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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): April 12, 2016

Carbylan Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-36830**	**20-0915291**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

3181 Porter Drive, Palo Alto, California	**94304**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (650) 855-6777

Not Applicable
Former name or former address, if changed since last report

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.05 Costs Associated with Exit or Disposal Activities.

On April 12, 2016, the Board of Directors of Carbylan Therapeutics, Inc. (the "Company") approved a restructuring plan effective as of April 15, 2016 resulting in a reduction in force affecting 14 of its 17 employees, including two executive officers as further described in Item 5.02 below. The restructuring plan is intended to reduce operational costs to preserve capital and streamline the Company's operations as it pursues a strategic transaction.

Non-executive employees directly affected by the reduction in force have been terminated as of April 15, 2016 and will be provided with severance payments and continuation of benefits for a limited term. Pursuant to the Company's Non-Executive Severance Plan, subject to the applicable individual's timely execution and non-revocation of a general release of claims against the Company and its affiliates, the impacted non-executive employees are eligible to receive (i) a lump sum cash payment equal to (1) for director-level employees, two weeks base salary plus an additional two weeks for each full year of service completed over one year (with a minimum of 12 weeks) and (2) for below director-level employees, two weeks base salary plus an additional one week for each full year of service completed over one year (with a minimum of 8 weeks) and (ii) continued payment of the employee's COBRA premiums for the period determined in (i).

The positions impacted are across all of the Company's departments. As a result of the restructuring plan, the Company estimates that it will incur one-time cash severance payments of approximately $0.3 million, excluding the payments to the two executive officers terminated in connection with the reduction in force and as further described in Item 5.02 below (and an aggregate of $0.7 million in severance expenses, including the severance payments to the two executive officers). The charges associated with the restructuring plan will be recorded in fiscal 2016.

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

Transition and Separation Agreement with David Gravett

As part of the above described reduction in force, the Company terminated the employment of David Gravett, Ph.D. as Vice President, Research & Development effective April 15, 2016 and retained Dr. Gravett as a consultant to the Company. In connection with his termination of employment, the Company will be entering into a transition and separation agreement with Dr. Gravett (the "Gravett Separation Agreement"). Under the Gravett Separation Agreement, Dr. Gravett will receive the severance benefits pursuant to the terms of his employment agreement, which provide for (i) continued payment of his base salary for a period six months following his termination date and (ii) payment of his COBRA premiums until the earliest of 6 months following his termination date, the date on which he becomes eligible for group health insurance coverage through a new employer, or the date he ceases to be eligible for COBRA continuation coverage for any reason. Dr. Gravett's severance benefits are subject to his execution and non-revocation of a waiver and release of claims against the Company contained in the Gravett Separation Agreement.

Pursuant to the Gravett Separation Agreement, Dr. Gravett will serve as a consultant to the Company through October 15, 2016 (unless terminated earlier by either party upon 30 day notice or extended by mutual agreement for additional one month periods) in order to assist the Company with its efforts in completing a strategic transaction. In exchange for his consulting services, Dr. Gravett will receive a monthly consulting retainer of $5,000 plus an additional $250 per hour for each hour worked over 10 hours in a month. Dr. Gravett's equity awards will continue vesting during the consulting period, and

upon the termination of the consulting period (if earlier than October 15, 2016), Dr. Gravett will receive accelerated vesting as to the portion of his stock options that would have vested had he continued to provide services through October 15, 2016. In addition, Dr. Gravett's stock options will remain outstanding (although they will not continue to vest following the end of the consulting period) until the earliest to occur of (i) the consummation of a Change of Control (as defined in the Gravett Separation Agreement), (ii) March 8, 2017 and (iii) the original expiration date of the stock option; after the earliest to occur of such dates, all of Dr. Gravett's stock options will terminate to the extent still outstanding. If a Change in Control occurs prior to the termination of Mr. Gravett's stock options (whether during the consulting period or the period determined in the previous sentence), the vesting will accelerate for 100% of Dr. Gravett's then-unvested stock options.

Separation Agreement with Premchandran Ramiya, Ph.D.

In addition, as part of the above described reduction in force, the Company terminated the employment of Premchandran Ramiya, Ph.D., as Vice President, Pharmaceutical Development & Supply Chain effective April 15, 2016. In connection with his termination of employment with the Company, the Company will be entering into a separation agreement with Dr. Ramiya (the "Ramiya Separation Agreement"). Under the Ramiya Separation Agreement, Dr. Ramiya will receive the severance benefits pursuant to the terms of his employment agreement, which provide for (i) continued payment of his base salary for a period six months following his termination date, (ii) payment of his COBRA premiums until the earliest of 6 months following his termination date, the date on which he becomes eligible for group health insurance coverage through a new employer, or the date he ceases to be eligible for COBRA continuation coverage for any reason and (iii) accelerated vesting as to the portion of his stock options that would have vested in the 6-months following his termination date had Dr. Ramiya remained employed with the Company. Dr. Ramiya's severance benefits are subject to his execution and non-revocation of a waiver and release of claims against the Company contained in the Ramiya Separation Agreement.

