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): November 21, 2016

KALVISTA PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-36830**	**20-0915291**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

Building 227, Tetricus Science Park, Porton Down,
Salisbury, Wiltshire, United Kingdom SP4 0JQ
(Address of Principal Executive Offices)

Registrant's telephone number, including area code +44 (0) 1980 753002

Carbylan Therapeutics, Inc.
39899 Balentine Drive, Suite 200, Newark, California 94560
(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 (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 Agreement.

On June 15, 2016, KalVista Pharmaceuticals, Inc., formerly known as "Carbylan Therapeutics, Inc.", a Delaware corporation (the "**Company**"), KalVista Pharmaceuticals Ltd., a private company limited by shares incorporated and registered in England and Wales ("**Kalvista**"), the shareholders of KalVista (each a "**Seller**" and collectively, the "**Sellers**") and, solely for the purposes of being bound by certain provisions therein and solely in such person's capacity as the Seller Representative, Andrew Crockett, entered into a Share Purchase Agreement (the "**Share Purchase Agreement**"), pursuant to which, among other things, each Seller agreed to sell to the Company, and the Company agreed to purchase from each Seller, all of the ordinary and preferred shares of KalVista ("**KalVista Shares**") owned by such Seller in exchange for the issuance of a certain number of shares of common stock of the Company as determined pursuant to the terms of the Share Purchase Agreement (the "**Transaction**"). The Share Purchase Agreement includes customary representations and warranties by each party thereto.

Concurrently with the execution of the Share Purchase Agreement, the Company entered into a Registration Rights Agreement (the "**Registration Rights Agreement**"), pursuant to which the Company will file a registration statement with the Securities and Exchange Commission (the "**SEC**") covering the resale of the shares of the Company common stock issued to the Sellers in connection with the Transaction.

The foregoing description of the Share Purchase Agreement and the Registration Rights Agreement is qualified in its entirety by reference to the Share Purchase Agreement and the Registration Rights Agreement, which are filed as exhibits to this Current Report on Form 8-K.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On November 21, 2016, the Company completed its business combination with KalVista, in accordance with the terms of the Share Purchase Agreement. On November 21, 2016, pursuant to the Share Purchase Agreement, each Seller sold to the Company, and the Company purchased from each Seller, all of the KalVista Shares owned by such Seller in exchange for the issuance of a certain number of shares of common stock of the Company. In connection with the Transaction, the name of the surviving corporation was changed to "KalVista Pharmaceuticals, Inc." Following the completion of the Transaction, the business being conducted by the Company became primarily the business conducted by KalVista, which is a clinical stage pharmaceutical company focused on the discovery and development of small molecule protease inhibitors. Unless otherwise noted herein, all references to share amounts reflect the Reverse Stock Split, defined below.

As a result of the consummation of the Transaction, and after giving effect to a 14-for-1 reverse stock split (the "**Reverse Stock Split**"), discussed in Item 3.03 below, each outstanding share of KalVista ordinary and preferred stock then outstanding was canceled and automatically converted into and became the right to receive approximately 0.29112 shares of the Company's common stock (as adjusted by the Reverse Stock Split). At the effective time of the Transaction, each outstanding option, whether or not vested, to purchase KalVista common stock was converted into an option to purchase the Company's common stock. The exchange rate was calculated by a formula that was determined through arms-length negotiations between the Company and KalVista. In connection with the Transaction and in accordance with the Registration Rights Agreement, the Company will file with the Securities and Exchange Commission a registration statement on Form S-3 to register the shares of the Company's common stock received by the Sellers in the Transaction for resale in the public markets.

Immediately following the Reverse Stock Split and the Transaction, there were 9,925,247 shares of the Company's common stock outstanding, and the former KalVista stockholders beneficially owned approximately 81% of these outstanding shares. Substantially all of these former KalVista stockholders are party to lock-up agreements, pursuant to which such stockholders

have agreed, except in limited circumstances, not to sell or transfer, or engage in swap or similar transactions with respect to, shares of the Company's common stock, including, as applicable, shares received in the Transaction, for a period of 180 days following the completion of the Transaction.

The Company's common stock, previously listed on The NASDAQ Stock Market, trading through the close of business on Monday, November 21, 2016 under the ticker symbol "CBYL," will commence trading on The NASDAQ Stock Market, on a post-Reverse Split adjusted basis, under the ticker symbol "KALV" on November 22, 2016. The Company's common stock is represented by a new CUSIP number, 483497 103.

The foregoing description of the Share Purchase Agreement and the Registration Rights Agreement is qualified in its entirety by reference to the Share Purchase Agreement and the Registration Rights Agreement, which are filed as exhibits to this Current Report on Form 8-K.

On November 22, 2016, the Company issued a press release announcing the consummation of the Transaction and related transactions. A copy of the press release is filed as Exhibit 99.1 hereto and is incorporated by reference herein.

Item 3.02 Unregistered Sales of Equity Securities

Pursuant to the Share Purchase Agreement, the Company issued 8,039,430 shares of its common stock. The nature of the transaction, the nature and amount of consideration received by the Company are described in Item 2.01 of this Form 8-K, which is incorporated by reference into this Item 3.02. Such sales were exempt from registration under Section 4(a)(2) and Regulation D and Regulation S under the Securities Act of 1933, as amended, and the rules promulgated thereunder.

Item 3.03 Material Modification to Rights of Security Holders.

At the special meeting of the Company's stockholders held on November 21, 2016 and as previously disclosed in the Company's Current Report on Form 8-K filed on November 21, 2016, its stockholders approved an amended and restated certificate of incorporation to effect the Reverse Stock Split, and approved an amendment to the amended and restated certificate of incorporation of the Company to change its name from "Carbylan Therapeutics, Inc." to "KalVista Pharmaceuticals, Inc."

On November 21, 2016, after the close of market, in connection with, and immediately prior to, the completion of the Transaction, the Company filed an amendment to its amended and restated certificate of incorporation with the Secretary of State of the State of Delaware to effect the Reverse Stock Split. As a result of the Reverse Stock Split, the number of issued and outstanding shares of the Company's common stock immediately prior to the Reverse Stock Split were reduced into a smaller number of shares, such that every 14 shares of the Company's common stock held by a stockholder immediately prior to the Reverse Stock Split were combined and reclassified into one share of the Company's common stock. Immediately following the Reverse Stock Split, but prior to the completion of the Transaction, there were approximately 1,885,797 shares of the Company's common stock outstanding.

No fractional shares were issued in connection with the Reverse Stock Split. In accordance with the amendment to the amended and restated certificate of incorporation, any fractional shares resulting from the Reverse Stock Split were rounded down to the nearest whole number and each stockholder who would otherwise be entitled to a fraction of a share of common stock upon the Reverse Stock Split (after aggregating all fractions of a share to which the stockholder would otherwise be entitled) will receive a cash payment in an amount equal to the fair market value of the fractional share based on the closing price of the Company's common stock on The NASDAQ Stock Market on November 21, 2016.

Also on November 21, 2016, in connection with and immediately following the Transaction, the Company filed an amendment to the amended and restated certificate of incorporation with the Secretary of State of the State of Delaware to change the Company's name from "Carbylan Therapeutics, Inc." to "KalVista Pharmaceuticals, Inc."

The foregoing descriptions of the amendments to the amended and restated certificate of incorporation are subject to and qualified in their entirety by reference to the amendments to the amended and restated certificate of incorporation, copies of which are attached as Exhibit 3.1 and Exhibit 3.2, respectively, hereto and are incorporated herein by reference.

Item 4.01 Change in Registrant's Certifying Accountant.

On November 21, 2016, the Company dismissed PricewaterhouseCoopers LLP ("**PwC**") as the Company's independent registered public accounting firm, effective immediately. On the same date the Company appointed Deloitte & Touche LLP ("**Deloitte**") as the Company's new independent registered public accounting firm effective as of the date of the consummation of the Transaction.

The Audit Committee of the board of directors of the Company approved the dismissal of PwC and the appointment of Deloitte.

The reports of PwC on the Carbylan Therapeutics, Inc.'s financial statements for each of fiscal years ended December 31, 2015 and December 31, 2014 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principle, except that the report for the fiscal year ended December 31, 2014 contained an explanatory paragraph stating that there was substantial doubt about the Company's ability to continue as a going concern.

During the fiscal years ended December 31, 2015 and December 31, 2014, and the subsequent interim period through November 21, 2016, there were no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) between the Company and PwC on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures which disagreements, if not resolved to the satisfaction of PwC would have caused PwC to make reference thereto in their reports on the financial statements for such years.

The Company provided PwC with a copy of the disclosures it is making in this Current Report on Form 8-K and requested that PwC furnish the Company with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements contained herein. A copy of PwC's letter, dated November 23, 2016, is filed as Exhibit 16.1 to this Current Report on Form 8-K.

During the fiscal year ended April 30, 2016 and the period from May 1, 2016 through November 21, 2016, neither the Company, nor anyone acting on its behalf, consulted with Deloitte regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that may be rendered on the Company's financial statements, and Deloitte did not provide either a written report or oral advice to the Company that was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

Item 5.01 Changes in Control of Registrant

The disclosures set forth in Item 2.01 regarding the Transaction and the disclosures set forth in Item 5.02 regarding the Company's board of directors are incorporated by reference into this Item 5.01.

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

Directors

In accordance with the Share Purchase Agreement, on November 21, 2016, effective immediately prior to the effective time of the Transaction, each of Steven L. Basta, David M. Clapper, Keith A. Katkin, Guy P. Nohra, David M. Renzi, David Saul and Reza Zadno, Ph.D. resigned from the Company's board of directors and any respective committees of the board of directors on which they served, which resignations were not the result of any disagreements with the Company relating to the Company's operations, policies or practices.

In accordance with the Share Purchase Agreement, at the effective time of the Transaction, on November 21, 2016, the board of directors and its committees were reconstituted, with T. Andrew Crockett, Rajeev Shah and Joshua Resnick, M.D., appointed as Class I directors of the Company whose terms expire at the Company's 2019 annual meeting of stockholders; Richard Aldrich and Edward W. Unkart appointed as Class II directors of the Company whose terms expire at the Company's 2017 annual meeting of stockholders; and Albert Cha, M.D., Ph.D., and Arnold L. Oronsky, Ph.D. appointed as Class III directors of the Company whose terms expire at the Company's 2018 annual meeting of stockholders. In addition, Arnold L. Oronsky, Ph.D., Rajeev Shah and Edward W. Unkart were appointed to the Company's Audit Committee, Albert Cha, M.D., Ph.D., Joshua Resnick, M.D. and Rajeev Shah were appointed to the Compensation Committee and Arnold L. Oronsky, Ph.D. and Joshua Resnick, M.D. were appointed to the Nominating and Governance Committee.

Officers

In accordance with the Share Purchase Agreement, at the effective time of the Transaction, on November 21, 2016, David M. Renzi, John McKune and Marcee Maroney resigned from all offices held in the Company and the Company's board of directors appointed T. Andrew Crockett as Chief Executive Officer and Benjamin L. Palleiko as Chief Financial Officer.

Biographical information regarding each of the newly appointed directors and executive officers is included in the Company's Proxy Statement on Schedule 14A (the "**Proxy**"), which was filed with the Securities and Exchange Commission on October 28, 2016, and is incorporated herein by reference.

T. Andrew Crockett has served as a member of KalVista's board of directors and as Chief Executive Officer since June 2011. His current annual salary is $450,000, with a target bonus of 50% of his annual salary, based upon achievement of performance goals established by the Compensation Committee of the Board.

Benjamin L. Palleiko has served as KalVista's Chief Financial Officer since August 2016. His current annual salary is $340,000, with a target bonus of 35% of his annual salary, based upon achievement of performance goals established by the Compensation Committee of the Board. In connection with the consummation of the Transaction, he was awarded a stock option to acquire 49,354 shares of the Company's common stock. Such option vests as to 1/4th of the shares on August 26, 2017, and 1/36th of the remaining options vest monthly thereafter. In addition, he will be awarded an additional stock option to acquire 50,864 shares of the Company's common stock, following an increase to the shares available for grant under the Company's equity incentive plan.

We intend to enter into new employment agreements with Mr. Crockett and Mr. Palleiko. We expect that each of these agreements will provide for at-will employment and include each officer's base salary, an annual incentive bonus opportunity as described above and standard employee benefit plan participation. We also expect these agreements to provide for severance benefits upon termination of employment or a change of control of our company.

Indemnification Agreements

On November 21, 2016, the Company entered into indemnification agreements with each of its newly appointed directors and executive officers, T. Andrew Crockett, Benjamin L. Palleiko, Rajeev Shah, Joshua Resnick, M.D., Richard Aldrich, Edward W. Unkart, Albert Cha, M.D., Ph.D., and Arnold L. Oronsky, Ph.D. Pursuant to the indemnification agreements, the Company has agreed to indemnify and hold harmless these directors and officers to the fullest extent permitted by the Delaware General Corporation Law. The agreements generally cover expenses that a director or officer incurs or amounts that a director or officer becomes obligated to pay because of any proceeding to which he or she is made or threatened to be made a party or participant by reason of his or her service as a current or former director, officer, employee or agent of the Company, provided that he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. The agreements also provide for the advancement of expenses to the directors and officers subject to specified conditions. There are certain exceptions to the Company's obligation to indemnify the directors and officers, including with respect to "short-swing" profit claims under Section 16(b) of the Securities Exchange Act of 1934, as amended, and, with certain exceptions, with respect to proceedings that he or she initiates.

The foregoing description of the material terms indemnification agreements and is subject to and qualified in its entirety by reference to the form of indemnification agreement, a copy of which is attached as Exhibit 10.2 hereto and is incorporated herein by reference.

Termination of Named Executive Officers

Following the consummation of the Transaction, each of David M. Renzi and Marcee M. Maroney were terminated by the Company and are entitled to receive the severance and change of control payments as described in each of their Severance and Change of Control Agreements. For additional information regarding these payments, please refer to "Carbylan Executive Compensation — Potential Payments Upon Termination or Change in Control" on page 206 of the Proxy.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On November 21, 2016, concurrent with the Transaction, we adopted the fiscal year end of our KalVista subsidiary, thereby changing our fiscal year end from December 31 to April 30, and we will begin to file reports based on the reporting periods for a fiscal year ending April 30, commencing with the period in which the Transaction was consummated, which is the quarter ending January 31, 2017. In addition, the Company will file a Form 8-K for the quarter ended October 31, 2016, to include the financial statements of KalVista for the quarter ended October 31, 2016 no later than 45 days after the consummation of the Transaction.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The unaudited interim financial statements of KalVista, including KalVista's unaudited condensed balance sheet as of July 31, 2016, KalVista's condensed balance sheet derived from audited financial statements as of April 30, 2016, unaudited condensed statements of operations and comprehensive loss for the three months ended July 31, 2016 and 2015, unaudited condensed statements of cash flows for the three months ended July 31, 2016 and 2015 and the notes related thereto are filed as Exhibit 99.2 and are incorporated herein by reference.

The audited financial statements of KalVista, including KalVista's audited balance sheets as of April 30, 2016 and 2015, statements of operations and comprehensive loss for the years ended April 30, 2016 and 2015, statements of changes in convertible preferred stock and stockholders' deficit for the years ended April 30, 2016 and 2015, statements of cash flows for the years ended April 30, 2016 and 2015, the notes related thereto and the related independent registered public accounting firm's report are filed as Exhibit 99.3 and are incorporated herein by reference.

(b) Pro Forma Financial Information

The Company intends to file the pro forma financial information required by Item 9.01(b) as part of an amendment to this Current Report on Form 8-K not later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(d) Exhibits

Exhibit No.	Description
2.1	Share Purchase Agreement, dated June 15, 2016, the Company, KalVista, the Sellers, and, solely for the purposes of being bound by certain provisions therein and solely in such person's capacity as the Seller Representative, Andrew Crockett.
3.1	Certificate of Amendment (Reverse Stock Split) to the Restated Certificate of Incorporation of the Company, dated November 21, 2016.
3.2	Certificate of Amendment (Name Change) to the Restated Certificate of Incorporation of the Company, dated November 21, 2016.
10.1	Registration Rights Agreement, dated June 15, 2016 by and among the Company and the Sellers.

10.2 Form of Indemnification Agreement, by and between the Company and each of its directors and officers.

16.1 Letter from PricewaterhouseCoopers LLP dated November 23, 2016.

23.1 Consent of Independent Registered Public Accounting Firm

99.1 Press Release issued by the Company on November 22, 2016.

99.2 Unaudited Interim Financial Statements of KalVista Pharmaceuticals Ltd.
Condensed Balance Sheets as of July 31, 2016 and April 30, 2016
Condensed Statements of Operations and Comprehensive Loss for the Three Months Ended July 31, 2016 and 2015
Condensed Statements of Cash Flows for the Three Months Ended July 31, 2016 and 2015
Notes to Condensed Financial Statements (Unaudited)

99.3 Audited Financial Statements of KalVista Pharmaceuticals Ltd.
Report of Independent Registered Public Accounting Firm
Balance Sheets as of April 30, 2016 and 2015
Statements of Operations and Comprehensive Loss for the Years Ended April 30, 2016 and 2015
Statements of Changes in Convertible Preferred Stock and Stockholders' Deficit for the Years Ended April 30, 2016 and 2015
Statements of Cash Flows for the Years Ended April 30, 2016 and 2015
Notes to Financial Statements

SIGNATURE

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

KALVISTA PHARMACEUTICALS, INC.

