

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **February 8, 2017**

JAGUAR ANIMAL HEALTH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36714
(Commission File Number)

46-2956775
(IRS Employer Identification No.)

**201 Mission Street, Suite 2375
San Francisco, California**
(Address of principal executive offices)

94105
(Zip Code)

Registrant's telephone number, including area code: **(415) 371-8300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

Item 1.01 Entry into a Material Definitive Agreement.

On February 8, 2017, Jaguar Animal Health, Inc. (the "Jaguar") announced that it had entered into a binding agreement of terms (the "Agreement") to merge with Napo Pharmaceuticals, Inc. ("Napo"). The transaction was approved by the unanimous vote of independent and disinterested members of each of Jaguar's and Napo's Board of Directors. Napo will operate as a wholly-owned subsidiary of Jaguar, focused on human health.

The binding financial terms of the merger include a 3-to-1 Napo-to-Jaguar value ratio to calculate the relative ownership of the combined entity. As of January 31, 2017, Napo owned approximately 19% of Jaguar's outstanding shares of common stock.

The Agreement sets forth the financial terms of the merger and customary conditions to closing, which include but are not limited to completion of due diligence, receipt of a fairness opinion, and stockholder and other approvals. Additionally, the financial terms of the merger and conditions to closing include provisions that (i) Napo's secured convertible debt shall not exceed \$10.0 million and its unsecured debt shall not exceed \$3.0 million, and (ii) a third party will invest \$3.0 million in Jaguar for approximately four million shares of newly issued common stock of Jaguar with the investment proceeds loaned to Napo immediately prior to the consummation of the merger. The Agreement also provides that if the merger fails to close for any reason on or prior to July 31, 2017, other than as a result directly or indirectly of (x) lack of stockholder approval by either party or (y) Napo (i) failing to perform in accordance with the terms and conditions of the Agreement or (ii) failing to abide by or breaching the provisions or representations, warranties and covenants of the Agreement or the merger documents, then, on or before the close of business on August 7, 2017, Jaguar will be required to issue 2,000,000 shares of its restricted common stock to Napo.

The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Agreement, a copy of which is attached as Exhibit 10.1 hereto and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

Jaguar issued a press release announcing Jaguar's entry into the Agreement. Jaguar is furnishing a copy of the press release, which is attached as Exhibit 99.1 to this Form 8-K.

Jaguar will host a conference call to discuss the merger as follows:

Thursday, February 9, 2017 at 9:00 a.m. Eastern Time

Domestic: 1-877-397-0292 (Toll Free)
International: 1-719-325-4748
Conference ID: 5454426
Webcast: <http://phx.corporate-ir.net/phoenix.zhtml?c=253723&p=irol-irhome>

Replays — Available through February 16, 2017

Domestic: 1-844-512-2921
International: 1-412-317-6671
Conference ID: 5454426
Webcast (available through May 10, 2017): <http://phx.corporate-ir.net/phoenix.zhtml?c=253723&p=irol-irhome>

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Binding Agreement of Terms for Jaguar Animal Health, Inc. Acquisition of Napo Pharmaceuticals, Inc., dated February 8, 2017, between Jaguar Animal Health, Inc. and Napo Pharmaceuticals, Inc.
99.1	Jaguar Animal Health, Inc. Press Release dated February 8, 2017.

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SIGNATURES

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

JAGUAR ANIMAL HEALTH, INC.

By: /s/ Karen S. Wright
Name: Karen S. Wright
Title: Chief Financial Officer

Date: February 8, 2017

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**BINDING AGREEMENT OF TERMS FOR JAGUAR ANIMAL HEALTH, INC. ACQUISITION OF NAPO PHARMACEUTICALS, INC.
FEBRUARY 8, 2017**

A. Merger:

Jaguar Animal Health, Inc., a Delaware corporation (“Jaguar”) will, through Napo Acquisition Corporation, a to be formed wholly-owned Delaware corporation (“MergerCo”), acquire all of the issued and outstanding equity of Napo Pharmaceuticals, Inc., a Delaware corporation (“Napo”), whereby MergerCo will merge with and into Napo, the separate corporate existence of MergerCo shall cease and Napo shall become a wholly-owned subsidiary of Jaguar (the “Merger”). In order to consummate the Merger, Jaguar and Napo will enter into definitive legal documentation, including without limitation, a definitive merger agreement, incorporating the terms and conditions herein and such other terms reasonably acceptable to each of the Parties, including the Closing Conditions (the “Merger Documents”).