Carbylan Therapeutics, Inc. Executive Retention Bonus Plan

On April 12, 2015, the Board of Directors of the Company approved an Executive Retention Bonus Plan (the "Retention Plan"), which provides for grants of cash retention bonuses to the remaining eligible executive officers who continue employment with the Company through the earlier to occur of (i) the closing of a Change in Control (as defined the Retention Plan) and (ii) March 8, 2017 (the "Retention Date"). The Retention Plan is intended to help assure that the Company's remaining executive officers following the above described reduction in force continue their employment with the Company in order to complete a strategic transaction. The Compensation Committee of the Company's Board of Directors will administer the Retention Plan, who shall act as the Plan Administrator (within the meaning of the Retention Plan).

Under the terms of the Retention Plan, each participant will be eligible to receive a cash bonus equal to four (4) months of the applicable executive's base salary, payable in a cash lump sum shortly following the Retention Date. To obtain a bonus under the Retention Plan a participant must remain an employee through the applicable Retention Date. If the employment of any eligible participant is terminated prior to a Retention Date, then no bonus shall be payable except that this forfeiture provision will not apply if the employee is terminated for other than Cause or resigns for Good Reason (each, as defined in the Retention Plan). In addition, if the applicable Retention Date is as a result of the consummation of Change in Control and an executive officer accepts comparable employment with the acquirer following the Change in Control, then no retention bonus will be payable. Participants must execute and not revoke a release of claims to receive any bonus under the Retention Plan. The retention bonuses will not be offset by or reduce any other payment or benefit payable to a participant by the Company or any of its affiliates. The table below sets forth the aggregate retention bonus, less applicable withholdings and deductions, that each named executive officer is eligible to receive under the Retention Plan assuming all other terms and conditions are satisfied:

Executive Officer	Retention Bonus Amount
David Renzi	$ 144,102
John McKune	$ 71,242
Marcee Maroney	$ 100,003

Amended and Restated Offer Letter Agreement with John McKune

On April 12, 2016, the Company's Board of Directors approved and, effective April 15, 2016, the Company entered into an amended and restated offer letter agreement with John McKune, the Company's Principal Accounting Officer (the "A&R McKune Agreement"). The A&R McKune Agreement contains substantially the same terms as the original offer letter agreement between the Company and Mr. McKune dated July 27, 2015, but was amended to provide Mr. McKune with severance payments and benefits identical to those in place for other Vice Presidents of the Company. Pursuant to the A&R McKune Agreement, if Mr. McKune's employment is terminated by the Company without Cause or by Mr. McKune for Good Reason (each, as defined in the A&R McKune Agreement), Mr. McKune will be entitled to (i) continued payment his base salary for a period of six months, (ii) payment of Mr. McKune's COBRA premiums until the earliest of six months following such termination of employment, the date on which he becomes eligible for group health insurance coverage through a new employer or the date he ceases to be eligible for COBRA continuation coverage for any reason, and (iii) accelerated vesting as to the portion of his equity awards that would have vested in the six-months following such termination of employment had Mr. McKune remained employed with the Company.

Under the A&R McKune Agreement, if Mr. McKune's employment is terminated by the Company without Cause or by Mr. McKune for Good Reason within one year following the effective date of a Change in Control (as defined in the A&R McKune Agreement), in addition to the benefits described in the paragraph above, (i) all equity awards held by Mr. McKune will vest in full, and (ii) Mr. McKune will be eligible to receive a pro-rated bonus payment for the year in which his employment terminates, with such bonus amount to be based upon the achievement of the bonus objectives prior to such termination or resignation of employment. Any severance payments or benefits under the A&R McKune Agreement are conditioned on Mr. McKune signing and not revoking a separation agreement and effective release of claims against the Company and its affiliates.

The foregoing descriptions of the material terms of each of the Gravett Severance Agreement, the Ramiya Severance Agreement, the Retention Plan and the A&R McKune Agreement are qualified in their entirety by the full text of the Gravett Severance Agreement, the Ramiya Severance Agreement, the Retention Plan and the A&R McKune Agreement. The Retention Plan and the A&R McKune Agreement are attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated herein by reference. The Company will file the Gravett Severance Agreement and Ramiya Severance Agreement in its Quarterly Report for the second quarter of 2016.

Item 8.01 Other Events

On April 15, 2016, the Company issued a press release announcing that it has suspended further clinical development of Hydros-TA and that it is actively pursuing a strategic transaction, including a merger or acquisition of the company. In addition, Carbylan also announced that conjunction with the plan to pursue a strategic transaction, it implemented an immediate reduction in its workforce of 14 employees in order

to preserve capital and further streamline the Company's operations in preparation for a potential strategic transaction. Carbylan also announced that it currently projects that it will have approximately $25-$30 million of net cash available for the potential strategic transaction. This projection is based on the Company's current expectations and assumptions, including the consummation of a transaction by the end of the third quarter of 2016, and the actual amount of net cash available could differ materially from the Company's current estimate.

A copy of the press release is filed as Exhibit 99.1 hereto and incorporated herein by reference.