By: /s/ Thomas Andrew Crockett
Name: Thomas Andrew Crockett
Title: Chief Executive Officer

Date: November 23, 2016

EXHIBIT INDEX

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99.3	Audited Financial Statements of KalVista Pharmaceuticals Ltd. *Report of Independent Registered Public Accounting Firm* *Balance Sheets as of April 30, 2016 and 2015* *Statements of Operations and Comprehensive Loss for the Years Ended April 30, 2016 and 2015* *Statements of Changes in Convertible Preferred Stock and Stockholders' Deficit for the Years Ended April 30, 2016 and 2015* *Statements of Cash Flows for the Years Ended April 30, 2016 and 2015* *Notes to Financial Statements*

SHARE PURCHASE AGREEMENT

BY AND AMONG

CARBYLAN THERAPEUTICS, INC.,

THE SHAREHOLDERS OF KALVISTA PHARMACEUTICALS LTD.,

KALVISTA PHARMACEUTICALS LTD.

AND

THE SELLER REPRESENTATIVE

Dated as of June 15, 2016

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Schedules:

Exhibits:

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "***Agreement***") is made and entered into as of June 15, 2016, by and among **CARBYLAN THERAPEUTICS, INC.,** a Delaware corporation ("***Carnivale***"), **KALVISTA PHARMACEUTICALS LTD.**, a private company limited by shares incorporated and registered in England and Wales with number 07543947 and whose registered address is at Building 227 Tetricus Science Park, Porton Down, Salisbury, Wiltshire, SP4 0JQ (the "***Company***"), the shareholders of the Company named on the signature pages hereto (each a "***Seller***" and collectively, the "***Sellers***") and, solely for the purposes of being bound by Sections 1, 8, 9 and 10 hereof and solely in such person's capacity as the Seller Representative, Andrew Crockett (the "***Seller Representative***"). This Agreement shall not become effective until it is executed by each of the Sellers named in the signature pages hereto as of the date of this Agreement. Certain capitalized terms used in this Agreement are defined in **Exhibit A**.

RECITALS

A. The Sellers are collectively the legal and beneficial owners of all of the allotted and issued Company Shares (as defined below).

B. The parties desire to enter into this Agreement pursuant to which each Seller agrees to sell to Carnivale, and Carnivale agrees to purchase from each Seller, the Company Shares owned by such Seller (the "***Transaction***"), on the terms and subject to the conditions contained herein.

C. The Carnivale Board (i) has determined that the Transaction is fair to, advisable and in the best interests of Carnivale and its stockholders, (ii) has approved this Agreement, the Transaction and the other Contemplated Transactions and has declared this Agreement advisable and (iii) has determined to recommend, upon the terms and subject to the conditions set forth in this Agreement, that the stockholders of Carnivale vote to approve this Agreement and the issuance of Carnivale Common Stock pursuant to this Agreement.

D. The Company Board has approved (i) this Agreement, the Transaction and the other Contemplated Transactions and (ii) the transfers of the Company Shares, and (subject only to due stamping) the registration, in the register of members, of Carnivale as the holder of the Company Shares (the "***Company Board Approval***").

E. Concurrently with the execution and delivery of this Agreement and as a condition and inducement to the Sellers' and the Company's willingness to enter into this Agreement, the Company and the stockholders and optionholders of Carnivale listed on Section A of the Carnivale Disclosure Schedule have entered into a Support Agreement, dated as of the date of this Agreement, in the form attached hereto as **Exhibit B** (the "***Carnivale Stockholder Support Agreement***"), pursuant to which such Persons have, subject to the terms and conditions set forth therein, agreed to vote all of their shares of capital stock of Carnivale in favor of the Transaction and against any competing proposals.

F. The stockholders and optionholders of Carnivale listed on Section A of the Carnivale Disclosure Schedule, and each of the Sellers, have entered into Lock-Up Agreements with Carnivale, in the form attached hereto as **Exhibit C** (the "***Lock-Up Agreements***") in which such Persons have agreed not to sell or otherwise dispose of shares of Carnivale Common Stock following the Closing for the period set forth therein.

F. Concurrently with the execution and delivery of this Agreement, Carnivale and the Sellers have entered into a Registration Rights Agreement, dated as of the date of this Agreement and to become effective as of the Closing, in the form attached hereto as **Exhibit D** (the "***Registration Rights Agreement***").

G. For United States federal income tax purposes, it is intended that the Transaction shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

H. It is expected that the issuance of shares of Carnivale Common Stock to the shareholders of the Company pursuant to the Transaction will result in a change of control of Carnivale.

AGREEMENT

The Parties, intending to be legally bound, agree as follows:

Section 1. DESCRIPTION OF TRANSACTION

1.1 The Transaction. Upon the terms and subject to the conditions set forth in this Agreement, on the Closing Date, Carnivale shall purchase from each Seller, and each Seller shall, severally and not jointly, sell, convey, assign, transfer and deliver to Carnivale, all of the Company Shares owned by such Seller, as set forth opposite such Seller's name on the Closing Date Allocation Schedule, with full title guarantee, free and clear of all Encumbrances (other than the Permitted Encumbrances) and together with all rights attaching to the Company Shares as at the Closing Date (including all dividends and distributions declared, paid or made in respect of the Company Shares after the Closing Date) in exchange for the issuance by Carnivale to such Seller of a number of shares of Carnivale Common Stock equal to the product (rounded down to the nearest whole number) of (a) the Aggregate Closing Consideration, multiplied by (b) such Seller's Pro Rata Percentage, as set forth in the Closing Date Allocation Schedule and the parties hereby agree and acknowledge that Carnivale's offer to acquire all of the issued Company Ordinary Shares shall, for the purposes of the Company Plan (as defined below), constitute a "general offer" in accordance with paragraph 8.1 of the Company Plan. Each Seller hereby severally waives any right of pre-emption or other restriction on transfer in respect of the Company Shares or any of them.

1.2 Closing.

(a) Unless this Agreement is earlier terminated pursuant to the provisions of Section 9.1 of this Agreement, and subject to the satisfaction or waiver of the conditions set forth in Sections 6, 7 and 8 of this Agreement, the consummation of the Transaction (the "***Closing***") shall take place at the offices of Latham & Watkins LLP, 140 Scott Drive, Menlo Park, California, as promptly as practicable (but in no event later than the second Business Day following the satisfaction or waiver of the last to be satisfied or waived of the conditions set forth in Sections 6, 7 and 8, other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of each of such conditions), or at such other time, date and place as Carnivale and the Company may mutually agree in writing. The date on which the Closing actually takes place is referred to as the "***Closing Date***."

(b) At the Closing:

(i) the Company and the Sellers shall deliver to Carnivale the various certificates, instruments and documents referred to in Section 7;

(ii) Carnivale shall deliver to the Sellers and the Company the various certificates, instruments and documents referred to in Section 8;

(iii) Carnivale shall deliver to the Seller Representative written evidence from Carnivale's transfer agent reasonably satisfactory to the Seller Representative of the issuance to each Seller of a number of shares of Carnivale Common Stock equal to such Seller's Pro Rata Percentage of the Aggregate Closing Consideration (rounded down to the nearest whole number) effective as of the Closing Date and the book entry registration of such Seller's ownership of such shares of Carnivale Common Stock as contemplated pursuant to Section 1.4(b); and

(iv) each Seller shall irrevocably deliver or procure to be delivered to Carnivale:

(A) duly executed transfers in respect of the Company Shares in favor of Carnivale (and in a form reasonably acceptable to Carnivale), together with the share certificates in respect of such Company Shares (or an indemnity in a form reasonably satisfactory to Carnivale for any lost share certificates);

(B) a duly executed power of attorney (in a form reasonably acceptable to Carnivale) from the Sellers appointing Carnivale as their attorney in their name and on their behalf to exercise any or all of the voting and other rights, powers and privileges (including the right to nominate proxies on its behalf) attached to the Company Shares registered in their name and in which such Sellers undertake to ratify all actions taken by Carnivale, as their attorney, in pursuance of the power of attorney, and agree that such power of attorney is executed to secure the interest of Carnivale in the Company Shares and shall accordingly be irrevocable.

1.3 Directors and Officers. Effective as of the Closing, the directors and officers of Carnivale shall be as described in Section 5.15 hereto.

1.4 Closing Date Payments.

(a) No later than three Business Days prior to the Closing Date, the Company shall deliver to Carnivale the Closing Date Allocation Schedule. Carnivale shall be entitled to rely conclusively on the Closing Date Allocation Schedule, and, as between the Sellers, on the one hand, and Carnivale, on the other hand, any amounts delivered by Carnivale to any Seller in accordance with the Closing Date Allocation Schedule shall be deemed for all purposes to have been delivered to the applicable Seller in full satisfaction of the obligations of Carnivale under this Section 1.

(b) On the Closing Date, Carnivale shall cause to be issued (in electronic book entry form) to each Seller, in accordance with the Closing Date Allocation Schedule, a number of shares of Carnivale Common Stock equal to the product (rounded down to the nearest whole number) of (i) the Aggregate Closing Consideration, multiplied by (ii) such Seller's Pro Rata Percentage, as set forth in the Closing Date Allocation Schedule.

(c) If any Company Ordinary Shares immediately prior to the Closing are unvested or are subject to a repurchase option or the risk of forfeiture under any applicable restricted stock purchase agreement or other agreement with the Company, then the shares of Carnivale Common Stock issued in exchange for such Company Ordinary Shares will to the same extent be unvested and subject to the same repurchase option or risk of forfeiture, and such shares of Carnivale Common Stock shall accordingly be marked with appropriate legends.

(d) No fractional shares of Carnivale Common Stock shall be issued in connection with the Transaction, and no certificates or scrip for any such fractional shares shall be issued.

(e) All Company Options outstanding immediately prior to the Closing under the Company Plan shall be treated in accordance with Section 5.4.

(f) If, between the date of this Agreement and the Closing, the issued Company Shares or the outstanding shares of Carnivale Common Stock shall have been changed into, or exchanged for, a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares or other like change, the Exchange Ratio shall, to the extent necessary, be equitably adjusted to reflect such change to the extent necessary to provide the parties hereto the same economic effect as contemplated by this Agreement prior to such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares or other like change; *provided, however*, that nothing herein will be construed to permit the Company or Carnivale to take any action with respect to Company Shares or Carnivale Common Stock, respectively, that is prohibited or not expressly permitted by the terms of this Agreement.

1.5 Calculation of Net Cash.

(a) For the purposes of this Agreement, the "***Determination Date***" shall be the date that is ten calendar days prior to the anticipated date for Closing, as agreed upon by Carnivale and the Company at least ten calendar

days prior to the Carnivale Stockholders' Meeting (the "***Anticipated Closing Date***"). Within five calendar days following the Determination Date, Carnivale shall deliver to the Company a schedule (the "***Net Cash Schedule***") setting forth, in reasonable detail, Carnivale's good faith, estimated calculation (the "***Net Cash Calculation***") of Net Cash as of the close of business on the last Business Day prior to the Anticipated Closing Date (the "***Cash Determination Time***"), prepared and certified by Carnivale's Chief Financial Officer (or if there is no Chief Financial Officer, the principal accounting officer for Carnivale). Carnivale shall make available to the Company, as reasonably requested by the Company, the work papers and back-up materials used or useful in preparing the Net Cash Schedule and the personnel of Carnivale that participated in preparing the Net Cash Schedule and the Net Cash Calculation and, if requested by the Company, Carnivale's accountants and counsel at reasonable times and upon reasonable notice.

(b) Within three calendar days after Carnivale delivers the Net Cash Schedule (the "***Response Date***"), the Company shall have the right to dispute any part of such Net Cash Schedule by delivering a written notice to that effect to Carnivale (a "***Dispute Notice***"). Any Dispute Notice shall identify in reasonable detail the nature of any proposed revisions to the Net Cash Calculation.

(c) If on or prior to the Response Date, (i) the Company notifies Carnivale in writing that it has no objections to the Net Cash Calculation or (ii) the Company fails to deliver a Dispute Notice as provided in Section 1.5(b), then the Net Cash Calculation as set forth in the Net Cash Schedule shall be deemed to have been finally determined for purposes of this Agreement and to represent the Net Cash at the Cash Determination Time for purposes of this Agreement.

(d) If the Company delivers a Dispute Notice on or prior to the Response Date, then Representatives of Carnivale and the Company shall promptly meet and attempt in good faith to resolve the disputed item(s) and negotiate an agreed-upon determination of Net Cash, which agreed upon Net Cash amount shall be deemed to have been finally determined for purposes of this Agreement and to represent the Net Cash at the Cash Determination Time for purposes of this Agreement.

(e) If Representatives of Carnivale and the Company are unable to negotiate an agreed-upon determination of Net Cash as of the Cash Determination Time pursuant to Section 1.5(d) within three calendar days after delivery of the Dispute Notice (or such other period as Carnivale and the Company may mutually agree upon), then any remaining disagreements as to the calculation of Net Cash shall be referred to Grant Thornton LLP (or if such firm is unable or unwilling to serve, by another nationally recognized accounting firm reasonably acceptable to both Carnivale and the Company) (the "***Accounting Firm***"). Carnivale shall promptly deliver to the Accounting Firm the work papers and back-up materials used in preparing the Net Cash Schedule, and Carnivale and the Company shall use commercially reasonable efforts to cause the Accounting Firm to make its determination within ten calendar days of accepting its selection. The Company and Carnivale shall be afforded the opportunity to present to the Accounting Firm any material related to the unresolved disputes and to discuss the issues with the Accounting Firm; *provided, however*, that no such presentation or discussion shall occur without the presence of a Representative of each of the Company and Carnivale. The determination of the Accounting Firm shall be limited to the disagreements submitted to the Accounting Firm. The determination of the amount of Net Cash made by the Accounting Firm shall be deemed to have been finally determined for purposes of this Agreement and to represent the Net Cash as of the Cash Determination Time for purposes of this Agreement, and the Parties shall delay the Closing until the resolution of the matters described in this Section 1.5(e). The fees and expenses of the Accounting Firm shall be allocated between Carnivale and the Company in the same proportion that the disputed amount of the Net Cash that was unsuccessfully disputed by such Party (as finally determined by the Accounting Firm) bears to the total disputed amount of the Net Cash amount. If this Section 1.5(e) applies as to the determination of the Net Cash at the Cash Determination Time described in Section 1.5(a), upon resolution of the matter in accordance with this Section 1.5(e), the Parties shall not be required to determine Net Cash again even though the Closing Date may occur later than the Anticipated Closing Date, except that either Carnivale or the Company may request a redetermination of Net Cash if the Closing Date is more than 15 calendar days after the Anticipated Closing Date.

1.6 Seller Representative.

(a) By their execution of this Agreement and the transfer and delivery of their share certificates in respect of the Company Shares (or an indemnity in a form reasonably satisfactory to Carnivale for any lost share certificates), and/or their acceptance of any consideration pursuant to this Agreement, the Sellers hereby irrevocably (subject only to Section 1.6(d)) appoint the Seller Representative as the representative, attorney-in-fact and agent of the Sellers in connection with the transactions contemplated by this Agreement and in any litigation, arbitration or other Legal Proceeding involving this Agreement or the transactions contemplated hereby. In connection therewith, the Seller Representative is authorized to do or refrain from doing all further acts and things and to execute all such documents as the Seller Representative shall deem necessary or appropriate, and shall have the power and authority to:

(i) act for some or all of the Sellers with regard to all matters pertaining to this Agreement;

(ii) act for the Sellers to transact, resolve and settle any claims or disputes or any matters of litigation with regard to all matters pertaining to this Agreement;

(iii) subject to Section 10.2, execute and deliver all amendments, Consents, ancillary agreements, certificates and documents that the Seller Representative deems necessary or appropriate in connection with the consummation of the transactions contemplated by this Agreement;

(iv) do or refrain from doing, on behalf of the Sellers, any further act or deed that the Seller Representative deems necessary or appropriate in the Seller Representative's discretion relating to the subject matter of this Agreement in each case as fully and completely as the Sellers could do if personally present;

(v) give and receive all notices required to be given or received by the Sellers under this Agreement; and

(vi) receive service of process in connection with any claims under this Agreement.

(b) All decisions and actions of the Seller Representative on behalf of the Sellers shall be deemed to be facts ascertainable outside of this Agreement and shall be binding upon all Sellers, and no Seller shall have the right to object, dissent, protest or otherwise contest the same.

(c) The Seller Representative shall act for the Sellers on all of the matters set forth in this Agreement in the manner the Seller Representative believes to be in the best interest of the Sellers. The Seller Representative is authorized to act on behalf of the Sellers notwithstanding any dispute or disagreement among the Sellers. In taking any action as Seller Representative, the Seller Representative may rely conclusively, without any further inquiry or investigation, upon any certification or confirmation, oral or written, given by any Person whom the Seller Representative reasonably believes to be authorized thereunto. The Seller Representative may, in all questions arising hereunder, rely on the advice of counsel, and the Seller Representative shall not be liable to any Seller for anything done, omitted or suffered in good faith by the Seller Representative based on such advice. The Seller Representative undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Seller Representative. The Seller Representative shall not have any liability to any of the Sellers for any act done or omitted hereunder as Seller Representative while acting in good faith. The Seller Representative shall be indemnified, severally and not jointly, by the Sellers from and against any loss, liability or expense incurred in good faith on the part of the Seller Representative and arising out of or in connection with the acceptance or administration of the Seller Representative's duties hereunder.

(d) In the event the Seller Representative becomes unable to perform the Seller Representative's responsibilities hereunder or resigns from such position, the Sellers (acting by a written instrument signed by Sellers who held, as of immediately prior to the Closing, a majority (by voting power) of the then outstanding

Company Shares) shall select another representative to fill the vacancy of the Seller Representative, and such substituted representative shall be deemed to be the Seller Representative for all purposes of this Agreement. The Seller Representative may be removed only upon delivery of written notice to Carnivale signed by Sellers who, as of immediately prior to the Closing, held a majority (by voting power) of the then outstanding Company Shares; *provided* that no such removal shall be effective until such time as a successor Seller Representative shall have been validly appointed hereunder. The Seller Representative shall provide Carnivale prompt written notice of any replacement of the Seller Representative, including the identity and address of the new Seller Representative.