B. Parties:

The principal parties (“Parties”) to the Merger are as follows:

- Jaguar Animal Health, Inc., a Delaware corporation (“Jaguar”)
- Napo Pharmaceuticals, Inc., a Delaware corporation (“Napo”)
- Napo Acquisition Corp., a to be newly-created wholly-owned subsidiary of Jaguar (“MergerCo”)

C. Exchange Terms:

Subject to satisfaction of the Closing Conditions (set forth below), the equity and certain debt holders and trade payable accounts of Napo immediately prior to the Closing will in the aggregate in exchange for such equity and settlement of such liabilities receive voting Common Stock and convertible non-voting Common Stock of Jaguar, that, when taken together with approximately 4,011,000 shares of Jaguar Common Stock to be issued to a 3rd party investor in exchange for \$3,000,000 of cash invested in Jaguar and loaned to Napo immediately prior to the Merger, will be equal to approximately 75% of the outstanding equity of Jaguar (collectively, the “Transaction Consideration”) on a fully diluted basis immediately after the Merger (excluding from such calculation approximately 354,000 shares issuable under existing convertible securities of Jaguar with an exercise or conversion price of \$5.00 or more per share), (“Fully Diluted”). Upon consummation of the Merger, the existing stockholders of Napo will receive contingent rights to receive voting Common Stock of Jaguar, which calculated as of consummation of the Merger (and subject to subsequent dilution like all Jaguar Common Stock) will entitle such stockholders to receive no more than approximately 20.5% of Jaguar Fully Diluted (which 20.5% for clarity purposes only comprises a portion of the Transaction Consideration, not in addition to). Any such shares, if any, will be issued on, or before, April, 1, 2020, depending upon the amount of proceeds received from sales of a portion of the Transaction Consideration received by Napo’s largest secured creditor during this time period.

Certain holders of Restricted Stock Units of Napo (certain past and present executive officers and Directors of Napo) will provide customary indemnification of Jaguar for Napo’s breaches of its representations and warranties, with recourse solely to cancellation of their RSUs of no more than approximately \$4.25 Million based upon a contractual valuation for each RSU of \$0.935.

Jaguar will file an S-4 registration statement with respect to the Common Stock underlying the contingent rights received by existing stockholders of Napo. All other securities issued as Transaction Consideration will be subject to restrictions prescribed by applicable law (i.e., unregistered at the time of the Merger, subject to any registration rights offered or assumed by Jaguar).

The Parties agree that they will use commercially reasonable efforts to structure the Merger in a tax efficient manner for the Parties, and that any such structure will be subject to the mutual agreement of the Parties.

D. Due Diligence:

The Parties shall provide to each other and to their respective accountants, attorneys, partners, consultants, financing sources and all other representatives and agents full access, as reasonably necessary to the other’s management, consultants, accountants, advisors and all other representatives, and to all properties, operating and financial data, records, agreements and other information relating to Napo or Jaguar and to the Merger, to the extent reasonably requested by Napo or Jaguar. The Parties will use their best efforts to keep each other informed of any material changes that have occurred or may occur affecting the business, results of operations, condition (financial or otherwise) or prospects of either business.

E. Napo Cash/Debt:

Upon the closing of the Merger (the “Closing”), unless waived in writing by Jaguar, Napo will have no less than \$500,000 of cash on its balance sheet. The debt of Napo after taking into consideration all of Napo’s existing secured and unsecured debt converting into Jaguar’s equity in connection with the Merger (excluding normal trade payables incurred after January 31, 2017 and Merger expenses) shall not exceed the following:

- a. Up to \$10 Million of secured debt convertible at \$0.935 per share into Jaguar Common Stock due and payable on, or before, December 31, 2019; and
- b. Except for Merger transaction expenses, no more than \$3,000,000 of trade payables and other unsecured debt.