Item 9.01. Exhibits

(d) Exhibits

Exhibit No.	Exhibit Description
10.1	Carbylan Therapeutics, Inc. Executive Retention Bonus Plan, effective April 15, 2016
10.2	Amended and Restated Offer Letter Agreement with John McKune, effective April 15, 2016
99.1	Press Release of Carbylan Therapeutics, Inc., dated April 15, 2016

Forward-Looking Statements:

This Current Report on Form 8-K contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include terms such as "expects", "will," "estimates," and similar expressions and include statements regarding the Company's restructuring plan, its expectations and estimates regarding the workforce reduction, the objectives of the restructuring plan and the timing thereof, amounts and timing of the charges, cash expenditures and savings to be incurred in connection with the restructuring plan, and the potential impact of the restructuring plan. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. Potential risks and uncertainties that could cause actual results to differ from expected results include, among others, whether the Company will receive the expected results of the restructuring program, whether the expected amount of the costs associated with the restructuring program will differ from or exceed the Company's forecasts and whether the Company will be able to realize the full amount of estimated savings from the restructuring program. It is not possible to predict or identify all risks and uncertainties, and additional significant risks and uncertainties are described in the Company's periodic reports filed with Securities and Exchange Commission. The reader should not place undue reliance on forward-looking statements, which speak only as of the date they are first made. Except to the extent required by law, the Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

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.

Date: April 18, 2016

Carbylan Therapeutics, Inc.

By: /s/ David M. Renzi
David M. Renzi
President and Chief Executive Officer

Exhibit Index

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Exhibit 10.1

CARBYLAN THERAPEUTICS, INC.

2016 RETENTION BONUS PLAN

1. Purpose. The purpose of this Carbylan Therapeutics, Inc. 2016 Retention Bonus Plan, as may be amended from time to time, (the "Plan") is to reinforce and encourage the continued dedication of certain key employees of Carbylan Therapeutics, Inc. (the "Company") by providing retention bonus payments upon a Triggering Event (as defined below).

2. Definitions. The following terms as used herein shall have the meanings set forth in this Section 2.

2.1 "Administrator" shall mean the Board or such committee appointed by the Board to administer the Plan in accordance with Section 3.1 below.

2.2 "Board" shall mean the Board of Directors of the Company, as constituted from time to time.

2.3 "Cause" shall mean any of the following: (i) a Participant's substantial failure to perform his or her duties and responsibilities to the Company or its subsidiaries or such Participant's substantial negligence in the performance of such duties and responsibilities; (ii) a Participant's commission of a felony or a crime involving moral turpitude; (iii) a Participant's commission of theft, fraud, embezzlement, material breach of trust or any material act of dishonesty involving the Company or any of its subsidiaries; (iv) a Participant's significant violation of the code of conduct of the Company or its subsidiaries, of any material policy of the Company or its subsidiaries, or of any statutory or common law duty of loyalty to the Company or its subsidiaries; (v) a Participant's material breach of any of the terms of any agreement between the Company or subsidiaries and such Participant; or (vi) other conduct by a Participant that could be expected to be harmful to the business, interests or reputation of the Company. The determination whether a termination is for "Cause" under the foregoing definition shall be made by the Company in its sole discretion.

2.4 "Code" shall mean the Internal Revenue Code of 1986, as amended.

2.5 "Change in Control" shall have the meaning as set forth in the Company's 2015 Incentive Plan, as amended from time to time. The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.6 "Comparable Employment" shall mean, in connection with a Change in Control, an offer or agreement with the acquirer and/or the surviving corporation for continued employment of a Participant following the Change in Control on substantially similar terms of employment for such Participant as in effect immediately prior to the Change in Control, such that the Participant would not have Good Reason to resign his or her employment if Participant accepted such continued employment.

2.7 "Covered Termination" shall mean a termination of a Participant's employment with the Company (i) by the Company without Cause or (ii) by such Participant with Good Reason, in each case, that constitutes a "separation from service" with the Company within the meaning of Section 409A of the Code.

2.8 "Good Reason" shall mean any of the following actions that are taken by the Company without a Participant's prior written consent: (a) a material reduction in a Participant's base salary, which the parties agree is a reduction of at least ten percent (10%) of such Participant's base salary; (b) a material reduction in a Participant's duties (including responsibilities and/or authorities), *provided*, *however*, that a change in job position (including a change in title) shall not be deemed a "material reduction" in and of itself unless such Participant's new duties are materially reduced from the prior duties; or (c) a relocation of a Participant's principal place of employment to a place that increases such Participant's one-way commute by more than thirty-five (35) miles as compared to such Participant's then-current principal place of employment immediately prior to such relocation. In order to resign for Good Reason, a Participant must provide written notice to the Company within forty-five (45) days after he or she first has knowledge of the occurrence of the event giving rise to Good Reason setting forth the basis for such Participant's resignation, allow the Company at least forty-five (45) days from receipt of such written notice to cure such event and, if such event is not reasonably cured within such period, such Participant must resign from all positions he or she then holds with the Company not later than forty-five (45) days after the expiration of the cure period.

2.9 "Participant" shall mean a key employee to the Company who has been selected by the Administrator to receive a Retention Bonus pursuant to the Plan as set forth on Exhibit A attached hereto.

2.10 "Retention Bonus" shall mean a retention bonus payable to a Participant pursuant to the terms of this Plan.

2.11 "Retention Bonus Amount" shall mean, with respect to each Participant, a Retention Bonus for an amount in cash equal to four (4) months of his or her base salary as in effect immediately prior to the Triggering Event.