(e) For all purposes of this Agreement:

(i) Carnivale and the Company shall be entitled to rely conclusively on the instructions and decisions of the Seller Representative as to the settlement of any disputes or claims under this Agreement, or any other actions required or permitted to be taken by the Seller Representative hereunder, and no party hereunder or any Seller shall have any cause of action against Carnivale for any action taken by Carnivale in reliance upon the instructions or decisions of the Seller Representative;

(ii) the provisions of this Section 1.6 are independent and severable, are irrevocable (subject only to Section 1.6(d)) and coupled with an interest and shall be enforceable notwithstanding any rights or remedies that any Seller may have in connection with the transactions contemplated by this Agreement; and

(iii) the provisions of this Section 1.6 shall be binding upon the executors, heirs, legal representatives, personal representatives, successor trustees and successors of each Seller, and any references in this Agreement to a Seller shall mean and include the successors to the rights of each applicable Seller hereunder, whether pursuant to testamentary disposition, the laws of descent and distribution or otherwise.

(f) The Seller Representative will consult with Novo A/S from time to time, as reasonably requested by Novo A/S, with respect to matters related to this Agreement and the consummation of the Transaction.

1.7 Further Action. If, at any time after the Closing, any further action is determined by Carnivale to be necessary or desirable to carry out the purposes of this Agreement or to vest Carnivale with full right, title and possession of and to all rights and property of the Company, then the officers and directors of Carnivale shall be fully authorized, and shall use their and its commercially reasonable efforts (in the name of the Company and otherwise) to take such action.

1.8 Tax Consequences. For United States federal income tax purposes, the Transaction is intended to constitute a reorganization within the meaning of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder. The Parties adopt this Agreement as a "plan of reorganization" within the meaning of Section 1.368-2(g) of the Treasury Regulations.

Section 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Subject to Section 10.13(h), except as set forth in set forth in the written disclosure schedule delivered by the Company to Carnivale (the "***Company Disclosure Schedule***"), the Company represents and warrants to Carnivale as follows:

2.1 Due Organization; Subsidiaries; Etc.

(a) The Company is a private limited company duly incorporated and registered under the Laws of England and Wales and has all necessary corporate power and authority: (i) to conduct its business in the manner in which its business is currently being conducted; (ii) to own or lease and use its property and assets in the manner in which its property and assets are currently owned or leased and used; and (iii) to perform its obligations under all Contracts by which it is bound.

(b) The Company is duly licensed or qualified to do business, and is in good standing (to the extent applicable in such jurisdiction), under the laws of all jurisdictions where the nature of its business requires such licensing or qualification other than in jurisdictions where the failure to be so qualified individually or in the aggregate would not have a Company Material Adverse Effect.

(c) The Company has no Subsidiaries. The Company does not own any capital stock of, or any equity, ownership or profit sharing interest of any nature in, or controls, directly or indirectly, any other Entity (including any "subsidiary" as defined in section 1159 of the Companies Act 2006 or "subsidiary undertaking" as defined in section 1162 of the Companies Act 2006), and the Company is not or has not otherwise been, directly or indirectly, a party to, member of or participant in any partnership, joint venture or similar business entity. The Company has not agreed nor is obligated to make, nor is bound by any Contract under which it will become obligated to make, any future investment in or capital contribution to any other Entity. The Company has not, at any time, been a general partner of, or has otherwise been liable for any of the debts or other obligations of, any general partnership, limited partnership or other Entity.

2.2 Certificate of Incorporation; Bylaws; Charters and Codes of Conduct. The Company has delivered to Carnivale accurate and complete copies of the Organizational Documents of the Company. The statutory books, including registers and minute books of the Company, are up-to-date, have been maintained on a proper basis and in accordance in all material respects with all applicable Laws, and no notice or allegation that any of them is inaccurate or should be rectified has been received; and all documents which are required by Law to be delivered to the competent registrar of companies in respect of the Company have been properly so delivered. Part 2.2 of the Company Disclosure Schedule lists, and the Company has delivered to Carnivale, accurate and complete copies of: (a) the charters of all committees of the Company Board; and (b) any code of conduct or similar policy adopted by the Company or by the Company Board, or any committee thereof. The Company has not taken any action in breach or violation of any of the provisions of its Organizational Documents, except as would have, individually or in the aggregate, a Company Material Adverse Effect.

2.3 Authority; Binding Nature of Agreement. The Company has all necessary corporate power and authority to enter into and to perform its obligations under this Agreement and to consummate the Transaction and the Contemplated Transactions. The Company Board Approval has been properly obtained and constitutes all of the necessary action or authorization on the part of the Company for the authorization, execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the Transaction or the Contemplated Transactions. This Agreement has been duly executed and delivered by the Company and assuming the due authorization, execution and delivery by Carnivale and the other Parties hereto, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions.

2.4 Non-Contravention; Consents. Neither (x) the execution, delivery or performance of this Agreement by the Company, nor (y) the consummation of the Transaction or any of the other Contemplated Transactions, will directly or indirectly (with or without notice or lapse of time):

(a) contravene, conflict with or result in a violation of any of the provisions of the Company's Organizational Documents;

(b) contravene, conflict with or result in a material violation of, or to the Knowledge of the Company give any Governmental Body or other Person the right to challenge the Transaction or any of the other Contemplated Transactions or to exercise any material remedy or obtain any material relief under, any Law or any order, writ, injunction, judgment or decree to which the Company, or any of the assets owned or used by the Company, is subject, except as would not be material to the Company or its business;

(c) contravene, conflict with or result in a material violation of any of the terms or requirements of, or to the Knowledge of the Company, give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by the Company, except as would not be material to the Company or its business;

(d) contravene, conflict with or result in a material violation or breach of, or result in a default under, any provision of any Company Material Contract, or to the Knowledge of the Company, give any Person the right to: (i) declare a default or exercise any remedy under any Company Material Contract; (ii) accelerate the maturity or performance of any Company Material Contract; or (iii) cancel, terminate or modify any term of any Company Material Contract, except, in each case, as would not have a Company Material Adverse Effect; or

(e) result in the imposition or creation of any Encumbrance upon or with respect to any material asset owned or used by the Company (except for Permitted Encumbrances).

Except for (i) any Consent set forth on Part 2.4 of the Company Disclosure Schedule under any Company Contract and (ii) such consents, waivers, approvals, orders, authorizations, registrations, declarations and filings as may be required under applicable federal and state securities laws, the Company was not, is not, and will not be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with (x) the execution, delivery or performance of this Agreement, or (y) the consummation of the Transaction or any of the other Contemplated Transactions, which, if individually or in the aggregate were not given or obtained, would result in a Company Material Adverse Effect.

2.5 Capitalization, Etc.

(a) The allotted and issued share capital of the Company as of the date of this Agreement consists of (i) 2,437,138 Company Ordinary Shares, (ii) 15,900,000 A Preferred Shares and (iii) 8,422,898 B Preferred Shares. The Company Shares constitute the whole of the allotted and issued share capital of the Company and have been duly authorized and validly issued, and are fully paid and are free from all Encumbrances. Except as set forth in Part 2.5(a) of the Company Disclosure Schedule, none of the Company Shares is entitled or subject to any preemptive right, right of first offer, co-sale right or any similar right and none of the Company Shares is subject to any right of first refusal in favor of the Company. Except as contemplated herein or as set forth in Part 2.5(a) of the Company Disclosure Schedule, there is no Company Contract relating to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of (or granting any option or similar right with respect to), any Company Shares. The Company is not under any obligation, nor is it bound by any Contract pursuant to which it may become obligated, to repurchase, redeem or otherwise acquire any Company Shares or other securities. Part 2.5(a) of the Company Disclosure Schedule accurately and completely lists all repurchase rights held by the Company with respect to Company Ordinary Shares (including shares issued pursuant to the exercise of stock options) and Company Preferred Shares, and specifies each holder of Company Ordinary Shares or Company Preferred Shares, the date of purchase of such Company Ordinary Shares or Company Preferred Shares, the number of Company Ordinary Shares or Company Preferred Shares subject to such repurchase rights, the purchase price paid by such holder, the vesting schedule under which such repurchase rights lapse. Each Company Preferred Share is convertible into one Company Ordinary Share pursuant to article 5.8 of the Company's Articles of Association.

(b) Except for the Company Limited Enterprise Management Incentives Scheme, effective as of July 26, 2011 (the "***Company Plan***"), and except as set forth in Part 2.5(b) of the Company Disclosure Schedule, the Company does not have any stock option plan or any other plan, program, agreement or arrangement providing for any equity-based compensation for any Person. As of the date of this Agreement, the Company has reserved 2,098,467 shares of Company Ordinary Shares for issuance under the Company Plan, of which zero shares have been issued and are currently outstanding, 855,790 have been reserved for issuance upon exercise of Company Options granted under the Company Plan, and 1,242,677 shares of Company Ordinary Shares remain available for future issuance pursuant to the Company Plan. Part 2.5(b) of the Company Disclosure Schedule sets forth the

following information with respect to each Company Option outstanding as of the date of this Agreement: (i) the name of the optionee; (ii) the number of shares of Company Ordinary Shares subject to such Company Option at the time of grant; (iii) the number of shares of Company Ordinary Shares subject to such Company Option as of the date of this Agreement; (iv) the exercise price of such Company Option; (v) the date on which such Company Option was granted; (vi) the applicable vesting schedule, including the number of vested and unvested shares; and (vii) the date on which such Company Option expires. The Company has made available to Carnivale an accurate and complete copy of the Company Plan and forms of all stock option agreements approved for use thereunder. Except as set forth on Part 2.5(b) of the Company Disclosure Schedule, no vesting of Company Options will accelerate in connection with the closing of the Contemplated Transactions.

(c) Except for the outstanding Company Options or as set forth on Part 2.5(c) of the Company Disclosure Schedule, there is no: (i) outstanding subscription, option, call, warrant or right (whether or not currently exercisable) to acquire any shares of the capital stock or other securities of the Company; (ii) outstanding security, instrument or obligation that is or will become convertible into or exchangeable for any shares of the capital stock or other securities of the Company; (iii) stockholder rights plan (or similar plan commonly referred to as a "poison pill") or Contract under which the Company is or will become obligated to sell or otherwise issue any shares of its capital stock or any other securities; or (iv) condition or circumstance that is reasonably likely to give rise to or provide a basis for the assertion of a claim by any Person to the effect that such Person is entitled to acquire or receive any shares of capital stock or other securities of the Company. There are no outstanding or authorized stock appreciation, phantom stock, profit participation or other similar rights with respect to the Company.

(d) All issued Company Ordinary Shares, Company Preferred Shares, options and other securities of the Company have been issued and granted in material compliance with (i) all applicable securities Laws and other applicable Laws, and (ii) all material requirements set forth in applicable Contracts.

(e) All dividends or distributions declared, made or paid by the Company have been declared, made or paid in accordance with its Organizational Documents and other corporate documents, all applicable Laws, the rules of any Governmental Body and any agreements or arrangements made with any third party regulating the payment of dividends and distributions.

2.6 Financial Statements.

(a) Part 2.6(a) of the Company Disclosure Schedule includes true and complete copies of (i) the Company's audited balance sheets at April 30, 2014 and April 30, 2015, (ii) the Company's audited profit and loss accounts for the years ended April 30, 2014 and April 30, 2015, and (iii) the Company's unaudited management accounts for the year ended April 30, 2016, which shall include the Company Audited Interim Balance Sheet (collectively, the "***Company Financials***"). The Company Financials (1) were prepared in accordance with applicable Law and generally accepted accounting principles in force at the date at which they were prepared in the United Kingdom (the ***"Accounting Standards"***) (except as may be indicated in the footnotes to such Company Financials and that unaudited financial statements may not have notes thereto and other presentation items that may be required by the Accounting Standards and are subject to normal and recurring year-end adjustments that are not reasonably expected to be material in amount) applied on a consistent basis unless otherwise noted therein throughout the periods indicated, (2) give a true and fair view, in all material respects, of the affairs of the Company as of the dates and for the periods indicated therein, (3) apply policies and estimation techniques of accounting which have been consistently applied in the audited financial statements of the Company for the two accounting reference periods ending on April 30, 2015, (4) where audited, have been audited by an auditor or firm of accountants qualified to act as auditors in the United Kingdom and the auditors' report required to be annexed to the Company Financials is unqualified and (5) have been filed in accordance with the requirements of applicable Law.

(b) Since April 30, 2012, there have been no formal internal investigations regarding financial reporting or accounting policies and practices discussed with, reviewed by or initiated at the direction of the chief

executive officer or chief financial officer of the Company, the Company Board or any committee thereof. Since April 30, 2012, neither the Company nor its independent auditors have identified any fraud, whether or not material, that involves the Company, the Company's management or other employees who have a role in the preparation of financial statements or the internal accounting controls utilized by the Company or any claim or allegation regarding any of the foregoing.

2.7 Absence of Changes. Except as set forth on Part 2.7 of the Company Disclosure Schedule, between the date of the Company Unaudited Interim Balance Sheet and the date of this Agreement, the Company has conducted its business only in the Ordinary Course of Business (except for the execution and performance of this Agreement and the discussions, negotiations and transactions related thereto) and there has not been any Company Material Adverse Effect.

2.8 Absence of Undisclosed Liabilities. As of the date hereof, the Company does not have any liability, indebtedness, obligation or expense of any kind, whether accrued, absolute, contingent, matured, unmatured or other (each a "***Liability***"), whether or not required to be reflected in financial statements prepared in accordance with the Accounting Standards, except for: (a) Liabilities reflected on the face of the Company Unaudited Interim Balance Sheet; (b) normal and recurring current Liabilities that have been incurred by the Company since the date of the Company Unaudited Interim Balance Sheet in the Ordinary Course of Business; (c) Liabilities for performance of obligations of the Company under Company Contracts; (d) Liabilities incurred in connection with this Agreement; and (e) Liabilities listed in Part 2.8 of the Company Disclosure Schedule.

2.9 Title to Assets. The Company owns, and has good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all tangible properties or assets and equipment used or held for use in its business or operations or purported to be owned by it that are material to the business of the Company, including: (a) all assets reflected on the Company Unaudited Interim Balance Sheet; and (b) all other assets reflected in the books and records of the Company as being owned by the Company. All of such assets owned by the Company are owned free and clear of Encumbrances other than Permitted Encumbrances.

2.10 Real Property; Leasehold. The Company does not own and has never owned any real property. The Company has made available to Carnivale (a) an accurate and complete list of all real properties with respect to which the Company directly or indirectly holds a valid leasehold interest as well as any other real estate that is in the possession of or licensed by the Company, and (b) copies of all leases and licenses under which any such real property is possessed (the "***Company Real Estate Leases***"). The Company is not in default under any of the Company Real Estate Leases, except where such defaults have not had and would not be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect, and to the Knowledge of the Company, there is no default by any of the lessors thereunder.

2.11 Intellectual Property.

(a) To the Knowledge of the Company, the Company owns, or has the right to use, as currently being used by Company, all Company IP Rights, and with respect to Company IP Rights that are owned by Company, has the right to bring actions for the infringement of all Company IP Rights, in each case except for any failure to own or have such right to use, or have the right to bring actions that would not have a Company Material Adverse Effect.

(b) Part 2.11(b) of the Company Disclosure Schedule is an accurate, true and complete listing of all Company Registered IP.

(c) Part 2.11(c) of the Company Disclosure Schedule accurately identifies all Company Contracts pursuant to which Company IP Rights are licensed to the Company (other than (I) any non-customized software that (A) is so licensed solely in executable or object code form pursuant to a non-exclusive, internal use software license and other Intellectual Property associated with such software and (B) is not incorporated into, or material

to the development, manufacturing, or distribution of, any of the Company's products or services, (II) any Intellectual Property licensed ancillary to the purchase or use of equipment, reagents or other materials), (III) any confidential information provided under confidentiality agreements and (IV) any materials provided under material transfer agreements entered into in the Ordinary Course of Business).

(d) Part 2.11(d) of the Company Disclosure Schedule accurately identifies each Company Contract pursuant to which any Person has been granted any license under, or otherwise has received or acquired any right (whether or not currently exercisable) or interest in, any Company IP Rights (other than (I) any confidential information provided under confidentiality agreements, (II) any materials provided under material transfer agreements entered into in the Ordinary Course of Business and (III) any Company IP Rights licensed to suppliers or service providers for the sole purpose of manufacturing products or providing services for the Company's benefit).

(e) Except as identified in Part 2.11(e) of the Company Disclosure Schedule, to the Knowledge of the Company, the Company exclusively owns all right, title, and interest to and in Company IP Rights (other than Company IP Rights (i) exclusively and non-exclusively licensed to the Company, as identified in Part 2.11(c) of the Company Disclosure Schedule and (ii) (I) any non-customized software that (A) is so licensed solely in executable or object code form pursuant to a non-exclusive, internal use software license and other Intellectual Property associated with such software and (B) is not incorporated into, or material to the development, manufacturing, or distribution of, any of the Company's products or services, (II) any Intellectual Property licensed ancillary to the purchase or use of equipment, reagents or other materials, (III) any confidential information provided under confidentiality agreements and (IV) materials provided under material transfer agreements entered into in the Ordinary Course of Business) free and clear of any Encumbrances (other than Permitted Encumbrances and those Encumbrances which would not materially limit the business of the Company as conducted or planned to be conducted). Without limiting the generality of the foregoing:

(i) All documents and instruments necessary to register or apply for or renew registration of Company Registered IP, in Company's customary practice of prosecuting Intellectual Property, have been validly executed, delivered, and filed in a timely manner with the appropriate Governmental Body except for any such failure, individually or collectively, that would not reasonably be expected to have a Company Material Adverse Effect.

