal and exclusive to Sublandlord.

S. **Entire Agreement**. This Sublease together with the Prime Lease and all exhibits hereto and thereto contains the entire agreement between the parties hereto and there are no collateral agreements or understandings. This Sublease shall not be modified in any manner except by an instrument in writing

executed by both Sublandlord and Subtenant.

T. **Successors and Assigns**. Subject to the provisions of Paragraph 11 above, this Sublease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

U. **Governing Law**. This Sublease shall be governed and construed in accordance with the laws of the State of California.

V. **Time**. Time is of the essence in this Sublease and with regard to all provisions herein contained.

W. **Severability**. If any provision hereof shall be found to be illegal, void or unenforceable, this Sublease shall be construed as if said provisions were not herein contained, so as to give full force and effect, as nearly as possible, to the original intent of the parties hereto.

X. **Relationship**. Nothing herein contained shall be deemed to create any partnership or joint venture between the parties hereto, and the relationship of the parties shall be solely that of Sublandlord and Subtenant.

Y. **Landlord's Approval**. This Sublease is contingent upon the prior written approval of Landlord. In the event Landlord's written consent to the Sublease has not been obtained within fifteen (15) days after the execution hereof, then this Sublease may be terminated by either party hereto upon notice to the other, and upon such termination neither party hereto shall have any further rights against or obligations to the other party hereto, and any amounts paid by Subtenant to Sublandlord pursuant to this Sublease shall be promptly refunded to Subtenant by Sublandlord.

26. **Brokers**. Sublandlord and Subtenant each represent and warrant to the other that neither of them has employed any broker, agent or finder in connection with this Sublease,

except for Cushman & Wakefield of California, Inc. (Sublandlord's brokers) and NAI BT Commercial (Subtenant's broker). Each party shall and does hereby indemnify and hold the other party harmless from and against any claim or claims for commissions or other fees arising from or out of any breach of the foregoing representation and warranty. Sublandlord shall be solely responsible for paying the brokerage commissions due to Subtenant's broker, pursuant to a separate agreement by and between Sublandlord and Subtenant's Broker.

[Execution Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Sublease as of the date and year first above written.

SUBLANDLORD:

BCCI CONSTRUCTION COMPANY, INC.

By: /s/ Michael Scribner
Name: Michael Scribner
Title: President & CEO

SUBTENANT:

NAPO PHARMACEUTICALS, INC.

By: /s/ Charles O. Thompson
Name: Charles O. Thompson
Title: VF Finance / CFO

EXHIBIT "A"

Prime Lease

[SEE ATTACHED]

OFFICE LEASE

CHINA BASIN LANDING

PWREF/MCC-CHINA BASIN L.L.C.,

a Delaware limited liability company,

as Landlord,

and

BCCI CONSTRUCTION COMPANY,

a California corporation,

as Tenant.

TABLE OF CONTENTS

EXHIBITS

CHINA BASIN LANDING

OFFICE LEASE

This Office Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between PWREF/MCC-CHINA BASIN L.L.C., a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE	DESCRIPTION
1. Date:	April 3, 2002

2. Premises (Article 1).

2.1 Building: Wharfside Building, China Basin Landing, 185 Berry Street, San Francisco, California 94107

2.2 Premises: Approximately 15,121 rentable square feet of space located in Suite 1200 on the ground floor of the Building, as further set forth in **Exhibit A** to the Office Lease.

3. Lease Term (Article 2).

3.1 Length of Term: Six (6) years.

3.2 Lease Commencement Date: The earlier to occur of (i) the date upon which Tenant first commences to conduct business in the Premises, and (ii) sixty (60) days following the date of delivery of the Premises from Landlord to Tenant, which delivery date is anticipated to be May 1, 2002, as such date may be adjusted pursuant to the Tenant Work Letter attached hereto as Exhibit B.

3.3 Lease Expiration Date: The date immediately preceding the 6th anniversary of the Lease Commencement Date.

4. Base Rent (Article 3):

Period of Lease Term	Annual Base Rent	Monthly Installment of Base Rent	Annual Rental Rate per Rentable Square Foot
Lease Commencement Date - April 30, 2004	$ 226,815.00	$ 18,901.25	$ 15.00
May 1, 2003 - April 30, 2004	$ 347,783.00	$ 28,981.92	$ 23.00
May 1, 2004 - April 30, 2005	$ 362,904.00	$ 30,242.00	$ 24.00
May 1, 2005 - April 30, 2006	$ 378,025.00	$ 31,502.08	$ 25.00
May 1, 2006 - April 30, 2007	$ 393,146.00	$ 32,762.17	$ 26.00
May 1, 2007 - Expiration Date	$ 408,267.00	$ 34,022.25	$ 27.00

5. Base Year (Article 4): Calendar year 2002.

6. Tenant's Share (Article 4): Approximately 2.08%.

7. Permitted Use (Article 5): General office use consistent with a first-class office building

8. Security Deposit (Article 21): $34,022.25.

9. Address of Tenant (Section 29.18):

BCCI Construction Company
2945 Third Street
San Francisco, California 94107
Attention: Mr. Mike Scribner
(Prior to Lease Commencement Date)

and

185 Berry Street
Suite 1200
San Francisco, California 94107
Attention: Mr. Mike Scribner
(After Lease Commencement Date)

10. Address of Landlord (Section 29.18):

McCarthy Cook & Co., LLC
China Basin Landing
185 Berry Street, Suite
140 San Francisco, California 94107

Attention: General Manager

with copies to:

	McCarthy Cook & Co., LLC 5750 Wilshire Boulevard Los Angeles, California 90036 Attention: Edward W. Cook III and Allen Matkins Leck Gamble & Mallory LLP 1901 Avenue of the Stars, Suite 1800 Los Angeles, California 90067 Attention: Anton N. Natsis, Esq.
11. Brokers (Section 29.24):	McCarthy Cook & Co., LLC 185 Berry Street, Suite 140 San Francisco, California 94107 and The Axiant Group Two Embarcadero Center, Suite 430 San Francisco, California 94111

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 **Premises, Building, Project and Common Areas.**

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The outline of the Premises is set forth in Exhibit A attached hereto and each floor or floors of the Premises has the number of rentable square feet as set forth in Section 2.2 of the Summary. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of Exhibit A is to show the approximate location of the Premises in the "**Building**," as that term is defined in Section 1.1.2, below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, or the specific location of the "**Common Areas**," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "**Project**," as that term is defined in Section 1.1.2, below. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as Exhibit B (the "**Tenant Work Letter**"), Landlord shall not be obligated to provide or · pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Tenant Work Letter. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair. Subject to Landlord's reasonable access control systems and procedures, the "Rules and Regulations," as that term is defined in Section 5.2, below, and the terms of this Lease, Landlord shall allow Tenant access to the Premises twenty-four (24) hours per day, seven (7) days per week.

1.1.2 **The Building and The Project**. The Premises are a part of the building set forth in Section 2.1 of the Summary (the "**Building**"). The Building is part of an office project known as "**China Basin Landing**." The term **"Project**," as used in this Lease, shall mean (i) the Building and the Common Areas, (ii) the land (which is improved with landscaping, subterranean parking facilities and other improvements) upon which the Building and the Common Areas are located, (iii) the other office building located adjacent to the Building and the land upon which such adjacent office building is located, and (iv) at Landlord's discretion, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project.

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, together

with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the "**Common Areas**"). The Common Areas shall consist of the "**Project Common Areas**" and the "**Building Common Areas**." The term "**Project Common Areas**," as used in this Lease, shall mean the portion of the Project designated as such by Landlord. The term "**Building Common Areas**," as used in this Lease, shall mean the portions of the Common Areas located within the Building designated as such by Landlord. The Common Areas shall be maintained and operated by Landlord in a manner consistent with other Comparable Buildings, and the use thereof by Tenant shall be subject to such rules, regulations and restrictions as Landlord may make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided, however, Landlord shall use commercially reasonable efforts not to materially interfere with Tenant's use of or access to the Premises in connection with such closures, alterations, additions and/or changes.

1.2 **Rentable Square Feet of Premises**. For purposes of this lease the "rentable square footage" of the Premises shall be deemed to be as set forth in Section 2.2 of the Summary, and shall not be subject to remeasurement during the "**Lease Term**" as that term is defined in Section 2.1, below, as the same may be extended.

ARTICLE 2

INITIAL LEASE TERM; OPTION TERM

2.1 **Initial Lease Term**. The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. Notwithstanding the foregoing to the contrary, Tenant hereby acknowledges that the Premises are currently occupied by an existing tenant, and that Landlord shall have no liability to Tenant for any damages resulting from any delay in delivering possession of the Premises to Tenant on any particular delivery date designated by Landlord or designated in this Lease if such delay is caused by the holding over of the prior tenant, and further provided that Landlord, at its expense, shall take all actions reasonably necessary to secure possession of the Premises (provided, however, in no event shall Landlord be required to instigate legal proceedings). In the event Landlord fails to deliver the Premises to Tenant on or before May 1, 2002, then, for each day Landlord delays in delivering the Premises to Tenant, Tenant shall receive a rent credit in the amount of Three Hundred Thirty-Six and No/100 Dollars ($336.00) per day. Notwithstanding the foregoing, in the event Landlord fails to deliver the Premises to Tenant on or before July 1, 2002 (which date shall be extended as a result of any "**Force Majeure**," as that term is defined in Section 29.16, below) (the "**Outside Date**"), Tenant shall have the right, in Tenant's discretion, to terminate this Lease by providing written notice to Landlord of such election by Tenant to termination this Lease (the "**Termination Notice**"), which Termination Notice must be given, if at all, no later than five (5) days after the Outside Date. Upon the proper delivery by Tenant of the Termination Notice, this Lease shall automatically terminate and be of no further force or effect, and Landlord and Tenant shall be

relieved of their respective obligations under this. Lease. For purposes of this Lease, the term "Lease Year" shall mean each consecutive twelve (12) month period during the Lease Term; provided, however, that the last Lease Year shall end on the Lease Expiration Date. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in Exhibit C, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof.

2.2 **Option Term.**

2.2.1 **Option Right**. Landlord hereby grants the original Tenant named in the Summary (the "**Original Tenant**") or an "**Affiliate**" of Tenant, as that term is defined in Section 14.8, below, which is an assignee of the Original Tenant (an "**Affiliate Assignee**"), one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which option shall be exercisable only by written notice delivered by Tenant to Landlord as provided below, provided that, as of the date of delivery of such notice, Tenant is not in default under this Lease beyond any applicable cure period set forth in this Lease, and has not previously been in default under this Lease beyond any applicable cure period set forth in this Lease. Upon the proper exercise of such option to extend, and provided that, as of the end of the initial Lease Term, Tenant is not in default under this Lease, beyond any applicable cure period set forth in this Lease, and has not previously been in default under this Lease beyond any applicable cure period set forth in this Lease, the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.2 shall be personal to the Original Tenant and any Affiliate Assignee and may only be exercised by the Original Tenant or an Affiliate Assignee (and not any other assignee, sublessee or transferee of the Original Tenant's interest in this Lease) if the Original Tenant or an Affiliate Assignee occupies the entire Premises. In the event Tenant fails to timely exercise the right set forth in this Section 2.2, this Section 2.2 shall be null and void and of no further force or effect.

2.2.2 **Option Rent**. The annual rent payable by Tenant during the Option Term (the "**Option Rent**") shall be equal to the "then prevailing fair market rent" for the Premises as of the commencement date of the Option Term. The "then prevailing fair market rent" shall be equal to the annual rent (including additional rent and considering any "base year" or "expense stop" applicable thereto), including all escalations, at which tenants are leasing non-sublease, non-encumbered, non-equity, non-renewal commercial office space comparable in size, location and quality to the Premises, for a comparable lease term, in an arm's length transactions consummated during the ten (10) month period (the "**Rent Review Period**") prior to the date Landlord delivers the "**Option Rent Notice**," as that term is defined in Section 2.2.3, below, which comparable commercial office space is located in the Project, or if there are not a sufficient number of comparable transactions in the Project than in "Comparable Buildings," as that term is defined in Section 2.2.5, below, taking into consideration only the following concession: any tenant improvements or allowances (the "**Allowances**") provided or to be provided for such comparable space, taking into account, and deducting, the value of the existing improvements in the Premises, such value to be based upon the age, quality and layout of the improvements and the extent to which the same can be utilized by a general office user. If in determining the Option Rent a tenant improvement allowance is granted as set forth hereinabove, Landlord may, at Landlord's sole option, elect any or a portion of the following: (A) to grant some or all of the Allowances to Tenant in the form as described above (i.e., as an improvement

allowance), and (B) to adjust the rental rate component of the Option Rent to be an effective rental rate which takes into consideration the total dollar value of the Allowances (in which case the Allowances evidenced in the effective rental rate shall not be granted to Tenant).

2.2.3 **Exercise of Options**. The option contained in this Section 2.2 shall be exercised by Tenant, if at all, and only by Tenant delivering irrevocable written notice of its exercise thereof to Landlord not less than seven (7) months prior to the expiration of the initial Lease Term. In the event that Tenant timely exercises the renewal option, then Landlord shall deliver notice (the "**Option Rent Notice**") to Tenant not less than five (5) months prior to the expiration of the Lease Term, setting forth the Option Rent. Tenant may, at Tenant's option, object to the Option Rent contained in the Option Rent Notice, by written notice to Landlord (the "**Objection Notice**") within thirty (30) days following Tenant's receipt of the Option Rent Notice, in which case the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.2.4, below. In the event that Tenant shall fail to timely deliver an Objection Notice, the Option Rent set forth in the Option Rent Notice shall be the Option Rent due during the Option Term and Tenant shall have no right to contest the same. Landlord and Tenant shall execute an amendment setting forth the terms and conditions of the Option Term.

2.2.4 **Determination of Option Rent**. In the event Tenant timely and appropriately objects to the Option Rent, Landlord and Tenant shall attempt to agree upon the Option Rent, using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) business days following Tenant's objection to the Option Rent (the "**Outside Agreement Date**"), then each party shall make a separate determination of the Option Rent, within five (5) business days after the applicable Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.4.1 through 2.2.4.7 below.

2.2.4.1 Landlord and Tenant shall each appoint one arbitrator who shall be a real estate broker who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of first class commercial office projects in the South of Market Street area of San Francisco,

California. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Option Rent, is the closest to the actual Option Rent, as determined by the arbitrators, taking into account the requirements of Section 2.2.2 of this Lease. Each such arbitrator shall be appointed within fifteen (15) days after the applicable Outside Agreement Date.

2.2.4.2 The two (2) arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint an independent third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

2.2.4.3 The three (3) arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent, and shall notify Landlord and Tenant thereof.

2.2.4.4 The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

2.2.4.5 If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the applicable Outside Agreement Date, then the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

2.2.4.6 If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this Section 2.2.4.

2.2.4.7 The cost of the arbitration shall be paid by Landlord and Tenant equally.

2.2.5 For purposes of this Lease, "**Comparable Buildings**" shall mean first-class commercial office projects located south of Market Street in San Francisco, California with similar locations and with views and amenities similar to the Building.

ARTICLE 3

BASE RENT

Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the management office of the Project, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever. The Base Rent for the first full month of the Lease Term shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. Provided that the Original Tenant then occupies a minimum of seventy-five percent (75%) of the Premises, and further provided that Tenant is not then in default under the Lease beyond any applicable cure period set forth in this Lease, and has not previously been in default under the Lease beyond any applicable cure period set forth in this Lease more than once, Tenant shall not be required to pay Base Rent attributable to the calendar months November and December, 2003, and January and February, 2004. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

ARTICLE 4

ADDITIONAL RENT

4.1 **General Terms**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay, commencing after the expiration of the "**Base Year**", "**Tenant's Share**" of the annual "**Direct Expenses**," as those terms are defined in Sections 4.2.1, 4.2.6 and 4.2.2 of this Lease, respectively, which are in excess of the amount of Direct Expenses applicable to the Base Year; provided, however, that in no event shall any decrease in Direct Expenses for any "**Expense Year**," as that term is defined in Section 4.2.6 below, below Direct Expenses for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "**Base Year**" shall mean the period set forth in Section 5 of the Summary.

4.2.2 "**Direct Expenses**" shall mean "Operating Expenses" and "Tax Expenses."

4.2.3 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 "**Operating Expenses**," subject to the exclusions set forth below, shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair,

replacement, restoration or operation of the Project, or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities, the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and

maintenance of the Project, or any portion thereof; (v) costs incurred in connection with the repair, maintenance or operation of parking areas servicing the Building; (vi) fees and other costs, including management fees (provided, however, such management fee shall not materially exceed the management fees charged by landlords of other comparable office buildings in San Francisco, California, and which are managed by a first class management company with a general reputation for excellence and integrity), consulting fees, reasonable legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project (vii) payments under any equipment rental agreements and the fair rental value of any management office space; (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Building; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, exterior windows and walls, repair to roofs and re-roofing, waterproofmg and sealing of garage, foundation and basement areas; (xii) amortization (including interest on the unamortized cost) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended as a labor saving device or to effect other economies in the operation or maintenance of the Project, or any portion thereof; (B) that are required to comply with present or anticipated conservation programs, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, or (D) that are required under any governmental law or regulation, except for capital improvements or costs to remedy a condition existing as of the Lease Commencement Date which a federal, state or municipal governmental authority, if it had knowledge of such condition existing as of the Lease Commencement Date, would have then required to be remedied pursuant to governmental laws or regulations in their form existing as of the Lease Commencement Date; provided, however, that any capital expenditure shall be amortized with interest (at a commercially reasonable rate incurred by Landlord) over its useful life as Landlord shall reasonably determine; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "**Tax Expenses**" as that term is defined in Section 4.2.5, below; and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building. Notwithstanding the foregoing, Operating Expenses for purposes of this Lease shall not include

(i) costs of leasing commissions, attorneys' fees and other costs and expenses incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building;

(ii) costs (including permit, license and inspection costs) incurred in renovating or otherwise improving, decorating or redecorating rentable space for other tenants or vacant rentable space;

(iii) except as otherwise specifically provided in this Section 4.2.4, costs incurred by Landlord for capital repairs, improvements, equipment and alterations to the Building or Project (including, but not limited to "Renovations" and/or "Seismic Upgrades," as those terms are defined in Sections 29.30.1 and 29.30.2, respectively, to the extent such Renovations and/or Seismic Upgrades are considered to be capital improvements);

(iv) costs of services or other benefits which are either not offered to Tenant or for which Tenant is charged directly, but which are provided to other tenants of the Building without a separate charge;

(v) except for a property management fee, costs of overhead or profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for services in connection with the Building to the extent the same unreasonably exceeds the cost of such services rendered by qualified, first class unaffiliated third parties on a competitive basis;

(vi) except as otherwise specifically provided in this Section 4.2.4, costs of interest on debt or amortization on any mortgages, and principal payments and other charges, costs and expenses payable under any mortgage, if any;

(vii) costs of any compensation and employee benefits paid to clerks, attendants or other persons in a commercial concession operated by Landlord, except the Building parking facility;

(viii) marketing costs, legal fees, space planner's fees, and advertising and promotional expenses and brokerage fees incurred in connection with the original development, subsequent improvement, or original or future leasing of the Building;

(ix) any bad debt loss, rent loss, or reserves for bad debts or rent loss;

(x) tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments or file returns when due;

(xi) all items and services for which Tenant or any other tenant in the Building reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(xii) fees and reimbursements payable to Landlord (including its parent organization, subsidiaries and/or affiliates) or by Landlord for management of the Building which unreasonably exceeds the amount which would normally be paid to a company, in connection with the management of comparable buildings, with a general reputation for excellence and integrity, at "arms length" and which is not, directly or indirectly, affiliated with Landlord; and

(xiii) costs arising from the gross negligence or willful misconduct of Landlord;

(xiv) costs incurred to comply with laws relating to the removal of hazardous material (as defined under applicable law) and asbestos containing material

(collectively, "**Hazardous Material**") which was in existence in the Building or on the Project prior to the Lease Commencement Date, and was of such a nature that a federal, State or municipal governmental authority, if it had then had knowledge of the presence of such Hazardous Material, in the state, and under the conditions that it then existed in the Building or on the Project, would have then required the removal of such Hazardous Material or other remedial or containment action with respect thereto; costs incurred with respect to any Hazardous Material which was in existence in the Building or on the Project prior to the Lease Commencement Date, and which Landlord is obligated to abate or remediate after the Lease Commencement Date in accordance with an abatement or remediation plan which was in effect prior to the Lease Commencement. Date; and costs incurred to remove, remedy, contain, or treat Hazardous Material, which Hazardous Material is brought into the Building or onto the Project after the date hereof by Landlord or any other tenant of the Project and is of such a nature, at that time, that a federal, State or municipal governmental authority, if it had then had knowledge of the presence of such Hazardous Material, in the state and under the conditions, that it then exists in the Building or on the Project, would have then required the removal of such Hazardous Material or other remedial or containment action with respect thereto;

(xv) any liability, damage, award or judgment for injury or death to persons, or for property damage;

(xvi) costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art; and

(xvii) costs associated with the operation of the business of Landlord, as the same are distinguished from the costs of operation of the Premises or Project, including company accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Premises or Project, costs (including attorney fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitrations respecting Landlord and/or the Project.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least ninety-five percent (95%) occupied during all or a portion of the Base Year or any Expense Year, Landlord shall make an appropriate adjustment to the variable components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been ninety-five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Operating Expenses for the Base Year shall not include market-wide labor-rate increases due to extraordinary circumstances, including, but not limited to, boycotts and strikes, and utility rate increases due to extraordinary circumstances including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements. In no event shall the components of Direct Expenses for any Expense Year related to electrical costs be less than the

components of Direct Expenses related to electrical costs in the Base Year. Landlord shall not collect Operating Expenses from Tenant and all other tenants in the Building in an amount in excess of what Landlord incurs for the items included in Operating Expenses. If Landlord does not carry earthquake insurance for the Building during the Base Year but subsequently obtains earthquake insurance for the Building during the Lease Term, then from and after the date upon which Landlord obtains such earthquake insurance and continuing throughout the period during which Landlord maintains such insurance, Operating Expenses for the Base Year shall be deemed to be increased by the amount of the premium Landlord would have incurred had Landlord maintained such insurance for the same period of time during the Base Year as such insurance is maintained by Landlord during such subsequent Expense Year.

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean, subject to the exclusions set forth in Section 4.2.5.3, below, all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("**Proposition 13**") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Tax refunds shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord within thirty (30) days following Landlord's written demand therefore (which written demand shall include reasonable, back-up documentation of such increase) Tenant's Share of any such increased Tax Expenses included by Landlord as Building Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, (iv) tax penalties incurred as a result of Landlords negligence, inability or unwillingness to make payments or file returns when due, and (v) taxes on tenant improvements in the Building based upon an assessed level in excess of the Building standard set forth in Section 4.5.2, below.

4.2.5.4 The amount of Tax Expenses for the Base Year attributable to the valuation of the Project, inclusive of tenant improvements, shall be known as "**Base Taxes**". If in any comparison year subsequent to the Base Year, the amount of Tax Expenses decreases below the amount of Base Taxes, then for purposes of all subsequent comparison years, including the comparison year in which such decrease in Tax Expenses occurred, the Base Taxes, and therefore the Base Year, shall be decreased by an amount equal to the decrease in Tax Expenses.

4.2.6 "**Tenant's Share**" shall mean the percentage set forth in Section 6 of the Summary, and is based on the ratio of the square footage of the Premises to the total square footage of the Project.

4.3 **Allocation of Direct Expenses.**

4.3.1 **Method of Allocation**. The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project i.e. the Direct Expenses) are an aggregate of the Building and the other buildings in the Project.

4.3.2 **Cost Pools**. Landlord shall have the right, from time to time, to equitably allocate some or all of the Direct Expenses for the Project among different portions or occupants of the Project (the "**Cost Pools**"), in Landlord's discretion, which allocation shall be consistently applied. Such Cost Pools may include, but shall not be limited to, the office space tenants of a building of the Project or of the Project, and the retail space tenants of a building of the Project or of the Project. The Direct Expenses within each such Cost Pool shall be allocated and charged

to the tenants as determined by Landlord in accordance with sound real estate management principles, consistently applied.

4.4 **Calculation and Payment of Additional Rent**. If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses for such Expense Year exceeds Tenant's Share of Direct Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, an amount equal to the excess (the "**Excess**").

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall endeavor to give to Tenant following the end of each Expense Year, a statement (the "**Statement**") which shall state in general major categories the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, if an Excess is present, Tenant shall pay, within thirty (30) days following Tenant's receipt of the Statement, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "**Estimated Excess**," as that term is defined in Section 4.4.2, below. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if an Excess if present, Tenant shall, within thirty (30) days following Tenant's receipt of the Statement, pay to Landlord such amount, and if Tenant paid more as Estimated Excess than actual Excess, Landlord shall, within thirty (30) days following Landlord's determination, deliver a check to Tenant in the amount of such overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Tenn.

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall endeavor to give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated excess (the "**Estimated Excess**") as calculated by comparing the Direct Expenses for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, within thirty (30) days following Tenant's receipt of the Estimate Statement, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts paid pursuant to the next to last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 **Taxes and Other Charees for Which Tenant Is Directly Responsible**.

4.5.1 Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the tenant improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, gross receipts tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use**. Tenant shall use the Premises solely for the Permitted Use set forth, in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 **Prohibited Uses**. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) offices of any health care professionals or service organization; (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (v) retail or restaurant uses; or (vi) communications firms such as radio and/or television stations. Tenant shall not allow occupancy density of use of the Premises which is greater than one person for each 150 square feet of the Premises. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the

Rules and Regulations set forth in Exhibit I), attached hereto, or in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project) including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect. Tenant shall not do or permit anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them or use or allow the Premises to be used for any improper, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with all recorded covenants, conditions, and restrictions now or hereafter affecting the Project.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services**. Landlord shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Subject to limitations imposed by all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide heating and air conditioning ("**HVAC**") when necessary for normal comfort for normal office use in the Premises from 8:00 A.M. to 6:00 P.M. Monday through Friday (collectively, the "**Building Hours**"), except for the date of observation of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and, at Landlord's reasonable discretion, other locally or nationally recognized holidays (collectively, the "**Holidays**").

6.1.2 Landlord shall provide adequate electrical wiring and facilities for connection to Building standard ceiling mounted lighting fixtures and incidental use equipment, provided that Tenant's consumption of electricity does not exceed 1 kilowatt/hour per usable square foot of the Premises per month, which electrical usage shall be subject to applicable laws and regulations, including Title 24. Tenant will design Tenant's electrical system serving any equipment producing nonlinear electrical loads to accommodate such nonlinear electrical loads, including, but not limited to, oversizing neutral conductors, derating transformers and/or providing power-line filters. Engineering plans shall include a calculation of Tenant's fully connected electrical design load with and without demand factors and shall indicate the number of watts of unmetered and submetered loads. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes in the Building Common Areas.

6.1.4 Landlord shall provide janitorial services to the Premises, except the date of observation of the Holidays, in and about the Premises and window washing services in a manner consistent with other comparable buildings in the vicinity of the Building.

6.1.5 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service during the Building Hours, shall have one elevator available at all other times, except on the Holidays.