2.12 "Triggering Event" shall mean, for each Participant the earliest to occur of (i) the consummation of a Change in Control, (ii) March 8, 2017 and (iii) the date of such Participant's Covered Termination; *provided*, *however*, that if the Triggering Event is as a result of subsection (i), each Participant shall only be eligible to receive a Retention Bonus if such Participant does not accept an offer of Comparable Employment with the acquirer and/or the surviving corporation following the Change in Control (*provided* that Participant does not have to actually terminate service prior to the consummation of the Change in Control in order to receive a Retention Bonus).

3. Administration.

3.1 Administrator. The Plan shall be administered by the Board, *provided*, that the Board may delegate any or all of its authority and duties under the plan to the Compensation Committee of the Board.

3.2 Authority of the Administrator. Subject to the provisions of the Plan, the Administrator shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. Subject to the provisions of the Plan, the Administrator has authority to determine, in its sole discretion, to whom, and the time or times at which, Retention Bonuses may be paid. The Administrator has authority to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for Plan administration. All decisions, interpretations and other actions of the Administrator shall be final, conclusive and binding on all parties who have an interest in the Plan.

3.3 Administrator Liability. No member of the Administrator shall be personally liable for any action or determination made in good faith by the Administrator with respect to the Plan or any Retention Bonus paid under the Plan, and to the extent allowable under applicable law, all members of the Administrator shall be fully indemnified and held harmless by the Company or its successor in respect of any such action, determination or interpretation. All expenses and liabilities which members of the Administrator incur in connection with the administration of this Plan shall be borne by the Company or its successor.

4. Eligibility. The Participants in the Plan are set forth on Exhibit A attached hereto. Only Participants shall be eligible to receive a Retention Bonus pursuant to this Plan. In the event a Participant terminates service with the Company other than as a result of a Covered Termination prior to a Triggering Event, then such Participant shall not be eligible to receive any Retention Bonus under this Plan as of the date of such termination and all rights such Participant had to a Retention Bonus shall be forfeited. In addition, if the applicable Triggering Event is as a result of the consummation of a Change in Control and a Participant accepts an offer of Comparable Employment with the acquirer and/or the surviving corporation following the Change in Control, then such Participant shall not be eligible to receive any Retention Bonus under this Plan as of the date of the Change in Control and all rights such Participant had to a Retention Bonus shall be forfeited. For the avoidance of doubt, the eligibility of a Participant under this Plan, and the payment of a Retention Bonus hereunder, shall not reduce or other effect a Participant's right to severance payments and benefits pursuant to any written agreement between such Participant and the Company.

5. Payment of Retention Bonuses. In the event of the Triggering Event, the Retention Bonus Amount for each Participant shall be paid to such Participant, subject to such Participant delivering to the Company a general release of claims against the Company and its affiliates in a form acceptable to the Company (the "Release") that becomes effective and irrevocable within sixty (60) days following the Triggering Event, in a cash lump-sum on the first payroll period after the date the Release becomes effective and irrevocable in accordance with the Company's standard payroll practices.

6. Assumption of Plan. To extent all obligations under this Agreement are not paid in full, the Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, whether pursuant to a Change in Control or otherwise, to expressly assume and agree to perform the obligations under this Plan in the same manner and to the same extent the Company would be required to perform if no such succession had taken place.

7. Withholding Taxes. All amounts payable hereunder shall be subject to applicable state, federal and local income, employment and excise tax withholding.

8. Assignment or Transfer of Awards. The Company may assign this Plan and its rights and obligations hereunder in whole, but not in part, only to any corporation or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets if, in any such case, said corporation or other entity shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto; the Company may not otherwise assign this Plan or any of its rights and obligations hereunder. Subject to the foregoing, the terms and provisions of this Plan shall be binding upon any successor to the Company (including, without limitation, any acquiror), and such successor shall accordingly be liable for the payment of all benefits which become due and payable under the Plan with respect to the Participants. No Participant's rights hereunder shall be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law, except as approved by the Administrator.

9. No Employment Rights. No provision of the Plan shall be construed to give any person any right to become, to be treated as, or to remain an employee or other service provider to the Company. The Company reserves the right to terminate any Participant's employment or other service at any time and for any reason or for no reason, with or without cause and with or without advance notice.

10. No Equity Interest. Neither the Plan nor any Retention Bonus hereunder creates or conveys any equity or ownership interest in the Company nor any rights commonly associated with such interests, including, without limitation, the right to vote on any matters put before the stockholders of the Company.

11. Payments Not Deemed to be Salary; No ERISA Plan. No payment payable under the Plan shall be deemed salary or other compensation to any Participant for purposes of computing benefits to which a Participant may be entitled under any vacation, disability, profit sharing, pension plan or other arrangement of the Company or any of its subsidiaries for the benefit of employees or independent contractors except as may otherwise be specifically provided for by such plan or other arrangement. This Plan is intended to constitute an "unfunded" plan for incentive compensation, and is not intended to constitute a plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Nothing contained in the Plan and no action taken pursuant to the provisions of the Plan shall create or be considered to create a trust or fund, or any obligation to fund or otherwise secure the payment of any amounts due under the Plan, or any kind or fiduciary relationship between the Company and any Participant or any of its other employees or a security interest of any kind in any property of the Company in favor of any Participant or any other person.