(ii) Each Person who is or was an employee or contractor of the Company and who is or was involved in the creation or development of any material Company IP Rights owned by Company has signed a valid, enforceable agreement containing an assignment of such Intellectual Property to the Company and confidentiality provisions protecting trade secrets and confidential information of the Company.

(iii) To the Knowledge of the Company, no current or former stockholder, officer, director, or employee of the Company has any claim, right (whether or not currently exercisable), or interest to or in any Company IP Rights in which the Company has an ownership interest. To the Knowledge of the Company, no employee of the Company is (a) bound by or otherwise subject to any Contract restricting him or her from performing his or her duties for the Company or (b) in breach of any Contract with any former employer or other Person concerning Company IP Rights in which the Company has an ownership interest or confidentiality provisions protecting trade secrets and confidential information comprising Company IP Rights in which the Company has an ownership interest.

(iv) To the Knowledge of the Company, no funding, facilities, or personnel of any Governmental Body were used, directly or indirectly, to develop or create, in whole or in part, any Company IP Rights in which the Company has an ownership interest.

(v) The Company has taken reasonable steps in accordance with industry standard practices to maintain the confidentiality of and otherwise protect and enforce its rights in all material proprietary information that the Company holds, or purports to hold, as a trade secret.

(vi) The Company has not assigned or otherwise transferred ownership of, or agreed to assign or otherwise transfer ownership of, any Company IP Rights to any other Person.

(vii) To the Knowledge of the Company, the Company IP Rights constitute all material Intellectual Property necessary for the Company to conduct its business as currently conducted.

(f) The Company has delivered, or made available to Carnivale, a complete and accurate copy of all material Company IP Rights Agreements.

(g) The manufacture, marketing, license, sale or intended use of any product or technology currently licensed or sold or under development by the Company does not materially violate any license or agreement between the Company and any third party in any material respects, and, to the Knowledge of the Company, does not infringe or misappropriate any Intellectual Property right of any other party, which infringement or misappropriation would have a Company Material Adverse Effect. To the Knowledge of the Company, no third party is infringing upon, or violating any license or agreement with the Company relating to any Company IP Rights owned by Company.

(h) There is no current or pending claim or Legal Proceeding (including, but not limited to, opposition, interference or other proceeding in any patent or other government office) contesting the validity, ownership or right to use, sell, license or dispose of any Company IP Rights owned by Company, nor has the Company received any written notice asserting that any Company IP Rights or the proposed use, sale, license or disposition thereof conflicts with or infringes or misappropriates or will conflict with or infringe or misappropriate the rights of any other Person.

(i) To the Knowledge of the Company, each item of Company IP Rights that is Company Registered IP is and at all times has been filed and maintained in compliance with all applicable Laws and all filings, payments, and other actions required to be made or taken to maintain such item of Company Registered IP in full force and effect have been made by the applicable deadline, except for any failure to perform any of the foregoing, individually or collectively, that would not reasonably be expected to have a Company Material Adverse Effect.

(j) To the Knowledge of the Company, no trademark (whether registered or unregistered) or trade name owned, used, or applied for by the Company conflicts or interferes with any trademark (whether registered or unregistered) or trade name owned, used, or applied for by any other Person, except as would not have a Company Material Adverse Effect. None of the goodwill associated with or inherent in any trademark (whether registered or unregistered) in which the Company has or purports to have an ownership interest has been impaired as determined by the Company in accordance with the Accounting Standards.

(k) Except as set forth in Parts 2.11(c) or 2.11(d) of the Company Disclosure Schedule (i) the Company is not bound by any Contract to indemnify, defend, hold harmless, or reimburse any other Person with respect to any Intellectual Property infringement, misappropriation, or similar claim, and (ii) the Company has never assumed, or agreed to discharge or otherwise take responsibility for, any existing or potential liability of another Person for infringement, misappropriation, or violation of any Intellectual Property right, which assumption, agreement or responsibility remains in force as of the date of this Agreement.

2.12 Agreements, Contracts and Commitments. Part 2.12 of the Company Disclosure Schedule identifies each Company Contract that is in effect as of the date of this Agreement and is (a) a material contract as defined in Item 601(b)(10) of Regulation S-K as promulgated under the Securities Act, (b) a Contract to which the Company is a party or by which its assets and properties is currently bound, which involves annual obligations of payment by, or annual payments to, the Company in excess of $500,000, (c) is a Company Real Estate Lease or (d) is a Contract disclosed in or required to be disclosed in Part 2.11(c) or Part 2.11(d) of the Company Disclosure Schedule. The Company has made available to Carnivale accurate and complete copies of all Contracts to which the Company is a party or by which it is bound of the type described in clauses (a)-(d) of the

immediately preceding sentence (any such Contract, a "***Company Material Contract***"). Each Company Material Contract is in full force and effect and is enforceable against Company and, to the Knowledge of the Company, against each other party thereto in accordance with the terms thereof. The Company is not and, to the Knowledge of the Company, no other party to any Company Material Contract is in violation of or in default under (nor to the Knowledge of the Company, does there exist any condition which, with or without notice or lapse of time, or both, would cause such a violation of or default under) any Company Material Contract, except for violations or defaults that, individually or in the aggregate, have not had a Company Material Adverse Effect.

2.13 Compliance; Permits; Restrictions.

(a) The Company is, and since April 30, 2012 has been, in compliance in all material respects with all applicable Laws, except for any noncompliance, either individually or in the aggregate, which would not result in a Company Material Adverse Effect. No investigation, claim, suit, proceeding, audit or other action by any Governmental Body or Governmental Authority is pending or, to the Knowledge of the Company, threatened against the Company. There is no agreement, judgment, injunction, order or decree binding upon the Company which (i) has or would reasonably be expected to have the effect of prohibiting or materially impairing any business practice of the Company, any acquisition of material property by the Company or the conduct of business by the Company as currently conducted, (ii) may have an adverse effect on the Company's ability to comply with or perform any covenant or obligation under this Agreement, or (iii) is reasonably likely have the effect of preventing, delaying or making illegal the Transaction or any of the Contemplated Transactions.

(b) The Company holds all required Governmental Authorizations for the operation of the business of the Company (the "***Company Permits***") as currently conducted, except for any failure to hold any such Governmental Authorization, either individually or in the aggregate, that would not result in a Company Material Adverse Effect. Part 2.13(b) of the Company Disclosure Schedule identifies each Company Permit. The Company is in material compliance with the terms of the Company Permits. No Legal Proceeding is pending or, to the Knowledge of the Company, threatened, which seeks to revoke, limit, suspend, or materially modify any Company Permit.

(c) There are no proceedings pending or, to the Knowledge of the Company, threatened with respect to an alleged violation by the Company of the Federal Food, Drug, and Cosmetic Act ("***FDCA***"), Food and Drug Administration ("***FDA***") regulations adopted thereunder, the Controlled Substance Act or any other similar Laws promulgated by the FDA or other comparable Governmental Body responsible for regulation of the development, clinical testing, manufacturing, sale, marketing, distribution and importation or exportation of drug products ("***Drug Regulatory Agency***").

(d) The Company holds all required Governmental Authorizations issuable by any Drug Regulatory Agency necessary for the conduct of the business of the Company as currently conducted, and, as applicable, for the development, clinical testing, manufacturing, marketing, distribution and importation or exportation, as currently conducted, of any of its products or product candidates (the "***Company Product Candidates***") (collectively, the "***Company Regulatory Permits***") and no such Company Regulatory Permit has been (i) revoked, withdrawn, suspended, cancelled or terminated or (ii) modified in any adverse manner, other than immaterial adverse modifications. The Company is in compliance in all material respects with the Company Regulatory Permits and has not received any written notice or other written communication from any Drug Regulatory Agency regarding (A) any material violation of or failure to comply materially with any term or requirement of any Company Regulatory Permit or (B) any revocation, withdrawal, suspension, cancellation, termination or material modification of any Company Regulatory Permit. Except for the information and files identified in Part 2.13(d) of the Company Disclosure Schedule, the Company has made available to Carnivale all information requested by Carnivale in the Company's possession or control relating to the Company Product Candidates and the development, clinical testing, manufacturing, importation and exportation of the Company Product Candidates, including complete copies of the following (to the extent there are any): (x) adverse event reports; clinical study reports and material study data; and inspection reports, notices of adverse findings,

warning letters, filings and letters and other written correspondence to and from any Drug Regulatory Agency; and meeting minutes with any Drug Regulatory Agency; and (y) similar reports, material study data, notices, letters, filings, correspondence and meeting minutes with any other Governmental Authority.

(e) All clinical, pre-clinical and other studies and tests conducted by or on behalf of, or sponsored by, the Company or in which the Company or its current products or product candidates, including the Company Product Candidates, have participated were and, if still pending, are being conducted in all material respects in accordance with standard medical and scientific research procedures and in compliance in all material respects with the applicable regulations of the Drug Regulatory Agencies and other applicable Laws, including 21 C.F.R. Parts 50, 54, 56, 58 and 312. Since April 30, 2012, the Company has not received any notices, correspondence, or other communications from any Drug Regulatory Agency requiring, or to the Knowledge of the Company, threatening to initiate, the termination or suspension of any clinical studies conducted by or on behalf of, or sponsored by, the Company or in which the Company or its respective current products or product candidates, including the Company Product Candidates, have participated.

(f) The Company is not the subject of any pending, or to the Knowledge of the Company, threatened investigation in respect of its business or products by the FDA pursuant to its "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto. To the Knowledge of the Company, the Company has not committed any acts, made any statement, or failed to make any statement, in each case in respect of its business or products that would violate the FDA's "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy, and any amendments thereto. Neither the Company nor any of its officers, employees or agents has been convicted of any crime or engaged in any conduct that could result in a debarment or exclusion (i) under 21 U.S.C. Section 335a or (ii) any similar applicable Law. To the Knowledge of the Company, no debarment or exclusionary claims, actions, proceedings or investigations in respect of their business or products are pending or threatened against the Company, or any of their respective officers, employees or agents.

2.14 Legal Proceedings; Orders.

(a) Except as set forth on Part 2.14(a) of the Company Disclosure Schedule, there is no pending Legal Proceeding, and, to the Knowledge of the Company, no Person has threatened in writing to commence any Legal Proceeding: (i) that involves (A) the Company, (B) any Company Associate (in his or her capacity as such) or (C) any of the material assets owned or used by the Company and that is material to the Company or its business; or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Transaction or any of the other Contemplated Transactions.

(b) There is no order, writ, injunction, judgment or decree to which the Company, or any of the material assets owned or used by the Company, is subject. To the Knowledge of the Company, no officer or other Key Employee of the Company is subject to any order, writ, injunction, judgment or decree that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the business of the Company or to any material assets owned or used by the Company.

2.15 Tax Matters.

(a) The Company has timely filed all federal income Tax Returns and other material Tax Returns that they were required to file under applicable Laws. All such Tax Returns were correct and complete in all material respects and have been prepared in material compliance with all applicable Laws. The Company is not currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Company does not file Tax Returns that it is subject to taxation by that jurisdiction.

(b) All material Taxes due and owing by the Company on or before the date hereof (whether or not shown on any Tax Return) have been paid. The unpaid Taxes of the Company have been reserved for on the

Company Unaudited Interim Balance Sheet in accordance with the Accounting Standards. Since the date of the Company Unaudited Interim Balance Sheet, the Company has not incurred any Liability for Taxes outside the Ordinary Course of Business or otherwise inconsistent with past custom and practice.

(c) The Company has withheld and paid all material Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(d) There are no Encumbrances for Taxes (other than Taxes not yet due and payable or Taxes that are being contested in good faith and for which adequate reserves have been made on the Company's Unaudited Interim Balance Sheet) upon any of the assets of the Company.

(e) No deficiencies for Taxes with respect to the Company have been claimed, proposed or assessed by any Governmental Body in writing. There are no pending (or, based on written notice, threatened) audits, assessments or other actions for or relating to any liability in respect of Taxes of the Company. No issues relating to Taxes of the Company were raised by the relevant Tax authority in any completed audit or examination that would reasonably be expected to result in a material amount of Taxes in a later taxable period. The Company has delivered or made available to Carnivale complete and accurate copies of all federal income Tax and all other material Tax Returns of the Company (and predecessors of each) for all taxable years remaining open under the applicable statute of limitations, and complete and accurate copies of all examination reports and statements of deficiencies assessed against or agreed to by the Company (and predecessors of each), with respect to federal income Tax and all other material Taxes. The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, nor has any request been made in writing for any such extension or waiver.

(f) All material elections with respect to Taxes affecting the Company as of the date hereof, to the extent such elections are not shown on or in the Tax Returns that have been delivered or made available to Carnivale, are set forth on Part 2.15(f) of the Company Disclosure Schedule. The Company (i) has not consented at any time under former Section 341(f)(1) of the Code to have the provisions of former Section 341(f)(2) of the Code apply to any disposition of the assets of the Company; (ii) has not agreed, or is required, to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise; (iii) has not made an election, or is required, to treat any of its assets as owned by another Person for Tax purposes or as a tax-exempt bond financed property or tax-exempt use property within the meaning of Section 168 of the Code; (iv) has not acquired or owns any assets that directly or indirectly secure any debt the interest on which is tax exempt under Section 103(a) of the Code; (v) has not made or will make a consent dividend election under Section 565 of the Code; (vi) has not elected at any time to be treated as an S corporation within the meaning of Sections 1361 or 1362 of the Code; or (vii) has not made any of the foregoing elections or is required to apply any of the foregoing rules under any comparable provision of state, local or foreign law.

(g) The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(h) The Company is not a party to any Tax allocation, Tax sharing or similar agreement (including indemnity arrangements), other than commercial contracts entered into in the Ordinary Course of Business with vendors, customers and landlords.

(i) The Company has never been a member of an affiliated group filing a consolidated, combined or unitary Tax Return (other than a group the common parent of which is the Company) for federal, state, local or foreign Tax purposes. The Company does not have any Liability for the Taxes of any Person (other than the Company) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by Contract, or otherwise.

(j) The Company has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 of the Code or Section 361 of the Code (or any similar provision of state, local or foreign law).

(k) The Company is not liable to make a payment to any Tax authority under the provisions of Section 455 of the Corporation Tax Act 2010.

(l) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or any portion thereof) ending after the Closing Date as a result of any (i) installment sale or other open transaction disposition made on or prior to the Closing Date, or (ii) agreement with any Tax authority (including any closing agreement described in Section 7121 of the Code or any similar provision of state, local or foreign law) made or entered into on or prior to the Closing Date.

(m) The Company is not a partner for Tax purposes with respect to any joint venture, partnership, or, to the Knowledge of the Company, other arrangement or contract which is treated as a partnership for Tax purposes.

(n) The Company has not entered into any transaction identified as a "listed transaction" under Treasury Regulations Section 1.6011-4(b)(2). For United Kingdom tax purposes, to the Knowledge of the Company, the Company has not been involved in any scheme, transaction or series of transactions in which the main purpose or one of the main purposes was the avoidance of Tax.

(o) The Company has not taken any action, nor has any Knowledge of any fact or circumstance, that could reasonably be expected to prevent the transactions contemplated hereby, including the Transaction, from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(p) All documents which are required to be stamped or are subject to a stamp, registration, transfer or similar tax and are in the possession of the Company or are necessary to establish the title of the Company to any asset or to enforce any rights and in respect of which any stamp duty, registration, transfer or other similar tax is payable (whether as a condition to the validity, registrability or otherwise), have been duly stamped or such stamp, registration, transfer or similar tax has been paid in respect of such documents.

2.16 Employee and Labor Matters; Benefit Plans.

(a) The employment of each of the Company's employees is terminable by the Company giving appropriate notice (or otherwise in accordance with general principles of wrongful termination law). The Company has made available to Carnivale accurate and complete copies of all material employee manuals and handbooks, disclosure materials, policy statements and other materials relating to the employment of Company Associates to the extent currently effective and material.

(b) The Company is not a party to, bound by, nor has a duty to bargain under, any collective bargaining agreement or other Contract with a labor organization representing any of its employees, and, to the Knowledge of the Company, there are no labor organizations representing, purporting to represent or seeking to represent any employees of the Company.

(c) Part 2.16(c) of the Company Disclosure Schedule lists all written and all non-written employee benefit plans (as defined in Section 3(3) of ERISA, whether or not subject to ERISA) and all bonus, equity-based, incentive, deferred compensation, retirement or supplemental retirement, profit sharing, severance, golden parachute, vacation, cafeteria, dependent care, medical care, employee assistance program, education or tuition assistance programs and other similar material fringe or employee benefit plans, programs or arrangements, including any employment or executive compensation or severance agreements, written or otherwise, which are currently in effect relating to any present employee or director of the Company (or any trade or business (whether or not incorporated) which is a Company Affiliate) or which is maintained by, administered or contributed to by,

or required to be contributed to by, the Company, or any Company Affiliate, or under which the Company or any Company Affiliate has any current or may incur liability after the date hereof (each, a "***Company Employee Plan***").

(d) With respect to Company Options granted pursuant to the Company Plan, each Company Option grant was made in accordance with the terms of the Company Plan and, to the Knowledge of the Company, all other applicable laws and regulatory rules or requirements, including Chapter 9, Part 7 and Schedule of the Income Tax (Employment and Pensions) Act 2003 with respect to any Company Options which are designated as "EMI options".

(e) Each Company Employee Plan has been maintained in compliance, in all material respects, with its terms and, both as to form and operation, with all applicable Laws, including the Code.

(f) The Company does not sponsor or contribute to or otherwise has any liability with respect to any Company Employee Plan that is or was subject to ERISA. None of the Company has any ERISA Affiliates (other than the Company).