6.1.6 Landlord shall provide nonexclusive freight elevator service subject to scheduling by Landlord. Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2 **Overstandard Tenant Use**. Tenant shall not, without Landlord's prior written consent, use heat-generating machines, machines other than normal fractional horsepower office machines, or equipment or lighting other than Building ,standard lights in the Premises, which may affect the temperature otherwise maintained by the air conditioning system or materially increase the water normally furnished for the Premises by Landlord pursuant to the terms of

Section 6.1 of this Lease. If such consent is given, Landlord shall have the right to install supplementary air conditioning units or other facilities in the Premises, including supplementary or additional metering devices, and the cost thereof, including the cost of installation, operation and maintenance, increased wear and tear on existing equipment and other similar charges, shall be paid by Tenant to Landlord upon billing by Landlord. In the event, in Landlord's reasonable determination, Tenant uses water, electricity, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 6.1 of this Lease, Tenant shall pay to Landlord, upon billing, the cost of such excess consumption, the cost of the installation, operation, and maintenance of equipment which is installed in order to supply such excess consumption, and the cost, if any, of the increased wear and tear on existing equipment caused by such excess consumption; and Landlord may, upon reasonable prior notice to Tenant, install devices to separately meter any increased use and in such event Tenant shall pay the increased cost directly to Landlord, within ten (10) days following demand by Landlord (which demand shall include reasonable back-up documentation), at the rates charged by the public utility company furnishing the same, including the cost of such additional metering devices. To the extent Landlord delivers a bill for excess water and/or electricity, following a request by Tenant, Landlord shall meet with Tenant to discuss Landlord's determination of such excess usage. Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1 of this Lease, Tenant shall give Landlord such prior notice, if any, as Landlord shall from time to time reasonably establish as appropriate, to the extent such additional utilities can be made available, and Landlord shall supply such utilities to Tenant at such hourly cost to Tenant (which shall be treated as Additional Rent and which may include an administrative fee) as Landlord shall from time to time reasonably establish.

6.3 **Interruption of Use**. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent (except as set forth in Section 6.5, below) or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition,

emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent (except as set forth in Section 6.5, below) or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. Landlord may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord to Tenant under this Lease, provided that the Premises are not thereby rendered untenantable.

6.4 **Additional Services**. Landlord shall also have the exclusive right, but not the obligation, to provide any additional services which may be required by Tenant, including, without limitation, locksmithing, lamp replacement, additional janitorial service, and additional repairs and maintenance, provided that Tenant shall pay to Landlord within thirty (30) days of billing, the sum of all costs to Landlord of such additional services, plus an administration fee. Charges for any service for which Tenant is required to pay from time to time hereunder, shall be deemed Additional Rent hereunder and shall be billed on a monthly basis.

6.5 **Rent Abatement**. Notwithstanding anything in this Lease to the contrary, in the event that Tenant is prevented from using, and does not use, the Premises or any portion thereof, as a result of any failure of Landlord to provide any services, utilities or access to the Premises as required by this Lease (other than for a reason beyond Landlord's reasonable control, including, but not limited to, loss of electricity due to black-outs) (an "**Abatement Event**"), then Tenant shall give Landlord notice of such Abatement Event, and if such Abatement Event continues for three (3) consecutive business days after Landlord's receipt of any such notice (the "**Eligibility Period**"), then the Base Rent and Tenant's Share of Direct Expenses shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises or a portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises. Such right to abate Base Rent and Tenant's Share of Direct Expenses shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event. Except as provided in this Section 6.5, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

ARTICLE 7

REPAIRS

Tenant shall, at Tenant's own expense, pursuant to the terms of this Lease, including without limitation Article 8 hereof, keep the Premises, including all improvements, fixtures and furnishings therein, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, pursuant to the terms of this Lease, including without limitation Article 8 hereof, promptly and

adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant; provided however, that, at Landlord's option, or if Tenant fails to make such repairs, Landlord may, after written notice to Tenant and Tenant's failure to commence repair within five (5) days thereafter and to diligently pursue the same to completion (except in the event of an emergency, when no notice shall be required) but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof, including a percentage of the cost thereof (to be uniformly established for the Building and/or the Project) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements forthwith within thirty (30) days after being billed for same. Landlord shall be responsible for repairs to the exterior walls, foundation and roof of the Building, the structural portions of the floor of the Building on which the Premises is located, the systems and equipment of the Building, and the Common Areas, except to the extent that such repairs are required due to the negligence or willful misconduct of Tenant; provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs, but at Tenant's expense, or, if covered by Landlord's insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Subject to Article 27, below, Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs to the Premises, or repairs, alterations, improvements or additions to the Project or to any equipment located in the Project as Landlord shall deem reasonably necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent may be withheld in Landlord's sole discretion. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days notice to Landlord, but without Landlord's prior approval, to the extent such Alterations are merely cosmetic in nature (i.e. re-painting and re-carpeting), and provided that such Alterations do not (a) affect the exterior of the Building, (b) affect the stricture of the Building or the systems and equipment of the Building, and/or (c) interfere with Building services or the use of the Project or the Building by other tenants or occupants. The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

8.2 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials,

mechanics and materialmen selected by Tenant from a list provided and approved by Landlord. Notwithstanding the foregoing to the contrary, in the event such Alterations or repairs (i) affect the exterior of the Building, (ii) affect the structure of the Building, or the systems and equipment of the Building, or (iii) may interfere with Building services or the use of the Building or Project by other tenants or occupants, then Landlord may condition its approval in Landlord's sole discretion. Prior to the expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, remove any Alteration designated by Landlord for removal by notice to Tenant prior to the expiration or earlier termination of this Lease, and shall repair any damage to the Premises or the Building caused by such removal; provided, however, in the event that in Tenant's request for approval of such Alterations, Tenant requests a determination by Landlord (the "**Designation Notice**") as to whether or not Tenant shall be required to remove such Alteration upon the expiration or earlier termination of this Lease, in accordance with the terms hereof, then Landlord shall include in its consent (if granted) notice as to whether such Alteration shall be required to be removed prior to the expiration or earlier termination of this Lease, and corresponding repairs made. If such Alterations will involve the use of or disturb hazardous materials or substances existing in the Premises, Tenant shall comply with Landlord's rules and regulations concerning such hazardous materials or substances. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City of San Francisco, all in conformance with Landlord's construction rules and regulations. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "Base Building" shall include the structural portions of the Building, and the public restrooms and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. Tenant represents and warrants that Tenant is a contractor licensed in the State of California. Landlord hereby acknowledges that Tenant is a general contractor and, provided Tenant maintains a current contractor's license with the State of Califomia, hereby approves Tenant as the general contractor to perform any Alterations pursuant to this Article 8. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Francisco in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations (to the extent such Alterations are of the type and scope for which such plans are typically prepared) as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements**. If payment is made directly to contractors, Tenant shall comply with Landlord's requirements for final lien releases and waivers in connection with

Tenant's payment for work to contractors. If Tenant orders any work directly from Landlord, Tenant shall pay to Landlord a percentage of the cost of such work sufficient to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work. If Tenant does not order the work directly from Landlord, Tenant shall reimburse Landlord for Landlord's actual out-of-pocket costs and expenses actually incurred in connection with Landlord's review of such work.

8.4 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in an amount approved by Landlord, in Landlord's reasonable discretion, covering the construction of such Alterations, and such other insurance as Landlord may require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, to the extent any Alteration is reasonably anticipated to cost in excess of $100,000.00, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property**. All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and shall be and become the property of Landlord, except that Tenant may remove any Alterations, improvements, fixtures and/or equipment which Tenant can substantiate to Landlord have not been paid for with any Tenant improvement allowance funds provided to Tenant by Landlord, provided Tenant repairs any damage to the Premises and Building caused by such removal and returns the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord. Furthermore, prior to the expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, remove any Alteration designated by Landlord and restore the same to the condition existing prior to the installation of such Alteration (provided such previous condition did not require any repair, in which event Tenant shall restore the same to the condition existing as of the completion of the initial Tenant Improvements), subject to the terms of Section 8.2, above. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations or improvements in the Premises, and return the affected portion of the Premises to the condition required hereunder, as reasonably determined by Landlord, Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord

harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant,

and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

ARTICLE 10

INSURANCE

10.1 **Indemnification and Waiver**.

10.1.1 **Tenant Indemnification and Waiver**. Except to the extent caused by the negligence or willful misconduct of Landlord or "Landlord Parties," as that term is defined hereinbelow, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises, any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project or any breach of the terms of this Lease, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Tenant's agreement to indemnify Landlord pursuant to this Section 10.1 is not intended and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Tenant's indemnification

obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.1.2 **Landlord Indemnification**. Landlord agrees to indemnify Tenant and hold it harmless from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any loss, including, without limitation, any loss by reason of injury to person or property, caused by Landlord's or its agents' gross negligence or willful misconduct. In case any action, suit or proceeding is brought against Tenant by reason of any such occurrence, Landlord, upon Tenant's request, will, at Landlord's expense, resist and defend such action, suit or proceeding, itself or through counsel designated by the applicable insurer, or otherwise reasonably approved by Tenant. The obligations of Landlord under this Section 10.1.2 shall survive the termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such termination.

10.2 **Landlord's General Liability and Fire and Casualty Insurance**. Landlord shall carry commercial general liability insurance with respect to the Building during the Lease Term, and shall further insure the Building during the Lease Term against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage and special extended coverage. Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Additionally, at the option of Landlord, such insurance coverage may include the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Building or the ground or underlying lessors of the Building, or any portion thereof. Notwithstanding the foregoing provisions of this Section 10.2, the coverage and amounts of insurance carried by Landlord in connection with the Building shall, at a minimum, be comparable to the coverage and amounts of insurance which are carried by reasonably prudent landlords of Comparable Buildings (provided that in no event shall Landlord be required to carry earthquake insurance). Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord within thirty (30) days following Landlord's request therefor (which request shall include reasonable back-up documentation) for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 **Tenant's Insurance. Tenant shall maintain the following coverages in the following amounts**.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by

Tenant of its indemnity agreements) including a Broad Form endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and	$5,000,000 each occurrence
Property Damage Liability	$5,000,000 annual aggregate
Personal Injury Liability	$5,000,000 each occurrence
	$5,000,000 annual aggregate
	0% Insured's participation

10.3.2 Physical Damage Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "**Tenant Improvements**," as that term is defined in Section 2.1 of the Tenant Work Letter, and any other improvements which exist in the Premises as of the Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all other improvements, alterations and additions to the Premises. Such insurance shall be written on an "all risks" of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations.

10.3.4 Business Interruption Insurance in the amount necessary to insure payment of Tenant's obligations to pay Rent hereunder for a period of not less than twelve (12) months.

10.4 **Form of Policies**. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, and any other party the Landlord reasonably specifies, in writing, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-X in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non¬contributing with any insurance requirement of Tenant (v) be in form and content reasonably acceptable to Landlord; and (vi) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or, at Tenant's option, certificates of such policies (including endorsements) thereof to Landlord on or before the Lease Commencement

Date and at least thirty (30) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, within five (5) days following written notice from Landlord to Tenant, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 **Subrogation**. Landlord and Tenant intend that, notwithstanding any other provision of this Lease to the contrary, their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. Accordingly, notwithstanding any other provision of this Lease to the contrary, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right of the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder, so long as no material additional premium is charged therefor.

10.6 **Additional Insurance Obligations**. Tenant shall carry and maintain during the entire Lease Term, as the same may be extended, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord, but in no event shall such increased amounts of insurance or such other reasonable types of insurance be in excess of that generally requested by landlords of Comparable Buildings.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord**. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, provided that access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "**Landlord Repair Notice**") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance

required under Sections 10.3.2(ii) and (iii) of this Lease, and Landlord shall repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and

Original Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of the damage, or as soon as such additional costs are known. In the event that Landlord does not deliver the Landlord Repair Notice within sixty (60) days following the date the casualty becomes known to Landlord, Tenant shall, at its sole cost and expense, repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition. Whether or not Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Rent to the extent Landlord is reimbursed from the proceeds of rental interruption insurance purchased by Landlord as part of Operating Expenses, during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or wilful misconduct of Tenant or any of its agents, employees, contractors, invitees or guests, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand) and there shall be no rent abatement. In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date which is reasonably determined by Landlord to be the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith.

11.2 **Landlord's Option to Repair**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building or Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one hundred twenty (120) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be, and Landlord elects to terminate the leases of all other tenants of the Project similarly affected by the damage and destruction; (iii) the damage is not fully covered by Landlord's insurance policies or the coverage which would have been afforded had Landlord maintained the insurance required under this Lease, and Landlord elects to terminate the leases of all other tenants of the Project similarly affected by the damage and destruction; or (iv) Landlord decides to rebuild the Building or Common Areas so that they will be substantially different structurally or

architecturally; or (v) the damage occurs during the last eighteen (18) months of the Lease Term. If Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within one hundred eighty days (180) days after being commenced (which one hundred eighty days (180) day period shall be subject to execution as a result of any "**Force Majeure**" as that term is defined in Section 29.16, below), Tenant may elect, within thirty (30) days after the date of Landlord's notice, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs to be made by Landlord are not actually completed within two hundred seventy (270) day period (which period may be extended up to ninety (90) days for an event of Force Majeure), then Tenant shall have the right to tenninate this Lease during the first five (5) business days of each calendar month following the end of such period until such time as the repairs to be made by Landlord are complete, by notice to Landlord (the "**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date shall not be less than ten (10) business days following the end of each such month. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) business days of Landlord's receipt of the Damage Termination Notice, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs to be made by Landlord shall be substantially completed within thirty (30) days after the Damage Termination Date. If such repairs shall be substantially completed prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if such repairs shall not be substantially completed within such thirty-day period, then this Lease shall terminate upon the expiration of such thirty-day period.

11.3 **Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any

preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be

deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

If the whole or any part of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or if access to the Premises is substantially impaired, in each case for a period in excess of one hundred eighty (180) days, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord, its ground lessor with respect to the Building or Project or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers**. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "Transfer Notice") shall include (i) the proposed effective date of the Transfer, which shall not be less than twenty (20) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "**Transfer Premium**", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information required by Landlord (provided such information is requested by Landlord within ten (10) days following Tenant's submission to Landlord of the Transfer Notice) which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space, (v) any proposed sublease document, if applicable, which sublease document shall contain language stating that in the event Landlord and Tenant terminate this Lease for any reason or for no reason, such subtenant acknowledges and agrees that the sublease shall automatically terminate and be of no further force or effect, and (vi) an executed estoppel certificate from Tenant in the form attached hereto as Exhibit E (which estoppel certificate shall be modified, as appropriate, to contain accurate information). Landlord shall approve or disapprove of the proposed transfer within twenty (20) days following Landlord's receipt of the applicable Transfer Notice and all documents requested by Landlord pursuant to this Section 14.1 (the "**Review Period**"). In the event Landlord fails to respond to any request for consent to a Transfer within the Review Period, then Tenant shall have the right to provide Landlord with a second (2nd) request for consent (the "**Second Request**"). The Second Request shall specify the terms of the first request, and specifically state that Landlord's failure to respond within ten (10) days following Landlord's receipt of the Second Request shall be deemed Landlord's approval of such proposed Transfer. In the event Landlord fails to respond to Tenant's Second Request with ten (10) clays following Landlord's receipt of the Second Request, the Proposed Transfer shall be deemed to have been approved by Landlord. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any

proposed Transfer, Tenant shall pay Landlord's review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord, within thirty (30) days after written request by Landlord.

14.2 **Landlord's Consent**. Landlord shall not unreasonably withhold or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. In the event Landlord withholds its consent to the proposed Transfer, in its notice to Tenant, Landlord shall set forth in reasonable detail the basis for its determination. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.5 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.6 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the Transferee to occupy space leased by Tenant pursuant to any such right); or

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, is negotiating or has negotiated within the past three (3) months with Landlord to lease space in the Project, provided that Landlord has space in the Project reasonably consistent with the Transferee's rentable area requirements.

14.2.8 The Transferee does not intend to occupy the Subject Space and conduct its business therefrom for a substantial portion of the term of the Transfer. If Landlord consents (or is deemed to have consented) to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2,

or (ii) which would economically cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding Landlord's consent to any sublease pursuant to this Article 14, in the event Landlord and Tenant elect to terminate this Lease for any reason or for no reason, any such sublease shall automatically terminate and be of no further force or effect. Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "**Transfer Premium**," as that term is defined 'in this Section 14.3, received by Tenant from such Transferee; provided, however, that Tenant shall not be required to pay to Landlord any Transfer Premium until such time as Tenant has recovered all applicable "**Subleasing Costs**," as that term is defined hereinbelow. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any commercially reasonable brokerage commissions in connection with the Transfer, (iii) reasonable legal fees in connection with the Transfer, and (iv) reasonable out-of-pocket costs of advertising the Subject Space related to the Transfer (items (i), (ii), (iii) and (iv) collectively referred to herein as the "**Subleasing Costs**"). "**Transfer Premium**" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14 and except as set forth in Section 14.8, below, Landlord shall have the option, by giving written notice to Tenant within twenty (20) days after receipt of any Transfer Notice, to recapture the Subject Space. Such recapture notice shall cancel and terminate this Lease with respect to the Subject Space, as of the date stated in the Transfer Notice as the effective date of the proposed Transfer. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture under this Section 14.4, then, provided Landlord has consented to the

proposed Transfer, Tenant shall be entitled to proceed to transfer the Subject Space to the proposed Transferee, subject to provisions of this Article 14.

14.5 **Effect of Transfer**. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlords request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, if any, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its. authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's reasonable costs of such audit.

14.6 **Additional Transfers**. Except as set forth in Section 14.8, below, for purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of twenty-five percent (25%) or more of the partners, or transfer of twenty-five percent (25%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate

reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of twenty-five percent (25%) or more of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of an aggregate of twenty-five percent (25%) or more of the value of the unencumbered assets of Tenant within a twelve (12)-month period.

14.7 **Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore

or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 **Non-Transfers**. Notwithstanding anything to the contrary contained in this Article 14, neither (i) an assignment to an entity which acquires all or substantially all of the stock or assets of Tenant, (ii) an assignment of the Premises to a transferee which is the resulting entity of a merger or consolidation of Tenant with another entity, nor (iii) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant) (collectively, "**Affiliates**"), shall be deemed a Transfer under this Article 14, provided that Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such assignment or sublease or such Affiliate (excluding any documentation regarding the economic terms of the merger or sale transaction, but including documentation regarding the assignment or subletting), and further provided that such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease. "**Control**," as used in this Section 14.8, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, damage from a casualty which is Landlord's obligation to repair under Article 11 of this Lease, and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish,

and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises (the "**Tenant Personal Property**"), and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal Landlord shall have the right, at Tenant's sole cost and expense, to dispose of any Tenant Personal Property remaining in the Premises after Tenant's vacation of the same in any manner Landlord sees fit.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Rent shall be payable at a monthly rate equal to one hundred fifty percent (150%) of the Rent applicable during the last rental period of the Lease Term under this Lease for the first two (2) months following the expiration or earlier termination of this Lease, and two hundred percent (200%) thereafter. Such month-to-month tenancy shall be subject to every other applicable term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit E attached hereto (or such other form as may be required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term (but no more than once per a calendar year), Landlord may require Tenant to provide Landlord with a current financial statement and financial statements of the two (2) years prior to the

current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception. In connection with an assignment of the Lease by Tenant pursuant to Section 14.8, above, Landlord hereby agrees to provide to Tenant an estoppel certificate signed by Landlord, containing the same types of information, and within the same time periods set forth above, with such changes to the Estoppel certificate as are reasonably necessary to reflect that the estoppel certificate is being given by Landlord to Tenant rather than from Tenant to Landlord or a lender.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. In consideration of, and as a condition precedent to, Tenant's agreement to permit its interest pursuant to this Lease to be subordinated to any particular future ground or underlying lease of the Building or the Project or to the lien of any mortgage or trust deed, first encumbering the Building or the Project following the date hereof, and to any renewals, extensions, modifications, consolidations and replacements thereof, Landlord shall deliver to Tenant a commercially reasonable non-disturbance agreement executed by the landlord under such ground lease or underlying lease or the holder of such mortgage or trust deed, as appropriate. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) business days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale. Tenant shall, within ten (10) business days of request by Landlord from time to time, (i) execute a commercially reasonable Nondisturbance and

Attornment Agreement in the form reasonably approved by Landlord's mortgagee in favor of any mortgagee of the Building or Project, and (ii) execute any other commercially reasonable form of nondisturbance and attornment agreement (or subordination, nondisturbance and attornment agreement, or subordination of the applicable mortgagee's lien) reasonably required by any mortgagee of the Building or Project which provides comparable nondisturbance protection to Tenant in the event of a foreclosure. Following the full execution and delivery of this Lease, Landlord shall use commercially reasonable efforts to obtain from the holder of the deed of trust encumbering the property as of the date hereof (the "**Lender**"), a commercially reasonable subordination, non-disturbance and attornment agreement in favor of Tenant. In no event shall Landlord be liable for the failure or refusal of Lender to deliver any such subordination, non-disturbance and attornment agreement.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default. The occurrence of any of the following shall constitute a default of this Lease by Tenant**:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within three (3) business days after written notice that the same was not paid when due; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default, but in no event exceeding a period of time in excess of sixty (60) days after written notice thereof from Landlord to Tenant; or

19.1.3 To the extent permitted by law, a general assignment by Tenant or any guarantor of the Lease for the benefit of creditors, or the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or the filing by or against Tenant or any guarantor of any proceeding' under an insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is discharged within thirty (30) days; or

19.1.4 Abandonment or vacation of all or a substantial portion of the Premises by Tenant; or

19.1.5 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than three (3) business days after notice from Landlord.

19.1.6 Tenant's failure to occupy the Premises within one hundred eighty (180) days after the Lease Commencement Date.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 **Subleases of Tenant**. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises within ten (10) days of notice from Landlord, or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 **Form of Payment After Default**. Following the occurrence of an event of default by Tenant, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means reasonably approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.5 **Efforts to Relet**. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or

Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to

Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

SECURITY DEPOSIT

Concurrent with Tenant's execution of this Lease, Tenant shall deposit with Landlord a security deposit (the "**Security Deposit**") in the amount set forth in Section 8 of the Summary, as security for the faithful performance by Tenant of all of its obligations under this Lease. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, the removal of property and the repair of resultant damage, Landlord may, without notice to Tenant, but shall not be required to apply all or any part of the Security Deposit necessary for the payment of any Rent or any other sum in default and Tenant shall, within ten (10) days following demand therefor, restore the Security Deposit to its original amount. Any unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the Lease Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any successor statute.

ARTICLE 22

INTENTIONALLY DELETED

ARTICLE 23

SIGNS

23.1 **Full Floors**. Subject to Landlord's prior written approval, in its sole discretion, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, if the Premises comprise an entire floor of the Building, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises, provided that such signs must not be visible from the exterior of the Building.

23.2 **Multi-Tenant Floors**. If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's Building standard signage program.

23.3 **Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

23.4 **Building Directory**. Tenant shall be provided one (1) line on the Building directory to display Tenant's name and location in the Building.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated (collectively, the "**Applicable Laws**"). At its sole cost and expense, Tenant shall promptly comply with all such Applicable Laws which relate to (i) Tenant's use of the Premises, (ii) the Alterations or "**Tenant Improvements**," as that term is defined in Section 2.1 of the Tenant Work Letter attached hereto as Exhibit B, in the Premises, or (iii) the base Building, but as to the base Building, only to the extent such obligations are triggered by Tenant's Alterations, the Tenant Improvements, or Tenant's use of the Premises for non-general office use. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement a occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Premises as are required to comply with the governmental rules, regulations, requirements or standards described in this Article 24. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Landlord shall comply with all Applicable Laws relating to the base Building, provided, that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Article 24, but only to the extent consistent with the terms of Section 4.2.4, above.

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) days after said amount is due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the highest rate permitted by applicable law.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by. Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 **Tenant's Reimbursement**. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, within thirty (30) days following delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (except in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the

Premises to prospective purchasers or mortgagees, or to current or prospective mortgagees, ground or underlying lessors or insurers, or during the last nine (9) months of the Lease Term, to tenants; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises, the premises of other tenants in the Building, or the Building, or for structural alterations, repairs, additions, or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Landlord may make any such entries without the abatement of Rent (except as specifically set forth in Section 6.5 above) and may take such reasonable steps as required to accomplish the stated purposes; provided, however, except for (i) emergencies, (ii) repairs, alterations, improvements or additions required by governmental or quasi-governmental authorities or court order or decree, or (iii) repairs which are the obligation of Tenant, hereunder, Landlord shall use commercially reasonable efforts not to adversely interfere with Tenant's use or access to the Premises. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

INTENTIONALLY DELETED

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions**. The words "**Landlord**" and "**Tenant**" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Building or Project reasonably require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within twenty (20) days following a request therefor. Landlord agrees that Landlord shall reimburse Tenant its reasonable costs in connection with Tenant's review and approval of such modifications (provided that reimbursement by Landlord shall in no event exceed $1,000.00). At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form- of Lease and deliver the same to Landlord within ten (10) days following the request therefor.

29.5 **Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease not accrued as of the date of the transfer, and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer upon agreement by such transferee to fully assume and be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 **Prohibition Against Recording**. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments**. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 **Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Landlord Exculpation**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the interest of Landlord in the Building, provided that in no event shall such liability extend to any sales proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. Neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under this Lease under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Articles 5 and 24 of this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

29.17 **Waiver of Redemption by Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.18 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) transmitted by telecopy, if such telecopy is promptly followed by a Notice sent by Mail, (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant or Landlord at the appropriate address set forth in Section 9 or 10 of the Summary, as appropriate, or to such other place as either party may from time to time designate in a Notice to the other. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the telecopy is transmitted (unless such transmission occurs after 5:00 p.m., in which event notice will be deemed given on the next succeeding business day), (iii) the date the overnight courier delivery is made, or (iv) the date personal delivery is made or attempted to be made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant. In the event delivery is made on a weekend or a holiday, such delivery shall be deemed to have occurred on the next succeeding business day.

29.19 **Joint and Several**. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority**. If Tenant is a corporation, trust or partnership, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, if a corporation, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of incorporation and (ii) qualification to do business in California.

29.21 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY**. This Lease shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS. LEASE,. THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 11 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be

owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.25 **Independent Covenants**. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name and Signage**. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant

shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.27 **Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Confidentiality**. Tenant acknowledges that the content of this Lease and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning and real estate consultants.

29.29 **Transportation Management**. Landlord has entered into an agreement with the Department of City Planning to implement a Transportation Management Program ("**TMP**") for tenants and their employees, and to participate in a program designed to coordinate commute alternatives, marketing, and brokerage for greater downtown employees. During the term of the TMP, Landlord agrees to provide transportation brokerage and commute assistance services to Tenant, and to assist Tenant in meeting the transportation needs of its employees. Tenant agrees to cooperate with and assist Landlord's TMP Coordinator ("**Coordinator**"), through designation of a responsible employee, to distribute to Tenant's employees written materials encouraging the use of public transit and ridesharing, and to distribute and return to the Coordinator transportation survey questionnaire forms.

29.30 **Building Renovations**.

29.30.1 **General**. It is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Project, Premises or the Building, or the areas in the vicinity of the Project have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord is currently renovating or may during the Lease Term renovate,

improve, alter, or modify (collectively, the "**Renovations**") the Project, the Building and/or the Premises including without limitation the parking structure, common areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building common areas and tenant spaces, (ii) modifying the common areas and tenant spaces to comply with applicable laws and regulations, including regulations relating to the physically disabled, seismic conditions, and building safety and security, (iii) installing new floor covering, lighting, and wall coverings in the Building common areas, and (iv) creating additional parking areas or occupied space within the Project, and (v) adding additional floors to the Building and completing related structural changes to the Building in connection with such additional floors, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building and/or the Premises, as applicable, limit or eliminate access to portions of the Project, including portions of the common areas, or perform work in the Building and/or the Premises, as applicable, which work may create noise, dust or leave debris in the Building and/or the Premises, as applicable. In connection with such Renovations, the Landlord may enter the Premises at all reasonable times, and upon reasonable notice to Tenant, in accordance with Article 27, above, to construct such Renovations. Similarly, other properties in the vicinity of the Project may undergo substantial construction or renovation during the Lease Term (the "**Area Renovations**"), which may cause substantial disturbance to traffic and parking, and may cause dust, noise and vibrations which may affect the Project. Tenant hereby agrees that such Renovations or Area. Renovations and Landlord's actions in connection with such Renovations or Area Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent (except as specifically set forth in Section 6.5 above). Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations or Area Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Area Renovations or Landlord's actions in connection with such Renovations or Area Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Area Renovations or Landlord's actions. Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's use of and access to the Premises resulting from Renovations by Landlord.