12. No Further Limitations. The approval of this Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of cash incentives, stock options and restricted stock under existing or other plans or other arrangements. Whether or not and, if so, on what terms the Company and/or its stockholders may enter into any transaction which may constitute a Change in Control shall remain in the sole and exclusive discretion of the Company and its stockholders.

13. Parachute Payments. Notwithstanding anything in the Plan to the contrary, if any payment or benefit (including, without limitation, a Retention Bonus) a Participant would receive pursuant to the Plan or otherwise ("Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall either be (i) delivered in full or (ii) delivered as to such lesser extent which would result in no portion of such Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by such Participant, on an after-tax basis, of the largest payment, notwithstanding that all or some portion the Payment may be taxable under Section 4999 of the Code. If a reduction in a Payment is to be made, the reduction in Payment will occur in the following order: (1) reduction of cash payments; (2) cancellation of accelerated vesting of equity awards other than stock options; (3) cancellation of accelerated vesting of stock options; and (4) reduction of other benefits payable to such Participant. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of such Participant's equity awards.

14. Section 409A. For the avoidance of doubt, it is intended that the benefits payable under this Plan satisfy, to the greatest extent possible, the exemption from the application of Section 409A of the Code provided under Treasury Regulation Section 1.409A-1(b)(4).

15. Duration and Amendments.

15.1 Term of the Plan. This Plan shall be effective as of the date it is approved by the Board and shall terminate on the date all Retention Bonus Amounts awarded hereunder have been paid or forfeited.

15.2 Right to Amend the Plan. The Plan may be amended at any time or from time to time by the Board; provided, however, that no such amendment shall impair the then-existing rights of a Participant with regard to the Plan (including without limitation his or her rights to a Retention Bonus) absent his or her consent.

16. Choice of Law. All questions concerning the construction, validation and interpretation of the Plan shall be governed by the law of the State of California without regard to its conflict of laws provision.

* * * * *

I hereby certify that this Plan was duly adopted by the Board effective as of April 12, 2016.

Carbylan Therapeutics, Inc.

By: /s/ David M. Renzi
David M. Renzi

Exhibit A
List of Participants

Participant Name
David Renzi
John McKune
Marcee Maroney

Exhibit 10.2

April 15, 2016

Mr. John McKune

Re: Amended and Restated Employment Agreement

Dear John:

This letter (the "Agreement") contains the revised terms of your employment with Carbylan Therapeutics, Inc. (the "Company"), effective as of April 15, 2016 (the "Effective Date"). This Agreement amends and restates in its entirety that certain employment agreement between you and the Company dated as of July 27, 2015 (the "Prior Agreement").

1. **Position.**

   a. As of the Effective Date, you will fill the position of Vice President, Finance, with an assigned work location of the Company's corporate headquarters. You will continue to report to the Company's President and Chief Executive Officer until a Chief Financial Officer is hired at which time you will report to him or her. This continues to be a full-time position, and you agree to the best of your ability and experience that you will at all times loyally and conscientiously perform all of the duties and obligations required of and from you pursuant to the express and implicit terms hereof, and to the satisfaction of the Company. During the term of your employment, you further agree that you will devote your full business time and best professional efforts exclusively to the performance of your duties and responsibilities for the Company, and you will not directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company. The Company retains the discretion to modify your position, duties, reporting relationship, and work location from time to time.

2. **Compensation.**

   a. Base Salary. You will continue to be paid a base salary at the annual rate of $213,726, subject to payroll withholdings and deductions. Your base salary will

continue to be paid in two equal payments per month in accordance with the Company's regular payroll practices. As an exempt salaried employee, you will be expected to work the Company's standard business hours, and such additional hours as required by the nature of your work assignments and job responsibilities, and you will not be eligible for overtime compensation. The Company retains the discretion to modify your compensation terms (including the bonus program) from time to time.

b. Bonus. You will continue to be eligible for consideration by the Company's Board of Directors (the "**Board**") for an annual bonus of up to twenty five percent (25%) of your annual base salary, with the bonus determination to be made by the Board within its sole discretion. Payment of the bonus will be based on the level of achievement of the applicable objectives and milestones, as such objectives and milestones are set by the Board in its sole discretion, and as such achievement is evaluated by the Board in its sole discretion, and the bonus is not guaranteed. As a condition precedent to earning and receiving any bonus, you must remain an active employee with the Company through the date the bonus otherwise is scheduled to be paid; and if your employment has been terminated for any reason, regardless of whether the termination is by you or the Company, you will not earn or be entitled to receive any bonus which has not been paid prior to the termination date.

3. **Benefits.**

a. Insurance Benefits. You will continue to be eligible to participate in the Company's standard medical and dental insurance benefits, subject to the terms and conditions of these benefit plans, as in effect from time to time.

b. Paid Time Off. You will continue to be eligible to accrue paid vacation, and be eligible for paid sick time and paid holidays, under the terms of the Company's applicable policies, as in effect from time to time.

You will continue to be eligible to participate in any other benefits offered by the Company generally to its employees from time to time, subject to the terms and conditions of these benefit plans and the Company's policies, as in effect from time to time. The Company reserves the right to add to, change, or terminate any or all of its benefit programs and related policies in its sole discretion.