F. Pre-Closing Covenants:

Prior to the Closing, Napo and Jaguar will:

- (i) Not amend their respective Charters or split, combine, reclassify or subdivide any shares of stock or other equity securities or ownership interests or declare, set aside or pay any dividend on or make any other distributions (whether in cash, stock or other property) or redeem, repurchase or otherwise acquire, directly or indirectly, any shares of their respective capital stock or other equity interests, except as provided or contemplated in this Binding Agreement of Terms or the Merger Documents; and
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- (ii) maintain their respective books, records and financials in accordance with generally accepted accounting principles consistent with past practice.

Prior to the Closing, Napo will:

- (i) conduct its business in all material respects in the ordinary course and in a manner consistent with past practice;
- (ii) use its reasonable best efforts to maintain its material assets and properties in their current condition (normal wear and tear and damage caused by casualty or by any reason outside of the Napo's control excepted);
- (iii) preserve intact in all material respects its current business organization, goodwill, ongoing businesses and relationships with third parties,
- (iv) maintain all existing insurance policies;
- (v) not make any material capital expenditures;
- (vi) not sell, lease or license any material portion of its assets;
- (vii) not incur any debt other than customary trade payables and Merger expenses;
- (viii) not enter into any material agreements; and
- (ix) not incur, create, assume, refinance, replace or prepay any indebtedness for borrowed money or issue or amend the terms of any existing debt securities or assume, guarantee or endorse, or otherwise become responsible (whether directly, contingently or otherwise) for the indebtedness of any other person.

These and other customary pre-Closing covenants shall be included in the Merger Documents.

G. Closing Conditions:

The obligations of the Parties to complete the Merger contemplated herein will be subject, among other things, to the satisfaction of the following conditions ("Closing Conditions"):

- (i) completion of legal, accounting, regulatory, tax, financial, technical, and commercial due diligence;
 - (ii) negotiation, execution and delivery of satisfactory and mutually acceptable Merger Documents;
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- (iii) absence of any material adverse change in the business, results of operations or condition (financial or otherwise) of any Party;
- (iv) receipt of all necessary governmental, board of directors, investment committee, stockholder and third-party approvals, waivers and consents;
- (v) absence of any action or proceeding against any Party that may affect the Merger or the value of the surviving business;
- (vi) true and correct representations and warranties by each Party;
- (vii) as of the Closing Date, Napo shall not have any indebtedness outstanding in any form, except for indebtedness set forth and identified in this Binding Agreement of Terms and any indebtedness which may be permitted in writing by Jaguar, in its sole discretion, pursuant to the Merger Documents; and
- (viii) receipt by Jaguar's Board of Directors on, or immediately prior to, execution of the Merger Documents of an opinion as to the fairness, from a financial point of view, to Jaguar of the consideration to be paid by Jaguar to the holders of common stock of Napo, certain debt holders and certain trade creditors in connection with the Merger.

H. Representations & Warranties:

The Merger Documents will contain covenants, representations and warranties that are customary for mergers of this size and nature.

I. Break-Up Fee

If the Merger fails to Close for any reason on, or prior to, July 31, 2017, other than as a result directly or indirectly of (x) lack of stockholder approval by either Party or (y) Napo (i) fails to perform in accordance with the terms and conditions of this Binding Agreement of Terms or the Merger Documents or (ii) fails to abide by or breaches the provisions or representations, warranties and covenants of this Binding Agreement of

Terms or the Merger Documents, then on, or before, the close of business on August 7, 2017, Jaguar shall issue 2,000,000 shares of its restricted Common Stock to Napo (adjusted appropriately for stock splits, combinations, reclassifications and the like) (the “Break-Up Fee”).