29.30.2 **Seismic Upgrades**. Tenant hereby acknowledges that Landlord shall have the right to enter the Premises, in accordance with Article 27, above, to renovate the Building and/or the Premises for voluntary seismic upgrades, the scope and extent of which shall be determined by Landlord, in Landlord's sole discretion (the "**Seismic Upgrades**"). In connection with such Seismic Upgrades to be constructed in the Premises, if any, Landlord shall (i) give Tenant a minimum of sixty (60) days prior written notice of such Seismic Upgrades, which notice shall specify the area in the Premises in which the Seismic Upgrade work is to occur, (ii) use commercially reasonable efforts to minimize material interference with Tenant's use of the Premises, (iii) provide to Tenant a plan of the Seismic Upgrades which shall affect the Premises and the anticipated time of construction within the Premises; (iv) use commercially reasonable efforts to keep the Premises reasonably "dust free," with respect to the construction of the Seismic Upgrade work, including, if necessary, installing a barrier as mutually and reasonably determined by Landlord and Tenant, in Landlord's reasonable discretion, in the area of the Premises in which the Seismic Upgrade work is being completed; and (v) not conduct

Seismic Upgrade work in the Premises during Building Hours to the extent that the Seismic Upgrade work would cause material interference with Tenant's use of the Premises, and, during Building Hours, Landlord shall use commercially reasonable efforts to minimize the noise from the construction of the Seismic Upgrades. In addition, Tenant hereby acknowledges and agrees that, in connection with the Seismic Upgrades, components the configuration of Tenant's Premises may be permanently moved, modified or otherwise altered by Landlord (the "**Seismic Alterations**"). The specific plans for such Seismic Alterations shall be subject to the reasonable prior approval of Tenant and shall be consistent with Building standards. Tenant hereby acknowledges and agrees that such Seismic Upgrades and Landlord's actions in connection with such Seismic Upgrades shall in no way constitute a constructive eviction of Tenant, and that a portion of the usable square footage of the Premises may be permanently taken by Landlord relating to such Seismic Upgrades. Landlord shall not be liable for any inconvenience or annoyance to Tenant or Tenant's visitors, or for any direct or indirect injury to or interference with Tenant's business arising from the Seismic Upgrades, provided, however, Landlord shall allow Tenant a proportionate abatement of Rent, during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and are not occupied by Tenant as a result thereof. Except as specifically set forth herein, Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Seismic Upgrades or Landlord's actions in connection with such Seismic Upgrades, or for any inconvenience or annoyance occasioned by such Seismic Upgrades or Landlord's actions.

29.31 **No Violation**. Tenant hereby wan-ants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.32 **Communications and Computer Lines**. Tenant may install, maintain, replace, remove or use any communications or computer wires and cables (collectively, the "**Lines**") at the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, which consent shall not be unreasonably withheld, use an experienced and qualified contractor reasonably approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit reasonably acceptable to Landlord, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any laws or represent a dangerous or potentially dangerous condition. Landlord makes no representation or assurances with regard to the suitability, available or capacity of the Building's telephone and

communication distribution network or risers within or service to the Building for Tenant's communication needs.

29.33 **Development of the Project**.

29.33.1S **Subdivision**. Landlord reserves the right to further subdivide all or a portion of the Project. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from such subdivision.

29.33.2 **The Other Improvements**. If portions of the Project or property adjacent to the Project (collectively, the "**Other Improvements**") are owned by an entity other than Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Project and the Other Improvements, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Project and the Other Improvements, (iii) for the allocation of a portion of the Direct Expenses to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Project, and (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project. Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to convey all or any portion of the Project or any other of Landlord's rights described in this Lease.

29.33.3 **Construction of Project and Other Improvements**. Tenant acknowledges that portions of the Project and/or the Other Improvements may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"Landlord":

PWREF/MCC-CHINA BASIN L.L.C., a Delaware lirnited liability company

By: _____

Its: _____

"Tenant":

BCCI CONSTRUCTION COMPANY, a California corporation

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT A

CHINA BASIN LANDING OUTLINE OF PREMISES

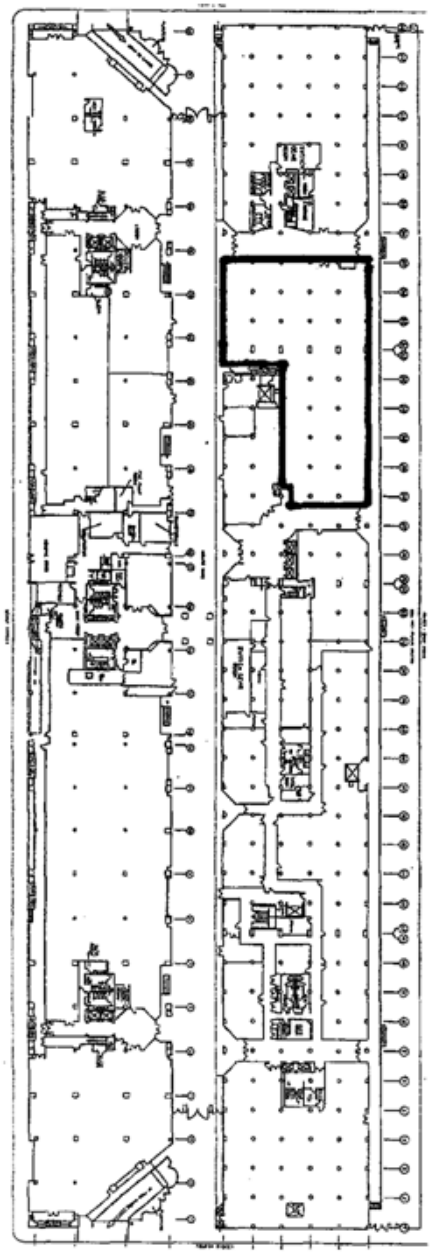

EXHIBIT A

EXHIBIT B

CHINA BASIN LANDING

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Tenant Work Letter to Articles or Sections of "this Lease" shall mean the relevant portions of Articles 1 through 29 of the Office Lease to which this Tenant Work Letter is attached as Exhibit B, and alI references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portions of Sections 1 through 5 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES AND BASE BUILDING

Landlord shall deliver the Premises and "Base Building," as that term is defined below, to Tenant, and Tenant shall accept the Premises and Base Building from Landlord in their presently existing, "as-is" condition. The "Base Building" shall consist of those portions of the Premises which were in existence prior to the construction of the tenant improvements in the Premises for the prior tenant of the Premises.

SECTION 2

TENANT IMPROVEMENTS

2.1 Tenant Improvement Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the "Tenant Improvement Allowance") in the amount of $20.00 per rentable square foot of the Premises for the costs relating to the initial design and construction of Tenant's improvements, which are

permanently affixed to the Premises (the "Tenant Improvements"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. Landlord shall additionally reimburse Tenant up to an amount not to exceed the amount of any unused portion of the Tenant Improvement Allowance for the reasonable costs incurred by Tenant in connection with the initial costs for cabling and telephone installation in the Premises (the "Cabling Expenses"), in accordance with Landlord's disbursement procedures, as set forth below. Tenant shall have no right to use or receive any portion of the Tenant Improvement Allowance which may remain after the construction of the Tenant Improvements and reimbursement of the Cabling Expenses.

2.2 Disbursement of the Tenant Improvement Allowance.

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "Tenant Improvement Allowance Items"):

2.2.1.1 Payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, payment of the reasonable fees incurred by, and the cost of documents, and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, testing and inspection costs, freight elevator usage, hoisting and trash removal costs, and contractors' fees and general conditions;

2.2.1.4 The cost of any changes in the Base Building when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Drawings or Tenant Improvements required by all applicable building codes (the "Code");

2.2.1.6 Sales and use taxes and Title 24 fees; and

2.2.1.7 All other reasonable costs to be reasonably expended by Landlord in connection with the construction of the Tenant Improvements.

2.2.2 Disbursement of Tenant Improvement Allowance. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 Monthly Disbursements. On or before the day of each calendar month, as reasonably determined by Landlord and Tenant, during the construction of the Tenant Improvements, Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant, in a commercially reasonable form to be provided by Landlord, showing the schedule, by trade, of percentage of cornpletion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises; (iii) executed mechanic's lien releases from all of Tenant's Agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Section 3262(d); and (iv) all other information reasonably requested by Landlord in writing. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. Thereafter, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "Final Retention"), and (B) the balance

of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings," as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable jointly to Tenant, as Contractor, as set forth below, shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building and (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements in the Premises has been substantially completed.

2.2.2.3 Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of this Lease.

2.3 Standard Tenant Improvement Package. Landlord has established specifications (the "Specifications") for the Building standard components to be used in the construction of the Tenant Improvements in the Premises (collectively, the "Standard Improvement Package"), which Specifications shall be supplied to Tenant by Landlord. The quality of Tenant Improvements shall be equal to or of greater quality than the quality of the Specifications, provided that the

Tenant Improvements shall comply with certain Specifications as designated by Landlord. Landlord may make changes to the Specifications for the Standard Improvement Package from time to time.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Tenant shall retain an architect/space planner designated by Tenant and reasonably approved by Landlord (the "Architect") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. Tenant shall retain the engineering consultants designated by Landlord (the "Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Premises, which work is not part of the Base Building. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings." All Construction

Drawings shall comply with the reasonable drawing format and specifications determined by Landlord, and shall be subject to Landlord's approval, which approval shall not be unreasonably conditioned or withheld unless a "Design Problem," as that term is defmed in Section 3.3, below, exists, in which event, Landlord's approval shall be in Landlord's sole discretion. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Drawings.

3.2 Final Space Plan. Tenant shall supply Landlord with four (4) copies signed by Tenant of its final space plan for the Premises before any architectural working drawings or engineering drawings have been commenced. The final space plan (the "Final Space Plan") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. In the event Landlord disapproves of the Final Space Plan, Landlord shall return the Final Space Plan to Tenant with detailed requested revisions. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 Final Working Drawings. After the Final Space Plan has been approved by Landlord, Tenant shall supply the Engineers with a complete listing of standard and non-standard equipment and specifications, including, without limitation, B.T.U. calculations, electrical requirements and special electrical receptacle requirements for the Premises, to enable the Engineers and the Architect to complete the "Final Working Drawings" (as that term is defmed below) in the manner as set forth below. Upon the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Working Drawings") and shall submit the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed, unless a Design Problem, exists, in which event Landlord's approval shall be in its sole discretion. A "Design Problem" shall mean a condition which will (i) have an effect on the structural integrity of the Building; (ii) not be in compliance with Code; (iii) have an adverse effect on the systems and equipment of the Building; (iv) have an effect on the exterior appearance of the Building; and/or (v) unreasonably interfere with the normal and customary business operations of other tenants or occupants of the Building or Project. Tenant

shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Working Drawings for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 Approved Working Drawings. The Final Working Drawings shall be approved by Landlord (the "Approved Working Drawings") prior to the commencement of construction of the Premises by Tenant. After approval by Landlord of the Final Working Drawings, Tenant may submit the same to the appropriate municipal authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Tenant's Selection of Contractors.

4.1.1 The Contractor. Tenant represents and warrants that it is a contractor licensed in the State of California. Tenant shall act as the general contractor (the "Contractor") to construct the Tenant Improvements.

4.1.2 Tenant's Agents. All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "Tenant's Agents") must be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. If Landlord does not approve any of Tenant's proposed subcontractors, laborers, materiahnen or suppliers, Tenant shall submit other proposed subcontractors, laborers, materialmen or suppliers for Landlord's written approval.

4.2 Construction of Tenant Improvements by Tenant's Agents.

4.2.1 Construction Contract; Cost Budget. Prior to Tenant's execution of the construction contract and general conditions with Contractor (the "Contract"), Tenant shall submit the Contract to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, of the final costs to be incurred or which have been incurred, as set forth more particularly in Sections 2.2.1.1 through 2.2.1.7, above, in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor, which costs form a basis for the amount of the Contract (the "Final Costs"). If the Final Costs equal an amount greater than the amount of the Tenant Improvement Allowance (after deducting from the Tenant Improvement Allowance any

amounts expended in connection with the preparation of the Construction Drawings, and the cost of all other Tenant Improvement Allowance Items incurred prior to the commencement of construction of the Improvements) (the "Over-Allowance Amount"), then Tenant shall pay a percentage of each amount requested by the Contractor or otherwise disbursed under this Tenant Work Letter, which percentage shall be equal to the Over-Allowance Amount divided by the amount of the Final Costs, and such payment by Tenant shall be a condition to Landlord's obligation to pay any amounts of Tenant Improvement Allowance. In the event that, after the Final Costs have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs necessary to such design and construction in excess of the Final Costs, shall be paid by Tenant in accordance with this Section 4.2.1, as an addition to the Over-Allowance Amount.

4.2.2 Tenant's Agents.

4.2.2.1 Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; (ii) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iii) Tenant shall abide by all rules made by Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements.

4.2.2.2 Indemnity. Tenant's indemnity of Landlord as set forth in this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Premises.

4.2.2.3 Requirements of Tenant's Agents. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Lease Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or

common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4,2.2A Insurance Requirements.

4.2.2.4.1 General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in this Lease.

4.2.2.4.2 Special Coverages. Tenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord including, but not lirnited to, the requirement that all of Tenant's Agents shall carry excess liability and Products and Completed Operation Coverage insurance, each in amounts not less than $500,000 per incident, $1,000,000 in aggregate, and in form and with companies as are required to be carried by Tenant as set forth in this Lease.

4.2.2.4.3 General Terms. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant. All policies carried under this Section 4.2.2.4 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the

insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists or disapproves of any matter in connection with any portion of the Tenant Improvements and such defect, deviation or matter might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or Iife-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant's use of such other tenant's leased premises, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 Meetings. Commencing upon the execution of this Lease, Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Tenant Improvements, which meetings shall be held at a location designated by Landlord, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.3 Notice of Completion; Copy of Record Set of Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of this Lease, and (C) to deliver to Landlord two (2) sets of copies of such record set of drawings

within ninety (90) days following issuance of a certificate of occupancy for the Premises, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises.

SECTION 5

LEASE COMMENCEMENT DATE DELAYS

5.1 Lease Commencement Date Delays. The Lease Commencement Date shall occur as provided in Section 2.1 of the Lease, provided that the Lease Commencement Date shall be delayed by the number of days of delay of the "substantial completion of the Tenant Improvements," as that term is defined below in this Section 5, in the Premises which is caused solely by a "Commencement Date Delay." As used herein, the term "Commencement Date Delay" shall mean only a "Force Majeure Delay" or a "Landlord Caused Delay," as those terms are defined below in this Section 5.1. As used herein, the term "Force Majeure Delay" shall mean only an actual delay resulting from fire, earthquake, explosion, flood, hurricane, the elements, acts of God or the public enemy, war, invasion, insurrection, rebellion, riots, industry-wide labor strikes or lockouts (which objectively preclude Tenant from obtaining from any reasonable source of union labor or substitute materials at a reasonable cost necessary for completing the Tenant Improvements), or governmental acts (which do not specifically relate to the construction of the Tenant Improvements and which objectively preclude construction of tenant improvements in the Building by any person). Notwithstanding anything to the contrary contained herein, a Force Majeure Delay shall not include any of the foregoing delays to the extent caused by the negligence or willful misconduct of Tenant, its contractors or agents. As used in this Tenant Work Letter, a "Landlord Caused Delay" shall mean only an actual delay resulting from the failure of Landlord to timely approve or disapprove the Construction Drawings, the Final Space Plan and/or the Approved Working Drawing, and such failure results in an actual delay of the completion of the Tenant Improvements.

5.2 Determination of Commencement Date Delay. If Tenant contends that a Commencement Date Delay has occurred, Tenant shall notify Landlord in writing within two (2) business days of each of (i) the date upon which such Commencement Date Delay becomes known to Tenant, Architect, or Contractor and (ii) the date upon which such Commencement Date Delay ends (the "Termination Date"). Tenant's failure to deliver either or both of such notices to Landlord within the required time period shall be deemed to be a waiver by Tenant of the contended Commencement Date Delay to which such notices would have related. If such actions, inaction or circumstances described in the notice set forth in clause (i), above (the "Delay Notice") are not cured by Landlord within two (2) business day of receipt of the Delay Notice and if such actions, inaction or circumstances otherwise qualify as a Commencement Date Delay, then a Commencement Date Delay shall be deemed to have occurred commencing as of the date of Landlord's receipt of the Delay Notice and ending as of the Termination Date.

5.3 Definition of Substantial Completion of the Tenant Improvements. For purposes of this Section 5, "substantial completion of the Tenant Improvements" shall mean completion of construction of the Tenant Improvements in the Premises pursuant to the "Approved Working Drawings," with the exception of any punch list items, any furniture, fixtures, work-stations, built-in furniture or equipment (even if the same requires installation or electrification by

Tenant's Agents), and any tenant improvement finish items and materials which are selected by Tenant but which are not available within a reasonable time (given the anticipated date of the Lease Commencement Date).

SECTION 6

MISCELLANEOUS

6.1 Tenant's Representative. Tenant has designated Mr. Mike Scribner as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

6.2 Landlord's Representative. Landlord has designated the general manager of the Project as its sole representatives with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

6.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

6.4 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in the Lease or this Tenant Work Letter has occurred at any time on or before the Substantial Completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord).

6.5 Removal of Tenant Improvements. At such time as Landlord approves the Tenant Improvements pursuant to the terms of this Tenant Work Letter, Landlord shall provide written notice to Tenant designating those portions of the Tenant Improvements which will be required to be removed, in accordance with the terms of the Lease, prior to the expiration or earlier termination of the Lease. If and to the extent Landlord fails to specify that any Tenant Improvements are to be removed upon the expiration or earlier termination of this Lease, Tenant shall have no obligation to remove such Tenant Improvements.

EXHIBIT C

CHINA BASIN LANDING

NOTICE OF LEASE TERM DATES

To:

Re: Office Lease dated , 20_ between , a ("Landlord"), and , a ('Tenant") concerning Suite on floor(s) of the office building located at San Francisco, California.

Gentlemen:

In accordance with the Office Lease (the "Lease"), we wish to advise you and/or confirm as follows:

1. The Lease Tenn shall commence on or has commenced on for a term of ending on

2. Rent commenced to accrue on , in the amount of .

3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

4. Your rent checks should be made payable to at .

5. The exact number of rentable/usable square feet within the Premises is square feet.

6. Tenant's Share as adjusted based upon the exact number of usable square feet within the Premises is %.

"Landlord":

_____

a _____

By: _____

Its: _____

Agreed to and Accepted
as of , 20

"Tenant":

a

By:
Its:

EXHIBIT D

CHINA BASIN LANDING

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock 'changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the vicinity of the Building. Tenant, its employees and agents rnust be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

3. No furniture, freight or equipment of any kind shall be brought into or removed from the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in

any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

4. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

5. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

6. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not approved by Landlord.

7. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

8. Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any Hazardous Material used or kept on the Premises.

9. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

10. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals, birds, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

11. No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

12. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

13. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

14. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

15. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall participate in recycling programs undertaken by Landlord

16. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Francisco, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

17. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

18. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall be responsible for any damage to the window film on the

exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Building Common Areas.

19. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

20. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

21. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord

may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT E

CHINA BASIN LANDING

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of , 200 by and between as Landlord, and the undersigned as Tenant, for Premises on the floor(s) of the office building located at , San Francisco, California , certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises and the project of which the Premises are a part.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on , and the Lease Term expires on , and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project.

3. Base Rent became payable on

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Tenant shall not modify the documents contained in Exhibit A without the prior written consent of Landlord's mortgagee.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through . The current monthly installment of Base Rent is $ 8. To the best of Tenant's knowledge, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

10. As of the date hereof, there are no existing defenses or offsets, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned or any guarantor of the Lease under the bankruptcy or similar laws of the United States or any state.

13. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

14. To the undersigned's knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at on the day of , 20 .

"Tenant":

_____

a _____

By _____

Its: _____

By _____

Its: _____

FIRST AMENDMENT TO OFFICE LEASE

This FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 27th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

RECITALS:

A. Landlord, as successor-in-interest to PWREF/MCC-CHINA BASIN L.L.C., a Delaware limited liability company, and Tenant entered into that certain Office Lease dated April 3, 2002 (the "**Office Lease**"), as supplemented by that Notice Of Lease Term Dates dated July 2, 2002 (the "**Commencement Letter**") (the Office Lease and the Commencement Letter shall collectively be referred to as the "**Lease**"), whereby Landlord leased to Tenant and Tenant leased from Landlord those certain premises (the "**Existing Premises**") commonly known as Suite 1200 and located on the ground floor of that certain building located at Wharfside Building located at 185 Berry Street, San Francisco, California 94107 ("**Building**"), and which Existing Premises is identified in the Lease as consisting of approximately 15,121 rentable square feet of space. The Building is part of a larger projection commonly known as "China Basin Landing" (the "Project").

B. Tenant desires to expand the Existing Premises to include that certain space consisting of approximately 5,031 rentable square feet of space, located on the ground floor of the Building (the "**Expansion Premises**"), as delineated on **Exhibit A-1** attached hereto and made a part hereof, and to make other modifications to the Lease, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1CAPITALIZED TERMS. ALL CAPITALIZED TERMS WHEN USED HEREIN SHALL HAVE THE SAME MEANING AS IS GIVEN SUCH TERMS IN THE LEASE UNLESS EXPRESSLY SUPERSEDED BY THE TERMS OF THIS FIRST AMENDMENT.

ARTICLE 2**Remeasurement of the Premises and the Project**. Landlord and Tenant acknowledge and agree that Landlord has remeasured the Premises and the Project, and that according to such remeasurement, the existing Premises and the Project shall for all purposes hereunder be deemed to consist of approximately 15,867 rentable square feet of space (as delineated on **Exhibit A-3** attached hereto and made a part hereof) and approximately 913,712 rentable square feet of space, respectively. Notwithstanding the foregoing, such adjustment shall not modify the amounts, percentages and figures appearing or referred to in the Lease, as hereby amended, (including, without limitation, the amount of Rent) applicable to the Existing Premises prior to June 30, 2008.

ARTICLE 3**Modification of the Expansion Premises**. Landlord and Tenant hereby acknowledge that a portion of the Expansion Premises is currently located in a portion of the existing lobby of the Building. Tenant hereby acknowledges that Landlord is in the process of relocating such lobby (the "**Lobby Relocation**") and that Landlord's ability to deliver the Expansion Premises as outlined on Exhibit A-1 attached hereto and made a part hereof shall be subject to (i) Landlord's receipt of all applicable building permits for such Lobby Relocation (the "**Lobby Permits**"), and (ii) the completion of the Lobby Relocation (collectively, the "Condition Precedent"). In the event that Landlord is unable to obtain such Lobby Permits using commercially reasonable efforts on or before October 31, 2007, then Landlord shall deliver an alternate layout of the Expansion Premises to Tenant as delineated on **Exhibit A-2** attached hereto and made a part hereof (the "**Alternate Expansion Premises**"), which Alternate Expansion Premises shall be comprised of approximately 3,900 rentable square feet of space. In the event that pursuant to the preceding sentence Landlord delivers the Alternate Expansion Premises to Tenant, then the Alternate Expansion Premises shall be deemed to be the "Expansion Premises," and all amounts, percentages and figures appearing or referred to in this First Amendment based upon the rentable square footage of the Expansion Premises (including, without limitation, the amount of Base Rent set forth in Section 6, Tenant's Share of Direct Expenses as set forth in Section 7, and the amount of the Tenant Improvement Allowance as set forth in the Tenant Work Letter) shall be appropriately modified and documented in a written amendment to the Lease. Landlord agrees to use commercially reasonable efforts to satisfy the Condition Precedent. Landlord shall have no liability whatsoever to Tenant relating to or arising from Landlord's inability or failure to cause the Condition Precedent to be satisfied.

ARTICLE 4**Modification of Premises**. Effective as of the date (the "**Expansion Commencement Date**") which is the earlier to occur of (i) the date upon which the Tenant Improvements in the Expansion Premises, as contemplated by the Tenant Work Letter attached hereto as Exhibit B are substantially completed (as that term is used in **Section 5.3** of Tenant Work Letter), and (ii) one hundred eighty (180) days following the date upon which Landlord delivers the Expansion Premises to Tenant with Landlord's Work Substantially Completed (as that term is hereinafter defined) (the "**Expansion Delivery Date**"), Tenant shall lease from Landlord and Landlord shall lease to Tenant the Expansion Premises. Consequently, effective upon the Expansion Commencement Date, the Existing Premises shall be increased to include the Expansion Premises. Landlord and Tenant hereby acknowledge that such addition of the Expansion Premises to the Existing Premises shall, effective as of the Expansion Commencement Date, increase the size of the Premises. The Existing Premises and the Expansion Premises may hereinafter collectively be referred to as the "**Premises**". Effective as of July 1, 2008, the rentable square footage of the entire Premises shall equal approximately 20,898 rentable square feet, as delineated in **Exhibit A-4** attached hereto and made a part hereof. As used herein, "**Substantially Complete**" means that the Landlord's Work is completed to such an extent that Tenant may reasonably commence its construction of the Tenant Improvements in the Expansion Premises without material interference or interruption from Landlord.

ARTICLE 5**Extension of Lease Term**. Landlord and Tenant acknowledge that Tenant's lease of the Existing Premises is scheduled to expire on June 30, 2008, pursuant to the terms of the Lease. Notwithstanding anything to the contrary in the Lease, Landlord and Tenant hereby agree to extend the term of Tenant's lease of the Existing Premises for a period of seven (7) years, from July 1, 2008 to June 30, 2015 (the "**Lease Expiration Date**"). The

term of Tenant's lease of the Expansion Premises shall expire coterminously with the term of Tenant's lease of the Existing Premises on the Lease Expiration Date, unless sooner terminated as provided in the Lease, as hereby amended. The period of time commencing on July 1, 2008 and terminating on the Lease Expiration Date shall be referred to herein as the "**Extended Term**." The period of time commencing on the Expansion Commencement Date and terminating on the Lease Expiration Date shall be referred to herein as the "**Expansion Term**." At any time during the Extended Term, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof.

ARTICLE 6**Base Rent**.

6.1 **Existing Premises**. Subject to the terms of Section 3, above, prior to July 1, 2008, Tenant shall continue to pay Base Rent for the Existing Premises in accordance with the terms of Article 3 of the Office Lease.

6.2 **Expansion Premises**. Subject to the terms of Section 3, above, commencing on the Expansion Commencement Date and continuing through June 30, 2008, Tenant shall pay to Landlord (the payment of which shall

otherwise be in accordance with the terms of Article 3 of the Office Lease) monthly installments of Base Rent for the Expansion Premises as follows:

Period During Expansion Term	Annualized Base Rent	Monthly Base Rent
Expansion Commencement Date - June 30, 2008	$ 166,023.00	$ 13,835.25

On or before the Expansion Commencement Date, Tenant shall pay to Landlord the Base Rent payable for the Expansion Premises for the first full month of the Expansion Term.