4. **Compliance with Company Policies and Confidential Information and Invention Assignment Agreement.**

As a condition of your continued employment with the Company, you will be required to continue to abide by the Company's policies and procedures, including but not limited to the policies contained in the Company's Employee Handbook, as may be in effect from time to time. In addition, you shall continue to abide by and be bound by the terms of that certain Employee Proprietary Information and Invention Agreement between you and the Company (the **"Confidentiality Agreement**").

5. **Prior Confidentiality Obligations.**

In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises, any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company.

6. **At-Will Employment.**

Your employment with the Company will continue to be on an "at will" basis, meaning that either you or the Company may terminate your employment at any time, with or without cause, and with or without advance notice. In addition, the Company may also change any term or condition of your employment with or without cause. This "at will" relationship can only be changed by an agreement in writing signed by an expressly authorized officer of the Company.

7. **Severance Benefits for Qualifying Terminations.**

a. General Severance Benefits. You shall be entitled to receive the General Severance Benefits (as defined below), as your sole severance benefits, if your employment is terminated by the Company without Cause (as defined below) and if: (i) such termination of employment is not due to your death or disability; (ii) your termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)); and (iii) within the timing required by the Company, you sign, date and return to the Company a general release of all known and unknown claims (the "**Release**") substantially in the form attached hereto as ***Exhibit A***, and such Release becomes effective in accordance with its terms, including through the expiration of any applicable revocation period.

For purposes of this Section 7(a), the "**General Severance Benefits**" shall consist of the following: (i) continued payment of your final base monthly salary for a period of six (6) months following the termination date; (ii) accelerated vesting of any outstanding stock options such that the additional number of shares that would have vested if your employment had continued for six (6) additional months following the termination date will become vested and exercisable effective as of the termination date; and (iii) if you timely elect continued group health insurance coverage pursuant to federal COBRA law or, if applicable, state insurance laws (collectively, "**COBRA**"), the Company will pay your COBRA premiums to continue your group health insurance coverage (including the cost of dependent coverage) through the earliest of (A) six (6) months following the termination date, (B) the date that you become eligible for group health insurance coverage through a new employer, or (C) the date you

cease to be eligible for COBRA coverage. Notwithstanding the foregoing, the General Severance Benefit set forth in (i), above (continued base salary payment) will immediately expire in the event that you obtain new full-time employment (or full-time consulting or similar arrangement) within six (6) months after the termination date, *provided, however,* that the Company will thereafter continue to pay you, through the six-month severance payment period, the excess, if any, of your Company base salary on the date of termination over the base salary for your new employment relationship. You agree to notify the Company of your acceptance of any employment within the six-month severance payment period. In the event of your death during the six (6) month severance period, the remaining General Severance Benefits shall be paid to your estate. Any severance payments made under this Agreement will be made in the form of salary continuation, and will begin on the next regular Company payday which is at least five (5) business days following the later of the effective date of the Release or the date on which the Release, signed by you, is received by the Company. The first payment, however, will be retroactive to the next business day following the termination date.

b. Change of Control Severance Benefits. You shall be entitled to receive the Change of Control Severance Benefits (as defined below), as your sole severance benefits, if, on or within twelve (12) months after a Change of Control (as defined below), your employment is terminated by the Company without Cause or you voluntarily terminate your employment for Good Reason (as defined below) and if; (i) such termination of employment is not due to your death or disability; (ii) your termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)); and (iii) within the timing required by the Company, you sign, date and return to the Company the Release substantially in the form attached hereto as ***Exhibit A***, and such Release becomes effective in accordance with its terms, including through the expiration of any applicable revocation period.

For the purposes of Section 7(b), the "**Change of Control Severance Benefits**" shall consist of the following: (i) you shall receive the General Severance Benefits as provided above, except that the continued salary payments will not be terminated or reduced in the event that you obtain new employment during the six-month severance payment period; (ii) you will also be eligible to receive a prorated bonus payment for the year in which your employment terminates (notwithstanding that you otherwise would not be eligible for payment of such bonus due to termination of employment prior to the bonus payment date), with such prorated bonus amount to be based on the achievement of the bonus objectives prior to such termination or resignation (provided that, no prorated bonus will be owed if the Board determines that there has been no achievement of such bonus objectives), and (iii) you will be eligible for the Full Acceleration as provided in Section 8 hereof.

c. For purposes of this Agreement, "**Cause**" for termination of employment shall mean: (i) your failure to substantially perform the principal duties and obligations of your position with the Company; (ii) any act of personal dishonesty, fraud or misrepresentation by you which was intended to or does result in your substantial

gain or personal enrichment at the expense of the Company; (iii) your violation of a federal or state law or regulation applicable to the Company's business or any of the Company's policies, which violation was or is reasonably likely to be injurious to the Company or its business or reputation; (iv) your conviction of a felony or a plea of nolo contendere under the laws of the United States or any State; or (v) your material breach of the terms of any agreement or contract between you and the Company. The determination that a termination is for Cause shall be made in good faith by the Board in its sole discretion.