J. Governing Law; Entire Agreement:

This Binding Agreement of Terms shall be governed by the laws of the State of Delaware without regard to its or any other jurisdiction’s conflicts of laws principles. For purposes of this Binding Agreement of Terms, it shall be deemed to have been executed in San Francisco, California. This Binding Agreement of Terms supersedes all prior discussions and writings and constitutes the entire agreement between the Parties with respect to the subject matter hereof. No waiver or modification of this Binding Agreement of Terms will be binding upon either Party unless made in writing and signed by a duly authorized representative of such Party, and no failure or delay in enforcing any right will be deemed a waiver. In addition, this Binding Agreement of Terms may be executed in two or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

K. Board of Directors and Officers:

Following the Closing, the Board of Directors and executive officers of Jaguar shall initially consist of the same officers and directors of Jaguar immediately prior to the Closing, unless otherwise determined in the sole discretion of Jaguar.

L. Exclusivity; Execution and Delivery of Binding Agreement of Terms and Merger Documents; Closing:

Napo agrees to negotiate exclusively with Jaguar with respect to the sale of its business or any merger negotiations through April 30, 2017, and to cease all further negotiations with any party with respect to any other merger, acquisition or equity financing proposals prior to the date of this Binding Agreement of Terms (the “Standstill Period”). During the Standstill Period, Napo will not directly or indirectly (i) solicit, initiate or encourage any inquiries, discussions or proposals from any other person or entity relating to a possible acquisition or merger of any part of its business, (ii) continue, solicit, encourage or enter into negotiations or discussions relating to any such possible acquisition or merger, (iii) furnish to any other person or entity any information (not already in the public domain) relating to any of its business or products or the Merger contemplated hereby, except as required by applicable law or creditors who are subject to appropriate confidentiality, or (iv) enter into or consummate any agreement or understanding providing for any such possible acquisition or merger. In partial exchange for such grant of exclusivity and the other provisions of this Binding Agreement of Terms, Jaguar has agreed to the Break-up Fee. Jaguar shall endeavor to prepare draft Merger Documents for review by and negotiation with, Napo and its principals and creditors. The Parties shall diligently and in good faith negotiate, and endeavor to execute and deliver, the Merger Documents on, or before, February 28, 2017, or another date mutually agreed upon in writing by the Parties (the “Signing Date”). The Closing of the Merger (the “Closing Date”) will occur as soon as is reasonably possible and feasible following the Signing Date and after all third-party consents and approvals, including stockholder approvals and similar documents, including but not limited to a joint proxy statement and S-4 Registration Statement to be filed with the SEC are finalized and approved by all regulatory constituencies and the other Closing Conditions have been satisfied or waived.

M. Binding Intention of Parties; Termination

The Parties acknowledge and agree that this is a binding Binding Agreement of Terms and shall constitute an obligation for the Parties to enter into a Merger consistent with the terms and conditions set forth herein. The Parties further acknowledge and agree that this Binding Agreement of Terms does not contain all matters upon which agreement must be reached for the Merger to be consummated. The Parties shall negotiate in good faith the definitive agreements to consummate the Merger as promptly as possible. Notwithstanding any of the foregoing, Jaguar’s and Napo’s obligations herein are conditioned on the approval of the board of directors and stockholders of both Jaguar and Napo, respectively, satisfaction of the Closing Conditions and obtaining any necessary third party consents or waivers.

Termination of this Binding Agreement of Terms shall not affect any rights or binding obligations that have accrued or arisen hereunder prior to such termination, and such rights and binding obligations shall survive the termination of this Binding Agreement of Terms.

Accepted and Agreed, as of February 8, 2017:

NAPO PHARMACEUTICALS, INC.

/s/ GREG STOCK

By: Greg Stock

Title: Napo Board Member and Authorized Representative

Date: February 8, 2017

JAGUAR ANIMAL HEALTH, INC.

/s/ FOLKERT KAMPHUIS

By: Folkert Kamphuis

Title: Jaguar Independent Board Member and Authorized Representative

Date: February 8, 2017



Jaguar Animal Health Enters Binding Agreement of Terms to Merge with Napo Pharmaceuticals

Merger Will Provide an Important Revenue Stream to Jaguar from Mytesi™, an FDA Approved Anti-Diarrheal Launched October 2016 that Offers a First-in-Class, Novel Mechanism of Action

Jaguar to host investor call Thursday, February 9th at 9:00 a.m. ET

San Francisco, CA (February 8, 2017) - Jaguar Animal Health, Inc. (NASDAQ: JAGX) (“Jaguar”), an animal health company focused on developing and commercializing first-in-class gastrointestinal products for companion and production animals, foals, and high value horses, announced today that it has entered into a binding agreement of terms to merge with Napo Pharmaceuticals, Inc. (“Napo”). The transaction was approved by the unanimous vote of independent and disinterested members of each of Jaguar’s and Napo’s Board of Directors. Napo will operate as a wholly-owned subsidiary of Jaguar, focused on human health.