6.3 **Entire Premises**. Commencing on July 1, 2008, and continuing throughout the Extended Term, Tenant shall pay to Landlord (the payment of which shall otherwise be in accordance with the terms of Article 3 of the Office Lease) monthly installments of Base Rent for the entire Premises (i.e., the Existing Premises and the Expansion Premises) as follows:

Period During Expansion Term	Annualized Base Rent	Monthly Base Rent
July 1, 2008 - June 30, 2009	$ 665,016.00	$ 55,418.00
July 1, 2009 - June 30, 2010	$ 685,168.00	$ 57,097.33
July .1, 2010 - June 30, 2011	$ 705,320.00	$ 58,776.67
July 1, 2011 - June 30, 2012	$ 725,472.00	$ 60,456.00
July 1, 2012 - June 30, 2013	$ 745,624.00	$ 62,135.33
July 1, 2013 - June 30, 2014	$ 765,776.00	$ 63,814.67
July 1, 2014 - June 30, 2015	$ 785,928.00	$ 65,494.00

ARTICLE 7**Tenant's Share of Direct Expenses**.

7.1 **Existing Premises**. Notwithstanding anything in the Lease, as hereby amended, to the contrary, with respect to all Direct Expenses arising or accruing prior to July 1, 2008, Tenant shall continue to pay Tenant's Share of Direct Expenses in connection with the Existing Premises in accordance with the terms of the Lease, based upon a Tenant's Share of 2.29% and a Base Year of Calendar Year 2002.

7.2 **Expansion Premises**. Except as specifically set forth in this Section 7.2, commencing on the Expansion Commencement Date and continuing through June 30, 2008, Tenant shall pay Tenant's Share of Direct Expenses in connection with the Expansion Premises in accordance with the

terms of Article 4 of the Office Lease, provided that, subject to the terms of Section 3, above, with respect to the calculation of Tenant's Share of Direct Expenses in connection with the Expansion Premises, the following shall apply:

7.2.1 Tenant's Share shall equal 0.551%; and

7.2.2 the Base Year shall be the calendar year 2008.

7.3 Entire Premises. Commencing on July 1, 2008, and continuing throughout the Extended Term, Tenant shall pay Tenant's Share of Direct Expenses arising or accruing on and after July 1, 2008, in connection with the entire Premises (i.e., the Existing Premises and the Expansion Premises) in accordance with the terms of Article 4 of the Office Lease, provided that with respect to the calculation of Tenant's Share of Direct Expenses in connection with the entire Premises, the following shall apply.

7.3.1 Tenant's Share shall equal 2.287%; and

7.3.2 the Base Year shall be the calendar year 2008.

ARTICLE 8**Right of First Offer on Ground Floor Space**. In connection with the Lobby Relocation, as set forth in Section 4, above, Landlord anticipates constructing an approximately 2,163 rentable square foot premises on the ground floor of the Building (the "**Ground Floor Space**"), as set forth more particularly on **Exhibit A-5** attached hereto and made a part hereof (provided, however, in the event that the Alternate Expansion Premises is delivered to Tenant, then the Ground Floor Space shall be the approximately 1,378 rentable square feet of space set forth more particularly on **Exhibit A-6** attached hereto and made a part hereof. In the event that (i) if at any time during the term of the Lease Landlord completes such Lobby Relocation and constructs such Ground Floor Space, and (ii) Landlord desires to lease such Ground Floor Space for office use (as opposed to retail uses), Landlord

hereby grants to the Original Tenant a one-time right of first offer· on such Ground Floor Space (as used herein, the "**Ground Floor First Offer Space**"). Subject to the foregoing, Tenant shall not have any right of first offer on the Ground Floor Space in any transaction where Landlord elects, in its sole discretion, to lease the Ground Floor Space for retail uses.

8.1 **Procedure for Offer**. Landlord shall notify Tenant (the "Ground Floor First Offer Notice") when and if Landlord elects to utilize the Ground Floor First Offer Space for office use (as opposed to retail uses) and such Ground Floor First Offer Space becomes available for lease to third parties. Pursuant to such Ground Floor First Offer Notice, Landlord shall offer to lease to Tenant the entire Ground Floor First Offer Space. The Ground Floor First Offer Notice shall describe the Ground Floor First Offer Space and shall set forth the "Ground Floor First Offer Rent," as that term is defined in Section 8.3 below, and the other economic terms (including, without limitation, the amount of any

improvement allowance) upon which Landlord is willing to lease such space to Tenant.

8.2 **Procedure for Acceptance**. If Tenant wishes to exercise Tenant's right of first offer with respect to the Ground Floor First Offer Space, then within five (5) business days following delivery of the Ground Floor First Offer Notice to Tenant, Tenant shall deliver written notice to Landlord of Tenant's election to exercise its right of first offer with respect to the entire Ground Floor First Offer Space on the terms contained in such notice. If Tenant does not notify Landlord within the five (5) business day period set forth above, then Landlord shall be free to lease the Ground Floor First Offer Space to anyone to whom Landlord desires on any terms Landlord desires. Notwithstanding anything to the contrary contained herein, Tenant must elect to exercise its tight of first offer, if at all, with respect to all of the Ground Floor First Offer Space, and Tenant may not elect to lease only a portion thereof.

8.3 **Ground Floor First Offer Space Rent**. The "Rent," as that term is defined in Section 4.1 of the Office Lease, payable by Tenant for the Ground Floor First Offer Space (the "**Ground Floor First Offer Rent**") shall be equal to the "then prevailing fair market rent," as that term is defined in Section 2.2.2 of the Lease (with appropriate modifications thereto to reflect that such then prevailing fair market rent shall be applicable to the Ground Floor First Offer Space as opposed to the Premises), for the Ground Floor First Offer Space.

8.4 **Construction In Ground Floor First Offer Space**. Subject to the terms of the Ground Floor First Offer Notice, Tenant shall take the Ground Floor First Offer Space in its "as is" condition, and the construction of improvements in the Ground Floor First Offer Space shall comply with the terms of Article 8 of the Office Lease, as hereby amended.

8.5 **Amendment to Lease**. If Tenant timely exercises Tenant's right to lease the Ground Floor First Offer Space as set forth herein, Landlord and Tenant shall within fifteen (15) days thereafter execute an amendment to the Lease adding the Ground Floor First Offer Space to the Premise demised under the Lease, upon the terms and conditions as set forth in the Lease, the Ground Floor First Offer Notice and this Section 8. Tenant shall commence payment of Rent for the Ground Floor First Offer Space, and the term of the Ground Floor First Offer Space (the "**Ground. Floor First Offer Term**") shall commence as provided in the Ground Floor Offer Notice, and shall terminate coterminously with the expiration or earlier termination of the Lease, as amended hereby.

8.6 **Termination of Right of Ground Floor First Offer**. The rights contained in this Section 8 shall be personal to the Original Tenant and any Affiliate assignee of the Original Tenant and may only be exercised by the Original Tenant and/or any Affiliate assignee (and not any other assignee, sublessee or other transferee of Tenant's interest in the Lease) and only if the Original Tenant and/or Affiliate occupies the entire Premises as of the date of the

attempted exercise of the right of first offer and as of the scheduled date of delivery of such Ground Floor First Offer Space to Tenant. The right of first offer granted herein shall terminate upon the failure by Tenant to exercise its right of first offer with respect to the Ground Floor First Offer Space so offered by Landlord. Tenant shall not have the right to lease Ground Floor First Offer Space pursuant to the terms of this Section 8 in the event that less than two (2) years remain prior to the Lease Expiration Date. Tenant shall not have the right to lease the Ground Floor First Offer Space as provided in this Section 8, if, as of the date of the attempted exercise of the first offer right by Tenant, or as of the scheduled date of delivery of the Ground Floor First Offer Space to Tenant, Tenant is in default under the Lease, as hereby amended (beyond the applicable notice and cure period set forth in the Lease), or Tenant has previously been in default under the Lease, as hereby amended (beyond the applicable notice and cure period set forth in the Lease) more than twice.

ARTICLE 9**Right of First Offer on Additional Space**. In addition to the right of first offer set forth in Section 8, above, Landlord hereby grants to Tenant a one-time right to lease between 3,000 to 4,000 rentable square feet of space located in the Building (the "**First Offer Space**"), the precise location and size of which shall be designated by Landlord as set forth in Section 9.1, below. Such first offer right shall commence on the thirty-seventh (37th) month of the Expansion Term. Such first offer right shall be subordinate to (i) all existing leases (including renewals and extensions) of the First Offer Space, and (ii) all rights existing as of the date hereof of other tenants of the Project to lease the First Offer Space (whether pursuant to rights of first offer, expansion options, must take requirements, or otherwise) (collectively, the "**Superior Right Holders**").

9.1 **Method of Exercise**. If at any time following the thirty-seventh (37th) month of the Expansion Term (but in no event more than twice in any twelve (12) month period) Tenant desires to lease First Offer Space as set forth in this Section 9, then Tenant shall have the right to deliver written notice to Landlord (a "**Request Notice**") requesting a "**First Offer Notice**," as that term is defined below. Landlord shall, within thirty (30) days after receipt of a Request Notice, deliver to Tenant a notice (the "**First Offer Notice**"), which First Offer Notice shall describe the "Available Space," as that term is defined below, if any, which shall include then vacant Available Space, and space that Landlord reasonably believes will become vacant Available Space within the next six (6) months. In the event that there is between 3,000 and 4,000 rentable square feet of "Available Space," as that term is defined below, then within thirty (30) days after receipt of a Request Notice, Landlord shall deliver written notice to Tenant (the "**First Offer Notice**") designating the particular portion of the Building that will comprise the First Offer Space (which will contain between 3,000 and 4,000 rentable square feet of space); provided, however, if the First Offer Space consists of more than one suite, then any such suites shall be contiguous and provided further that Landlord shall use commercially reasonable efforts to ensure that the First Offer Space is contiguous or reasonably close to the Expansion Premises. Landlord shall use commercially reasonable efforts to provide Tenant with First Offer Space, subject to availability, following Tenant's delivery to Landlord of a

Request Notice; provided, however, Tenant hereby acknowledges that the terms of this Section 9 shall not be interpreted to impose an affirmative duty on Landlord to provide Tenant with First Offer Space, if such space is not Available Space, or to notify Tenant of the availability of any such space unless Tenant has provided Landlord with a Request Notice as set forth above. In the event that following Landlord's receipt of any Request Notice Landlord determines that there in no Available Space, then Tenant's rights under this Section 9 shall not terminate, and Tenant shall continue to have a light of first offer in accordance with the terms of this Section 9. The First Offer Notice shall also state Landlord's determination of Landlord's then current good faith estimate of the approximate date of delivery of the First Offer Space (the "**Delivery Date**") to Tenant. If Tenant desires to exercise Tenant's option to lease the First Offer Space, then Tenant shall exercise such option by delivering written notice thereof to Landlord (an "First Offer Exercise Notice") on or before the date which is thirty (30) days after Tenant's receipt of the First Offer Notice. For purposes of this Section 9.1, "**Available Space**" means space which (i) is not part of the Premises, (ii) is not then subject to a lease, (iii) is not then subject to any rights of any tenant to renew their lease or expand their premises as set forth in their lease, and (iv) is not then subject to any rights of possession, renewal, or expansion which are subject to bona fide, good faith negotiations (the "**Negotiations**") between Landlord and a prospective tenant or an existing tenant as evidenced by a mutually signed letter of intent or lease proposal or a specifically prepared and tailored lease document, which letter of intent, lease proposal, or lease is not a subterfuge made to frustrate the rights of Tenant hereunder.

9.2 **First Offer Space Rent**. The "Rent," as that term is defined in Section 4.1 of the Office Lease, payable by Tenant for the First Offer Space (the "**First Offer Rent**") shall be equal to the "then prevailing fair market rent," as that term is defined in Section 2.2.2 of the Lease (with appropriate modifications thereto to reflect that such then prevailing fair market rent shall be applicable to the First Offer Space as opposed to the Premises), for the First Offer Space.

9.3 **Construction of the First Offer Space**. Subject to the terms of the First Offer Notice, Tenant shall take the First Offer Space in its "as is" condition, and the construction of improvements in the First Offer Space shall comply with the terms of Article 8 of the Office Lease, as hereby amended.

9.4 **Amendment to Lease**. If Tenant timely exercises Tenant's right to lease the First Offer Space as set forth herein, Landlord and Tenant shall within fifteen (15) days thereafter execute an amendment adding such First Offer Space to the Premises demised under the Lease, as hereby amended, upon the same terms and conditions as the Premises, except as otherwise set forth in this Section 9. The term of the First Offer shall commence upon the date of delivery of the First Offer Space to Tenant (the "**First Offer Space Commencement Date**") and Tenant shall commence the payment of Rent for the First Offer Space as provided in the First Offer Notice (or on such other date as may be agreed upon

by Landlord and Tenant). The lease term of the First Offer Space shall expire on the Lease Expiration Date, and shall terminate conterminously with the expiration or earlier termination of the Lease, as amended hereby.

9.5 **Termination of First Offer Right**. The rights contained in this Section 9 shall be personal to the Original Tenant and any Affiliate assignee of the Original Tenant and may only be exercised by the Original Tenant and/or any Affiliate assignee (and not any assignee, sublessee or other transferee of Tenant's interest in the Lease) and only if the Original Tenant and/or Affiliate occupies more than seventy-five percent (75%) of the rentable square footage of the Premises as of the date of the attempted exercise of the right of first offer and as of the scheduled date of delivery of such First Offer Space to Tenant. The first offer right granted in this Section 9 shall terminate (1) upon the failure by Tenant to timely exercise its first offer right with respect to any First Offer Space as offered by Landlord; (ii) in the event that Tenant leases any additional space from Landlord in the Building, or (iii) in the event that Landlord should receive any Request Notice in the last eighteen (18) months of the Extended Term. Tenant shall not have the right to lease the First Offer Space as provided in this Section 9, if, as of the date of the attempted exercise of the first offer right by Tenant, or as of the scheduled date of delivery of the First Offer Space to Tenant, Tenant is in default under the Lease, as hereby amended (beyond the applicable notice and cure period set forth in the Lease), or Tenant has previously been in default under the Lease, as hereby amended (beyond the applicable notice and cure period set forth in the Lease) more than twice. In addition, the first offer right granted herein shall terminate in the event that Tenant at leases any additional space from Landlord in the Building.

ARTICLE 10**Option to Extend**. Landlord and Tenant hereby acknowledge and agree that Tenant shall continue to have one (1) option to extend the term of the Lease, as hereby amended, following the Lease Expiration Date, for a period of five (5) years pursuant to the terms of Section 2.2 of the Office Lease; provided, however, effective as of the date of this First Amendment, Section 2.2.3 of the Office Lease shall be deleted in its entirety and replaced with the following:

"**Exercise of Option**. The option contained in this Section 2.2 shall be exercised by Tenant, if at all, and only by Tenant delivering written notice ("**Option Notice**") of its exercise thereof to Landlord not less than ten (10) months not more than twelve (12) months prior to the Lease Expiration Date. In the event that Tenant timely exercises the renewal option, then Landlord shall deliver notice (the "**Option Rent Notice**") to Tenant within thirty (30) days following receipt of the Option Notice, setting forth the Option Rent. If Tenant wishes to exercise such option, Tenant shall, within thirty (30) days after Tenant's receipt of the Option Rent Notice, exercise the option by delivering written notice thereof to Landlord; provided, however, that Tenant may, concurrent with such exercise, reject the Option Rent contained in

the Option Rent Notice, in which case the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.2.4, below. In the event that Tenant fails to give notice to Landlord, the Lease, as hereby amended, shall automatically terminate as of the Lease Expiration Date and Tenant shall have no further option to extend the term of the Lease, as hereby amended. Landlord and Tenant shall execute an amendment setting forth the terms and conditions of the Option Term."

ARTICLE 11**General Condition of Building**. Tenant acknowledges that, except as otherwise expressly set forth in this First Amendment, neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Existing Premises, the Expansion Premises or the Building or with respect to the suitability of any of the foregoing for the conduct of Tenant's business.

ARTICLE 12**Broker**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this First Amendment other than Cushman & Wakefield of California and McCarthy Cook & Co., LLC (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this First Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent, other than the Brokers. The terms of this Section 12 shall survive the expiration or earlier termination of this First Amendment.

ARTICLE 13**Parking**. Effective as of the Expansion Commencement Date and continuing throughout the Expansion Term, subject to availability, Tenant shall be entitled to rent up to two (2) additional unreserved parking passes in connection with Tenant's lease of the Expansion Premises (the "**Expansion Parking Passes**"). Except as set forth in this Section 13, Tenant shall lease the Expansion Parking Passes in accordance with the provisions of Article 28 of the Office Lease.

ARTICLE 14**Security Deposit**. Notwithstanding anything in the Lease to the contrary, but subject to the terms of Section 3, above, the Security Deposit held by Landlord pursuant to the Lease, as amended hereby, shall equal Fifty Thousand Six Hundred Eighty-Eight and 92/100 Dollars ($50,688.92). Landlord and Tenant acknowledge that, in accordance with Article 21 of the Lease, Tenant has previously delivered the sum of Thirty-Four Thousand Twenty-two and 25/100 Dollars ($34,022.25) (the "**Existing Security Deposit**") to Landlord as security for the faithful performance by Tenant of the terms, covenants and conditions of the Lease. Prior to Landlord's delivery of the Expansion the Expansion Commencement Date, Tenant shall deposit with Landlord an amount equal to Sixteen Thousand Six Hundred Sixty-Six and 67/100 Dollars ($16,666.67) to be held by Landlord as a part of the Security Deposit. To the extent that the total amount held by Landlord at any time as security for the Lease, as hereby amended, is less than Fifty Thousand Six Hundred Eighty-Eight and 92/100 Dollars ($50,688.92), Tenant shall pay the difference to Landlord within ten (10) days following Tenant's receipt of notice thereof from Landlord.

ARTICLE 15**Notices**. Notwithstanding any contrary provision of the Lease, as hereby amended, as of the date of this First Amendment, any notices to Landlord must be sent, transmitted or delivered, as the case may be, to the following addresses:

c/o RREEF America L.L.C. 655
Commercial Street
San Francisco, CA 94111
Attention: Ms. Patricia A. Ashton,
Vice President-District Manager

and

McCarthy Cook & Co.
185 Berry Street, Suite 140
San Francisco, California 94107
Attention: General Manager

and

Allen Matkins Leek Gamble Mallory & Natsis LLP
1901 Avenue of the Stars
Suite 1800
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

ARTICLE 16**Notice of Lease Term Dates**. At any time after the date of this First Amendment, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit D**, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof.

ARTICLE 17**No Further Modification**. Except as set forth in this First Amendment, all of the terms and provisions of the Lease shall apply with respect to the Expansion Premises and shall remain unmodified and in full force and effect.

[signatures appear on following page]

IN WITNESS WHEREOF, this First Amendment has been executed as of the day and year first above written.

"Landlord":

CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company

By: CHINA BASIN LANDING, LLC, a Delaware limited liability company, its Manager

By: CALSMART L.L.C.,
a Delaware limited liability company, its Member/Manager

By: RREEF AMERICA L.L.C.,
a Delaware limited liability company, its Manager

By: _____
Patricia A. Ashton
Vice President-District Manager

"Tenant":

BCCI CONSTRUCTION COMPANY, a California corporation

By:

Its:

By:

Its:

EXHIBIT A-1

CHINA BASIN LANDING

OUTLINE OF EXPANSION PREMISES

This Exhibit A-1 is referenced in Recital B of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

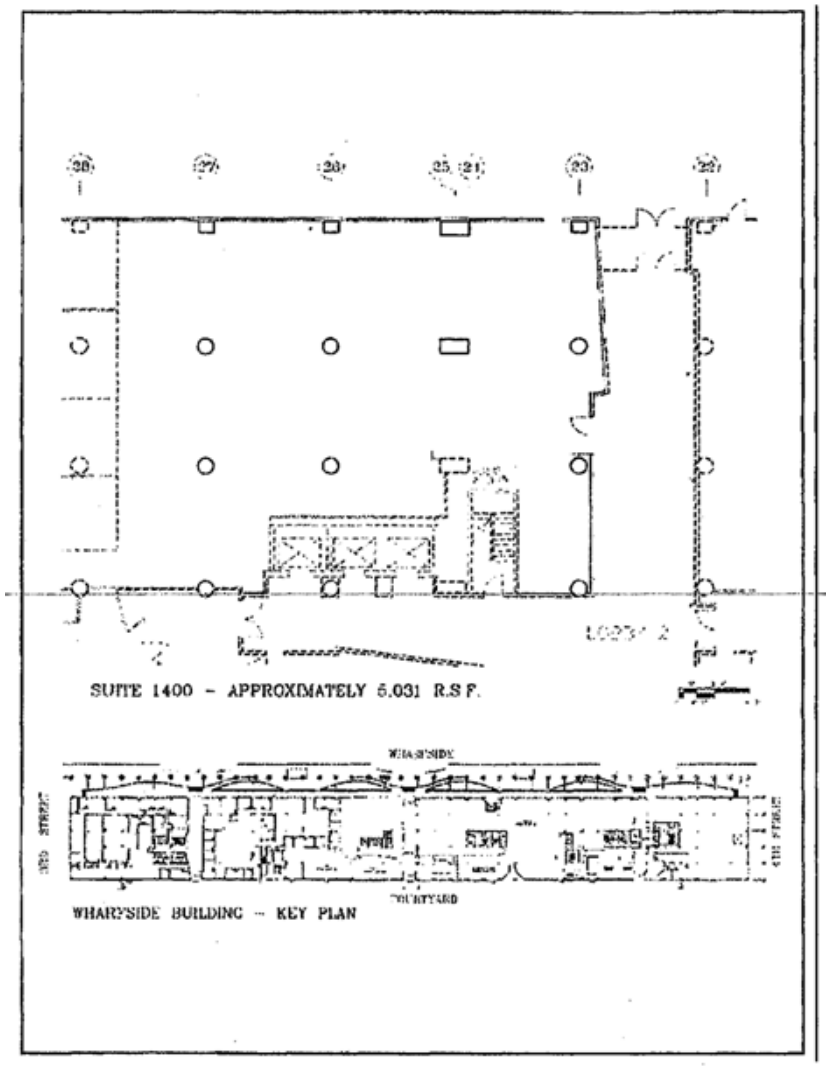

EXHIBIT A-2

CHINA BASIN LANDING

OUTLINE OF ALTERNATE EXPANSION PREMISES

This Exhibit A-2 is referenced in Section 3 of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

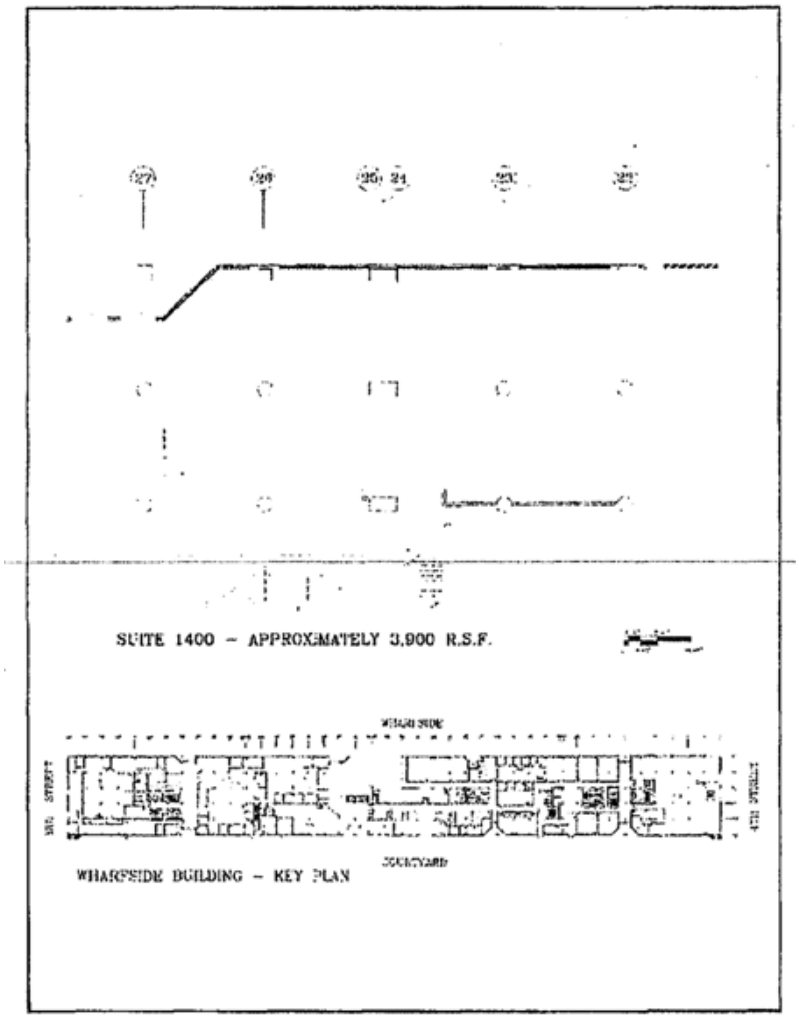

EXHIBIT A-2

EXHIBIT A-3

CHINA BASIN LANDING

OUTLINE OF EXISTING PREMISES

This Exhibit A-3 is referenced in Section 2 of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

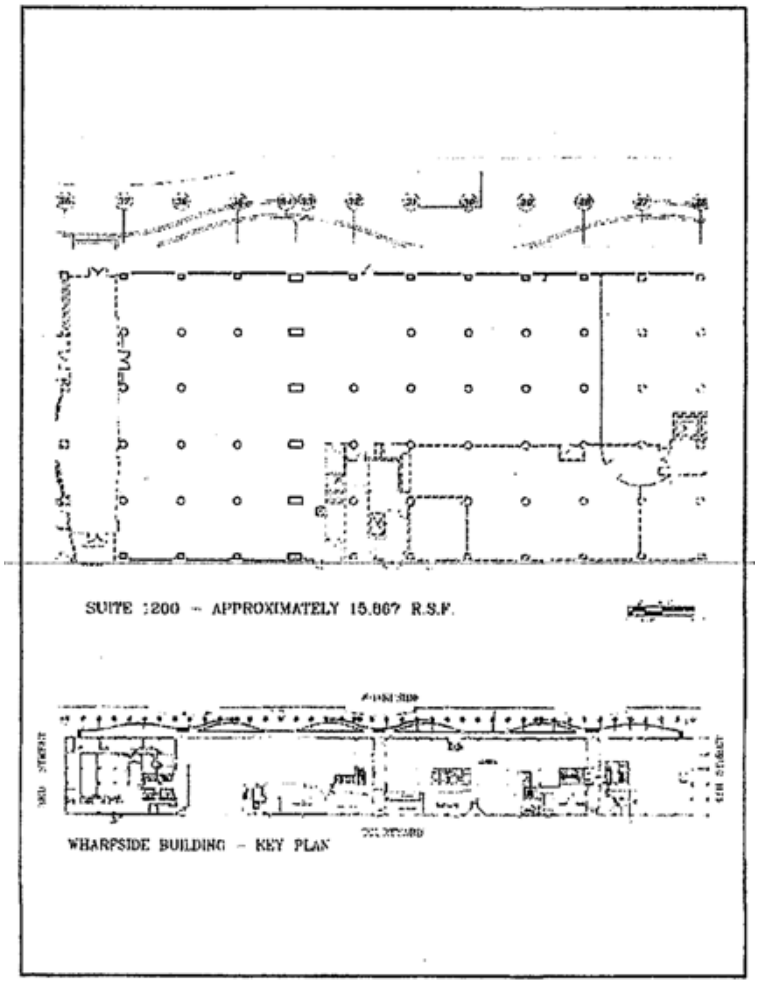

EXHIBIT A-3

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EXHIBIT A-4

CHINA BASIN LANDING

OUTLINE OF ENTIRE PREMISES

This Exhibit A-4 is referenced in Section 4 of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