(g) No Company Employee Plan provides for medical or death benefits beyond termination of service or retirement, other than as required by applicable law. The Company has never been at any time the "employer" or "connected or associated" with the "employer" (as those terms are used in the UK Pensions Act 20014) in relation to any superannuation or other retirement benefits plan in respect of which benefits are calculated by reference to age, salary or length of service.

(h) The Company is not a party to any Contract that has resulted or would reasonably be expected to result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of section 280G of the Code and (ii) any amount the deduction for which would be disallowed under Section 162(m) of the Code.

(i) To the Knowledge of the Company, no Company Options, stock appreciation rights or other equity-based awards issued or granted by Company are subject to the requirements of Code Section 409A. To the Knowledge of the Company, each "nonqualified deferred compensation plan" (as such term is defined under Section 409A(d)(1) of the Code and the guidance thereunder) (each, a "***409A Plan***") under which the Company makes, is obligated to make or promises to make, payments, complies in all material respects, in both form and operation, with the requirements of Code Section 409A and the guidance thereunder. No payment to be made under any 409A Plan is, or to the Knowledge of the Company will be, subject to the penalties of Code Section 409A(a)(1).

(j) The Company is in material compliance with all applicable foreign, federal, state and local laws, rules and regulations respecting employment, employment practices, terms and conditions of employment, worker classification, tax withholding, prohibited discrimination, equal employment, fair employment practices, meal and rest periods, immigration status, employee safety and health, wages (including overtime wages), compensation, and hours of work, and in each case, with respect to employees: (i) has withheld and reported all material amounts required by law or by agreement to be withheld and reported with respect to wages, salaries and other payments to employees, (ii) is not liable for any arrears of wages, severance pay or any Taxes or any penalty for failure to comply with any of the foregoing, and (iii) is not liable for any material payment to any trust or other fund governed by or maintained by or on behalf of any governmental authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for employees (other than routine payments to be made in the normal course of business and consistent with past practice). There are no actions, suits, claims or administrative matters pending, or, to the Company's Knowledge, threatened or reasonably anticipated against the Company relating to any employee, employment agreement or Company Employee Plan (other than routine claims for benefits). To the Company's Knowledge, there are no pending or threatened or reasonably anticipated claims or actions against the Company, any Company trustee under any

worker's compensation policy or long-term disability policy. The Company is not party to a conciliation agreement, consent decree or other agreement or order with any federal, state, or local agency or governmental authority with respect to employment practices.

(k) With respect to each Company Employee Plan, the Company has made available to Carnivale a true and complete copy of, to the extent applicable, (i) such Company Employee Plan, (ii) the three most recent annual reports (Form 5500) as filed with the Internal Revenue Service, (iii) each currently effective trust agreement related to such Company Employee Plan, (iv) the most recent summary plan description for each Company Employee Plan for which such description is required, along with all summaries of material modifications, amendments, resolutions in the possession of the Company, and (v) the most recent Internal Revenue Service determination or opinion letter or analogous ruling under foreign law issued with respect to any Company Employee Plan.

2.17 Environmental Matters. Since April 30, 2012, the Company has complied in all material respects with all applicable Environmental Laws, which compliance includes the possession by the Company of all permits and other Governmental Authorizations required under applicable Environmental Laws and compliance with the terms and conditions thereof, except for any failure to be in such compliance that, either individually or in the aggregate, would not result in a Company Material Adverse Effect. The Company has not received since April 30, 2012 any written notice or other written communication (in writing or otherwise), whether from a Governmental Body, citizens group, employee or otherwise, that alleges that the Company is not in compliance with any Environmental Law. To the Knowledge of the Company: (i) no current or prior owner of any property leased or controlled by the Company has received since April 30, 2012 any written notice or other communication relating to property owned or leased at any time by the Company, whether from a Governmental Body, citizens group, employee or otherwise, that alleges that such current or prior owner or the Company is not in compliance in all material respects with or violated any Environmental Law in any material respect relating to such property and (ii) the Company has no material liability under any Environmental Law.

2.18 Insurance. The Company has delivered to Carnivale accurate and complete copies of all material insurance policies and all material self-insurance programs and arrangements relating to the business, assets, liabilities and operations of the Company. Each of such insurance policies is in full force and effect and the Company is in compliance in all material respects with the terms thereof. Other than customary end of policy notifications from insurance carriers, since April 30, 2012. The Company has not received any notice or other communication regarding any actual or possible: (i) cancellation or invalidation of any material insurance policy or (ii) refusal or denial of any coverage, reservation of rights or rejection of any material claim under any insurance policy. The Company has provided timely written notice to the appropriate insurance carrier(s) of each Legal Proceeding that is currently pending against the Company for which the Company has insurance coverage, and no such carrier has issued a denial of coverage or a reservation of rights with respect to any such Legal Proceeding, or informed the Company of its intent to do so.

2.19 No Financial Advisor. Except as set forth on Part 2.19 of the Company Disclosure Schedule, no broker, finder or investment banker is entitled to any brokerage fee, finder's fee, opinion fee, success fee, transaction fee or other fee or commission in connection with the Transaction or any of the other Contemplated Transactions based upon arrangements made by or on behalf of the Company.

2.20 No Other Representations or Warranties. The Company hereby acknowledges and agrees that, except for the representations and warranties contained in this Agreement, neither Carnivale nor any other person on behalf of Carnivale makes any express or implied representation or warranty with respect to Carnivale or with respect to any other information provided to the Company or any of its Affiliates in connection with the transactions contemplated hereby, and (subject to the express representations and warranties of Carnivale set forth in Section 3 (in each case as qualified and limited by the Carnivale Disclosure Schedule)) none of the Company or any of its Representatives or shareholders, has relied on any such information (including the accuracy or completeness thereof).

SECTION 2A. REPRESENTATIONS AND WARRANTIES OF SELLERS

Subject to Section 10.13(h), except as set forth in set forth in the Company Disclosure Schedule, each Seller (severally and not jointly) represents and warrants to Carnivale:

2A.1 Organization; Standing. To the extent any Seller is an entity, the Seller is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation.

2A.2 Authority, Power; No Conflict; Required Filings and Consents

(a) The Seller has all requisite power and authority (and, in the case of individuals, capacity) to execute and deliver this Agreement and the other agreements contemplated hereby to which Seller is a party and to consummate the Transaction and the Contemplated Transactions (including all capacity, right and authority to sell, assign, transfer and convey the Company Shares as provided in this Agreement). The execution and delivery by the Seller of this Agreement and the other agreements contemplated hereby to which Seller is a party and the performance by the Seller of this Agreement and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate and other action on the part of the Seller. This Agreement and all other agreements contemplated hereby to which Seller is a party have been or will be as of the Closing Date duly and validly executed and delivered by the Seller and, assuming the due authorization, execution and delivery by Carnivale, the Company, the other Sellers, the Seller Representative and any other party thereto, constitutes or will constitute a valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, subject to the Enforceability Exception.

(b) The execution and delivery of this Agreement by the Seller do not, and the consummation by the Seller of the Contemplated Transactions shall not, (i) conflict with, or result in any violation or breach of, any provision of the Organization Documents of such Seller (to the extent Seller is an entity), (ii) conflict with or breach any applicable Law or any requirement of any Governmental Body to which a Seller is subject or submits (to the extent such Seller is an entity) or (iii) require a consent or waiver under any Contract to which the Seller is a party. The Seller is not a party to, or otherwise bound, by any agreement or arrangement with any third party that would reasonably be expected to prevent or delay the registration of Carnivale as the owner of such Seller's Company Shares upon the consummation of the Transaction.

(c) Assuming the accuracy of the representations and warranties of Carnivale contained in this Agreement, no consent, approval, license, permit, order or authorization of, or registration, declaration, notice or filing with, any Governmental Body is required by or with respect to the Seller in connection with the execution and delivery of this Agreement by the Seller or the consummation by the Seller of the transactions contemplated by this Agreement, except for such consents, authorizations, orders, filings, approvals and registrations that, individually or in the aggregate, if not obtained or made, would reasonably be expected to prohibit or materially delay the ability of the Seller to consummate the transactions contemplated by this Agreement or to perform its obligations hereunder.

2A.3 Ownership of Company Shares. Each Seller is, as of the date of this Agreement, the sole legal and beneficial owner of all of the Company Shares set forth opposite such Seller's name on Part 2A.3(a) of the Company Disclosure Schedule and will be, at Closing, the sole legal and beneficial owner of all of the Company Shares set forth opposite such Seller's name on the Closing Date Allocation Schedule. Such Seller has good and marketable title to sell such Company Shares with full title guarantee, free and clear of all Encumbrances (other than Permitted Encumbrances), and immediately following Closing, subject only to due stamping of stock transfer forms and the registration of Carnivale in the Company's register of members, Carnivale will be the sole legal and beneficial owner of, and will have good and marketable title to all Company Shares, free and clear of all Encumbrances (other than Permitted Encumbrances). Except as pursuant to this Agreement, there is no contractual obligation pursuant to which any Seller has, directly or indirectly, granted any option, warrant or other right to any Entity to acquire any of the Company Shares. There are no (a) voting trusts, proxies or other agreements or understandings with respect to the Company Shares to which any Seller is a party, by which such

Seller is bound or (b) agreements or understandings to which any Seller is a party or by which such Seller is bound relating to the registration, sale or transfer (including agreements relating to rights of first refusal, "co-sale" rights or "drag-along" rights) of any of the Company Shares, except as set forth in the Company's Organizational Documents.

2A.4 Litigation. There is no Legal Proceeding before any Governmental Body or before any arbitrator that is pending or has been threatened in writing against the Seller that questions the validity of this Agreement or any action taken or to be taken by the Seller in connection herewith or that would reasonably be expected to prohibit or materially delay the Seller's ability to consummate the transactions contemplated by this Agreement.

2A.5 Brokers. The Seller has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

2A.6 Purchase for Own Account; Sophistication. The Seller acknowledges and agrees that shares of Carnivale Common Stock to be acquired by the Seller pursuant to this Agreement will be acquired for investment for the Seller's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Seller has no present intention of selling, granting any participation in, or otherwise distributing the same. The Seller acknowledges and agrees that the Seller does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third party, with respect to any of the shares of Carnivale Common Stock to be received by it pursuant to this Agreement. The Seller represents and warrants that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of owning the shares of Carnivale Common Stock to be received by it pursuant to this Agreement. The Seller has the ability to bear the economic risk of the investment in shares of Carnivale Common Stock, including complete loss of such investment.

2A.7 Access to Information. The Seller acknowledges that (a) it has been afforded (i) access to information about each of Company and Carnivale, respectively, and their respective financial conditions, results of operations, businesses, properties and prospects sufficient to enable the Seller to evaluate its investment in Carnivale Common Stock; and (ii) the opportunity to obtain such additional information that the other party possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment in Carnivale Common Stock and any such additional information has been provided to the Seller's reasonable satisfaction, and (b) it has sought such professional advice as it has considered necessary to make an informed decision with respect to its acquisition of the Carnivale Common Stock.

2A.8 Restricted Securities; Legends.

(a) The Seller understands that the shares of Carnivale Common Stock to be received by it in connection with the Transaction have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Seller's representations and warranties as expressed herein. The Seller understands that such shares of Carnivale Common Stock will be "restricted securities" under applicable securities laws and that, pursuant to these laws, the Seller must hold such shares indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

(b) The Seller understands that the shares of Carnivale Common Stock to be received by it in connection with the Transaction may be notated with one or more of the following legends:

(i) "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER, ASSIGNMENT, PLEDGE OR

HYPOTHECATION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(ii) Any legend required by applicable securities laws to the extent such laws are applicable to the shares represented by the certificate, instrument, or book entry so legended.

2A.9 Accredited Investor; Regulation S. The Seller either is (a) an "accredited investor" (as defined in Regulation D promulgated under the Securities Act) or (b) not a "U.S. person" within the meaning of Rule 902 of Regulation S of the Securities Act and (i) is not acquiring Carnivale Common Stock pursuant to this Agreement for the account or benefit of any U.S. person within the meaning of Rule 902 of Regulation S of the Securities Act, and (ii) is satisfied to the full observance of the Laws of the Seller's jurisdiction in connection with the offering of the Carnivale Common Stock to the Seller, including (A) the Laws within the Seller's jurisdiction for the Seller's acquisition of the Carnivale Common Stock, (B) any foreign exchange restrictions applicable to such acquisition, (C) any governmental or other consents that may need to be obtained and (D) the income tax and other tax consequences, if any, that may be relevant to the purchase, acquisition, holding, redemption, sale or transfer of such securities.

2A.10 Tax Matters. The Seller has had an opportunity to review with its own Tax advisors the Tax consequences of the Contemplated Transactions. The Seller understands that it must rely solely on its advisors and not on any statements or representations made by Carnivale, the Company or any of their agents or representatives with respect to the Tax consequences of the Contemplated Transactions to the Seller.

2A.11 No Other Representations or Warranties. Each of the Sellers hereby acknowledges and agrees that, except for the representations and warranties contained in this Agreement, neither Carnivale nor any other person on behalf of Carnivale makes any express or implied representation or warranty with respect to Carnivale or with respect to any other information provided to the Company, any Seller or any of their respective Affiliates in connection with the transactions contemplated hereby, and (subject to the express representations and warranties of Carnivale set forth in Section 3 (in each case as qualified and limited by the Carnivale Disclosure Schedule)) none of the Sellers or any of their Representatives or shareholders, has relied on any such information (including the accuracy or completeness thereof).

Section 3. REPRESENTATIONS AND WARRANTIES OF CARNIVALE

Subject to Section 10.13(h), except (i) as set forth in the written disclosure schedule delivered by Carnivale to the Company (the "***Carnivale Disclosure Schedule***") or (ii) as disclosed in the Carnivale SEC Documents filed with the SEC prior to the date hereof and publicly available on the SEC's Electronic Data Gathering Analysis and Retrieval System (but (A) without giving effect to any amendment thereof filed with, or furnished to the SEC on or after the date hereof and (B) excluding any disclosures contained under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature), Carnivale represents and warrants to the Sellers as follows:

3.1 Due Organization; Subsidiaries; Etc.

(a) Carnivale is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has all necessary corporate power and authority: (i) to conduct its business in the manner in which its business is currently being conducted; (ii) to own or lease and use its property or assets in the manner in which its property or assets are currently owned or leased and used; and (iii) to perform its obligations under all Contracts by which it is bound.

(b) Carnivale is licensed and qualified to do business, and is in good standing, under the laws of all jurisdictions where the nature of its business requires such licensing or qualification other than in jurisdictions where the failure to be so qualified individually or in the aggregate would not have a Carnivale Material Adverse Effect.

(c) Carnivale has no Subsidiaries; and Carnivale does not own any capital stock of, or any equity interest of any nature in, any other Entity. Carnivale has not agreed nor is obligated to make, nor is bound by any Contract under which it will become obligated to make, any future investment in or capital contribution to any other Entity. Carnivale has not, at any time, been a general partner of, or has otherwise been liable for any of the debts or other obligations of, any general partnership, limited partnership or other Entity.

3.2 Certificate of Incorporation; Bylaws; Charters and Codes of Conduct. Carnivale has delivered to the Company accurate and complete copies of Carnivale's Organizational Documents. Part 3.2 of the Carnivale Disclosure Schedule lists, and Carnivale has delivered to the Company, accurate and complete copies of: (a) the charters of all committees of Carnivale Board; and (b) any code of conduct or similar policy adopted by Carnivale or by the Carnivale Board, or any committee thereof. Carnivale has not taken any action in breach or violation of any of the provisions of its Organizational Documents, except as would not have, individually or in the aggregate, a Carnivale Material Adverse Effect.

3.3 Authority; Binding Nature of Agreement. Carnivale has all necessary corporate power and authority to enter into and to perform its obligations under this Agreement. The Carnivale Board (at meetings duly called and held) has: (a) determined that the Transaction and the issuance of shares of Carnivale Common Stock pursuant to the Transaction is fair to, advisable and in the best interests of Carnivale and its stockholders; (b) approved this Agreement, the issuance of shares of Carnivale Common Stock to the stockholders of the Company pursuant to the Transaction, the treatment of the Company Options hereunder and the other Contemplated Transactions; and (c) determined to recommend, upon the terms and subject to the conditions of this Agreement, that the stockholders of Carnivale vote to approve the issuance of shares of Carnivale Common Stock in the Transaction pursuant to the terms of this Agreement. This Agreement has been duly executed and delivered by Carnivale, and assuming the due authorization, execution and delivery by the Company and the other Parties hereto, constitutes the legal, valid and binding obligation of Carnivale, enforceable against Carnivale in accordance with its terms, subject to Enforceability Exceptions. Prior to the execution of the Carnivale Stockholder Support Agreement, the Carnivale Board approved the Carnivale Stockholder Support Agreement and the transactions contemplated thereby.

3.4 Vote Required. The affirmative vote of the holders of a majority of the shares of Carnivale Common Stock entitled to vote thereon is the only vote of the holders of any class or series of Carnivale's capital stock necessary to approve the issuance of Carnivale Common Stock in the Transaction (the "***Required Carnivale Stockholder Vote***").