The binding financial terms of the merger include a 3-to-1 Napo-to-Jaguar value ratio to calculate the relative ownership of the combined entity. As of January 31, 2017, Napo owned approximately 19% of Jaguar’s outstanding shares of common stock.

“The board members of both Jaguar and Napo believe this is an opportune time to combine the two companies and that this binding agreement is in the best interests of both Jaguar and Napo as well as their respective equity holders. Upon the consummation of the merger, Jaguar and Napo together are poised to realize a number of synergistic, value-adding benefits—most importantly a prescription product revenue stream—and an expanded pipeline of important follow-on indications for Mytesi™ upon which to forge global partnerships,” stated Lisa Conte, Jaguar’s president and CEO and Napo’s interim CEO. “We are confident that this merger will enable both companies, through a joint management team, to access efficiencies and enhance potential value creation.”

The merger of the two companies will provide Jaguar with an important prescription revenue stream from sales of Mytesi™, a prescription product formerly known as Fulyzaq. Mytesi™ is a human drug approved by the U.S. FDA for the symptomatic relief of noninfectious diarrhea in adults with HIV/AIDS on antiretroviral therapy. Napo launched Mytesi™ in October 2016. Napo and Jaguar estimate the potential U.S. market for Mytesi™ to be approximately \$100 million in gross annual sales. Napo is deploying a direct sales effort in the field to promote Mytesi™ to HIV prescribers in the second quarter of 2017, with both live representatives and telesales. As a result, Napo and Jaguar forecast that Mytesi™ will generate approximately \$7.0 million in net sales in 2017, with the greatest impact on prescription growth coincident with the deployment of the sales force and a sampling program.

The active pharmaceutical ingredient (API) in Mytesi™ is crofelemer. Napo holds global unencumbered rights to key indications for Mytesi™, and is seeking geographical collaborations to develop and commercialize Mytesi™ worldwide. Napo is continuing development of Mytesi™ for other anti-diarrheal indications, with investigational studies completed in irritable bowel syndrome, cholera, traveler’s diarrhea, and in pediatric patients, and two planned investigator-initiated trials of the product in breast cancer patients suffering from chemotherapy-induced diarrhea (CID).

Crofelemer is also the API in Canalevia™, Jaguar’s lead prescription drug product candidate for companion animals, which is being evaluated for treatment of acute diarrhea and CID in dogs and is the subject of a recently forged collaboration with Elanco US Inc. Diarrhea is one of the most common reasons for veterinary office visits for dogs, and according to the American Veterinary Medical Association, there were approximately 70 million dogs in the U.S. in 2012. Jaguar and Elanco US Inc. will collaborate on the global development of Canalevia™ for treatment of acute diarrhea in dogs and the product’s co-promotion and commercialization in the U.S. Because Mytesi™ and Canalevia™ share the same formulation, risks related to the CMC (Chemistry, Manufacturing, and Controls) sections of Jaguar’s New Animal Drug Applications for Canalevia™ for the acute diarrhea and CID indications and commercial supply chain readiness are mitigated.

Napo focuses on development and commercialization of human products from plants used traditionally in rainforest areas. Napo’s proprietary, patented gastrointestinal compound, crofelemer, is a first-in-class anti-secretory agent sustainably harvested from the rainforest.

“The merger will allow the combined entity to benefit from the economies of scale of combined manufacturing for various human and animal indications,” Conte commented. “The merger will also permit Napo and Jaguar to leverage the highly complementary skill sets of their respective employees, several of whom have worked on the development of crofelemer for over 20 years, and the common value of clinical efforts in similar diseases in both humans and various animals. The product candidates in the pipelines of both companies target a mechanism of action highly conserved across all mammals, and benefit from the chronic safety profile that supports Mytesi™. Additionally, both commercial teams can leverage the educational messaging and promotion that resonates with healthcare professionals.”