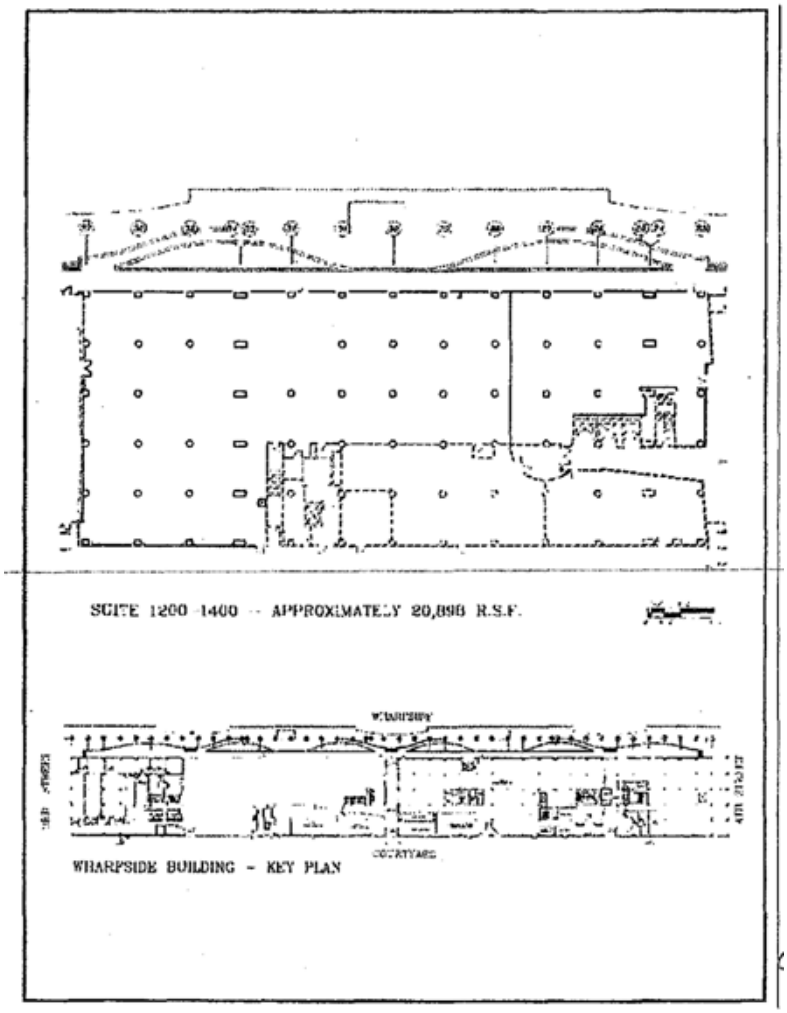

EXHIBIT A-4

EXHIBIT A-5

GROUND FLOOR SPACE

This Exhibit A-5 is referenced in Section 8 of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

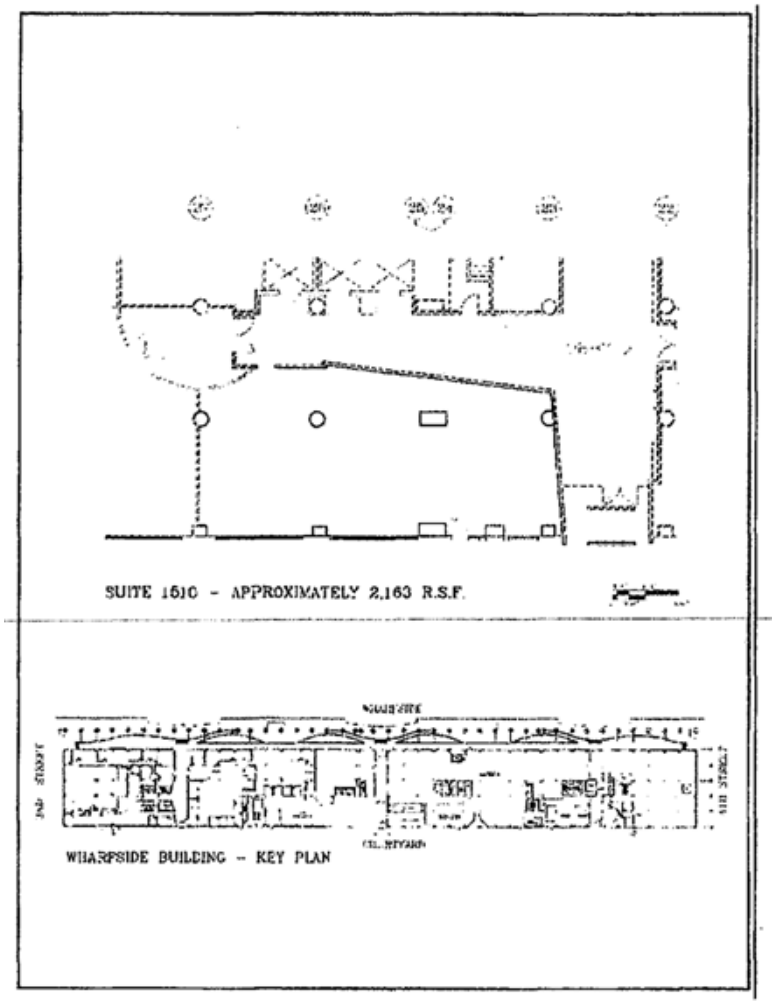

EXHIBIT A-5

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EXHIBIT A-6

ALTERNATE GROUND FLOOR SPACE

This Exhibit A-6 is referenced in Section 8 of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

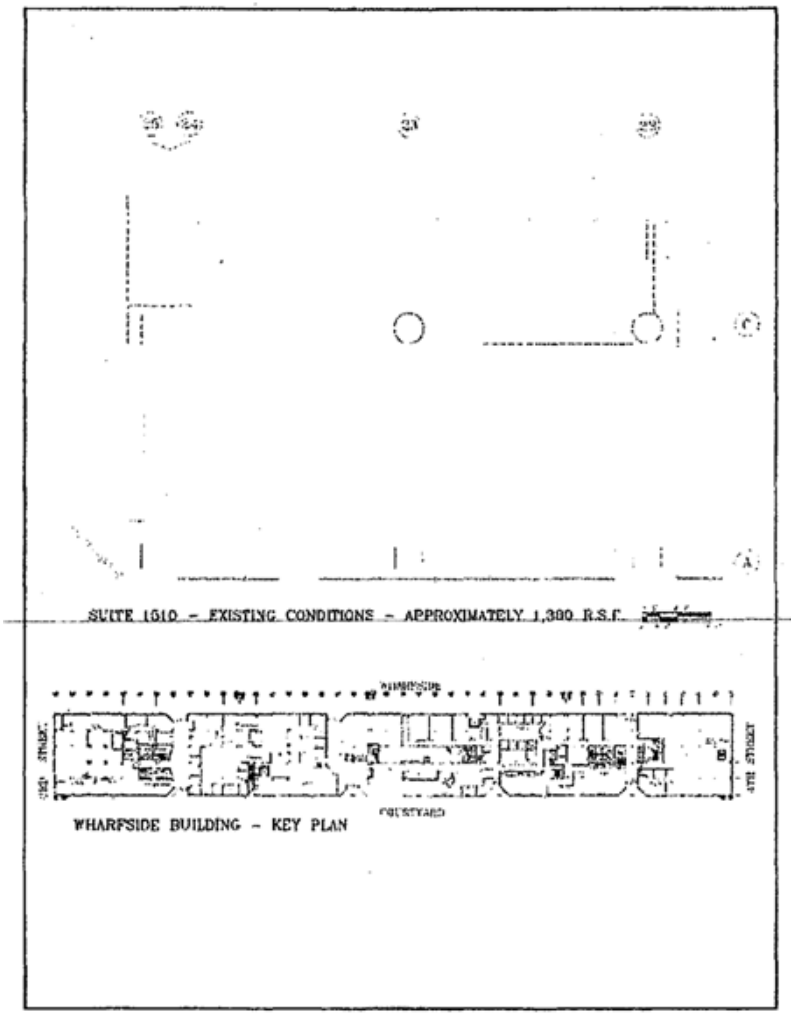


EXHIBIT A-6

1

END OF EXHIBIT A

EXHIBIT "B"

[Floor Plan of Subleased Premises]

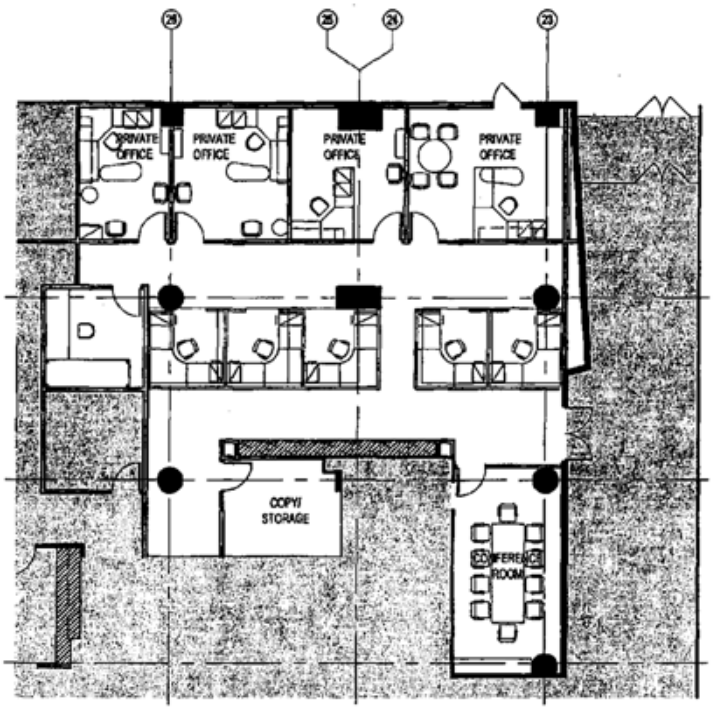


EXHIBIT B

CHINA BASIN LANDLORD

TENANT WORK LETTER

This Exhibit B is referenced in Section 4 of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Existing Premises and the Expansion Premises which shall be referred to herein, collectively, as the "**Premises**", and the Expansion Premises or the Alternate Expansion Premises, as applicable, may sometimes be referred to herein as the "**Expansion Premises**." This Tenant Work Letter is essentially organized chronologically and addresses issues relating to the construction of improvements in the Existing Premises and the Expansion Premises, in sequence, as such issues will arise during the actual course of construction. All references in this Tenant Work Letter to Articles or Sections of "**this Amendment**" shall mean the relevant portion of Sections 1 through 17 of the First Amendment to which this Tenant Work Letter is attached as **Exhibit B** and of which this Tenant Work Letter forms a part, all references in this Tenant Work Letter to Articles or Sections of "**this Lease**" shall mean the relevant portions of Articles 1 through 29 of the Lease being amended by this Amendment, and all references in this Tenant Work Letter to Sections of **"this Tenant Work Letter**" shall mean the relevant portions of Sections 1 through 6 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES AND BASE BUILDING

1.1 The Premises and Base Building. Tenant is currently in occupancy of the Existing Premises. In the event that Landlord delivers the Expansion Premises (as set forth on **Exhibit A-1** attached hereto) to Tenant, Landlord shall deliver such Expansion Premises to Tenant with Landlord's Work Substantially Complete, and Tenant shall accept the Expansion Premises and Base Building from Landlord in their presently existing, "as-is" condition, In the event that Landlord delivers the Alternate Expansion Premises (as set forth on **Exhibit A-1** attached hereto) to Tenant, Landlord shall not be obligated to complete any such Landlord's Work (which Landlord's Work is only applicable to the Expansion Premises) and shall deliver the Alternate Expansion Premises to Tenant, and Tenant shall accept the Alternate Expansion Premises and Base Building from Landlord in their presently existing, "as-is" condition. The "Base Building" shall consist of those portions of the Premises which were in existence prior to the construction of the tenant improvements in the Premises for the prior tenant of the Premises. Landlord and Tenant hereby acknowledge that the Expansion Premises is not currently demised from the space adjoining the Expansion Premises and that there is currently a wall separating the Expansion Premises from the Existing Premises. The demising of the Expansion Premises from the space adjoining the Expansion Premises is included within Landlord's Work. Landlord's Work is

described, generally, in Schedule 1 hereto, and the scope of work will be evidenced by final drawings consistent with the scope of work shown on Schedule 1.

1.2 Landlord's Covenant With Respect to the Building and the Premises. Landlord shall, at Landlord sole cost and expense, to the extent necessary in order for Tenant to obtain a certificate of occupancy or its legal equivalent for the Expansion Premises for general office use, complete any modifications or alteration to the Building required by applicable building codes and other governmental laws, ordinances and regulations which were enacted prior to the Commencement Date, including, without limitation, any handicap access codes which were created in order to implement the Americans With Disabilities Act (the "ADA"; as the ADA is in effect as of the date of this Lease) triggered by Landlord's Work.

SECTION 2

TENANT IMPROVEMENTS

2.1 Tenant Improvement Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the "**Tenant Improvement Allowance**") in an amount equal to $15.00 for each of the rentable square feet of the Existing Premises and $45.00 for each rentable square feet of the Expansion Premises, for the costs relating to the initial design and construction of Tenant's improvements, which are permanently affixed to the Premises (the "**Tenant Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. No portion of the Tenant Improvement Allowance, if any, remaining after the construction of the Tenant Improvements shall be available for use by Tenant.

2.2 Disbursement of the Tenant Improvement Allowance.

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "Tenant Improvement Allowance Items"):

2.2.1.1 Payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, payment of the reasonable fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, testing and inspection costs, freight elevator usage, hoisting and trash removal costs, and contractors' fees and general conditions;

2.2.1.4 The cost of any changes in the Base Building when such changes are required by the Construction Drawings (including if such changes are due to the fact that

such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Drawings or Tenant Improvements required by all applicable building codes (the "Code");

2.2.1.6 Sales and use taxes and Title 24 fees; and

2.2.1.7 All other reasonable costs to be reasonably expended by Landlord in connection with the construction of the Tenant Improvements.

2.2.2 Disbursement of Tenant Improvement Allowance. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 Monthly Disbursements. On or before the day of each calendar month, as reasonably determined by Landlord and Tenant, during the construction of the Tenant Improvements, Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant, in a commercially reasonable form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises; (iii) executed mechanic's lien releases from all of Tenant's Agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Section 3262(d); and (iv) all other information reasonably requested by Landlord in writing. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. Thereafter, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, Jess a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "Final Retention"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings," as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable jointly to Tenant, as Contractor, as set forth below, shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air

conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building and (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements in the Premises has been substantially completed.

2.2.2.3 Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of this Lease.

2.3 Quality of Tenant Improvements. Tenant hereby agrees that the quality of the Tenant Improvements shall be (i) a logical extension of and in harmony with the tenant improvements currently existing in the Existing Premises; and (ii) equal to or of greater quality than the quality of the tenant improvements currently existing in the Existing Premises.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Tenant shall retain an architect/space planner designated by Tenant and reasonably approved by Landlord (the "Architect") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. Tenant shall retain the engineering consultants designated by Landlord (the "Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Premises, which work is not part of Landlord's Work. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings." All Construction Drawings shall comply with the reasonable drawing format and specifications determined by Landlord, and shall be subject to Landlord's approval, which approval shall not be unreasonably conditioned or withheld unless a "Design Problem," as that term is defined in Section 3.3, below, exists, in which event, Landlord's approval shall be in Landlord's sole discretion. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Drawings.

3.2 Final Space Plan. Tenant shall supply Landlord with four (4) copies signed by Tenant of its final space plan for the Premises before any architectural working drawings or engineering drawings have been commenced. The final space plan (the "Final Space Plan") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. In the event Landlord disapproves of the Final Space Plan, Landlord shall return the Final Space Plan to Tenant with detailed requested revisions. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 Final Working Drawings. After the Final Space Plan has been approved by Landlord, Tenant shall supply the Engineers with a complete listing of standard and non-standard equipment and specifications, including, without limitation, B.T.U. calculations, electrical requirements and special electrical receptacle requirements for the Premises, to enable the Engineers and the Architect to complete the "Final Working Drawings" (as that term is defined below) in the manner as set forth below. Upon the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Working Drawings") and shall submit the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed, unless a Design Problem, exists, in which event Landlord's approval shall be in its sole discretion. A "Design Problem" shall mean a condition which will (i) have an effect on the structural integrity of the Building; (ii) not be in compliance with Code; (iii) have an adverse effect on the systems and equipment of the Building; (iv) have an effect on the exterior appearance of the Building; and/or (v) unreasonably interfere with the normal and customary business operations of other tenants or occupants of the Building or Project. Tenant shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Working Drawings for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 Approved Working Drawings. The Final Working Drawings shall be approved by Landlord (the "Approved Working Drawings") prior to the commencement of construction of the Premises by Tenant. After approval by Landlord of the Final Working Drawings, Tenant may submit the same to the appropriate municipal authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to. enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Tenant's Selection of Contractors.

4.1.1 The Contractor. Tenant represents and warrants that it is a contractor licensed in the State of California. Tenant shall act as the general contractor (the "Contractor") to construct the Tenant Improvements.

4.1.2 Tenant's Agents. All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "Tenant's Agents") must be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. If Landlord does not approve any of Tenant's proposed subcontractors, laborers, materialmen or suppliers, Tenant shall submit other proposed subcontractors, laborers, materialmen or suppliers for Landlord's written approval.

4.2 Construction of Tenant Improvements by Tenant's Agents.

4.2.1 Construction Contract: Cost Budget. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, of the final costs to be incurred or which have been incurred, as set forth more particularly in Sections 2.2.1.1 through 2.2.1.7, above, in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant, which costs form a basis for the amount of the Contract (the "Final Costs"). If the Final Costs equal an amount greater than the amount of the Tenant Improvement Allowance (after deducting from the Tenant Improvement Allowance any amounts expended in connection with the preparation of the Construction Drawings, and the cost of all other Tenant Improvement Allowance Items incurred prior to the commencement of construction of the Improvements) (the "Over-Allowance Amount"), then Tenant shall pay a percentage of each amount otherwise disbursed under this Tenant Work Letter, which percentage shall be equal to the Over-Allowance Amount divided by the amount of the Final Costs, and such payment by Tenant shall be a condition to Landlord's obligation to pay any amounts of Tenant Improvement Allowance. In the event that, after the Final Costs have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs necessary to such design and construction in excess of the Final Costs, shall be paid by Tenant in accordance with this Section 4.2.1, as an addition to the Over-Allowance Amount.

4.2.2 Tenant's Agents.

4.2.2.1 Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; (ii) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Tenant and Tenant shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iii) Tenant shall abide

by all rules made by Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements.

4.2.2.2 Indemnity. Tenant's indemnity of Landlord as set forth in this Lease, as hereby amended, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non¬payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in this Lease, as hereby amended, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Premises.

4.2.2.3 Requirements of Tenant's Agents. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Lease Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 Insurance Requirements.

4.2.2.4.1 General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in this Lease, as hereby amended.

4.2.2.4.2 Special Coverages. Tenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to this Lease, as hereby amended, immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord including, but not limited to, the requirement that all of Tenant's Agents shall carry excess

liability and Products and Completed Operation Coverage insurance, each in amounts not less than $500,000 per incident, $1,000,000 in aggregate, and in form and with companies as are required to be carried by Tenant as set forth in this Lease, as hereby amended.

4.2.2.4.3 General Terms. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant. All policies carried under this Section 4.2.2.4 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists or disapproves of any matter in connection with any portion of the Tenant Improvements and such defect, deviation or matter might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or life-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant's use of such other tenant's leased premises, Landlord may, take such action as Landlord deems

necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 Meetings. Commencing upon the execution of this Amendment, Landlord and Tenant shall hold meetings, on an as-needed basis, regarding the progress of the preparation of the Construction Documents and the Construction of the Tenant Improvements.

4.3 Notice of Completion: Copy of Record Set of Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of this Lease, as hereby amended, and (C) to deliver to Landlord two (2) sets of copies of such record set of drawings within ninety (90) days following issuance of a certificate of occupancy for the Premises, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises.

SECTION 5

LEASE COMMENCEMENT DATE DELAYS

5.1 Lease Commencement Date Delays. The Expansion Commencement Date shall occur as provided in Section 4 of the Amendment, provided that the Expansion Commencement Date shall be delayed by the number of days of delay of the "substantial completion of the Tenant Improvements," as that term is defined below in this Section 5, in the Premises which is caused solely by a "Commencement Date Delay." As used herein, the term "Commencement Date Delay" shall mean only a "Force Majeure Delay" or a "Landlord Caused Delay," as those terms are defined below in this Section 5.1. As used herein, the term "Force Majeure Delay" shall mean only an actual delay resulting from fire, earthquake, explosion, flood, hurricane, the elements, acts of God or the public enemy, war, invasion, insurrection, rebellion, riots, industry-wide labor strikes or lockouts (which objectively preclude Tenant from obtaining from any reasonable source of union labor or substitute materials at a reasonable cost necessary for completing the Tenant Improvements), or governmental acts (which do not specifically relate to the construction of the Tenant Improvements and which objectively preclude construction of tenant improvements in the Building by any person). Notwithstanding anything to the contrary contained herein, a Force Majeure Delay shall not include any of the foregoing delays to the extent caused by the negligence or willful misconduct of Tenant, its contractors or agents. As used in this Tenant Work Letter, a "Landlord Caused Delay" shall mean only an actual delay

resulting from the failure of Landlord to timely approve or disapprove the Construction Drawings, the Final Space Plan and/or the Approved Working Drawing, and such failure results in an actual delay of the completion of the Tenant Improvements.

5.2 Determination of Commencement Date Delay. If Tenant contends that a Commencement Date Delay has occurred, Tenant shall notify Landlord in writing within two (2) business days of each of (i) the date upon which such Commencement Date Delay becomes lcnown to Tenant, Architect, or Contractor and (ii) the date upon which such Commencement Date Delay ends (the "Termination Date"). Tenant's failure to deliver either or both of such notices to Landlord within the required time period shall be deemed to be a waiver by Tenant of the contended Commencement Date Delay to which such notices would have related. If such actions, inaction or circumstances described in the notice set forth in clause (i), above (the "Delay Notice") are not cured by Landlord within two (2) business day of receipt of the Delay Notice and if such actions, inaction or circumstances otherwise qualify as a Commencement Date Delay, then a Commencement Date Delay shall be deemed to have occurred commencing as of the date of Landlord's receipt of the Delay Notice and ending as of the Termination Date.

5.3 Definition of Substantial Completion of the Tenant Improvements. For purposes of this Section 5, "substantial completion of the Tenant Improvements" shall mean completion of construction of the Tenant Improvements in the Premises pursuant to the "Approved Working Drawings," with the exception of any punch list items, any furniture, fixtures, work-stations, built-in furniture or equipment (even if the same requires installation or electrification by Tenant's Agents), and any tenant improvement finish items and materials which are selected by Tenant but which are not available within a reasonable time (given the anticipated date of the Lease Commencement Date).

SECTION 6

MISCELLANEOUS

6.1 Tenant's Representative. Tenant has designated Ms. Wendy Petersen as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

6.2 Landlord's Representative. Landlord has designated the general manager of the Project as its sole representatives with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

6.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

6.4 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, as hereby amended, if an event of default as described in the Lease, as hereby amended, or this Tenant Work Letter has occurred at any time on or before the Substantial

Completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, as hereby amended, Landlord shall have the right to withhold payment of all or any portion of the. Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease, as hereby amended (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord).

6.5 Removal of Tenant Improvements. At such time as Landlord approves the Tenant Improvements pursuant to the terms of this Tenant Work Letter, Landlord shall provide written notice to Tenant designating those portions of the Tenant Improvements that are not general office improvements and which will be required to be removed, in accordance with the terms of the Lease, prior to the expiration or earlier termination of the Lease, as hereby amended. If and to the extent Landlord fails to specify that any Tenant Improvements are to be removed upon the expiration or earlier termination of this Lease, as hereby amended, Tenant shall have no obligation to remove such Tenant Improvements.

SCHEDULE 1 TO EXHIBIT B

LANDLORD WORK

Landlord shall deliver the Premises to Tenant with the following Landlord Work (which Landlord Work is set forth more particularly on the diagram set forth hereto as Schedule 2) substantially completed:

1. Construct new demising walls (which walls shall include, without limitation,

related Building-standard doors and hardware) for the exterior of the Expansion Premises.

2. Demolish and remove the currently existing floor tile in that portion of the

contemplated Expansion Premises which is currently located in a portion of the existing lobby of the Building.

3. Demolish and remove the currently existing drop ceiling in that portion of the

contemplated Expansion Premises which is currently located in a portion of the existing lobby of the Building.

All such Landlord Work shall be completed to the condition reasonably determined by Landlord. Tenant shall make no changes or modifications to the Landlord Work without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

EXHIBIT C

CHINA BASIN LANDING

NOTICE OF LEASE TERM DATES

This Exhibit C is referenced in Section 5 of that certain FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 26th day of April, 2007, by and between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**").

To: BCCI Construction Company
185 Berry Street
Suite 1200
San Francisco, California 94107
Attention: Mr. Mike Scribner

Re: Office Lease dated April 3, 2002, as amended by that certain First Amendment to Office Lease dated April 26, 2007 (the "**First Amendment**"), between CHINA BASIN/SAN FRANCISCO, LLC, a Delaware limited liability company ("**Landlord**"), and BCCI CONSTRUCTION COMPANY, a California corporation ("**Tenant**") concerning 15,121 rentable square feet of space (the "**Existing Premises**") and 5,031 rentable square feet of space (the "**Expansion Premises**") on the ground floor of the office building located at 185 Berry Street, San Francisco, California.

Gentlemen:

In accordance with the Office Lease (the "Lease"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on for a term of ending on .

2. Rent commenced to accrue on , in the amount of .

3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

4. Your rent checks should be made payable to at .

5. The exact number of rentable/usable square feet within the Premises is square feet.

6. Tenant's Share as adjusted based upon the exact number of usable square feet within the Premises is %.

This Commencement Letter shall be deemed accepted by Tenant if not executed and returned to Landlord by Tenant within thirty (30) days following the date that Landlord delivers this Commencement Letter to Tenant for execution.

"Landlord":

_____

a _____

By: _____

Its: _____

Agreed to and Accepted
as of ,20 .