3.5 Non-Contravention; Consents. Subject to obtaining the Required Carnivale Stockholder Vote, neither (x) the execution, delivery or performance of this Agreement by Carnivale, nor (y) the consummation of the Transaction or any of the other Contemplated Transactions, will directly or indirectly (with or without notice or lapse of time):

(a) contravene, conflict with or result in a violation of any of the provisions of the Organizational Documents of Carnivale;

(b) contravene, conflict with or result in a material violation of, or to the Knowledge of Carnivale, give any Governmental Body or other Person the right to challenge the Transaction or any of the other Contemplated Transactions or to exercise any material remedy or obtain any material relief under, any Law or any order, writ, injunction, judgment or decree to which Carnivale or any of the assets owned or used by Carnivale, is subject, except as would not be material to Carnivale or its business;

(c) contravene, conflict with or result in a material violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by Carnivale, except as would not be material to Carnivale or its business;

(d) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any Carnivale Material Contract, or to the Knowledge of Carnivale, give any Person the right to: (i) declare a default or exercise any remedy under any Carnivale Material Contract; (ii) accelerate the maturity or performance of any Carnivale Material Contract; or (iv) cancel, terminate or modify any term of any Carnivale Material Contract, except in each case, as would not have a Carnivale Material Adverse Effect; or

(e) result in the imposition or creation of any Encumbrance upon or with respect to any material asset owned or used by Carnivale (except for Permitted Encumbrances). Except for (i) any Consent set forth on Part 3.5 of the Carnivale Disclosure Schedule under any Carnivale Contract, (ii) the approval of the Transaction and the issuance of shares of Carnivale Common Stock in the Transaction, and (iii) such consents, waivers, approvals, orders, authorizations, registrations, declarations and filings as may be required under applicable federal and state securities laws, Carnivale was not, is not, and will not be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with (x) the execution, delivery or performance of this Agreement, or (y) the consummation of the Transaction or any of the other Contemplated Transactions, which, if individually or in the aggregate, were not given or obtained, would result in a Carnivale Material Adverse Effect. The Carnivale Board have taken and will take all actions necessary to ensure that the restrictions applicable to business combinations contained in Section 203 of the DGCL are, and will be, inapplicable to the execution, delivery and performance of this Agreement and the Carnivale Stockholder Support Agreement and to the consummation of the Transaction and the other Contemplated Transactions. No other state takeover statute or similar Law applies or purports to apply to the Transaction, this Agreement, the Carnivale Stockholder Support Agreement or any of the other Contemplated Transactions.

3.6 Capitalization, Etc.

(a) The authorized capital stock of Carnivale consists of (i) 100,000,000 shares of Carnivale Common Stock, par value $0.001 per share, of which 26,335,775 shares have been issued and are outstanding as of June 10, 2016 (the "***Capitalization Date***") and (ii) 5,000,000 shares of Preferred Stock, par value $0.001 per share, of which no shares have been issued and are outstanding as of the Capitalization Date. Carnivale does not hold any shares of its capital stock in its treasury. All of the outstanding shares of Carnivale Common Stock have been duly authorized and validly issued, and are fully paid and nonassessable. None of the outstanding shares of Carnivale Common Stock is entitled or subject to any preemptive right, right of participation, right of maintenance or any similar right. None of the outstanding shares of Carnivale Common Stock is subject to any right of first refusal in favor of Carnivale. Except as contemplated herein and except as identified on Part 3.6(a) of the Carnivale Disclosure Schedule there is no Carnivale Contract relating to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of (or granting any option or similar right with respect to), any shares of Carnivale Common Stock. Carnivale is not under any obligation, nor is bound by any Contract pursuant to which it may become obligated, to repurchase, redeem or otherwise acquire any outstanding shares of Carnivale Common Stock or other securities. Part 3.6(a) of the Carnivale Disclosure Schedule accurately and completely describes all repurchase rights held by Carnivale with respect to shares of Carnivale Common Stock (including shares issued pursuant to the exercise of stock options) and specifies which of those repurchase rights are currently exercisable.

(b) Except for the Amended and Restated Carnivale 2004 Stock Option Plan, the Carnivale 2014 Stock Option Plan and the Carnivale 2015 Equity Incentive Plan (collectively, the ***"Carnivale Stock Plans"***), or except as set forth on Part 3.6(b) of the Carnivale Disclosure Schedule, Carnivale does not have any stock option plan or any other plan, program, agreement or arrangement providing for any equity-based compensation for any Person. As of the Capitalization Date, Carnivale has reserved 3,852,132 shares of Carnivale Common Stock for issuance under the Carnivale Stock Plans, of which 399,963 shares have been issued and are currently

outstanding, 2,083,579 have been reserved for issuance upon exercise of Carnivale Options granted under the Carnivale Stock Plans, and 1,368,590 shares of Company Common Stock remain available for future issuance pursuant to the Carnivale Stock Plans. Part 3.6(b) of the Carnivale Disclosure Schedule sets forth the following information with respect to each Carnivale Option outstanding as of the date of this Agreement: (i) the name of the optionee; (ii) the number of shares of Carnivale Common Stock subject to such Carnivale Option at the time of grant; (iii) the number of shares of Carnivale Common Stock subject to such Carnivale Option as of the date of this Agreement; (iv) the exercise price of such Carnivale Option; (v) the date on which such Carnivale Option was granted; and (vi) the date on which such Carnivale Option expires. Carnivale has made available to the Company accurate and complete copies of all stock option plans pursuant to which Carnivale has ever granted stock options and the forms of all stock option agreements evidencing such options and evidence of board and stockholder approval of any of the Carnivale Stock Plans and amendments thereto.

(c) Except for the outstanding Carnivale Options or as identified on Part 3.6(b) of the Carnivale Disclosure Schedule, there is no: (i) outstanding subscription, option, call, warrant or right (whether or not currently exercisable) to acquire any shares of the capital stock or other securities of Carnivale; (ii) outstanding security, instrument or obligation that is or will become convertible into or exchangeable for any shares of the capital stock or other securities of Carnivale; (iii) stockholder rights plan (or similar plan commonly referred to as a "poison pill") or Contract under which Carnivale is or will become obligated to sell or otherwise issue any shares of its capital stock or any other securities; or (iv) condition or circumstance that is reasonably likely to give rise to or provide a basis for the assertion of a claim by any Person to the effect that such Person is entitled to acquire or receive any shares of capital stock or other securities of Carnivale. There are no outstanding or authorized stock appreciation, phantom stock, profit participation or other similar rights with respect to Carnivale.

(d) All outstanding shares of Carnivale Common Stock and options and other securities of Carnivale have been issued and granted in material compliance with (i) all applicable securities laws and other applicable Laws, and (ii) all material requirements set forth in applicable Contracts.

(e) All of the issued and outstanding shares, or other equity or voting interests in, Carnivale have been duly authorized and validly issued and are fully paid and non-assessable. All dividends or distributions declared, made or paid by Carnivale have been declared, made or paid in accordance with its Organizational Documents and other corporate documents, all applicable Laws, the rules of any Governmental Body and any agreements or arrangements made with any third party regulating the payment of dividends and distributions.

3.7 SEC Filings; Financial Statements.

(a) Carnivale has delivered to the Company accurate and complete copies of all registration statements, proxy statements, Certifications (as defined below) and other statements, reports, schedules, forms and other documents filed by Carnivale with the SEC since January 1, 2015 (the ***"Carnivale SEC Documents"***), other than such documents that can be obtained on the SEC's website at www.sec.gov. Except as set forth on Part 3.7(a) of the Carnivale Disclosure Schedule, all material statements, reports, schedules, forms and other documents required to have been filed by Carnivale or its officers with the SEC have been so filed on a timely basis. As of the time it was filed with the SEC (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing), each of the Carnivale SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act (as the case may be) and, to Carnivale's Knowledge, as of the time they were filed, none of the Carnivale SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The certifications and statements required by (i) Rule 13a-14 under the Exchange Act and (ii) 18 U.S.C. §1350 (Section 906 of the Sarbanes-Oxley Act) relating to the Carnivale SEC Documents (collectively, the ***"Certifications"***) are accurate and complete and comply as to form and content with all applicable Laws. As used in this Section 3.7, the term "file" and variations thereof shall be broadly construed to include any manner in which a document or information is furnished, supplied or otherwise made available to the SEC.

(b) The financial statements (including any related notes) contained or incorporated by reference in the Carnivale SEC Documents: (i) complied as to form in all material respects with the published rules and regulations of the SEC applicable thereto; (ii) were prepared in accordance with United States generally accepted accounting principles ("***GAAP***") (except as may be indicated in the notes to such financial statements or, in the case of unaudited financial statements, as permitted by Form 10-Q of the SEC, and except that the unaudited financial statements may not contain footnotes and are subject to normal and recurring year-end adjustments that are not reasonably expected to be material in amount) applied on a consistent basis unless otherwise noted therein throughout the periods indicated; and (iii) fairly present, in all material respects, the financial position of Carnivale as of the respective dates thereof and the results of operations and cash flows of Carnivale for the periods covered thereby. Other than as expressly disclosed in the Carnivale SEC Documents filed prior to the date hereof, there has been no material change in Carnivale's accounting methods or principles that would be required to be disclosed in Carnivale's financial statements in accordance with GAAP. The books of account and other financial records of Carnivale are true and complete in all material respects.

(c) Carnivale does not hold any auction rate securities, or other marketable securities or cash equivalents which are not, to the Knowledge of Carnivale, fully liquid and freely tradable.

(d) Carnivale's auditor has at all times since the date of enactment of the Sarbanes-Oxley Act been: (i) a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes-Oxley Act); (ii) to the Knowledge of Carnivale, "independent" with respect to Carnivale within the meaning of Regulation S-X under the Exchange Act; and (iii) to the Knowledge of Carnivale, in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and the rules and regulations promulgated by the SEC and the Public Company Accounting Oversight Board thereunder.

(e) Carnivale has not received any comment letter from the SEC or the staff thereof or any correspondence from NASDAQ or the staff thereof relating to the delisting or maintenance of listing of the Carnivale Common Stock on The NASDAQ Global Market. Carnivale has not disclosed any unresolved comments in the Carnivale SEC Documents.

(f) Since January 1, 2012, there have been no formal internal investigations regarding financial reporting or accounting policies and practices discussed with, reviewed by or initiated at the direction of the chief executive officer, chief financial officer, or general counsel of Carnivale, the Carnivale Board or any committee thereof, other than ordinary course audits or reviews of accounting policies and practices or internal controls required by the Sarbanes-Oxley Act.

(g) Carnivale is in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act and the applicable listing and governance rules and regulations of The NASDAQ Global Market.

(h) Carnivale maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that is sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including policies and procedures sufficient to provide reasonable assurance (i) that Carnivale maintains records that in reasonable detail accurately and fairly reflect Carnivale's transactions and dispositions of assets, (ii) that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, (iii) that receipts and expenditures are made only in accordance with authorizations of management and Carnivale Board, and (iv) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of Carnivale's assets that could have a material effect on Carnivale's financial statements. Carnivale has evaluated the effectiveness of Carnivale's internal control over financial reporting and, to the extent required by applicable law, presented in any applicable Carnivale SEC Document that is a report on Form 10-K or Form 10-Q (or any amendment thereto) its conclusions about the effectiveness of the internal control over financial reporting as of the end of the period covered by such report or amendment based on such evaluation. Carnivale has disclosed to Carnivale's auditors and the Audit Committee of the Carnivale Board (and

made available to the Company a summary of the significant aspects of such disclosure) (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect Carnivale's ability to record, process, summarize and report financial information and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in Carnivale's internal control over financial reporting. Except as disclosed in the Carnivale SEC Documents filed prior to the date hereof, Carnivale has not identified any material weaknesses in the design or operation of Carnivale's internal control over financial reporting. Since December 31, 2015, there have been no material changes in Carnivale's internal control over financial reporting.

(i) Carnivale's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are reasonably designed to ensure that all information (both financial and non-financial) required to be disclosed by Carnivale in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such information is accumulated and communicated to Carnivale's management as appropriate to allow timely decisions regarding required disclosure and to make the Certifications.

3.8 Absence of Changes. Except as set forth on Part 3.8 of the Carnivale Disclosure Schedule, between March 31, 2016 and the date of this Agreement, Carnivale has conducted its business only in the Ordinary Course of Business (except for the execution and performance of this Agreement and the discussions, negotiations and transactions related thereto) and there has not been any Carnivale Material Adverse Effect.

3.9 Absence of Undisclosed Liabilities. As of the date hereof, Carnivale does not have any Liability, individually or in the aggregate, except for: (a) Liabilities reflected on the face of the Carnivale Unaudited Interim Balance Sheet; (b) normal and recurring current Liabilities that have been incurred by Carnivale since the date of the Carnivale Unaudited Interim Balance Sheet in the Ordinary Course of Business and which are not in excess of $500,000, in the aggregate; (c) Liabilities for performance of obligations of Carnivale under Carnivale Contracts; (d) Liabilities incurred in connection with the Contemplated Transactions; and (e) Liabilities described in Part 3.9 of the Carnivale Disclosure Schedule.

3.10 Title to Assets. Carnivale owns, and has good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all tangible properties or assets and equipment used or held for use in its business or operations or purported to be owned by it that are material to the business of Carnivale, including: (a) all assets reflected on the Carnivale Unaudited Interim Balance Sheet; and (b) all other assets reflected in the books and records of Carnivale as being owned by Carnivale. All of said assets that are owned by Carnivale are owned free and clear of any Encumbrances, except for any Permitted Encumbrances.

3.11 Real Property; Leasehold. Carnivale does not own and has never owned any real property. Carnivale has made available to the Company (a) an accurate and complete list of all real properties with respect to which Carnivale directly or indirectly holds a valid leasehold interest as well as any other real estate that is in the possession of or licensed by Carnivale, and (b) copies of all leases and licenses under which any such real property is possessed (the "***Carnivale Real Estate Leases***"). Carnivale is not in default under any of the Carnivale Real Estate Leases, except where such defaults have not had and would not have, individually or in the aggregate, a Carnivale Material Adverse Effect, and to the Knowledge of Carnivale, there is no default by any of the lessors thereunder.

3.12 Intellectual Property.

(a) To the Knowledge of Carnivale, Carnivale owns, or has the right to use, as currently being used by Carnivale, all Carnivale IP Rights, and with respect to Carnivale IP Rights that are owned by Carnivale, has the right to bring actions for the infringement of all Carnivale IP Rights, in each case except for any failure to own or have the right to use, or have the right to bring actions that would not have a Carnivale Material Adverse Effect.

(b) Part 3.12(b) of the Carnivale Disclosure Schedule is an accurate, true and complete listing of all Carnivale Registered IP.

(c) Part 3.12(c) of the Carnivale Disclosure Schedule accurately identifies (i) all Carnivale Contracts pursuant to which Carnivale IP Rights are licensed to Carnivale (other than (I) any non-customized software that (A) is so licensed solely in executable or object code form pursuant to a non-exclusive, internal use software license and other Intellectual Property associated with such software and (B) is not incorporated into, or material to the development, manufacturing, or distribution of, any of Carnivale products or services, (II) any Intellectual Property licensed ancillary to the purchase or use of equipment, reagents or other materials and (III) any confidential information provided under confidentiality agreements).

(d) Part 3.12(d) of the Carnivale Disclosure Schedule accurately identifies each Carnivale Contract pursuant to which any Person has been granted any license under, or otherwise has received or acquired any right (whether or not currently exercisable) or interest in, any Carnivale IP Rights (other than (I) any confidential information provided under confidentiality agreements and (II) any Carnivale IP Rights licensed to suppliers or service providers for the sole purpose of providing services for Carnivale's benefit).

(e) Carnivale has delivered, or made available to the Company, a complete and accurate copy of all material Carnivale IP Rights Agreements.

(f) Except as set forth on Part 3.12(f) of the Carnivale Disclosure Schedule, neither the manufacture, marketing, license, sale or intended use of any product or technology currently licensed or sold or under development by Carnivale materially violates any license or agreement between Carnivale and any third party or, to the Knowledge of Carnivale, infringes or misappropriates any valid Intellectual Property right of any other party, which violation, infringement or misappropriation would have a Carnivale Material Adverse Effect. To the Knowledge of Carnivale, no third party is infringing upon, or violating any license or agreement with Carnivale or relating to any Carnivale IP Rights.

(g) There is no current or pending claim or Legal Proceeding (including, but not limited to, opposition, interference or other proceeding in any patent or other government office) contesting the validity, ownership or right to use, sell, license or dispose of any Carnivale IP Rights, nor has Carnivale received any written notice asserting that any Carnivale IP Rights or the proposed use, sale, license or disposition thereof conflicts with or infringes or misappropriates or will conflict with or infringe or misappropriate the rights of any other party.

(h) No trademark (whether registered or unregistered) or trade name owned, used, or applied for by Carnivale conflicts or interferes with any trademark (whether registered or unregistered) or trade name owned, used, or applied for by any other Person except as would not have a Carnivale Material Adverse Effect. None of the goodwill associated with or inherent in any trademark (whether registered or unregistered) in which Carnivale has or purports to have an ownership interest has been impaired as determined by Carnivale in accordance with GAAP.

(i) Except as may be set forth in the Contracts listed on Part 3.12(c) or 3.12(d) of the Carnivale Disclosure Schedule (i) Carnivale is not bound by any Contract to indemnify, defend, hold harmless, or reimburse any other Person with respect to any Intellectual Property infringement, misappropriation, or similar claim, and (ii) Carnivale has never assumed, or agreed to discharge or otherwise take responsibility for, any existing or potential liability of another Person for infringement, misappropriation, or violation of any Intellectual Property right, which assumption, agreement or responsibility remains in force as of the date of this Agreement.