Jaguar and Napo have entered into a binding agreement of terms containing financial terms of the merger and customary conditions to closing, which include but are not limited to completion of due diligence, receipt of a fairness opinion, and stockholder and other approvals. Additionally, the financial terms of the merger and conditions to closing include provisions that (i) Napo’s secured convertible debt shall not exceed \$10.0 million and its unsecured debt shall not exceed \$3.0 million, and (ii) a third party will invest \$3.0 million in Jaguar for approximately four million shares of newly issued common stock of Jaguar with the investment proceeds loaned to Napo immediately prior to consummation of the merger. Jaguar and Napo believe these debt and investment conditions will provide the combined entity with a stronger capital structure. The binding agreement of terms is attached as an exhibit to the Current Report on Form 8-K filed today by Jaguar with the Securities and Exchange Commission (the “SEC”).

Jaguar has retained Stifel Nicolaus & Company, Incorporated to act as financial advisor in connection with the proposed merger and to provide an opinion to the Jaguar Board of Directors as to the fairness, from a financial point of view, to Jaguar of the consideration to be paid by Jaguar to the holders of common stock of Napo, certain debt holders and certain trade creditors in connection with the merger. Jaguar and Napo expect to enter into a definitive merger agreement within 20 days. Jaguar expects to file a registration statement related to the merger with the SEC in the first quarter of 2017.

Conference Call

The Jaguar Animal Health management team will host a call on Thursday, February 9, 2017 at 9:00 a.m. Eastern Time to discuss the merger. Investors interested in listening to the live call should dial 1-877-397-0292 (Toll Free), 1-719-325-4748 (International). Please ask the operator to join you into the call or provide the conference ID number: 5454426. A live webcast of the conference call will be available online which can be accessed on the investor relations section of the Jaguar website (click here). Please allow extra time prior to the call to visit the site and download any necessary software to listen to the live broadcast.

For interested individuals unable to join the conference call, a replay of the webcast will be available on the investor relations section of the Company's website (click here) for 90 days following the call. Also, a dial-in replay of the call will be available through February 16, 2017, at +1-844-512-2921 (U.S. Toll Free) or 1-412-317-6671 (International). Participants must use the following code to access the dial-in replay of the call: 5454426.

About Crofelemer

Napo's proprietary, patented gastrointestinal compound, crofelemer, is a first-in-class anti-secretory agent isolated and purified from *Croton lechleri*, a medicinal plant sustainably harvested under fair-trade working conditions in several South American countries. Crofelemer (trade name Mytesi™) was approved in 2012 and is indicated for the symptomatic relief of noninfectious diarrhea in adult patients with HIV/AIDS on antiretroviral therapy. Crofelemer is in various stages of clinical development by Napo for the following indications:

- Crofelemer for diarrhea predominant irritable bowel syndrome (IBS-D), Phase 2,
- Crofelemer for acute infectious diarrhea, including cholera, Phase 2,
- Crofelemer for pediatric diarrhea, Phase 1, and
- Crofelemer for chemotherapy-induced diarrhea, Phase 2.

About Mytesi™

Mytesi™ (crofelemer 125mg delayed-release tablets) is an antidiarrheal indicated for the symptomatic relief of noninfectious diarrhea in adult patients with HIV/AIDS on antiretroviral therapy (ART). Mytesi™ is not indicated for the treatment of infectious diarrhea. Rule out infectious etiologies of diarrhea before starting Mytesi™. If infectious etiologies are not considered, there is a risk that patients with infectious etiologies will not receive the appropriate therapy and their disease may worsen. In clinical studies, the most common adverse reactions occurring at a rate greater than placebo were upper respiratory tract infection (5.7%), bronchitis (3.9%), cough (3.5%), flatulence (3.1%), and increased bilirubin (3.1%). **Please see complete Prescribing Information available at Mytesi.com**

About Napo Pharmaceuticals, Inc.