"Tenant":

_____

a _____

By: _____

Its: _____

EXHIBIT "C"

Furniture, Fixtures And Equipment

ATTACHED

BCCl/Napo Sublease Furniture Inventory 12.23.09

Workstation/Office A 1 desk (wood)

1 black task chair
2 wooden file pedestals (1 two drawer, 1 three drawer)
2 wooden book cases (two shelves each)
1 overhead shelf
1 tack board
1 large round wooden table
4 guest chairs (matching wood)
1 trash can
1 recycle bin

Workstation/Office B 1 desk (wood)

1 black task chair
2 wooden file pedestals (1 two drawer, 1 three drawer) 1 wooden file cabinet (three drawer)
1 overhead shelf
1 tack board
1 small round wooden table
2 guest chairs (matching wood) 1 trash can
1 recycle bin

Workstation/Office C 1 desk (wood)

1 black task chair
2 wooden file pedestals (1 two drawer, 1 three drawer)
1 wooden book case (two shelves)
1 overhead shelf
1 tack board
1 large round wooden table (on wheels)
1 small round wooden table
2 guest chairs (red fabric) 1 trash can
1 recycle bin
1 large potted plant/tree

Workstation/Office D

1 desk (wood)
1 black task chair
2 wooden file pedestals (1 two drawer, 1 three drawer)
2 metal file cabinets (two drawers each), with wooden top
1 overhead shelf
1 tack board
1 small round wooden table
2 guest chairs (matching wood) 1 trash can
1 recycle bin

Workstation/Office E

2 tables (plastic laminate (p-lam))
1 black task chair
2 p-lam file pedestals (1 two drawer, 1 three drawer)
1 overhead shelf
1 tack board
1 guest chair (red fabric)
1 trash can
1 recycle bin

Workstation/Cubicle F

1 desk (p-lam)
1 black task chair
3 metal file pedestals (1 two drawer, 2 three drawer)
1 overhead shelf compartment
1 guest chair (red fabric)
1 trash can
1 recycle bin

Workstation/Cubicle G

1 desk (p-lam)
1 black task chair
2 metal file pedestals (1 two drawer, 1 three drawer)
1 overhead shelf compartment
1 guest chair (red fabric)
1 trash can
1 recycle bin

Workstation/Cubicle H

1 desk (p-lam)
1 black task chair
2 metal file pedestals (1 two drawer, 1 three drawer)
1 overhead shelf compartment
1 guest chair (red fabric)
1 trash can
1 recycle bin

Workstation/Cubicle I

1 desk (p-lam)
1 black task chair
2 metal file pedestals (1 two drawer, 1 three drawer)
1 overhead shelf compartment
1 guest chair (red fabric)
1 trash can
1 recycle bin
1 foot rest

Workstation/Cubicle J

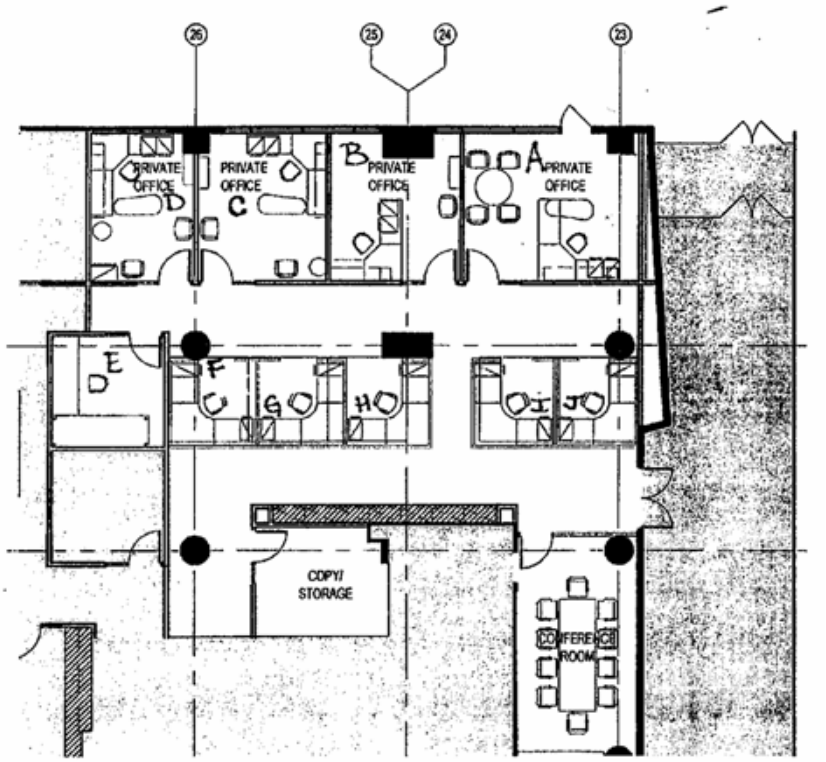
1 desk (p-lam)
1 black task chair
2 metal file pedestals (1 two drawer, 1 three drawer)
1 overhead shelf compartment
1 guest chair (red fabric)
1 trash can
1 recycle bin
Copy/Storage Room
1 overhead shelf
1 tack board
1 trash can
1 recycle bin

Conference Room

1 wooden conference table
6 black Aeron chairs
2 black task chairs
1 whiteboard 1 trash can 1 recycle bin

Filing Area

8 metal file cabinets (3 drawers each)



FIRST AMENDMENT TO SUBLEASE AGREEMENT

THIS FIRST AMENDMENT TO SUBLEASE ("**Amendment**"), dated as of October , 2011, and with an effective date retroactive to 12:00 a.m. on July 1, 2011 (the "**Effective Date**"), is entered into by and between BCCI CONSTRUCTION COMPANY, a California corporation ("**Sublandlord**"), and NAPO PHARMACEUTICALS, INC., a Delaware corporation ("**Subtenant**").

BACKGROUND

A. Sublandlord leases certain premises from China Basin/San Francisco, LLC, a Delaware limited liability company ("**Landlord**"), located at 185 Berry Street, San Francisco, California (the "**Building**"), pursuant to an Office Lease dated April 3, 2002, as amended by that certain First Amendment to Office Lease dated April 27, 2007 (collectively, the "**Prime Lease**"; and the premises demised thereunder to Sublandlord, as "Tenant," being referred to herein as the "**Leased Premises**").

B. Subtenant leases from Sublandlord a portion of the Leased Premises of approximately 3,125 rentable square feet (the "**Subleased Premises**") on the terms and conditions of that certain Sublease Agreement dated December 15, 2009 (the "**Sublease**").

C. Sublandlord and Subtenant acknowledge that the Sublease Term expired on June 30, 2011, and that from and after said date, with the consent of Sublandlord, Subtenant has continued in possession month-to-month of the Subleased Premises, on all of the terms and conditions of the Sublease

D. Sublandlord and Subtenant desire to modify the Sublease in certain respects to provide for the extension of the Sublease Term.

TERMS

NOW, THEREFORE, for and in consideration of the foregoing Recitals and the mutual covenants, promises, conditions and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. **Definitions**. Capitalized terms used in this Amendment and not otherwise defined herein or in the Sublease shall have the same meaning ascribed to them in the Prime Lease.

2. **Extension of Sublease Term**.

(a) Sublandlord and Subtenant, by executing this Amendment, agree to continue the Sublease in effect retroactive to the Effective Date, for an agreed upon, fixed term provided In this Amendment, on all of the terms and conditions of the Sublease, except as amended by this Amendment, and disclaim any intention to effect a novation.

(b) The Sublease Term, unless terminated earlier pursuant to the terms of the Sublease, is hereby extended through, and shall automatically terminate without the necessity of notice from either party on, December 31, 2012.

3. **Rent**. Effective as of July 1, 2011 (the "**Adjustment Date**"), Subtenant shall pay to Sublandlord as base rent for the Subleased Premises as follows (and all references in the Sublease to "**Sublease Base Rent**" are hereby deemed amended by the following):

Period of Sublease Term		Monthly Base Rent Amount
Adjustment Date through June 30, 2012	$	5,355.73
July 1, 2012 through December 31, 2012	$	5,504.08

By its execution hereof, Sublandlord acknowledges receipt of all Sublease Base Rent payments from Subtenant in accordance with the Sublease (as amended by this Amendment) through the payment due on October 1, 2011.

4. **Full Force and Effect**. Except as amended hereby, the Sublease remains unmodified and in full force and effect. From and after the Effective Date, all references in the Sublease to the Sublease shall be to the Sublease as amended hereby.

5. **Landlord's Approval**. By its execution hereof, Landlord hereby consents to the extension of the Sublease Term as provided in this Amendment, on the same terms and conditions of that certain Consent to Sublease Agreement by and among Landlord, Sublandlord and Subtenant dated December 15, 2009 (the "**Consent**"), which terms are incorporated herein by reference. By their execution hereof, each of Sublandlord and Subtenant hereby agree to be bound by all of the terms and conditions of the Consent, as incorporated herein.

[Execution Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

SUBLANDLORD:

BCCI CONSTRUCTION COMPANY, INC.

By: /s/ Michael Scribner
Name: Michael Scribner
Title: President & CEO

SUBTENANT:

NAPO PHARMACEUTICALS, INC.

By: /s/ Lisa A. Conte
Name: Lisa A. Conte
Title: CEO

LANDLORD:

CHINA BASIN/SAN FRANCISCO, LLC,
a Delaware limited liability company

By: CHINA BASIN LANDING, LLC,
a Delaware limited liability company,
its Manager

By: CALSMART L.L.C.,
a Delaware limited liability company,
its Member/Manager

By: RREEF AMERICA, L.L.C.,
a Delaware limited liability company,
its Manager

By: _____
Name: _____
Title: _____

Date: October , 2011

SECOND AMENDMENT TO SUBLEASE AGREEMENT

THIS SECOND AMENDMENT TO SUBLEASE (this "**Amendment**"), dated as of September 18, 2012, is entered into by and between BCCI CONSTRUCTION COMPANY, a California corporation ("**Sublandlord**"), and NAPO PHARMACEUTICALS, INC., a Delaware corporation ("**Subtenant**"). Capitalized terms used herein and not otherwise defined shall have the meaning given them in the Sublease (As that term is hereinafter defined).

BACKGROUND

A. Sublandlord leases certain premises from China Basin/San Francisco, LLC, a Delaware limited liability company ("**Landlord**"), located at 185 Berry Street, San Francisco, California (the "**Building**"), pursuant to an Office Lease dated April 3, 2002, as amended by that certain First Amendment to Office Lease dated April 27, 2007 (collectively, the "**Prime Lease**"); and the premises demised thereunder to Sublandlord, as "Tenant," being referred to herein as the "**Leased Premises**").

B. Subtenant leases from Sublandlord a portion of the Leased Premises comprising approximately 3,125 rentable square feet (the "**Subleased Premises**") on the terms and conditions of that certain Sublease Agreement dated December 15, 2009 (the "**Original Sublease**"), as amended by that certain First Amendment to Sublease Agreement dated as of November 15, 2011 (the "**First Amendment to Sublease**") (the Original Sublease, as amended by the First Amendment to Sublease being referred to herein as the, the "**Sublease**").

C. The current expiration of the Sublease Term is December 31, 2012.

D. Sublandlord and Subtenant desire to modify the Sublease to provide for, among other things, an extension of the term of the Sublease to June 30, 2015, and in other respects, all as set forth in this Amendment.

TERMS

NOW, THEREFORE, for and in consideration of the foregoing Recitals and the mutual covenants, promises, conditions and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. **Extension of Sublease Term**.

(a) The Sublease is hereby amended to provide that the Sublease Term is extended through June 30, 2015, and shall automatically terminate without the necessity of notice from either party at 11:59 p.m. on, June 30, 2015 (the "**Expiration Date**").

(b) Subtenant acknowledges and agrees that: (i) it currently occupies the Subleased Premises and that the same are in good condition and repair, and Subtenant waives any and all defects, latent or otherwise, therein, and (ii) Sublandlord has no obligation to repair

or improve the Subleased Premises or any portion thereof as a condition to the extension of the term of the Sublease.

2. **Rent**. Effective as of January 1, 2013 (the "**Adjustment Date**"), Subtenant shall pay to Sublandlord as base rent for the Subleased Premises the following amounts (and all references in the Sublease to "**Sublease Base Rent**" are hereby deemed amended by the following):

Period of Sublease Term	Monthly Base Rent Amount	
Adjustment Date through June 30, 2013	$	9,635.42
July 1, 2013 through June 30, 2014	$	9,895.83
July 1, 2014 through June 30, 2015	$	10,156.25

3. **Sublease Additional Rent**. Effective as of the Adjustment Date, Subtenant's obligation to pay Sublease Additional Rent under the Sublease is amended to provide for a fixed monthly payment of $71.00 per month, without reference to a Base Year and notwithstanding any adjustments (increases or decreases) in Direct Expenses payable by Sublandlord, as Tenant, under the Prime Lease. Nothing here shall affect Subtenant's obligation to pay any and all additional charges payable as additional Rent under the Prime Lease (and incorporated into the terms of the Sublease as the obligation of Subtenant with respect to the use and occupancy of the Subleased Premises).

4. **Payment by the Subtenant to Sublandlord for Fixtures, Furniture, and Equipment Expenses**.

(a) Notwithstanding anything to the contrary in the Sublease, including, without limitation, Paragraph 9(b) thereof, Subtenant hereby purchases from Sublandlord, and Sublandlord hereby transfers, bargains and sells to Subtenant, the FF&E in consideration of the amount of $39,971.11 (the "**FF&E Purchase Price**"), and Sublessee agrees to pay such amount in monthly installments over the Sublease Term, commencing on the Adjustment Date, in equal monthly installments of $1,332.37, per month, payable each month together with the payment to Sublandlord of Base Rent; provided, however, in the event of any termination of this Sublease for any reason, other than due to a default by Sublandlord, the full remainder of the unpaid FF&E Purchase Price shall be immediately due and payable. The FF&E is hereby sold, transferred and conveyed by Sublandlord to Subtenant in "AS IS WHERE IS" condition, without any representation or warranty of any kind, including, without any warranty of merchantability or fitness for a particular purpose.

(b) By their execution hereof, each of Sublandlord, Subtenant and Landlord hereby acknowledge that the FF&E Purchase Price is the fair market value of the FF&E or less.

(c) Paragraph 9(b) of the Sublease is amended to provide that the FF&E shall be deemed property of Subtenant and shall be removed from the Subleased Premises by Subtenant at its sole cost and expense upon the expiration or earlier termination of the Sublease Term.

5. **Removal of Alterations**. By its execution hereof, Landlord acknowledges that it has consented to all Alterations in the Subleased Premises and that Tenant is not obligated to remove any such Alterations at or prior to the expiration or earlier termination of the Prime Lease.

6. **Sublandlord and Subtenant Representations**.

(a) Sublandlord represents and warrants to Subtenant, as of the date of this Amendment, that: (i) Sublandlord has not amended or modified the Prime Lease and there are no other understandings or agreements between Sublandlord and Landlord with respect to the subject matter of the Prime Lease; and (ii) there are no monetary defaults under the Prime Lease by Sublandlord and there are no uncured non-monetary defaults under the Prime Lease of which Sublandlord has received written notice from Landlord.

(b) Subtenant represents and warrants to Sublandlord, as of the date of this Amendment, that (i) it has not made any assignment, sublease, transfer, conveyance or other disposition of the Sublease, or any interest therein, and that no party other than Subtenant has any right to occupy the Subleased Premises, and (ii) to the knowledge of Subtenant, there are no defaults of Sublandlord under the Sublease nor any existing conditions which upon the giving of notice or lapse of time, or both, would constitute a default of Sublandlord under the Sublease.

(c) Each of Sublandlord and Subtenant represents and warrants to the other that it has the full right, power and authority to enter into this Amendment and to perform all of its obligations under the Sublease as amended hereby. Each person executing this Amendment on behalf of Subtenant and Sublandlord represents that it has the authority to execute and bind the party on behalf of whom said person is executing this Amendment.

7. **Landlord's Approval**. By its execution hereof, Landlord hereby consents to the terms of this Amendment and the extension of the Sublease Term as provided herein, on the same terms and conditions of that certain Consent to Sublease Agreement by and among Landlord, Sublandlord and Subtenant dated December 15, 2009 (the "**Prime Consent**"), which terms are incorporated herein by reference. By their execution hereof, each of Sublandlord and Subtenant hereby agree to be bound by all of the terms and conditions of the Prime Consent, as incorporated herein.

8. **Entire Agreement and Incorporation**.

(a) This Amendment contains the entire agreement of Sublandlord and Subtenant with respect to the subject matter hereof. It is agreed that there are no oral agreements between Sublandlord and Subtenant affecting the Sublease, as hereby amended, and this Amendment supersedes and cancels any and all previous negotiations, representations, agreements and understandings, if any, between Landlord, Sublandlord, and Subtenant and their

respective agents with respect to the subject matter hereof, and none shall be used to interpret or construe the Sublease as amended hereby.

(b) Except as expressly amended hereby, the Sublease remains unmodified and in full force and effect. From and after the date hereof, all references in the Sublease to "this Sublease" shall be to the Sublease as amended hereby.

9. **Counterparts**. This Amendment may be executed in multiple counterparts, and by each party on separate counterparts, each of which shall be deemed to be an original but all of which shall together constitute one agreement. Delivery by any party of an electronic or facsimile copy of such party's original, wet-ink signature shall be fully effective as if such original, wet-ink signature had been delivered.

[Execution Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

SUBLANDLORD:

BCCI CONSTRUCTION COMPANY, INC.

By: /s/ Michael Scribner
Name: Michael Scribner
Title: President & CEO

SUBTENANT:

NAPO PHARMACEUTICALS, INC.

By: /s/ Charles O. Thompson
Name: Charles O. Thompson
Title: CFO

LANDLORD:

CHINA BASIN/SAN FRANCISCO, LLC,
a Delaware limited liability company

By: CHINA BASIN LANDING, LLC,
a Delaware limited liability company,
its Manager

By: CALSMART L.L.C.,
a Delaware limited liability company,
its Member/Manager

By: RREEF AMERICA, L.L.C.,
a Delaware limited liability company,
its Manager

By: _____

Name:
Title:

Date: September , 2012

THE SECURITIES REPRESENTED HEREBY (AND THE SHARES PURCHASABLE UPON EXERCISE HEREOF) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 OR, IF REQUESTED BY THE COMPANY, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT.

FORM OF WARRANT

No. [ ] Issue Date: [ ]

WARRANT TO PURCHASE COMMON STOCK

OF

JAGUAR ANIMAL HEALTH, INC.

FOR VALUE RECEIVED, JAGUAR ANIMAL HEALTH, INC., a Delaware corporation (the "Company"), hereby grants to [ ], or registered assigns ("Holder"), the right to purchase from the Company the number of shares of the Common Stock of the Company (the "Warrant Shares") as may be determined in accordance with Section 2 below, subject to the following terms and conditions. This Warrant is one of a series of Warrants being issued in connection with the sale of Convertible Promissory Notes (the "Notes") being sold pursuant to the terms of that certain Note and Warrant Purchase Agreement, dated as of July 8, 2013, among the Company, the Holder and the other Lenders (as therein defined) (the "Purchase Agreement"). Any capitalized terms used, but not defined, herein shall have the meaning therefor set forth in the Notes or the Purchase Agreement, as applicable.

1. **Term.** Subject to Section 3 below, this Warrant may be exercised, in whole or in part, at any time or from time to time during the period commencing with the initial closing of a First Equity Round Financing and ending with the fifth anniversary of the date of the initial closing of such First Equity Round Financing (the "Exercise Period"); provided, however, that in the event that no First Equity Round Financing occurs on or before the Maturity Date of the Note held by the Holder, this Warrant shall expire as of the close of business on the Maturity Date and be of no further force or effect.

2. **Determination of Number of Warrant Shares; Purchase Price**.

(a) This Warrant shall be exercisable for a number of shares of Common Stock as is equal to (i) the original, aggregate principal amount of the Note issued to the Holder pursuant to the Purchase Agreement divided by (ii) the Warrant Exercise Price (as defined below).

(b) The exercise price for each share of the Company's Common Stock purchasable hereunder shall be equal to the lower of (i) seventy-five percent (75%) of the per share purchase price paid by purchasers in the First Equity Round Financing for shares issued and sold in such

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First Equity Round Financing, if the aggregate committed gross proceeds from such First Equity Round Financing (whether paid at the initial closing in connection therewith or over two or more tranches) are equal to or in excess of $3,000,000 or (ii) the per share purchase price paid by purchasers in the First Equity Round Financing for shares issued and sold in such First Equity Round Financing if the pre-money valuation for such First Equity Round Financing is equal to or less than $3,000,000 (regardless of the amount of the aggregate committed gross proceeds in such First Equity Round Financing), which exercise price shall thereafter be subject to adjustment as provided under Section 8 below (the "Warrant Exercise Price").

3. **Exercise of Warrant**. The purchase rights represented by this Warrant may be exercised by the Holder, in whole or in part, at any time and from time to time during the Exercise Period, by the surrender of this Warrant at the office of the Company, at its principal office in San Francisco, California (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), accompanied by payment in full, in immediately available funds, of the amount of the aggregate purchase price for the Warrant Shares for which this Warrant is then being exercised; provided, *however*, that such exercise shall be conditioned upon the requirements of Section 9 below and the Holder meeting the investment suitability requirements set forth in Section 6 below upon exercise and confirming such in writing to the Company in form and substance reasonably satisfactory to the Company.

Subject to Section 9 below, certificate(s) for shares purchased hereunder shall be delivered to the Holder as soon as practicable after the date on which this Warrant shall have been duly exercised as aforesaid.

4. **Fractional Interest**. The Company shall not be required to issue any fractional shares on the exercise of this Warrant.

5. **Warrant Confers No Rights of Stockholder**. Holder shall not have any rights as a stockholder of the Company with regard to the Warrant Shares prior to actual exercise (and any delays thereunder pursuant to Section 9) resulting in the purchase of the Warrant Shares.

6. **Representation**. Neither this Warrant nor the Warrant Shares issuable upon the exercise of this Warrant have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under the California Corporate Securities Law of 1968. Holder acknowledges by acceptance of the Warrant that it has a pre-existing personal or business relationship with the Company, or its executive officers, or by reason of its business or financial experience it has the capacity to protect its own interests in connection with the transaction and it is an accredited investor as defined in Regulation D promulgated under the Securities Act. Holder agrees that any Warrant Shares issuable upon exercise of this Warrant will not be registered under the Securities Act and applicable state securities laws, and that such Warrant Shares may have to be held indefinitely unless they are subsequently registered or qualified under the Securities Act and applicable state securities laws or an exemption from such registration and qualification is available. Holder, by acceptance hereof, consents to the placement of the following restrictive legend, or similar legend, on each certificate to be issued to Holder by the Company in connection with the issuance of such Warrant Shares as well as the second legend set forth below (the "Lock-Up Legend"):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 OR, IF REQUESTED BY THE COMPANY, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT.

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER FOR A PERIOD OF TIME, NOT TO EXCEED ONE HUNDRED EIGHTY (180) DAYS FROM THE EFFECTIVE DATE OF THE COMPANY'S FIRST UNDERWRITTEN PUBLIC OFFERING IN THE UNITED STATES.

7. **Stock Fully Paid, Reservation of Shares**. All Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issue thereof. Subject to Section 9 below, the Company agrees at all times during the Exercise Period to have authorized and reserved, for the exclusive purpose of issuance and delivery upon exercise of this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented hereby.

8. **Adjustment of Warrant Price and Number of Shares**. The number and kind of securities purchasable under the exercise of the Warrant, and the Warrant Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) **Reclassification or Merger**. Subject to earlier termination of this Warrant under Section 1 above, in any case of any reclassification, change or conversion of securities of the class issuable upon exercise of this Warrant (other than a change in the par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is a continuing corporation, and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant), the Company, or such successor or purchasing corporation, as the case may be, shall execute a new Warrant (in form and substance satisfactory to Holder), providing that Holder shall have the right to exercise such new Warrant and, upon such exercise, to receive, in lieu of each share of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification, change or merger by a holder of one (1) share of Common Stock. Such new Warrant shall provide for adjustment that shall be as nearly equivalent as may be practicable to the adjustment provided for in this Section 8. The provisions of this subsection 8.a. shall similarly apply to successive reclassifications, changes, mergers and transfers.

(b) **Subdivisions or Combinations of Shares**. If the Company at any time during the Exercise Period while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the Warrant Exercise Price, and the number of shares issuable upon exercise hereof shall be proportionately adjusted.

(c) **Stock Dividends**. If the Company at any time during the Exercise Period while this Warrant is outstanding and unexpired shall pay a dividend payable in shares of Common Stock (except as a distribution specifically provided for in the foregoing subsections 8.a. and 8.b.), then (i) the Warrant Exercise Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Warrant Exercise Price in effect immediately prior to such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution; and (ii) the number of Warrant Shares subject to this Warrant shall be proportionately increased.

(d) **No Impairment**. The Company will not, by amendment of its Certificate of Incorporation or except as contemplated in Section 1 above, through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 8, and in the taking of all such action as may be necessary or appropriate in order to protect the rights of Holder against impairment.

(e) **Notice of Adjustments**. Whenever during the Exercise Period the number or kind of Warrant or the Warrant Exercise Price shall be adjusted pursuant to the provisions hereof, the Company shall within thirty (30) days after such adjustment deliver a certificate signed by its Chief Financial Officer to Holder setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Warrant Exercise Price, after giving effect to such adjustment. The form of this Warrant need not be changed because of any adjustment in the price or number of Warrant Shares purchasable upon the exercise of this Warrant. A Warrant issued in replacement may continue to express the same number of Warrant Shares as are provided for under this Warrant as initially issued, and that number of shares shall be considered to have been so changed at the close of business on the date of adjustment.

9. **Public Offering Lock-Up/Exercise Delay**. In connection with the first underwritten registration of the Company's securities in the United States, the Holder agrees, upon the request of the Company and the underwriters managing such underwritten offering of the Company's securities, not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any Warrant Shares (other than those included in the registration) in the United States without the prior written consent of the Company and such underwriters, as the case may be, for such period of time (the "Lock-Up Period"), not to exceed one hundred eighty (180) days, from the effective date of such registration as the underwriters may specify. The Company and underwriters may request such additional written agreements in furtherance of such standoff in the form reasonably satisfactory to the Company and such underwriter. The Company may also impose stop-transfer instructions with respect to the shares subject to the foregoing restrictions until the end of said one hundred eighty (180) day period. For the avoidance of doubt, this Section 9 is not intended to restrict Holder's ability to transfer the Warrant Shares outside the United States pursuant to Regulation S promulgated under the

Securities Act. It is the parties' understanding that the provisions of the Securities Act will not ordinarily restrict the Holder's ability to transfer the Warrant Shares outside the United States pursuant to Regulation S promulgated under the Securities Act.

10. **Assignment**. With respect to any offer, sale or other disposition of this Warrant or any underlying securities, the Holder will give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of such Holder's counsel reasonably acceptable to the Company, to the effect that such offer, sale or other distribution may be effected without registration or qualification (under any applicable federal or state law then

in effect). Furthermore, no such transfer shall be made unless the transferee meets the same investor suitability standards set forth in Section 6 of this Warrant with respect to being an "accredited investor" and such transferee acquires all of the Warrant Shares then exercisable hereunder. Promptly upon receiving such written notice and reasonably satisfactory opinion, if so requested, the Company, as promptly as practicable, shall notify such Holder that such Holder may sell or otherwise dispose of this Warrant or the underlying securities, as the case may be, all in accordance with the terms of the written notice delivered to the Company. Each Warrant thus transferred shall bear the same legends appearing on this Warrant, and underlying securities thus transferred shall bear the legends required by Section 6. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions. Warrants and underlying securities issued upon transfers after the expiration date of the Lock-Up Period shall be issued without the Lock-Up Legend.

11. **Loss, Theft, Destruction or Mutilation of Warrant**. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant or stock certificate, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to the Company, Holder (or any permitted transferee in accordance with Section 10 above) shall execute a lost securities bond, in a form reasonably satisfactory to the Company. When the Company has received such lost securities bond, executed and dated by the Holder (or by a permitted transferee), and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of this Warrant or stock certificate. Upon issuance by the Company of a new Warrant to the Holder (or to a permitted transferee), this original Warrant shall have no value and shall be of no further force and effect; and, the Company shall have no liability to any bearer of this original Warrant.

12. **Governing Law**. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any choice of law principles, and without regard to the domicile of the Holder or any transferee.

13. **Descriptive Headings**. The headings used herein are descriptive only and for the convenience of identifying provisions, and are not determinative of the meaning or effect of any such provisions.

14. **Notices**. All notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed duly given if given in the manner provided in

the Purchase Agreement to the address specified therein or to such other address that the Company or the Holder may specify pursuant to the terms thereof.

15. **Facsimile; Counterparts**. This Warrant may be executed by the Company in facsimile form and, upon delivery of a faxed signature or a scanned signature in PDF format, if identified, legible and complete, such faxed or scanned executed copy of this Warrant to the Holder, this Warrant shall be binding upon and enforceable against the Company in accordance with its terms. This Warrant may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be deemed to be one and the same Warrant.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE OF WARRANT TO PURCHASE COMMON STOCK

OF

JAGUAR ANIMAL HEALTH, INC.