d. You may voluntarily terminate your employment for "**Good Reason**" under Section 7(b) of this Agreement by notifying the Company in writing, within thirty (30) days after the first occurrence of one of the following events taken without your consent, that you intend to terminate your employment for Good Reason on a date not later than the ninetieth (90th) day following such event, if the Company has not cured that event within thirty (30) days after its receipt of your written notice. The events that may give rise to a Good Reason termination are: (i) a material and substantial reduction in the scope of your duties and responsibilities (provided, however, that a change in job position (including a change in title) shall not be deemed a "material reduction" unless your new duties are substantially reduced from your prior duties); (ii) relocation of your principal office that results in a one-way increase in your commute distance of more than 30 miles; or (iii) a reduction in your base salary by more than twenty (20%) percent (provided that an across-the-board reduction in the salary level of all Vice Presidents of the Company by the same (or a greater) percentage amount shall not constitute Good Reason).

8. **Change of Control.**

For purposes of this Agreement, "**Change of Control**" shall mean the consummation of a transaction or series of transactions that results in: (i) any sale or other disposition of all or substantially all of the assets of the Company. that occurs over a period of not more than twelve (12) months; or (ii) any person, or more than one person acting as a group, acquiring ownership of stock of the Company, that together with the stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of such corporation. However, a Change of Control shall not include (x) any consolidation or merger effected exclusively to change the domicile of the Company, or (y) any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof. This definition of Change of Control is intended to conform to the definitions of "change in ownership of a corporation" and "change in ownership of a substantial portion of a corporations assets" provided in Treasury Regulation Sections 1.409A-3(i)(5)(v) and (vii).

In the event that, on or within twelve (12) months after the consummation of a Change of Control of the Company, your employment with the Company (or its successor, as applicable) is terminated by the Company (or its successor, as applicable) without Cause or you terminate your employment for Good Reason, 100% of the shares subject to any outstanding stock options held by you will be immediately vested and exercisable

in full effect as of the employment termination date (the "**Full Acceleration**"). Notwithstanding the foregoing, as a pre-condition of the Full Acceleration, within the timing required by the Company, you must sign, date and return to the Company the Release substantially in the form attached hereto as ***Exhibit A,*** and such Release becomes effective in accordance with its terms, including through the expiration of any applicable revocation period.

9. **Deferred Compensation**.

It is intended that (i) each installment of any amounts or benefits payable under Section 10 of this Agreement be regarded as a separate "payment" for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i) (and each such installment is hereby designated as separate for such purpose), (ii) all payments of any such amounts or benefits satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations and other guidance thereunder and any state law of similar effect (collectively "**Section 409A**"), as provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9)(iii); and (iii) any such amounts or benefits consisting of premiums payable under COBRA also satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(9)(v). However, if any such amounts or benefits constitute "deferred compensation" under Section 409A and if you are a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the imposition of the adverse personal tax consequences under Section 409A, the timing of any such benefit payments as to which you are entitled shall be delayed as follows: on the earlier to occur of (a) the date that is six (6) months and one (1) day after your separation from service and (b) the date of your death (such applicable date, the "**Delayed Initial Payment Date**"), the Company shall (1) pay you a lump sum amount equal to the sum of the benefit payments that you would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the benefits had not been delayed pursuant to this Section 12 and (2) commence paying the balance, if any, of the benefits in accordance with the applicable payment schedule.

This Agreement, together with the Confidentiality Agreement, sets for the entire agreement and understanding between you and the Company relating to your employment and supersedes all prior agreements, understandings and discussions between you and the Company, including, without limitation, the Prior Agreement. This letter may not be modified or amended except by a written agreement, signed by the Chief Executive Officer of the Company, although the Company reserves the right to modify unilaterally your compensation, benefits, job title and duties, reporting relationships and other terms of your employment.

Sincerely,

/s/ David M. Renzi

David M. Renzi
President and CEO

UNDERSTOOD, ACCEPTED AND AGREED:
John McKune

/s/ John McKune

Signature

April 15, 2016

Date

EXHIBIT A

RELEASE AGREEMENT

In exchange for the General Severance Benefits, the Change of Control Severance Benefits, and/or the Full Acceleration, as applicable, to be provided to me pursuant to the Amended and Restated Employment Agreement dated April 15, 2016 (the "**Agreement**") between me and Carbylan Therapeutics, Inc. (the "**Company**"), I hereby provide the following release of claims (the "**Release**").

In exchange for the severance pay and benefits provided to me under the Agreement, to which I acknowledge I would not otherwise be entitled, and for other good and valuable consideration, the receipt and sufficiency of which I hereby acknowledge, I hereby generally and completely release the Company, its parent and subsidiary entities, and their respective directors, officers, employees, shareholders, stockholders, partners, agents, attorneys, predecessors, successors, insurers, employee benefit plans, affiliates, and assigns (collectively, the "**Released Parties**") of and from any and all claims, liabilities and obligations, both known and unknown, arising out of or in any way related to events, acts, conduct, or omissions occurring at any time prior to or at the time that I sign this Release (collectively, the "**Released Claims**"). The Released Claims include, but are not limited to: (1) all claims arising out of or in any way related to my employment with the Company (or its successor) or the termination of that employment; (2) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership or equity interests in the Company; (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing (including, but not limited to, any claims based on or arising from the Agreement); (4) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act (as amended) ("**ADEA**"), the federal Family and Medical Leave Act (as amended) ("**FMLA**"), the California Family Rights Act ("**CFRA**"), the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended).