San Francisco-based Napo Pharmaceuticals, Inc. focuses on the development and commercialization of proprietary pharmaceuticals for the global marketplace in collaboration with local partners.

For more information, please visit www.napopharma.com.

About Jaguar Animal Health, Inc.

Jaguar Animal Health, Inc. is an animal health company focused on developing and commercializing first-in-class gastrointestinal products for companion and production animals, foals, and high value horses. Canalevia™ is Jaguar's lead prescription drug product candidate, intended for the treatment of various forms of diarrhea in dogs. Equilevia™ (formerly referred to as SB-300) is Jaguar's prescription drug product candidate for the treatment of gastrointestinal ulcers in horses. Canalevia™ and Equilevia™ contain ingredients isolated and purified from the *Croton lechleri* tree, which is sustainably harvested. Neonorm™ Calf and Neonorm™ Foal are the Company's lead non-prescription products. Neonorm™ is a standardized botanical extract derived from the *Croton lechleri* tree. Canalevia™ and Neonorm™ are distinct products that act at the same last step in a physiological pathway generally present in mammals. Jaguar has nine active investigational new animal drug applications, or INADs, filed with the FDA and intends to develop species-specific formulations of Neonorm™ in six additional target species, formulations of Equilevia™ in horses, and Canalevia™ for cats and dogs.

For more information, please visit www.jaguaranimalhealth.com.

Important Additional Information will be filed with the SEC

This press release may be deemed solicitation material regarding the intended merger between Jaguar and Napo. Jaguar currently intends to file with the SEC a Registration Statement on Form S-4 that will include a proxy solicitation. Jaguar also plans to file other relevant materials with the SEC. Stockholders of Jaguar and Napo are urged to read the proxy solicitation/prospectus contained in the Registration Statement when it becomes available and any other relevant materials filed with the SEC because these materials will contain important information about the potential merger. Once available, these materials will be made available to the stockholders of Jaguar and Napo at no expense to them. The Registration Statement, proxy statement/prospectus and other relevant materials, including any documents incorporated by reference therein, once available, may be obtained free of charge at the SEC's website at www.sec.gov or from Jaguar at www.jaguaranimalhealth.com or by emailing grussell@kcsa.com.

Jaguar and certain of its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the potential merger. Information about the executive officers and directors of Jaguar is set forth in Jaguar's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed with the SEC on March 29, 2016 and Definitive Proxy Statement for the 2016 Annual Meeting of Stockholders of Jaguar filed with the SEC on April 29, 2016.

Notice as to Unregistered Securities

In connection with the intended merger, shares of common stock and other securities of Jaguar have been and will be offered to accredited institutional and individual investors pursuant to one or more exemptions from registration under the Securities Act of 1933, as amended (the "Securities Act"). These securities have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the U.S. absent registration or an applicable exemption from registration requirements.

Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements" within the meaning of section 27A of the Securities Act and section 21E of the Securities Exchange Act of 1934, as amended. These include statements regarding Jaguar's intention to merge with Napo, the receipt by Jaguar of revenue from Mytesi™, the estimated potential annual sales market for Mytesi™, the 2017 net sales forecast for Mytesi™, the combined company's ability to benefit from economies of scale, access efficiencies, and enhance potential value creation, the expectation that definitive merger agreement will be entered into and the merger conditions to closing will be satisfied including the receipt by Jaguar of a \$3.0 million third party investment, the belief that the combined entity will have a stronger capital structure, Jaguar's plan to develop formulations of Equilevia™ in horses and species-specific formulations of Neonorm™ in additional target species, and Jaguar's plan to develop formulations of Canalevia™ for cats and dogs. 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," "forecast," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this release are only predictions. Jaguar has based these forward-looking statements largely on its current expectations and projections about future events. These forward-looking statements speak only as of the date of this release and are subject to a number of risks, uncertainties and assumptions, some of which cannot be predicted or quantified and some of which are beyond Jaguar's control. Except as required by applicable law, Jaguar does 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.

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Source: Jaguar Animal Health, Inc.

Contact:

Garth Russell
KCSA Strategic Communications
P: 212-896-1250
grussell@kcsa.com

Jaguar-JAGX