Dated: _____

JAGUAR ANIMAL HEALTH, INC.

By: _____
Lisa A. Conte
Chief Executive Officer

Dated: _____

HOLDER

By: _____
Signature

_____
Print Name and Title

_____
Address

_____

_____

Exhibit 10.17

THIS WARRANT AND THE SHARES OF CAPITAL STOCK WHICH MAY BE PURCHASED PURSUANT TO THE EXERCISE OF THIS WARRANT HAVE BEEN ACQUIRED SOLELY FOR INVESTMENT AND THE OFFER AND SALE OF SUCH SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH SALE, OFFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE SECURITIES ACT AND OF ANY APPLICABLE STATE SECURITIES LAWS.

THIS WARRANT AND THE SHARES OF CAPITAL STOCK WHICH MAY BE PURCHASED PURSUANT TO THE EXERCISE OF THIS WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.

THE HOLDER OF THIS WARRANT AGREES NOT TO ENGAGE IN ANY HEDGING TRANSACTIONS WITH REGARD TO THE SECURITIES REPRESENTED BY THIS WARRANT UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

No. Date: June 26, 2014

Void after June 26, 2019 or earlier if terminated in accordance with Section 9 of this Warrant

JAGUAR ANIMAL HEALTH, INC.

COMMON STOCK WARRANT

THIS CERTIFIES THAT, for value received, Indena S.P.A. (together with its permitted assignees, the "**Holder**"), is entitled to subscribe for and purchase Twenty-Five Thousand (25,000) shares (as adjusted pursuant to Section 3 hereof) of the fully paid and nonassessable shares of Common Stock, par value $0.0001 per share (the "**Common Stock**") of Jaguar Animal Health, Inc., a Delaware corporation (the "**Company**"), at the exercise price per share established below in Section 1(a) (the "**Exercise Price**") (as adjusted pursuant to Section 3 hereof), subject to the provisions and upon the terms and conditions hereinafter set forth. The shares purchasable upon exercise of this Warrant, as adjusted from time to time pursuant to the provisions of this Warrant, are hereinafter referred to as the "**Warrant Stock**."

1. Exercise Price; Method of Exercise; Payment.

(a) Exercise Price. Upon the closing of the sale of shares by the Company of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, on, or before, June 1, 2015 (the "**Company IPO**"), the exercise price shall be equal to the product obtained by multiplying 90% times the Company IPO price per share (i.e., a 10% discount to the Company IPO price per share). If the Company has not consummated a Company IPO on, or before, June 1, 2015, then the exercise price shall thereafter be equal to the product

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obtained by multiplying 90% times the price per share of Common Stock of the Company issued in the Company's Preferred Stock financing (the "**Next Private Equity Financing**") closed subsequent to June 1, 2015 (i.e., a 10% discount to the Next Private Equity Financing price per share).

(b) Cash Exercise. Subject to Sections 9, 10 and 14 hereof and Exhibit B attached hereto, the purchase rights represented by this Warrant may be exercised by the Holder, in whole or in part, only after the exercise price has been established pursuant to Section 1(a) above, by the surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) at the principal office of the Company, and by the payment to the Company, by certified, cashier's or other check acceptable to the Company or wire transfer, of an amount equal to the aggregate Exercise Price of the shares of Warrant Stock being purchased.

(c) Stock Certificates. In the event of any exercise of the rights represented by this Warrant, certificates for the Warrant Stock so purchased shall be delivered to the Holder within a reasonable time and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

2. Stock Fully Paid; Reservation of Stock. All of the Warrant Stock issuable upon the exercise of the rights represented by this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all preemptive rights, rights of first refusal, taxes, liens and charges with respect to the issue thereof, except as may be set forth in the Company's Bylaws or any contractual agreement to which the Holder or the Warrant Stock may be subject. During the period within which the rights represented by this Warrant may be exercised, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Warrant Stock and other stock, securities and property to provide for the exercise of the rights represented by this Warrant.

3. Adjustment of Exercise Price and Number of Shares. Subject to the provisions of Section 9 hereof, the number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) Reclassification. In case of any reclassification or change of the Common Stock (other than a change in par value, or as a result of a subdivision or combination), the Company shall execute a new Warrant, providing that the holder of this Warrant shall have the right to exercise such new Warrant, and procure upon such exercise and payment of the same aggregate Exercise Price, in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification or change by a holder of an equivalent number of shares of Common Stock. Such new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3. The provisions of this subsection (a), subject to Section 9 hereof, shall similarly apply to successive reclassifications and changes.

(b) Stock Splits, Dividends and Combinations. If the Company shall at any time subdivide the outstanding shares of Common Stock, or shall issue a stock dividend on its outstanding shares of Common Stock, the number of shares of Warrant Stock issuable upon exercise of this Warrant immediately prior to such subdivision or to the issuance of such stock dividend shall be proportionately increased, and the Exercise Price if previously established as a result of a Company IPO or Next Private Equity Financing shall be proportionately decreased, and if the Company shall at any time combine the outstanding shares of Common Stock, the number of shares of Warrant Stock issuable upon exercise of this Warrant immediately prior to such combination shall be proportionately decreased, and the Exercise Price if previously established

as a result of a Company IPO or Next Private Equity Financing shall be proportionately increased, effective at the close of business on the date of such subdivision, stock dividend or combination, as the case may be.

4. Notice of Adjustments. Whenever the number of shares of Warrant Stock purchasable hereunder or the Exercise Price thereof shall be adjusted pursuant to Section 3 hereof, the Company shall provide notice to the holder of this Warrant setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the number of shares of Warrant Stock which may be purchased and the Exercise Price therefor after giving effect to such adjustment.

5. Fractional Shares. No fractional shares of Common Stock will be issued in connection with any exercise hereunder. In lieu of such fractional shares the Company shall make a cash payment therefor based upon the fair market value of the Warrant Stock then in effect as determined by the Company.

6. Restrictions Upon Transfer.

(a) The Company need not register a transfer of this Warrant unless the conditions specified in the legends on the front page hereof are satisfied and the transferee has agreed in writing to be subject to the terms and conditions of this Warrant. Subject to the satisfaction of such conditions, any transfer of this Warrant and all rights hereunder, in whole or in part (but not less than 25% of the Warrant Stock originally exercisable under this Warrant), shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the principal office of the Company, or the office or agency designated by the Company, together with a written assignment of this Warrant substantially in the form of Exhibit C hereto duly executed by Holder and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall, subject to the conditions set forth in this Section, execute and deliver a new Warrant in the name of the assignee, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be canceled.

(b) The Company shall prepare, issue and deliver at its own expense (other than transfer taxes) the new Warrant or Warrants under this Section 6.

7. Restrictive Legends.

(a) The shares of Warrant Stock issuable upon exercise of this Warrant (unless registered under the Securities Act of 1933, as amended (the "**Securities Act**")) shall be stamped or imprinted with legends in substantially the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED SOLELY FOR INVESTMENT AND THE OFFER AND SALE OF SUCH SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. SUCH SHARES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH SALE, OFFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE ACT AND OF ANY APPLICABLE STATE SECURITIES LAWS. COPIES OF THE AGREEMENT COVERING THE PURCHASE OF THESE SHARES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS

CERTIFICATE TO THE SECRETARY OF THE CORPORATION AT THE PRINCIPAL EXECUTIVE OFFICES OF THE CORPORATION.

THE HOLDER OF THIS CERTIFICATE AGREES NOT TO ENGAGE IN ANY HEDGING TRANSACTIONS WITH REGARD TO THE SECURITIES REPRESENTED BY THIS CERTIFICATE UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE WARRANT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SECURITIES, INCLUDING THOSE SET FORTH IN REGULATION S OF THE SECURITIES ACT, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SECURITIES.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER FOR A PERIOD OF TIME FROM THE EFFECTIVE DATE OF THE CORPORATION'S FIRST UNDERWRITTEN PUBLIC OFFERING IN THE UNITED STATES AS MORE FULLY PROVIDED IN THE WARRANT TO WHICH THESE SECURITIES WERE ISSUED.

(b) The Company need not register a transfer of shares of Warrant Stock bearing the restrictive legends set forth in this Section 7, unless the conditions specified in legends are satisfied. The Company may also instruct its transfer agent not to register the transfer of the shares of Warrant Stock, unless all of the conditions specified in the legends set forth in this Section 7 are satisfied.

8. Rights of Stockholders. No holder of this Warrant shall be entitled, as a Warrant holder, to vote or receive dividends or be deemed the holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the shares of Warrant Stock purchasable upon the exercise hereof shall have become deliverable, as provided herein.

9. Expiration of Warrant. This Warrant shall expire and shall no longer be exercisable upon the first to occur of the following:

(a) at 5:00 p.m., Pacific time, on June 26, 2019;

(b) the closing of a merger, reorganization, tender offer or similar transaction involving the Company or its securities with or into another entity in which the holders of voting securities of the Company immediately prior to such transaction will hold less than 50% of the voting securities of the surviving entity immediately following such transaction as a result of shares held prior to such transaction;

(c) the closing of a sale of all or substantially all of the assets of the Company; and

(d) any "Deemed Liquidation Event" as set forth in the Company's Amended and Restated Certificate of Incorporation ("COI") in existence as of June 26, 2014 (excluding any right of the Company's Series A Preferred Stock holders to opt out of such Deemed Liquidation Event as provided in the COI).

Each of (b) through (d), collectively, a "Liquidation Event."

10. Market Standoff. In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing such offering of the Company's securities, Holder (and any assignee) hereby agrees not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than those included in the registration) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering. In addition, upon request of the Company or the underwriters managing a public offering of the Company's securities (other than the initial public offering), Holder hereby agrees to be bound by similar restrictions, and to sign a similar agreement, in connection with no more than one additional registration statement filed within 12 months after the closing date of the initial public offering, provided that the duration of the lock-up period with respect to such additional registration shall not exceed 90 days from the effective date of such additional registration statement. Notwithstanding the foregoing, if during the last 17 days of the restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this subsection shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement. In addition to and not in lieu of the foregoing, as requested at any time by the Company or any underwriter of the Company, Holder hereby agrees and acknowledges that this Warrant and the Warrant Stock shall be subject to and Holder shall enter into any such lock-up provisions entered into by the Company's executive officers and directors at any time and from time to time as a condition to the issuance of this Warrant. Holder acknowledges that such a lock-up agreement has been requested by the Company as a condition to the issuance of this Warrant and Holder shall execute and deliver to the Company and its underwriters such lock-up agreement.

11. Notices, Etc. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or delivery by facsimile, electronic mail or express courier, or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to the other party hereto at its address, electronic mail address, or facsimile number set forth in this Warrant.

12. Governing Law, Headings. This Warrant shall be construed and enforced in accordance with and governed by the laws of the State of Delaware with venue for all purposes in the State of Delaware. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof.

13. Amendment and Waiver. This Warrant may be amended or modified, and the obligations of the Company and the rights of each Holder under this Warrant may be waived, amended or terminated, only upon the written consent of the Company and the Holders of a majority of the shares of Warrant Stock exercisable at any point in time (the "***Required Majority Holders***"). Holder acknowledges that because this

Warrant may be amended or terminated with the consent of the Required Majority Holders, Holder's rights hereunder, may be amended, terminated or waived without Holder's individual consent. .

14. Holder Representations & Warranties. Holder hereby represents and warrants to the Company as follows:

(a) Holder is NOT a "U.S. person", not voting on behalf of or acquiring the Securities (as define below) for the account or benefit of any U.S. person and is acquiring the Warrant and will acquire the Warrant Stock in an offshore transaction, each as such term has the meaning set forth in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") (and collectively, the Warrant together with the Warrant Stock, the "Securities").

For purposes of the above representation, "U.S. person" means: (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. person; (iv) any trust of which any trustee is a U.S. person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit of or account of a U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if

(A) organized or incorporated under the laws of any non-U.S. jurisdiction and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined below) who are not natural persons, estates or trusts.

For purposes of the above representation, an offer or sale of securities is made in an "offshore transaction" if: (i) The offer is not made to a person in the United States; and (ii) Either: (A) at the time the buy order is originated, the buyer is outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer is outside the United States; or (B) the transaction is executed in, on or through a physical trading floor of an established foreign securities exchange that is located outside the United States; or the transaction is executed in, on or through the facilities of a designated offshore securities market and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States.

Notwithstanding the definition of "offshore transaction" above, offers and sales of securities specifically targeted at identifiable groups of U.S. citizens abroad, such as members of the U.S. armed forces serving overseas, shall not be deemed to be made in "offshore transactions". Notwithstanding the definition of "offshore transaction" above, offers and sales of securities to persons excluded from the definition of "U.S. person" (as defined above) or persons holding accounts excluded from the definition of "U.S. person" solely in their capacities as holders of such accounts, shall be deemed to be made in "offshore transactions". Notwithstanding the definition of "offshore transaction" above, the publication or distribution of a research report in accordance with Rule 138(c) or Rule 139(b) of the Securities Act by a broker or dealer at or around the time of an offering in reliance on Regulation S will not cause the transaction to fail to be an offshore transaction as defined in this section.

(b) Holder agrees not to engage in hedging transactions with regard to the Securities unless in compliance with the Securities Act.

(c) Holder understands that no public market currently exists for the Securities and that there are no assurances that any such market will be created.

(d) Holder specifically acknowledges and understands that certificates representing the Securities will bear substantially the following legends, in addition to any other legends required by this Warrant or otherwise, Holder acknowledges and agrees that:

i. The Securities have not been and will not be registered under the Securities Act, and in issuing the Securities to Holder, the Company is relying upon the "safe harbor" provided by Regulation S under the Securities Act;

ii. It is a condition to the availability of the Regulation S "safe harbor" that the Securities not be offered or sold in the United States or to a U.S. person until the expiration of a period of one year following the purchase of the Securities (the "Distribution Compliance Period") by the Holder;

iii. Until the expiration of the Distribution Compliance Period:

a. Holder has not and will not solicit offers to buy, offer for sale or sell any of the Securities or any beneficial interest therein in the United States or to or for the account of a U.S. person;

b. Notwithstanding the foregoing, prior to the expiration of the Distribution Compliance Period, subject to any other restrictions set forth in this Warrant, the Securities may be offered and sold by Holder only if: (A) the offer or sale is within the United States or for the account of a U.S. person (as such terms are defined in Regulation S) and the Securities are offered and sold pursuant to an effective registration statement or pursuant to an exemption from the registration requirements of the Securities Act; or (B) the offer and sale is outside the United States and to other than a U.S. person; and

c. The foregoing restrictions are binding upon subsequent transferees of the Securities, except for transferees pursuant to an effective registration statement. Holder agrees that after the Distribution Compliance Period, the Securities may be offered or sold within the United States or to or for the account of a U.S. person only pursuant to applicable securities laws.

iv. Holder has not engaged, nor is Holder aware that any party has engaged, and Holder will not engage or cause any third party to engage, in any directed selling efforts (as such term is defined in Regulation S) in the United States with respect to the Securities;

v. Holder is not a "distributor" (as defined in Regulation S) or a "dealer" (as defined in the Securities Act);

vi. Neither Holder, nor any person or entity with whom Holder shares beneficial ownership of the Company's securities, is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act, attached hereto as Annex II.

vii. Holder acknowledges that the Company shall make a notation in its stock books regarding the restrictions on transfer set forth in this Section E and shall transfer such Securities on the books of the Company only to the extent consistent herewith. In particular, Holder acknowledges that the Company shall refuse to register any transfer of the Securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act or pursuant to an available exemption from registration.

(e) Holder will notify any purchaser of the Securities from Holder of the restrictions relating to the Securities noted herewith.

(f) Holder has full power and authority to deliver these representations and warranties in relation to the Holder's purchase of the Securities and is an "accredited" investor as that term is defined under Regulation D promulgated under the Securities Act of 1933, as amended (as more fully set forth on Annex I attached hereto).

(g) Holder acknowledges that the Company and is entitled to rely on the truth and accuracy of the foregoing representations and warranties and that the foregoing representations and warranties will survive Holder's admission as a Holder of the Company.

(h) Holder acknowledges that these representations and warranties may be translated into one or more languages other than English. In case of any inconsistency between the English version of these representations and warranties and a version in any other language, the English version shall prevail. In the event Holder executes and delivers a non-English version of these representations and warranties, such execution and delivery will also be deemed to be execution and delivery of the English version of these representations and warranties.

(i) Holder represents and warrants that the above acknowledgements, representations and agreements are true and accurate as of the date hereof. Holder also agrees to inform the Company should any of the information contained in these representations and warranties cease to be true and/or accurate. Holder acknowledges that in the event it does not inform the Company of any change to the information contained in these representations and warranties, the Company and its respective professional advisers will be entitled to continue to rely on the truth and accuracy of the foregoing representations and warranties until and including the date the Holder purchases the Securities.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the Company and Holder have each caused this Warrant to be executed as set forth below.

JAGUAR ANIMAL HEALTH, INC.
a Delaware corporation

Jaguar Animal Health, Inc.
185 Berry Street
Suite 1300
San Francisco, CA 94107
Attn: Charles Thompson
thompson@jaguaranimalhealth.com

By: _____

Name: _____

Title: _____

HOLDER:
Agreed & Accepted:

By: _____
(Signature)

_____
(Print Name)

Physical Address for investment and notice purposes and email address for notices

Signature Page to Jaguar Animal Health Warrant

EXHIBIT A

NOTICE OF EXERCISE

TO: JAGUAR ANIMAL HEALTH, INC.
Attention: Chief Financial Officer

The undersigned hereby elects to purchase shares of Common Stock of JAGUAR ANIMAL HEALTH, INC. pursuant to the terms of the attached Warrant.

Method of Exercise (Please initial the applicable blank):

o The undersigned elects to exercise the attached Warrant by means of a cash payment, and tenders herewith payment in full for the purchase price of the shares being purchased by wire transfer or cashier's check , together with all applicable transfer taxes, if any.

Please issue a certificate or certificates representing said shares of in the name of the undersigned or in such other name as is specified below:

_____
(Name)

(Address)

The undersigned hereby represents and warrants that the aforesaid shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale, in connection with the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares. In support thereof, the undersigned agrees to execute an Investment Representation Statement in a form substantially similar to the form attached to the Warrant as Exhibit B.

The undersigned hereby agrees that it shall not sell, offer, pledge, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, grant any right or warrant to purchase, lend or otherwise transfer or encumber, directly or indirectly, any securities of the Company as set forth in the Purchase Agreement or Warrant.

(Signature)

Date:

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

PURCHASER :

COMPANY : JAGUAR ANIMAL HEALTH, INC.

SECURITY : COMMON STOCK ISSUED UPON EXERCISE OF THE WARRANT ISSUED ON JUNE 26, 2014

AMOUNT : SHARES

DATE : , 20

In connection with the purchase of the above-listed Securities, the undersigned represents to the Company the following:

The undersigned is aware of the Company's business affairs and financial condition, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. The undersigned is purchasing these Securities for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof for purposes of the Securities Act of 1933, as amended (the "**Securities Act**").

The undersigned understands that offer and sale of the Securities have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the undersigned's investment intent as expressed herein. In this connection, the undersigned understands that, in the view of the Securities and Exchange Commission (the "**SEC**"), the statutory basis for such exemption may be unavailable if this representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future.

The undersigned further understands that the Securities must be held indefinitely unless the offer and sale of the Securities are subsequently registered under the Securities Act or unless an exemption from registration is otherwise available. Moreover, the undersigned understands that the Company is under no obligation to register the offer and sale of the Securities. In addition, the undersigned understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless the offer and sale of the Securities are registered or such registration is not required in the opinion of counsel for the Company.

The undersigned is familiar with the provisions of Rule 144, promulgated pursuant to the Securities Act, which, in substance, permits limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions.

The Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires, among other things, the existence of a public market for the Securities, the availability of certain current public information about the Company, the resale occurring not less than one year after a party has purchased and paid for the security to be sold, the sales being effected through a "broker's transaction" or in transactions directly with a "market maker" and the number of Securities being sold during any three-month period not exceeding specified limitations.

The undersigned further understands that in the event that all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the SEC has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

The undersigned hereby ratifies and confirms all of the original Holder's representations and waranties set forth in Section 14 of the Warrant, including but not limited to the undersigned is an "Accredited Investor" as set forth in the Warrant and is not a "Bad Actor" as set forth in the Warrant and if the undersigned is not a United States person (as defined in the Warrant and by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "***Code***")), Holder hereby represents that Holder has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of the Warrant, including (i) the legal requirements within its jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any government or other consents that may need to be obtained in connection with such purchase, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Securities. Holder's purchase and payment for and continued beneficial ownership of the Warrant Stock will not violate any applicable securities or other laws of Holder's jurisdiction. Holder acknowledges that no representations or warranties, oral or written, have been made by the Company or any agent thereof in connection with Holder's exercise of this Warrant.

_____

(Signature)

Date: _____

EXHIBIT C

FORM OF TRANSFER

(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the right represented by the attached Warrant to purchase * shares of Common Stock of JAGUAR ANIMAL HEALTH, INC. (the "Company"), to which the attached Warrant relates, and appoints all executive officers of the Company as Attorney to transfer such right on the books of JAGUAR ANIMAL HEALTH, INC., with full power of substitution in the premises.

Dated: _____

_____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

_____

(Address)

Signed in the presence of:

_____

_____

*Insert here the number of shares without making any adjustment for additional shares of Common Stock or any other stock or other securities or property or cash which, pursuant to the adjustment provisions of the Warrant, may be deliverable upon exercise.

ANNEX I

Holder is an "accredited investor" as that term is defined in Regulation D promulgated by the Securities and Exchange Commission. The term "Accredited Investor" under Regulation D refers to:

A person or entity who is a director or executive officer of the Corporation;

Any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Exchange Act; insurance Corporation as defined in Section 2(13) of the Securities Act; investment Corporation registered under the Investment Corporation Act of 1940; or a business development Corporation as defined in Section 2(a)(48) of that Act; Small Business Investment Corporation licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance Corporation, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decision made solely by persons that are accredited investors;

Any private business development Corporation as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities offered, with total assets in excess of $5,000,000;

Any natural person whose individual net worth, or joint net worth with that person's spouse, exclusive of value of principal residence at the time of his purchase exceeds $1,000,000;

Any natural person who had an individual income in excess of $200,000 during each of the previous two years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; or

Any entity in which all of the equity owners are accredited investors.

As used in this Schedule III, the term "net worth" means the excess of total assets over total liabilities. For the purpose of determining a person's net worth, the principal residence owned by an individual shall be excluded. As used in this Section 3.6, "income" means actual economic income, which may differ from adjusted gross income for income tax purposes. Accordingly, the undersigned should consider whether it should add any or all of the following items to its adjusted gross income for income tax purposes in order to reflect more accurately its actual economic income: Any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, and alimony payments.

Annex II

Rule 506(d)(1)(i) to (viii) under the Securities Act of 1933, as amended

(i) Has been convicted, within ten years before such sale (or five years, in the case of issuers, their predecessors and affiliated issuers), of any felony or misdemeanor:

(A) In connection with the purchase or sale of any security;
(B) Involving the making of any false filing with the Commission; or
(C) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;

(ii) Is subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before such sale, that, at the time of such sale, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:

(A) In connection with the purchase or sale of any security;
(B) Involving the making of any false filing with the Commission; or
(C) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;

(iii) Is subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:

(A) At the time of such sale, bars the person from:

(1) Association with an entity regulated by such commission, authority, agency, or officer;
(2) Engaging in the business of securities, insurance or banking; or
(3) Engaging in savings association or credit union activities; or

(B) Constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten years before such sale;

(iv) Is subject to an order of the Commission entered pursuant to section 15(b) or 15B(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b) or 78o-4(c)) or section 203(e) or (f) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(e) or (f)) that, at the time of such sale:

(A) Suspends or revokes such person's registration as a broker, dealer, municipal securities dealer or investment adviser;
(B) Places limitations on the activities, functions or operations of such person; or
(C) Bars such person from being associated with any entity or from participating in the offering of any penny stock;

(v) Is subject to any order of the Commission entered within five years before such sale that, at the time of such sale, orders the person to cease and desist from committing or causing a violation or future violation of:

(A) Any scienter-based anti-fraud provision of the federal securities laws, including without limitation section 17(a)(1) of the Securities Act of 1933 (15 U.S.C. 77q(a)(1)), section 10(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78j(b)) and 17 CFR 240.10b-5, section 15(c)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(c)(1)) and section 206(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-6(1)), or any other rule or regulation thereunder; or
(B) Section 5 of the Securities Act of 1933 (15 U.S.C. 77e).

(vi) Is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;

(vii) Has filed (as a registrant or issuer), or was or was named as an underwriter in, any registration statement or Regulation A offering statement filed with the Commission that, within five years before such sale, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, at the time of such sale, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; or

(viii) Is subject to a United States Postal Service false representation order entered within five years before such sale, or is, at the time of such sale, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

THE SECURITIES TO WHICH THIS AGREEMENT RELATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS ("BLUE SKY LAWS"), AND MAY NOT BE OFFERED OR SOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT, AND AS REQUIRED BY BLUE SKY LAWS IN EFFECT AS TO SUCH TRANSFER, UNLESS AN EXEMPTION FROM SUCH REGISTRATION UNDER STATE AND FEDERAL LAW IS AVAILABLE. THE CONVERTIBLE PROMISSORY NOTE PURCHASED UNDER THIS AGREEMENT AND ANY SECURITIES INTO WHICH THE CONVERTIBLE PROMISSORY NOTE IS CONVERTIBLE ARE ALSO SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THIS PURCHASE AGREEMENT

FORM OF CONVERTIBLE NOTE PURCHASE AGREEMENT

THIS CONVERTIBLE NOTE PURCHASE AGREEMENT (the "Agreement") is dated for references purposes as of June 2, 2014 (the "Effective Date"), by and between Jaguar, Inc., a Delaware corporation (the "Company") and the investor whose name and signature are set forth on the signature page to this Agreement (the "Investor").

RECITALS

Investor desires to purchase from the Company, and the Company desires to sell to Investor, a Series 2014 Convertible Promissory Note initially due and payable on June 1, 2015, in form and substance attached hereto as Exhibit A (the "Note"), all on the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements, covenants, representations and warranties contained in this Agreement, the parties hereby agree as follows:

1. Purchase and Sale of Note.

a. Sale and Issuance of Note. Subject to the terms and conditions of this Agreement, Investor agrees to purchase at the Closing (as defined below), and the Company agrees to sell and issue to Investor at the Closing, the Note in the principal amount set forth on the signature page (and where the reference is applicable, the Note and all equity underlying the Note, collectively, the "Securities"). The Note is one of a duly authorized series of Notes of the Company which are substantively substantially identical except for the variations necessary to express the name of the Investor, number, interest commencement date and the principal amount under each Note.

b. Payment and Delivery. Investor shall purchase the Note by making payment to the Company in cash, by check or wire transfer of funds of the aggregate purchase price of the Note as set forth on the signature page (the "Purchase Price") delivered to the Company on the date set forth on the signature page (the "Delivery Date"). Investor agrees to remit an amount equal to the face amount of the Note being acquired by it at the Closing (as defined below).

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c. Delivery of Note. Upon Investor's delivery of the Purchase Price in full and a fully executed and completed original of this Purchase Agreement, the Lock-Up Agreement and the Note, and after the Company determines that all applicable securities laws have been satisfied, the Company will deliver the Note to Investor (the "Closing").

d. Tax Matters. The Investor hereby certifies, under penalty of perjury, that 1) the number shown below my signature is my correct taxpayer identification number; and 2) I am not subject to back-up withholding because a) I am exempt from back-up withholding, or b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back-up withholding as a result of a failure to report all interest and dividends, or c) the IRS has notified me that I am no longer subject to back-up withholding; and 3) I am a U.S citizen or other U.S. person (defined below). For federal tax purposes, you are considered a U.S. person if you are an individual who is a U.S. citizen or U.S. resident alien; a partnership, corporation, company, or association created or organized in the United States or under the laws of the United States; an estate (other than a foreign estate); or a domestic trust (as defined in Regulations section 301.7701-7).