Notwithstanding the foregoing, the following are not included in the Released Claims (the "**Excluded Claims**"): (1) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party, the charter, bylaws, or operating agreements of the Company, applicable law, or applicable directors and officers liability insurance; (2) any rights or claims which are not waivable as a matter of law; and (3) any claims for breach of the Agreement arising after the date that I sign this Release. In addition, nothing in this Release prevents me from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, or any other government agency, except that I acknowledge and agree that I am hereby waiving my right to any monetary benefits in connection with any such claim, charge or proceeding. I represent that I have no lawsuits, claims or actions pending in my name, or on behalf of any other person or entity, against any of the Released Parties.

The following paragraph shall apply to me only if I am forty (40) years old or older as of the date that I sign this Release: I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given for the waiver and release in the preceding paragraph is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised by this writing that: (1) my waiver and release do not apply to any rights or claims that may arise after the date I sign this Release; (2) I have been advised to consult with an attorney prior to signing this Release (although I may choose voluntarily not to do so) and I have had sufficient opportunity to do so; (3) I have twenty-one (21) days to consider this Release (although I may choose voluntarily to sign it earlier); (4) I have seven (7) days following the date I sign this Release to revoke it by providing written notice of revocation to the Company's Board of Directors; and (5) this Release will not be effective until the date upon which the revocation period has expired, which will be the eighth calendar day after the date I sign it if I do not revoke it (such date, the "**Effective Date**").

The following paragraph shall apply to me only if I am less than forty (40) years old as of the date that I sign this Release: I understand that I have fourteen (14) days to consider this Release (although I may choose voluntarily to sign it earlier), the Release will become effective as of the date that I sign it (such date, the "**Effective Date**"), and I do not have the right to revoke this Release after signing it.

I UNDERSTAND THAT THIS RELEASE AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. I acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."** I hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to my release of claims herein, including but not limited to the release of unknown and unsuspected claims.

I hereby represent that I have been paid all compensation owed and for all time worked, I have received all the leave and leave benefits and protections for which I am eligible, pursuant to FMLA, CFRA, any Company policy or applicable law, and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I further agree: (1) not to disparage the Company, or any of the other Released Parties, in any manner likely to be harmful to its or their business, business reputation, or personal reputation (although I may respond accurately and fully to any question, inquiry or request for information as required by legal process); (2) not to voluntarily (except in response to legal compulsion) assist any third party in bringing or pursuing any proposed or pending litigation, arbitration, administrative claim or other formal proceeding against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees or agents; and (3) to cooperate fully with the Company, by voluntarily (without legal compulsion) providing accurate and complete information, in connection with the Company's actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters, arising from events, acts, or failures to act that occurred during the period of my employment by the Company or any successor thereto.

I understand that, upon the Effective Date, this Release will take effect as a legally binding agreement between me and the Company. This Release sets for the entire agreement and understanding between the Company and me relating to the matters set forth herein and supersedes all prior and contemporaneous agreements, understandings and discussions concerning such matters, whether express or implied. This Release may not be modified or amended except by a written agreement, signed by the Chief Executive Officer of the Company and me.

By: _____

[Name]

Date: _____

Exhibit 99.1

Carbylan Therapeutics Announces Decision to Pursue Strategic Transaction

Carbylan to suspend clinical development of Hydros-TA, reduce headcount and preserve capital

Palo Alto, Calif., April 15, 2016 - Carbylan Therapeutics (NASDAQ: CBYL), a specialty pharmaceutical company, announced today that it has suspended further clinical development of Hydros-TA and that it is actively pursuing a strategic transaction, including a merger or acquisition of the company. As previously announced, Carbylan has engaged Wedbush PacGrow to act as its strategic financial advisor for this process.

In conjunction with the plan to pursue a strategic transaction, Carbylan also announced an immediate reduction in its workforce of 14 employees of its current 17 employees in order to preserve capital and further streamline the Company's operations in preparation for a potential strategic transaction.

Carbylan currently projects that it will have approximately $25-$30 million of net cash available for the potential strategic transaction. This projection is based on the Company's current expectations and assumptions, including the consummation of a transaction by the end of the third quarter of 2016, and the actual amount of net cash available could differ materially from the Company's current estimate.

Forward Looking Statements

To the extent that statements contained in this press release are not descriptions of historical facts regarding Carbylan Therapeutics, they are forward-looking statements reflecting the current beliefs and expectations of management made pursuant to the safe harbor of the Private Securities Reform Act of 1995, including statements regarding the potential for, and timing of, an acquisition, merger, strategic partnership or other strategic transaction, as well as its current projections of net cash available for a potential strategic transaction. Such forward-looking statements involve substantial risks and uncertainties that could cause Carbylan's future results to differ significantly from those expressed or implied by the forward-looking statements. Carbylan Therapeutics undertakes no obligation to update or revise any forward-looking statements. For a further description of the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of the Company in general, see Carbylan's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2016, and its subsequent periodic reports to be filed with the Securities and Exchange Commission.

Contacts

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