3.13 Agreements, Contracts and Commitments. Section 3.13 of the Carnivale Disclosure Schedule identifies each Carnivale Contract that is in effect as of the date of this Agreement and is (a) a material contract as defined in Item 601(b)(10) of Regulation S-K as promulgated under the Securities Act, (b) a Contract to which Carnivale is a party or by which any of its assets and properties is currently bound, which involves annual obligations of payment by, or annual payments to, Carnivale in excess of $10,000, (c) is a Carnivale Real Estate Lease or (d) is a Contract disclosed in or required to be disclosed in Part 3.12(c) or Part 3.12(d) of the Carnivale Disclosure Schedule. Carnivale has delivered to the Company accurate and complete copies of all Contracts to

which Carnivale is a party or by which it is bound of the type described in clauses (a)-(d) of the immediately preceding sentence (any such Contract, a "***Carnivale Material Contract***"). Each Carnivale Material Contract is in full force and effect and is enforceable against Carnivale, as applicable, and, to the Knowledge of Carnivale, against each other party thereto in accordance with the terms thereof. Neither Carnivale nor, to the Knowledge of Carnivale, any other party to any Company Material Contract is in violation of or in default under (nor does there exist any condition which, with or without notice or lapse of time, or both, would cause such a violation of or default under) any Carnivale Material Contract, except for violations or defaults that, individually or in the aggregate, have not had a Carnivale Material Adverse Effect.

3.14 Compliance; Permits; Restrictions.

(a) Carnivale is, and since January 1, 2012 has been in compliance in all material respects with all applicable Laws, except for any noncompliance, either individually or in the aggregate, which would not result in a Carnivale Material Adverse Effect. No investigation, claim, suit, proceeding, audit or other action by any Governmental Body or authority is pending or, to the Knowledge of Carnivale, threatened against Carnivale. There is no agreement, judgment, injunction, order or decree binding upon Carnivale which (i) has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of Carnivale, any acquisition of material property by Carnivale or the conduct of business by Carnivale as currently conducted, (ii) is reasonably likely to have an adverse effect on Carnivale's ability to comply with or perform any covenant or obligation under this Agreement, or (iii) is reasonably likely to have the effect of preventing, delaying or making illegal the Transaction or any of the Contemplated Transactions.

(b) Carnivale holds all required Governmental Authorizations for the operation of its businesses (collectively, the ***"Carnivale Permits"***) as currently conducted, except for any failure to hold any such Governmental Authorizations, either individually or in the aggregate, which would not result in a Carnivale Material Adverse Effect. Part 3.14(b) of the Carnivale Disclosure Schedule identifies each Carnivale Permit. Carnivale is in material compliance with the terms of the Carnivale Permits. No Legal Proceeding is pending or, to the Knowledge of Carnivale, threatened, which seeks to revoke, limit, suspend, or materially modify any Carnivale Permit.

(c) There are no proceedings pending or, to the Knowledge of Carnivale, threatened with respect to an alleged material violation by Carnivale of the FDCA, FDA regulations adopted thereunder, or any other similar Laws promulgated by a Drug Regulatory Agency.

(d) Carnivale holds all required Governmental Authorizations issuable by any Drug Regulatory Agency necessary for the conduct of the business of Carnivale as currently conducted, and, as applicable, for the development, clinical testing, manufacturing, marketing, distribution and importation or exportation, as currently conducted, of any of its products or product candidates (the ***"Carnivale Product Candidates"***) (the ***"Carnivale Regulatory Permits"***) and no such Carnivale Regulatory Permit has been (i) revoked, withdrawn, suspended, cancelled or terminated or (ii) modified in any materially adverse manner. Carnivale has not received any written notice or other written communication from any Drug Regulatory Agency regarding any revocation, withdrawal, suspension, cancellation, termination or material modification of any Carnivale Regulatory Permit. Except for the information and files identified in Part 3.14(d) of the Carnivale Disclosure Schedule, Carnivale has made available to the Company all information requested by the Company in Carnivale's possession or control relating to the Carnivale Product Candidates and the development, clinical testing, manufacturing, importation and exportation of the Carnivale Product Candidates, including complete copies of the following (to the extent there are any): (x) adverse event reports; clinical study reports and material study data; and inspection reports, notices of adverse findings, warning letters, filings and letters and other written correspondence to and from any Drug Regulatory Agency; and meeting minutes with any Drug Regulatory Agency; and (y) similar reports, material study data, notices, letters, filings, correspondence and meeting minutes with any other Governmental Authority.

(e) All clinical, pre-clinical and other studies and tests conducted by or on behalf of, or sponsored by, Carnivale or in which Carnivale or its products or product candidates, have participated were conducted in all material respects in accordance with standard medical and scientific research procedures and in compliance in all material respects with the applicable regulations of the Drug Regulatory Agencies and other applicable Laws, including 21 C.F.R. Parts 50, 54, 56, 58 and 312.

(f) Carnivale is not the subject of any pending, or to the Knowledge of Carnivale, threatened investigation in respect of its business or products by the FDA pursuant to its "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto. To the Knowledge of Carnivale, Carnivale has not committed any acts, made any statement, or failed to make any statement, in each case in respect of its business or products that would violate FDA's "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy, and any amendments thereto. None of Carnivale or any of its officers, employees or agents has been convicted of any crime or engaged in any conduct that could result in a material debarment or exclusion (i) under 21 U.S.C. Section 335a or (ii) any similar applicable Law. To the Knowledge of Carnivale, no material debarment or exclusionary claims, actions, proceedings or investigations in respect of their business or products are pending or threatened against Carnivale or any of its officers, employees or agents.

3.15 Legal Proceedings; Orders.

(a) Except as set forth in Part 3.15 of the Carnivale Disclosure Schedule, there is no pending Legal Proceeding, and, to the Knowledge of Carnivale, no Person has threatened in writing to commence any Legal Proceeding: (i) that involves (A) Carnivale, (B) any Carnivale Associate (in his or her capacity as such) or (C) any of the material assets owned or used by Carnivale and that is material to Carnivale and its business; or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Transaction or any of the other Contemplated Transactions.

(b) There is no order, writ, injunction, judgment or decree to which Carnivale, or any of the material assets owned or used by Carnivale is subject. To the Knowledge of Carnivale, no officer or other Key Employee of Carnivale is subject to any order, writ, injunction, judgment or decree that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the business of Carnivale or to any material assets owned or used by Carnivale.

3.16 Tax Matters.

(a) Carnivale has timely filed all federal income Tax Returns and other material Tax Returns that they were required to file under applicable Laws. All such Tax Returns were correct and complete in all material respects and have been prepared in material compliance with all applicable Laws. Carnivale is not currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where Carnivale does not file Tax Returns that it is subject to taxation by that jurisdiction.

(b) All material Taxes due and owing by Carnivale on or before the date hereof (whether or not shown on any Tax Return) have been paid. The unpaid Taxes of Carnivale have been reserved for on the Carnivale Unaudited Interim Balance Sheet in accordance with GAAP. Since the date of the Carnivale Unaudited Interim Balance Sheet, Carnivale has not incurred any Liability for Taxes outside the Ordinary Course of Business or otherwise inconsistent with past custom and practice.

(c) Carnivale has withheld and paid all material Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(d) There are no Encumbrances for Taxes (other than Taxes not yet due and payable or Taxes that are being contested in good faith and for which adequate reserves have been made on Carnivale's Unaudited Interim Balance Sheet) upon any of the assets of Carnivale.

(e) No deficiencies for Taxes with respect to Carnivale have been claimed, proposed or assessed by any Governmental Body in writing. There are no pending (or, based on written notice, threatened) audits, assessments or other actions for or relating to any liability in respect of Taxes of Carnivale. No issues relating to Taxes of Carnivale were raised by the relevant Tax authority in any completed audit or examination that would reasonably be expected to result in a material amount of Taxes in a later taxable period. Carnivale has delivered or made available to the Company complete and accurate copies of all federal income Tax and all other material Tax Returns of Carnivale (and its predecessors) for all taxable years remaining open under the applicable statute of limitations, and complete and accurate copies of all examination reports and statements of deficiencies assessed against or agreed to by Carnivale (and its predecessors), with respect to federal income Tax and all other material Taxes. Carnivale (or any of its predecessors) has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, nor has any request been made in writing for any such extension or waiver.

(f) All material elections with respect to Taxes affecting Carnivale as of the date hereof, to the extent such elections are not shown on or in the Tax Returns that have been delivered or made available to the Company, are set forth on Part 3.16(f) of the Carnivale Disclosure Schedule. Carnivale (i) has not consented at any time under former Section 341(f)(1) of the Code to have the provisions of former Section 341(f)(2) of the Code apply to any disposition of the assets of Carnivale; (ii) has not agreed, or is required, to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise; (iii) has not made an election, or is required, to treat any of its assets as owned by another Person for Tax purposes or as a tax-exempt bond financed property or tax-exempt use property within the meaning of Section 168 of the Code; (iv) has not acquired or owns any assets that directly or indirectly secure any debt the interest on which is tax exempt under Section 103(a) of the Code; (v) has not made or will make a consent dividend election under Section 565 of the Code; (vi) has not elected at any time to be treated as an S corporation within the meaning of Sections 1361 or 1362 of the Code; or (vii) has not made any of the foregoing elections or is required to apply any of the foregoing rules under any comparable provision of state, local or foreign law.

(g) Carnivale has never been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(h) Carnivale is a not party to any Tax allocation, Tax sharing or similar agreement (including indemnity arrangements), other than commercial contracts entered into in the Ordinary Course of Business with vendors, customers and landlords.

(i) Carnivale has never been a member of an affiliated group filing a consolidated, combined or unitary Tax Return (other than a group the common parent of which is Carnivale) for federal, state, local or foreign Tax purposes. Carnivale does not have any Liability for the Taxes of any Person (other than Carnivale) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by Contract, or otherwise.

(j) Carnivale has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 of the Code or Section 361 of the Code.

(k) Carnivale is not a partner for Tax purposes with respect to any joint venture, partnership, or, to the Knowledge of Carnivale, other arrangement or contract which is treated as a partnership for Tax purposes.

(l) Carnivale will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or any portion thereof) ending after the Closing Date as a result of any (i) installment sale or other open transaction disposition made on or prior to the Closing Date, or (ii) agreement with any Tax authority (including any closing agreement described in Section 7121 of the Code or any similar provision of state, local or foreign law) made or entered into on or prior to the Closing Date.

(m) Carnivale has not entered into any transaction identified as a "listed transaction" for purposes of Treasury Regulations Section 1.6011-4(b)(2).

(n) Carnivale has not taken any action, nor has any Knowledge of any fact or circumstance, that could reasonably be expected to prevent the transactions contemplated hereby, including the Transaction, from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

3.17 Employee and Labor Matters; Benefit Plans.

(a) The employment of Carnivale's employees is terminable by Carnivale at will (or otherwise in accordance with general principles of wrongful termination law). Carnivale has made available to the Company accurate and complete copies of all material employee manuals and handbooks, disclosure materials, policy statements and other materials relating to the employment of Carnivale Associates to the extent currently effective and material.

(b) Carnivale is not a party to, bound by, or has a duty to bargain under, any collective bargaining agreement or other Contract with a labor organization representing any of its employees, and there are no labor organizations representing, to the Knowledge of Carnivale, purporting to represent or seeking to represent any employees of Carnivale.

(c) Part 3.17(c) of the Carnivale Disclosure Schedule lists all written and describes all non-written employee benefit plans (as defined in Section 3(3) of ERISA) and all bonus, equity-based, incentive, deferred compensation, retirement or supplemental retirement, profit sharing, severance, golden parachute, vacation, cafeteria, dependent care, medical care, employee assistance program, education or tuition assistance programs and other similar fringe or employee benefit plans, programs or arrangements, including any employment or executive compensation or severance agreements, written or otherwise, which are currently in effect relating to any present employee or director of Carnivale (or any trade or business (whether or not incorporated) which is a Carnivale Affiliate) or which is maintained by, administered or contributed to by, or required to be contributed to by, Carnivale, or any Carnivale Affiliate, or under which Carnivale or any Carnivale Affiliate has incurred or may incur any liability (each, an "***Carnivale Employee Plan***"). Part 3.17(c)-1 of the Carnivale Disclosure Schedule sets forth (i) all amounts owed to any employee or consultant of Carnivale under any Carnivale Employee Plans as a result of the consummation of the Transaction or the Contemplated Transactions, the termination of such employee's or consultant's employment or provision of services (whether before, upon or after the Transaction), or a combination thereof; and (ii) all Carnivale Employee Plans pursuant to which the benefits and payments described in subsection (i) are owed.

(d) With respect to each Carnivale Employee Plan, Carnivale has made available to the Company a true and complete copy of, to the extent applicable, (i) such Carnivale Employee Plan, (ii) the most recent annual report (Form 5500) as filed with the Internal Revenue Service, (iii) each currently effective trust agreement related to such Carnivale Employee Plan, (iv) the most recent summary plan description for each Carnivale Employee Plan for which such description is required, along with all summaries of material modifications, amendments, resolutions in the possession of Carnivale, and (v) the most recent Internal Revenue Service determination or opinion letter or analogous ruling under foreign law issued with respect to any Carnivale Employee Plan.

(e) Each Carnivale Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter with respect to such qualified status from the Internal Revenue Service. To the Knowledge of Carnivale, nothing has occurred that would reasonably be expected to adversely affect the qualified status of any such Carnivale Employee Plan or the exempt status of any related trust.

(f) Each Carnivale Employee Plan has been maintained in compliance, in all material respects, with its terms and, both as to form and operation, with all applicable Laws, including the Code and ERISA.

(g) No Carnivale Employee Plan is subject to Title IV or Section 302 of ERISA or Section 412 of the Code, and neither Carnivale nor any Carnivale Affiliate has ever maintained, contributed to or partially or completely withdrawn from, or incurred any obligation or liability with respect to, any such plan. No Carnivale Employee Plan is a Multiemployer Plan, and neither Carnivale nor any Carnivale Affiliate has ever contributed to or had an obligation to contribute, or incurred any liability in respect of a contribution, to any Multiemployer Plan. No Carnivale Employee Plan is a Multiple Employer Plan.

(h) No Carnivale Employee Plan provides for medical or death benefits beyond termination of service or retirement, other than (i) pursuant to COBRA or an analogous state law requirement or (ii) death or retirement benefits under an Carnivale Employee Plan qualified under Section 401(a) of the Code.

(i) With respect to Carnivale Options granted pursuant to the Carnivale Stock Plans, (i) each grant of a Carnivale Option was duly authorized no later than the grant date of such option, by all necessary corporate action, including as applicable, approval by the Carnivale Board (or a duly constituted and authorized committee thereof) and any required stockholder approval by the necessary number of votes of written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto; (ii) each Carnivale Option grant was made in accordance with the terms of the Carnivale Stock Plans, the Exchange Act and all other applicable laws and regulatory rules or requirements, including the rules of The NASDAQ Global Market and any other exchange on which Carnivale securities are traded; (iii) the per share exercise price of each Carnivale Option was equal to the fair market value of a share of Carnivale Common Stock on the applicable grant date and (v) each such Carnivale Option grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of Carnivale and disclosed in Carnivale filings with the Securities and Exchange Commission in accordance in all material respects with the Exchange Act and all other applicable laws. Carnivale has not knowingly granted, and there is no and has been no policy or practice of Carnivale of granting, Carnivale Options prior to, or otherwise coordinate the grant of Carnivale Options with, the release or other public announcement of material information regarding Carnivale or its results of operations or prospects.

(j) To the Knowledge of Carnivale, no Carnivale Options, stock appreciation rights or other equity-based awards issued or granted by Carnivale are subject to the requirements of Code Section 409A. To the Knowledge of Carnivale, each 409A Plan under which Carnivale makes, is obligated to make or promises to make, payments complies in all material respects, in both form and operation, with the requirements of Code Section 409A and the guidance thereunder. No payment to be made under any 409A Plan is, or to the Knowledge of Carnivale will be, subject to the penalties of Code Section 409A(a)(1).

(k) Carnivale is in compliance with all of its bonus, commission and other compensation plans and has paid any and all amounts required to be paid under such plans, including any and all bonuses and commissions (or pro rata portion thereof) that may have accrued or been earned through the calendar quarter preceding the Closing, and is not liable for any payments, taxes or penalties for failure to comply with any of the terms or conditions of such plans or the laws governing such plans.

(l) Carnivale has complied with all state and federal laws applicable to employees, including but not limited to COBRA, FMLA, CFRA, HIPAA, the Women's Health and Cancer Rights Act of 1998, the Newborn's and Mothers' Health Protection Act of 1996, and any similar provisions of state law applicable to its employees. Carnivale has no unsatisfied obligations to any of its employees or qualified beneficiaries pursuant to COBRA, HIPAA or any state law governing health care coverage or extension.

(m) Carnivale is in material compliance with all applicable foreign, federal, state and local laws, rules and regulations respecting employment, employment practices, terms and conditions of employment, worker classification, tax withholding, prohibited discrimination, equal employment, fair employment practices, meal and rest periods, immigration status, employee safety and health, wages (including overtime wages), compensation, and hours of work, and in each case, with respect to employees: (i) has withheld and reported all material amounts required by law or by agreement to be withheld and reported with respect to wages, salaries and

other payments to employees, (ii) is not liable for any arrears of wages, severance pay or any Taxes or any penalty for failure to comply with any of the foregoing, and (iii) is not liable for any material payment to any trust or other fund governed by or maintained by or on behalf of any governmental authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for employees (other than routine payments to be made in the normal course of business and consistent with past practice). There are no actions, suits, claims or administrative matters pending, or, to Carnivale's Knowledge, threatened or reasonably anticipated against Carnivale relating to any employee, employment agreement or Carnivale Employee Plan (other than routine claims for benefits). To Carnivale's Knowledge, there are no pending or threatened or reasonably anticipated claims or actions against Carnivale or any Carnivale trustee under any workers' compensation policy or long-term disability policy. Carnivale is not party to a conciliation agreement, consent decree or other agreement or order with any federal, state, or local agency or governmental authority with respect to employment practices. Carnivale has no material liability with respect to any misclassification of: (a) any Person as an independent contractor rather than as an employee, (b) any employee leased from another employer, or (c) any employee currently or formerly classified as exempt from overtime wages. Carnivale has not taken any action which would constitute a "plant closing" or "mass layoff" within the meaning of the WARN Act or similar state or local law, issued any notification of a plant closing or mass layoff required by the WARN Act or similar state or local law, or incurred any liability or obligation under WARN or any similar state or local law that remains unsatisfied. No terminations of employees of Carnivale prior to the Closing would trigger any notice or other obligations under the WARN Act or similar state or local law.