2. Company's Representations and Warranties. Except as set forth on the Schedule of Exceptions attached hereto, the Company hereby represents and warrants to Investor as of the Effective Date as follows:

a. Organization, Good Standing and Qualification. The Company is a corporation duly organized and validly existing under the laws of the State of Delaware. The Company has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement and sell the Securities, and to carry out the provisions of this Agreement and to carry on its business as presently conducted. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business.

b. Authorization; Binding Obligations. All corporate action on the part of the Company, its managers, officers, directors and members necessary for the authorization of this Agreement, and the Securities and the performance of all obligations of the Company hereunder and thereunder at the Closing has been taken or will be taken prior to the Closing

c. Liabilities/Capitalization. Except for any liabilities set forth on Exhibit B attached hereto, the Company does not have as of the Effective Date in excess of $250,000 of liabilities in the aggregate (other than obligations of the Company arising from trade payables, lease obligations and the like and any accrued salaries or consulting fees incurred in the ordinary course of business). The Company's capitalization of outstanding equity is also set forth on Exhibit B.

3. Investor Representations and Warranties. Investor represents and warrants to the Company that:

a. Requisite Power and Authority. Investor has all necessary power and authority under all applicable provisions of law to execute and deliver this Agreement and to carry out their provisions. All action on Investor's part required for the lawful execution and delivery of this Agreement and the Note have been or will be effectively taken prior to the Closing.

b. Account. Investor is acquiring the Securities for investment for Investor's own account, and not with a view to, or for resale in connection with, any distribution thereof, and Investor has no present intention of selling or distributing any of the Securities. Investor understands that the Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act") by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment as expressed herein.

c. Access to Data. Investor has had an opportunity to discuss the Company's business, management and financial affairs with its management and to obtain any additional information which Investor has deemed necessary or appropriate for deciding whether or not to purchase the Securities, including an opportunity to receive, review and understand the information set forth in the charter documents of the Company and the Company's financial statements, capitalization and other business information as Investor deems prudent. Investor acknowledges that no other representations or warranties, oral or written, have been made by the Company or any agent thereof except as set forth in this Agreement.

d. No Fairness Determination. Investor is aware that no federal, state or other agency has made any finding or determination as to the fairness of the investment, nor made any recommendation or endorsement of the Securities.

e. Knowledge and Experience. Investor has such knowledge and experience in financial and business matters, including investments in other start-up companies that such individual is capable of evaluating the merits and risks of the investment in the Securities and it is able to bear the economic risk of such investment. Investor is an "accredited" investor as that term is defined under Regulation D promulgated under the Securities Act of 1933, as amended (as more fully set forth on Schedule 1 attached hereto). Further, Investor has such knowledge and experience in financial and business matters that such individual is capable of utilizing the information made available in connection with the offering of the Securities, of evaluating the merits and risks of an investment in the Securities and of making an informed investment decision with respect to the Securities.

g. No Public Market. Investor is aware that there is currently no public market for the Company's securities. There is no guarantee that a public market will develop at any time in the future. Investor understands that the Securities are all unregistered and may not presently be sold. Investor understands that the Securities cannot be readily sold or liquidated in case of an emergency or other financial need. Investor has sufficient liquid assets available so that the purchase and holding of the Securities will not cause Investor undue financial difficulties.

h. Rule 144. Investor acknowledges and agrees that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Investor has been advised or is aware of the provisions of Rule 144 promulgated under the Securities Act as in effect from time to time, which permits limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things: the availability of certain current public information about the Company, the resale occurring following the required holding period under Rule 144 and the number of shares being sold during any three-month period not exceeding specified limitations.

i. Residence. Investor resides in the state identified in the address set forth on the signature page.

4. Public Offering Lock-Up. In addition to the lock-up restrictions set forth in the Note, Investor shall execute the lock-up agreement attached hereto as Exhibit A.

5. Restrictive Legends. Each instrument evidencing the Securities which Investor may purchase hereunder and any other securities issued upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event (unless no longer required in the opinion of the counsel for the Company) may be imprinted with legends substantially in the following form:

THE SECURITIES OF THE COMPANY OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), IN RELIANCE UPON REGULATION D PROMULGATED UNDER THE ACT, AND THE SECURITIES OFFERED HEREBY HAVE NOT BEEN QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS IN THE STATES WHERE THIS OFFERING IS MADE. THEREFORE, THE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE ACT OR QUALIFICATION UNDER SUCH STATE SECURITIES LAWS OR AN OPINION OF COUNSEL THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED. THESE SECURITIES MAY BE SUBJECT TO ADDITIONAL RESTRICTIONS PURSUANT TO EXEMPTIONS IN THE VARIOUS STATES WHERE THEY ARE BEING SOLD.

THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THAT CERTAIN CONVERTIBLE NOTE PURCHASE AGREEMENT DATED EFFECTIVE MAY 28, 2014 BY AND BETWEEN THE ORIGINAL HOLDER HEREOF AND THE COMPANY AS WELL AS THE COMPANY'S BYLAWS, COPIES OF WHICH MAY BE OBTAINED UPON REQUEST.

The Company shall be entitled to enter stop transfer notices on its transfer books with respect to the Securities.

6. Reliance/Bad Actor Disqualification. Investor is aware that the Company is relying on the accuracy of the above representations to establish compliance with Federal and State securities laws. If any such warranties or representations are not true and accurate in any respect as of the Closing, Investor shall so notify the Company in writing immediately and shall be cause for rescission by the Company at its sole election. Investor shall indemnify the Company and its affiliates, legal counsel and agents against all losses, claims, costs, expenses and damages or liabilities, including reasonable attorneys' fees, which such parties may suffer or incur caused or in connection with or arising out of, directly or indirectly, from their reliance on such warranties and representations. Investor represents that neither Investor, nor any person or entity with whom Investor shares beneficial ownership of the Company's securities, is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act, attached hereto as Annex I.

7. Miscellaneous.

a. Survival. The representations, warranties, covenants and agreements made herein shall survive the closing of the transactions contemplated hereby.

b. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

c. Entire Agreement. This Agreement, the Exhibits attached hereto and the Company's charter documents constitute the entire agreement and understanding between the parties with respect to the subject matters herein, and supersede and replace any prior agreements and understandings, whether oral or written between and among them with respect to such matters. The provisions of this Agreement may be waived, altered, amended or repealed, in whole or in part, only upon the written consent of the Company and Investor. Investor acknowledges, however, that the Note may be amended by a majority in interest of the holders thereof as set forth in the Note.

d. Title and Subtitles. The titles of the Sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

e. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

f. Applicable Law. This Agreement shall be governed by and construed in accordance with laws of the State of California, applicable to contracts between California residents entered into and to be performed entirely within the State of California.

g. Venue. Any action, arbitration, or proceeding arising directly or indirectly from this Agreement or any other instrument or security referenced herein shall be litigated or arbitrated, as appropriate, in San Francisco, California.

h. Authority. If Investor is a corporation, partnership, trust or estate: (i) the individual executing and delivering this Agreement on behalf of Investor has been duly authorized and is duly qualified to execute and deliver this Agreement in connection with the purchase of the Securities and (ii) the signature of such individual is binding upon Investor.

i. Notices. All notices and other communications provided for or permitted hereunder shall be made by hand-delivery, or may be sent by email at the email address set forth below or by facsimile to any phone number provided by the parties hereto, or overnight air courier guaranteeing next day delivery at the addresses set forth on the signature page hereof to the Investor and with respect to the Company at its principal place of business. All such notices and communications shall be deemed to have been duly given at the time delivered by hand, if personally delivered; if emailed or telecopied, during regular business hours in San Francisco, California, on the date transmitted or the next business day if transmitted after such regular business hours; and the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. The parties may change the addresses to which notices are to be given by giving five days prior notice of such change in accordance herewith.

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j. Tax Matters, Etc.. INVESTOR HAS BEEN ADVISED TO CONSULT WITH MY OWN ATTORNEY OR TAX ADVISOR REGARDING THE LEGAL AND TAX CONSEQUENCES OF MY INVESTMENT IN THE NOTE. I AM NOT RELYING DIRECTLY OR INDIRECTLY ON ANY ADVICE WHICH LEGAL COUNSEL TO THE COMPANY MAY HAVE GIVEN, AND AGREE THAT SUCH LEGAL COUNSEL DOES NOT REPRESENT OR UNDERTAKE TO REPRESENT MY INDIVIDUAL INTEREST OR OTHERWISE. IN PARTICULAR, I AGREE THAT SUCH LEGAL COUNSEL HAS NOT GIVEN ANY TAX ADVICE, DIRECTLY OR INDIRECTLY, TO ME OR FOR MY BENEFIT, THAT NO "TAX OPINION" HAS BEEN PREPARED OR GIVEN IN CONNECTION WITH THE NOTE AND THAT NO "TAX SHELTER" BENEFITS HAVE BEEN PROMISED TO ME BY ANYONE. I FURTHER AGREE THAT I AM NOT RELYING ON OR EXPECTING LEGAL COUNSEL TO THE COMPANY TO UNDERTAKE ANY "DUE DILIGENCE" IN CONNECTION WITH THE OFFER AND SALE OF THE NOTE AND THAT THE SCOPE OF LEGAL COUNSEL'S ENGAGEMENT SHALL BE DETERMINED SOLELY BY AGREEMENT BETWEEN COUNSEL AND THE COMPANY. I AGREE THAT COUNSEL TO THE COMPANY SHALL HAVE NO DUTY TO ME TO VERIFY OR INVESTIGATE ANY MATERIAL FACTS STATED OR OMITTED IN CONNECTION WITH THE ISSUANCE OF THE NOTE.

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IN WITNESS WHEREOF, the parties hereto have each executed this Agreement as of the respective dates set forth below each signature.

INVESTOR

_____
(Print Name & Title if applicable)

_____
(Signature)

Date: _____

(Address for Notices and Investment Decisions)

_____

_____

_____
(Telephone Number and Facsimile Number)

_____
(Email Address)

_____

JAGUAR, INC.

By: _____
(Signature)

_____
(Print Name and Title)

Date: _____

(Federal Taxpayer Identification Number)

Note Principal/Purchase Price $ _____

Delivery Date: (To Be Completed By Company)

SCHEDULE 1

ACCREDITED INVESTOR

I am an accredited investor because I had individual income in excess of $200,000 in each of the last two calendar years or joint income with my spouse in excess of $300,000 in each of the last two calendar years and I reasonably expect to attain levels of income this year at least equal to these amounts. For the purposes of this Agreement, individual income means adjusted gross income, as reported for federal income tax purposes, less any income attributable to a spouse or to property owned by a spouse, increased by the following amounts (but not including any amounts attributable to a spouse or property owned by a spouse): (i) the amount of any tax exempt interest income received; (ii) the amount of losses claimed as a limited partner in a limited partnership; (iii) any deduction claimed for depletion, (iv) amounts contributed to an IRA or Keogh retirement plan; (v) alimony paid; and (vi) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Internal Revenue Code.

OR

I am an accredited investor because I have an individual net worth, or my spouse and I have a combined individual net worth, in excess of $1,000,000.

As used herein, the term “net worth” means the excess of total assets at fair market value over total liabilities. For the purpose of determining a person’s net worth, the principal residence owned by an individual must be excluded, while “income” means actual economic income, which may differ from adjusted gross income for income tax purposes. Accordingly, Investor should consider whether it should add any or all of the following items to its adjusted gross income for income tax purposes in order to reflect more accurately its actual economic income: Any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, and alimony payments.

OR

ACCREDITED PARTNERSHIPS, CORPORATIONS, TRUSTS OR OTHER ENTITIES

Investor was not formed for the specific purpose of investing in the Company and;

Investor has a net worth of at least $5,000,000.

OR

All of the beneficial owners of equity in the investor qualify as accredited individual investors as set forth above.

AND

If a trust, Investor is a trust whose purchase is directed by a sophisticated person having such knowledge and experience in financial matters that he is capable of evaluating the merits and risks of an investment in the Company.

BAD ACTOR

ANNEX I

Rule 506(d)(1)(i) to (viii) under the Securities Act of 1933, as amended

(i) Has been convicted, within ten years before such sale (or five years, in the case of issuers, their predecessors and affiliated issuers), of any felony or misdemeanor:

(A) In connection with the purchase or sale of any security;
(B) Involving the making of any false filing with the Commission; or
(C) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;

(ii) Is subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before such sale, that, at the time of such sale, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:

(A) In connection with the purchase or sale of any security;
(B) Involving the making of any false filing with the Commission; or
(C) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;

(iii) Is subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:

(A) At the time of such sale, bars the person from:

(1) Association with an entity regulated by such commission, authority, agency, or officer;

(2) Engaging in the business of securities, insurance or banking; or

(3) Engaging in savings association or credit union activities; or

(B) Constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten years before such sale;

(iv) Is subject to an order of the Commission entered pursuant to section 15(b) or 15B(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b) or 78o-4(c)) or section 203(e) or (f) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(e) or (f)) that, at the time of such sale:

(A) Suspends or revokes such person's registration as a broker, dealer, municipal securities dealer or investment adviser;

(B) Places limitations on the activities, functions or operations of such person; or

(C)Bars such person from being associated with any entity or from participating in the offering of any penny stock;

(v) Is subject to any order of the Commission entered within five years before such sale that, at the time of such sale, orders the person to cease and desist from committing or causing a violation or future violation of:

(A) Any scienter-based anti-fraud provision of the federal securities laws, including without limitation section 17(a)(1) of the Securities Act of 1933 (15 U.S.C. 77q(a)(1)), section 10(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78j(b)) and 17 CFR 240.10b-5, section 15(c)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(c)(1)) and section 206(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-6(1)), or any other rule or regulation thereunder; or

(B) Section 5 of the Securities Act of 1933 (15 U.S.C. 77e).

(vi) Is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;

(vii) Has filed (as a registrant or issuer), or was or was named as an underwriter in, any registration statement or Regulation A offering statement filed with the Commission that, within five years before such sale, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, at the time of such sale, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; or

(viii) Is subject to a United States Postal Service false representation order entered within five years before such sale, or is, at the time of such sale, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

EXHIBIT A

FORM OF CONVERTIBLE NOTE

EXHIBIT B

DEBTS IN EXCESS OF $250,000

1. License Agreement with Napo Pharmaceuticals, Inc. — Pursuant to that certain License Agreement with Napo Pharmaceuticals, Inc. dated January 27, 2014, Jaguar Animal Health, Inc. (Jaguar) has agreed to pay a license fee of $1,900,000, net of a prepayment of $100,000 upon the achievement of a cumulative level of $2 million of net sales, as defined in the License Agreement. In addition, Jaguar will pay royalties to Napo pursuant to the terms in the License Agreement.

EXHIBIT C

LOCK-UP AGREEMENT

THIS CONVERTIBLE PROMISSORY NOTE AND ANY SECURITIES INTO WHICH THIS CONVERTIBLE PROMISSORY NOTE IS CONVERTIBLE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THIS CONVERTIBLE PROMISSORY NOTE AND ANY SECURITIES INTO WHICH THIS CONVERTIBLE PROMISSORY NOTE IS CONVERTIBLE ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THAT CERTAIN CONVERTIBLE NOTE PURCHASE AGREEMENT, DATED JUNE 2, 2014 (THE "PURCHASE AGREEMENT"), WHICH RESTRICTIONS ON TRANSFER ARE INCORPORATED HEREIN BY REFERENCE.

THIS NOTE AND THE SHARES ISSUABLE UPON CONVERSION OF THIS NOTE ARE SUBJECT TO A 180-DAY MARKET STAND-OFF RESTRICTION AS SET FORTH IN THE PURCHASE AGREEMENT AND CORRSPOINDING LOCK-UP AGREEMENT REFERENCED THEREIN. AS A RESULT OF SUCH RESTRICTION, THIS NOTE AND THE SHARES ISSUABLE UPON CONVERSION OF THIS NOTE MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF A REGISTERED PUBLIC OFFERING OF THE COMMON STOCK OF THE ISSUER HEREOF (AND SUCH EXTENSIONS AS PROVIDED THEREIN). SUCH RESTRICTION IS BINDING ON ALL TRANSFEREES OF THIS NOTE AND THE SHARES ISSUABLE UPON CONVERSION OF THIS NOTE.

FORM OF CONVERTIBLE PROMISSORY NOTE

$[ ] [ ]

Series 2014 -

FOR VALUE RECEIVED, **Jaguar Animal Health, Inc. a Delaware corporation** (the "**Company**"), hereby promises to pay to the order of (the "**Holder**") the principal amount of Dollars (**$[ ]**) upon the terms and subject to the conditions set forth herein (this "**Note**"). This Note is issued pursuant to the terms of a Convertible Note Purchase Agreement dated for references purposes as of June 2, 2014 (the "Purchase Agreement") and is one of a series of notes (the "**Notes**") having like tenor and effect (except for variations necessary to express the name of the holder, and the date on which each Note is issued and the principal amount of each of the Notes) issued or to be issued by the Company in accordance with the terms of the Purchase Agreement. The Notes shall rank equally without preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied ratably and proportionately on the outstanding Notes on the basis of the principal amount of the outstanding

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indebtedness represented thereby. All other terms and conditions of this Note and the Notes may be amended, waived or terminated in accordance with Section 12 below.

1. **Maturity; Payment**. If not sooner paid or converted according to the terms hereof, the outstanding principal amount of this Note and all accrued and unpaid interest thereon shall be due and payable in full immediately upon written demand of the "Majority Holders" after June 1, 2015 (the "**Maturity Date**"). "**Majority Holders**" shall mean holders of Notes representing not less than a majority of the principal amount of all of the Notes then outstanding. All payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to the Company. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal.

2. **Interest**. Simple interest shall accrue on the outstanding principal amount of this Note, from the date first set forth above until the date this Note is converted or paid in full, at the rate of three percent (3%) per annum (365 day basis). The Company shall pay accrued interest in cash upon maturity, conversion of principal hereunder or prepayment of this Note.

3. **Prepayment**. The Company may not prepay this Note in whole or in part without the prior written consent of the Majority Holders.

4. **Conversion Upon IPO or Private Financing.**

(a) Simultaneously upon the closing of the sale of shares of Common Stock of the Company (the "Common Stock") to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "**Company IPO**"), the outstanding principal amount under this Note shall automatically convert into the Company's Common Stock into that number of fully paid and nonassessable shares of the Company's Common Stock determined by dividing all of the unpaid principal due on this Note as of the date of the Company IPO by the price equal to the product obtained by multiplying 80% times the Company IPO price per share (i.e., a 20% discount to the Company IPO price per share).

(b) If the Company has not consummated a Company IPO on, or before, June 1, 2015, then all principal then outstanding under this Note shall automatically convert into the equity securities of the Company issued in the Company's next Preferred Stock financing subsequent to the date of this Note (the "**Next Private Equity Financing**") into that number of fully paid and nonassessable shares issued in the Next Private Equity Financing determined by dividing all of the unpaid principal due on this Note as of the date of such initial closing by the price equal to the product obtained by multiplying 80% times the Next Private Equity Financing price per share (i.e., a 20% discount to the Next Private Equity Financing price per share) .

(c) Subject to the conditions set forth in clause (b) above triggering conversion of this Note, if the Company grants to investors participating in the Next Private Equity Financing ("**Future Investors**") registration, information, preemptive, board observation or similar contractual investor rights (collectively, "**Investor Rights**"), then each Holder under the Notes shall be entitled to receive such Investor Rights on the same terms and conditions granted to such Future Investors (subject to such equity ownership thresholds and the like as are imposed with such Investor Rights); *provided*, *however*, that each such Holder shall also, as a condition to

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receiving such Investor Rights, execute and become a party to any agreement or agreements granting such Investor Rights to the Future Investors within 10 days of request by the Company and each such Holder shall be subject to the all of the terms, conditions and limitations (including any limitations related to minimum share requirements) of such agreement or agreements to the same extent as the Future Investors. The Company shall take all action necessary to cause its authorized capital to be sufficient to permit such conversion.

5. **Effect of Conversion**. Upon conversion of this Note in accordance with Section 4, and upon surrender by the Holder of this Note, duly endorsed, at the principal offices of the Company or any transfer agent of the Company and, if applicable, receipt by the Company of signature pages to the Next Private Equity Financing documentation, and all other documents/agreements contemplated hereby, executed by the Holder, the Company shall promptly issue and deliver to the Holder a certificate or certificates for the equity issuable upon such conversion ("**Conversion Equity**") to which the Holder shall be entitled. Such conversion shall be deemed to have been made as provided in Section 4 (the "**Conversion Time**"). No fractional Conversion Equity shall be issued in connection with any conversion of this Note, and cash shall be paid in lieu of any such fraction. As of the Conversion Time, this Note shall thereafter be of no further force or effect. Notwithstanding the foregoing, until and unless Holder has complied with all of Holder's obligations under this Section 5, the Company may refuse to deliver the certificate(s) and/or recognize Holder as an equity holder of the Company.

6. **Event of Default**. For purposes of this Note, an "**Event of Default**" means if the Company (a) fails to pay this Note in full when due, (b) fails to observe or perform any other covenant contained in this Note and such failure continues for thirty (30) days following written notice to the Company thereof, (c) voluntarily files for bankruptcy protection or makes a general assignment for the benefit of creditors or (d) is the subject of an involuntary bankruptcy petition and such petition is not dismissed within ninety (90) days. If an Event of Default occurs and is continuing, then the Majority Holders may, upon written notice to the Company, declare the Notes (including this Note) in default and immediately due and payable in full. From the date of such notice forward, this Note shall bear simple interest at a rate of the lower of 10% per annum or the highest rate allowed by applicable law, until paid in full or converted.

7. **Lock-up Agreement.**

(i) Lock-up Period; Agreement. In addition to any lock-up obligations set forth in the Purchase Agreement, in connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing such offering of the Company's securities, Holder hereby agrees not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than those included in the registration) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering. In addition, upon request of the Company or the underwriters managing a public offering of the Company's securities (other than the initial public offering), Holder hereby agrees to be bound by similar restrictions, and to sign a similar agreement, in connection with no more than one additional registration statement filed within 12 months after the closing date of the initial public offering, provided that the

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duration of the lock-up period with respect to such additional registration shall not exceed 90 days from the effective date of such additional registration statement. Notwithstanding the foregoing, if during the last 17 days of the restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this subsection shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement. Any waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply to all securityholders subject to such agreements pro rata based on the number of shares subject to such agreements.

(ii) Limitations. The obligations described in Section 7(i) shall apply only if all officers, directors and 5% or greater securityholders of the Company enter into similar agreements, and shall not apply to a registration relating solely to employee benefit plans, or to a registration relating solely to a transaction pursuant to Rule 145 under the Securities Act of 1933, as amended (the "**Securities Act**").

(iii) Stop-Transfer Instructions. In order to enforce the foregoing covenants, the Company may impose stop-transfer instructions with respect to the securities of each Holder (and the securities of every other person subject to the restrictions in Section 7(i)).

(iv) Transferees Bound. Holder agrees that it will not transfer securities of the Company unless each transferee agrees in writing to be bound by all of the provisions of this Section 7 and any other restrictions under this Note and the Purchase Agreement.

8. **Representations and Warranties by the Holder**. By acceptance of this Note, the Holder represents and warrants to the Company as of the time of issuance of this Note as follows:

(a) This Note and any Conversion Equity issued upon the conversion hereof (collectively, the "**Securities**") will be acquired for the Holder's own account for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act or applicable state securities laws;

(b) The Holder understands that the Securities have not been registered under the Securities Act or applicable state securities laws by reason of an exemption from the registration requirements of such laws, that the Company has no present intention of registering the Securities, that there is presently no public market for the Securities and no public market for the Securities may ever develop and that the Securities may not be transferred unless such transfer is registered under the Securities Act or is exempt from registration;

(c) The Holder (i) is an "accredited investor" as that term is defined in Rule 501 of Regulation D under the Securities Act, (ii) has the ability to bear the economic risks of the Holder's investment in the Securities and (iii) has not been offered the Securities by any form of general solicitation or advertising;

(d) The Holder has such knowledge, skill and experience in business, financial and investment matters so that the Holder is capable of evaluating the merits and risks of an investment in the Securities. To the extent necessary, the Holder has retained, at its own expense, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of this Note and owning the Securities. The Holder has

had an opportunity to ask questions and receive answers from Company regarding the terms and conditions of the offering and sale of this Note and the Convertible Notes and believes it has received all the information it considers necessary or appropriate for deciding whether to purchase this Note;

(e) The Holder understands that any certificate evidencing the Securities shall bear the legends required under applicable federal and state securities laws as well as under any Qualified Financing Agreement, if applicable;

(f) The Holder is aware that the Securities are being offered and sold in reliance on exemptions from registration under the Securities Act of 1933, as amended, and applicable exemptions under state securities laws, and that the Company is now, and in the future will be, relying on the matters acknowledged, certified and confirmed in this Note; and

(g) Holder represents that neither the Holder, nor any person or entity with whom Holder shares beneficial ownership of Company securities, is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act, as set forth in the Purchase Agreement.

9. **Notices**. All notices provided for in this Note shall be in writing and deemed to be duly given as set forth in the Purchase Agreement.

10. **Governing Law**. This Note, and any disputes arising under this Note, will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any conflict of laws principle to the contrary. The Company and the Holder agree that venue for any dispute arising under this Note will lie exclusively in the state or federal courts located in Delaware and the parties irrevocably waive any right to raise forum non conveniens or any other argument that Delaware is not the proper venue. The parties irrevocably consent to personal jurisdiction in the state and federal courts of the State of Delaware.

11. **Transfer; Successors and Assigns**. The rights and obligations of the Company and the Holder shall be binding upon and shall inure to the benefit of their successors, assigns and transferees. Notwithstanding the foregoing, the Holder may not assign, pledge, or otherwise transfer this Note without the prior written consent of the Company. Subject to the preceding sentence, this Note may be transferred only to "accredited investors" who are not "Bad Actors" in compliance with any applicable laws, and upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in

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form satisfactory to the Company, including but not limited to the execution by any transferee of representations and warranties substantially similar to those set forth in the Purchase Agreement and this Note, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note.

12. **Waiver and Amendment**. Any term of this Note and all Notes issued pursuant to the Purchase Agreement may be amended and the observance of any term of this Note and all Notes issued pursuant to the Purchase Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and registered Majority Holders, except that no such amendment or waiver of the following shall be effective unless consented to by Holder, if such amendment or waiver would (i) modify this Section 12 or (ii) affect the ranking of this Note among all Notes in a manner adverse to Holder. Any amendment or waiver effected in accordance with this Section 12 shall be binding upon the Company, Holder and the holders of all Notes issued pursuant to the Purchase Agreement.

13. **Headings**. Headings used in this Note have been included for convenience and ease of reference only, and will not in any manner influence the construction or interpretation of any provision of this Note.

15. **Reclassification**. If the Company, at any time while this Note or any portion thereof is convertible and remains outstanding and unexpired, by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Note exist into the same or a different number of securities of any other class or classes, this Note shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Note immediately prior to such reclassification or other change and the purchase price therefor shall also be appropriately adjusted.

The Company has executed this Convertible Promissory Note as of the date first above written.

THE COMPANY:

By: _____
(Signature)

_____
(Print Name & Title)

AGREED TO AND ACCEPTED:
THE HOLDER:

By: _____
(Signature)