(n) There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, job action, union, organizing activity, question concerning representation or any similar activity or dispute, affecting Carnivale. No event has occurred, and no condition or circumstance exists, that might directly or indirectly be likely to give rise to or provide a basis for the commencement of any such strike, slowdown, work stoppage, lockout, job action, union organizing activity, question concerning representation or any similar activity or dispute.

(o) Carnivale is not, nor has been, engaged in any unfair labor practice within the meaning of the National Labor Relations Act. There is no Legal Proceeding, claim, labor dispute or grievance pending or, to the Knowledge of Carnivale, threatened or reasonably anticipated relating to any employment contract, privacy right, labor dispute, wages and hours, leave of absence, plant closing notification, workers' compensation policy, long-term disability policy, harassment, retaliation, immigration, employment statute or regulation, safety or discrimination matter involving any Carnivale Associate, including charges of unfair labor practices or discrimination complaints.

(p) There is no contract, agreement, plan or arrangement to which Carnivale or any Carnivale Affiliate is a party or by which it is bound to compensate any of its employees for excise taxes paid pursuant to Section 4999 of the Code.

(q) Carnivale is not a party to any Contract that has resulted or would reasonably be expected to result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of section 280G of the Code and (ii) any amount the deduction for which would be disallowed under Section 162(m) of the Code.

3.18 Environmental Matters. Since January 1, 2012, Carnivale has complied in all material respects with all applicable Environmental Laws, which compliance includes the possession by Carnivale of all permits and other Governmental Authorizations required under applicable Environmental Laws and compliance with the terms and conditions thereof, except for any failure to be in compliance that, individually or in the aggregate, would not result in a Carnivale Material Adverse Effect. Carnivale has not received since January 1, 2012 any written notice or other written communication, whether from a Governmental Body, citizens group, employee or otherwise, that alleges that Carnivale is not in compliance with any Environmental Law. To the Knowledge of Carnivale: (i) no current or prior owner of any property leased or controlled by Carnivale has received since January 1, 2012 any written notice or other communication relating to property owned or leased at any time by

Carnivale, whether from a Governmental Body, citizens group, employee or otherwise, that alleges that such current or prior owner or Carnivale is not in compliance in all material respects with or violated any Environmental Law in any material respect relating to such property and (ii) Carnivale has no material liability under any Environmental Law.

3.19 Insurance. Carnivale has made available to the Company accurate and complete copies of all material insurance policies and all material self-insurance programs and arrangements relating to the business, assets, liabilities and operations of Carnivale. Each of such insurance policies is in full force and effect and Carnivale is in compliance in all material respects with the terms thereof. Other than customary end of policy notifications from insurance carriers, since January 1, 2012, Carnivale has not received any notice or other communication regarding any actual or possible: (i) cancellation or invalidation of any material insurance policy; or (ii) refusal or denial of any coverage, reservation of rights or rejection of any material claim under any insurance policy. Carnivale has provided timely written notice to the appropriate insurance carrier(s) of each Legal Proceeding pending against Carnivale for which Carnivale has insurance coverage, and no such carrier has issued a denial of coverage or a reservation of rights with respect to any such Legal Proceeding, or informed Carnivale of its intent to do so.

3.20 Transactions with Affiliates. Except as set forth in the Carnivale SEC Documents filed prior to the date of this Agreement, since the date of Carnivale's last proxy statement filed in 2016 with the SEC, no event has occurred that would be required to be reported by Carnivale pursuant to Item 404 of Regulation S-K promulgated by the SEC. Part 3.20 of the Carnivale Disclosure Schedule identifies each Person who is (or who may be deemed to be) an "affiliate" (as that term is used in Rule 145 under the Securities Act) of Carnivale as of the date of this Agreement.

3.21 No Financial Advisor. Except as set forth on Part 3.21 of the Carnivale Disclosure Schedule, no broker, finder or investment banker is entitled to any brokerage fee, finder's fee, opinion fee, success fee, transaction fee or other fee or commission in connection with the Transaction or any of the other Contemplated Transactions based upon arrangements made by or on behalf of Carnivale.

3.22 Valid Issuance. The Carnivale Common Stock to be issued in the Transaction will, when issued in accordance with the provisions of this Agreement, be validly issued, fully paid and nonassessable.

3.23 No Other Representations or Warranties. Carnivale hereby acknowledges and agrees that, except for the representations and warranties contained in this Agreement, none of the Company or any Seller nor any other person acting on behalf of either the Company or any Seller makes any express or implied representation or warranty with respect to the Company or any Seller or with respect to any other information provided to Carnivale or any of its Affiliates in connection with the transactions contemplated hereby, and (subject to the express representations and warranties of the Company and the Sellers set forth in Section 2 and Section 2A, respectively (in each case as qualified and limited by the Company Disclosure Schedule)), none of Carnivale or any of its Representatives or shareholders has relied on any such information (including the accuracy or completeness thereof).

Section 4. CERTAIN COVENANTS OF THE PARTIES

4.1 Operation of the Businesses Pending the Transactions.

(a) *Operation of Carnivale's Business.* Except as set forth on Part 4.1(a) of the Carnivale Disclosure Schedule or unless the Company shall otherwise consent in writing, during the period commencing on the date of this Agreement and continuing until the earlier to occur of the termination of this Agreement pursuant to Section 9 and the Closing (the "***Pre-Closing Period***"): (i) Carnivale shall conduct its business and operations: (A) in the Ordinary Course of Business and, as reasonably deemed appropriate by the Carnivale Board and with a view towards winding down its operations; and (B) in compliance with all applicable Laws and the requirements of all Contracts that constitute Carnivale Material Contracts; (ii) Carnivale shall continue to

make regularly scheduled payments on its existing debt when due and payable, if any; and (iii) Carnivale shall continue to pay outstanding accounts payable, Taxes and other Liabilities (including payroll) when due and payable and shall perform all other material obligations when due. Without limiting the foregoing, except (i) as expressly contemplated or permitted by this Agreement, (ii) as set forth in Part 4.1(a) of the Carnivale Disclosure Schedule, or (iii) with the prior written consent of the Company, during the Pre-Closing Period, Carnivale shall not do any of the following:

(i) declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares of its capital stock (except, for the avoidance of doubt, as permitted under Section 5.14); or repurchase, redeem or otherwise reacquire any shares of its capital stock or other securities (except for shares of Carnivale Common Stock from terminated employees, directors or consultants of Carnivale);

(ii) except for contractual commitments in place at the time of this Agreement as listed in Part 4.1(a)(ii) of the Carnivale Disclosure Schedule, sell, issue, grant, pledge or otherwise dispose of or encumber or authorize any of the foregoing with respect to: (A) any capital stock or other security (except for Carnivale Common Stock issued upon the valid exercise of outstanding Carnivale Options); (B) any option, warrant or right to acquire any capital stock or any other security; or (C) any instrument convertible into or exchangeable for any capital stock or other security;

(iii) except as required to give effect to anything in contemplation of Closing, amend any of its Organizational Documents, or effect or be a party to any merger, consolidation, share exchange, business combination, recapitalization, reclassification of shares, stock split, reverse stock split or similar transaction except as related to the Contemplated Transactions;

(iv) form any Subsidiary or acquire any equity interest or other interest in any other Entity or enter into a joint venture with any other Entity;

(v) (A) incur or suffer to exist any Indebtedness for borrowed money or guarantee any such Indebtedness of another person, (B) issue, sell or amend any debt securities or warrants or other rights to acquire any debt securities of Carnivale, guarantee any debt securities of another person, enter into any "keep well" or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing, (C) make any loans, advances (other than routine advances to employees of Carnivale in the Ordinary Course of Business) or capital contributions to, or investment in, any other person, other than Carnivale or (D) enter into any hedging agreement or other financial agreement or arrangement designed to protect Carnivale against fluctuations in commodities prices or exchange rates;

(vi) (A) adopt, establish or enter into any Carnivale Employee Plan; (B) cause or permit any Carnivale Employee Plan to be amended; (C) pay any bonus or make any profit-sharing or similar payment to, or increase the amount of the wages, salary, commissions, fringe benefits or other compensation or remuneration payable to, any of its employees, directors or consultants; (D) increase the severance or change of control benefits offered to any current or new employees, directors or consultants; or (E) hire any new employees consultants or independent contractors; *provided*, *that*, Carnivale may pay those severance and retention payments owed under existing Carnivale Employee Plans scheduled on Part 4.1(a)(vi) of the Carnivale Disclosure Schedule to its current employees in connection with the termination of their employment;

(vii) whether or not in the Ordinary Course of Business, acquire (i) by merging or consolidating with, or by purchasing all or a substantial portion of the assets or any stock of, or by any other manner, any business or any corporation, partnership, joint venture, limited liability company, association or other business organization or division thereof or (ii) any assets that are material, in the aggregate, to Carnivale;

(viii) sell, assign, lease, license, sublicense, pledge, or otherwise dispose of or encumber any material properties or assets, or any Intellectual Property of Carnivale;

(ix) make any capital expenditures or other expenditures with respect to property, plant or equipment for Carnivale, other than as disclosed and set forth in Part 4.1(a)(ix) of the Carnivale Disclosure Schedule;

(x) make any changes in accounting methods, principles or practices, except insofar as may have been required by the SEC or a change in U.S. GAAP or, except as so required, change any assumption underlying, or method of calculating, any bad debt, contingency or other reserve;

(xi) knowingly waive, release or assign any material rights or claims (including any write-off or other compromise of any accounts receivable of Carnivale);

(xii) enter into any transaction or enter into, modify or amend any Contract: (A) relating to research, development, clinical trial, manufacturing, distribution, supply, marketing or co-promotion of any products of Carnivale, or otherwise relating to the rendering of services to Carnivale or the distribution, sale or marketing by third parties of the products of, or products licensed by Carnivale, (B) providing for obligations (contingent or otherwise) of Carnivale in excess of $10,000, individually or in the aggregate, (C) that is not terminable by Carnivale at any time without payment of any kind to any third party upon such termination, or (D) providing for any license of intellectual property rights to or from any third party;

(xiii) initiate, compromise or settle any Legal Proceeding;

(xiv) open any new facility or office;

(xv) make, change or revoke any material Tax election; file any material amendment to any Tax Return; adopt or change any accounting method in respect of Taxes; change any annual Tax accounting period; enter into any Tax allocation agreement, Tax sharing agreement or Tax indemnity agreement, other than commercial contracts entered into in the Ordinary Course of Business with vendors, customers or landlords; enter into any closing agreement with respect to any Tax; settle or compromise any claim, notice, audit report or assessment in respect of material Taxes; apply for or enter into any ruling from any Tax authority with respect to Taxes; surrender any right to claim a material Tax refund; or consent to any extension or waiver of the statute of limitations period applicable to any material Tax claim or assessment;

(xvi) enter into, amend or terminate any Carnivale Material Contract; or

(xvii) agree, resolve or commit to do any of the foregoing.

(b) *Operation of the Company's Business.* Except as set forth on Part 4.1(b) of the Company Disclosure Schedule, or unless Carnivale shall otherwise consent in writing (which consent shall not be unreasonably withheld, delayed or conditioned), during the Pre-Closing Period: (i) the Company shall conduct its business and operations: (A) in the Ordinary Course of Business and in accordance with past practices; and (B) in compliance with all applicable Laws and the requirements of all Company Material Contracts; and (ii) the Company shall preserve intact its current business organization, use reasonable efforts to keep available the services of its current Key Employees, officers and other employees and use reasonable efforts to maintain its relations and goodwill with all suppliers, customers, landlords, creditors, licensors, licensees, employees and other Persons having business relationships with the Company; (iii) continue to make regularly scheduled payments on its existing debt when due and payable, if any; and (iv) continue to pay outstanding accounts payable, Taxes and other Liabilities (including payroll) when due and payable and shall perform all other material obligations when due. Without limiting the foregoing, and except (i) as expressly contemplated or permitted by this Agreement, (ii) as set forth on Part 4.1(b) of the Company Disclosure Schedule, or (iii) with the prior written consent of Carnivale (which consent shall not be unreasonably withheld, delayed or conditioned), at all times during the Pre-Closing Period, the Company shall not do any of the following:

(i) declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares or make any reduction of its paid-up share capital; or repurchase, redeem or otherwise reacquire any shares or other securities (except for Company Ordinary Shares from terminated employees, directors or consultants of the Company);

(ii) create any Encumbrance over any share or loan capital or other security of the Company;

(iii) except as contemplated by this Agreement, amend any of its Organizational Documents, or effect or be a party to any merger, consolidation, share exchange, business combination, recapitalization, reclassification of shares, stock split, reverse stock split or similar transaction;

(iv) sell, create, allot, issue, grant, pledge or otherwise dispose of or encumber or authorize any of the foregoing with respect to: (A) any shares, loan capital or other security (except for shares of outstanding Company Common Stock issued upon the valid exercise of Company Options); (B) any option, warrant or right to acquire or subscribe for any shares, loan capital or any other security; or (C) any instrument convertible into or exchangeable for any shares, loan capital or other security; *provided*, *however*, that, notwithstanding the foregoing, the Company may grant share options to purchase Company Ordinary Shares to employees, consultants and contractors of the Company;

(v) form any Subsidiary or acquire any equity interest or other interest in any other Entity or enter into a joint venture with any other Entity;

(vi) lend money to any Person other than lending the exercise price of the Company Options to the holders thereof to facilitate the exercise of such Company Options immediately prior to Closing; incur or guarantee any Indebtedness for borrowed money; issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities; or guarantee any debt securities of others;

(vii) other than in the Ordinary Course of Business or in contemplation of Closing: (A) adopt, establish or enter into any Company Employee Plan (other than pursuant to customary benefit plans established in the Unites States which provide for benefits not materially inconsistent with comparable current or former Carnivale Employee Plans); (B) other than the EMI Plan Amendment, cause or permit any Company Employee Plan to be amended other than as required by law; (C) pay any bonus or made any profit-sharing or similar payment to, or materially increase the amount of the wages, salary, commissions, fringe benefits or other compensation or remuneration payable to, any of its directors, officers or employees (except for bonuses and increases in wages, salary, commissions, fringe benefits or other compensation or remuneration in connection with annual performance reviews or promotions, in each case in the Ordinary Course of Business); provided, however, that nothing in this Section 4.1(b)(vii) shall prohibit or prevent the Company from hiring employees, consultants, independent contractors or other service providers;

(viii) except in the Ordinary Course of Business, acquire (i) by merging or consolidating with, or by purchasing all or a substantial portion of the assets or any stock of, or by any other manner, any business or any corporation, partnership, joint venture, limited liability company, association or other business organization or division thereof or (ii) any assets that are material, in the aggregate, to the Company;

(ix) make any capital expenditures or other expenditures with respect to property, plant or equipment for the Company that are materially in excess of the amount set forth in the Company's annual operating plan, other than as disclosed and set forth in Part 4.1(b)(ix) of the Company Disclosure Schedule;

(x) make any material changes in accounting methods, principles or practices, except insofar as may be required to comply with changes in statements of standard accounting practice or, except as so required, materially change any assumption underlying, or method of calculating, any bad debt, contingency or other reserve;

(xi) enter into any material transaction outside the Ordinary Course of Business in excess of $1,000,000 individually or in the aggregate, excluding Liabilities incurred in connection with this Agreement;

(xii) sell, lease or otherwise irrevocably dispose of any of its material assets or properties, or grant any Encumbrance with respect to such assets or properties, except, in each case, in the Ordinary Course of Business;

(xiii) sell, assign, transfer, license, sublicense or otherwise dispose of any material Company IP Rights (other than pursuant to non-exclusive licenses in the Ordinary Course of Business);

(xiv) make, change or revoke any material Tax election; file any material amendment to any Tax Return; adopt or change any accounting method in respect of Taxes; change any annual Tax accounting period; enter into any Tax allocation agreement, Tax sharing agreement or Tax indemnity agreement, other than commercial contracts entered into in the Ordinary Course of Business with vendors, customers or landlords; enter into any closing agreement with respect to any Tax; settle or compromise any claim, notice, audit report or assessment in respect of material Taxes; apply for or enter into any ruling from any Tax authority with respect to Taxes; surrender any right to claim a material Tax refund; or consent to any extension or waiver of the statute of limitations period applicable to any material Tax claim or assessment; or

(xv) agree, resolve or commit to do any of the foregoing.

4.2 Access and Investigation. Subject to the terms of the Confidentiality Agreement which the Parties agree will continue in full force following the date of this Agreement, during the Pre-Closing Period, upon reasonable notice Carnivale, on the one hand, and the Company, on the other hand, shall, and shall use commercially reasonable efforts to cause such Party's Representatives to: (a) provide the other Party and such other Party's Representatives with reasonable access during normal business hours to such Party's Representatives, personnel and assets and to all existing books, records, Tax Returns, work papers and other documents and information relating to such Party and its Subsidiaries; (b) provide the other Party and such other Party's Representatives with such copies of the existing books, records, Tax Returns, work papers, product data, and other documents and information relating to such Party and its Subsidiaries, and with such additional financial, operating and other data and information regarding such Party and its Subsidiaries as the other Party may reasonably request; (c) permit the other Party's officers and other employees to meet, upon reasonable notice and during normal business hours, with the chief financial officer and other officers and managers of such Party responsible for such Party's financial statements and the internal controls of such Party to discuss such matters as the other Party may deem necessary or appropriate and (d) provide the other Party with copies of unaudited monthly financial statements or management accounts, when available, communications sent by or on behalf of such Party to its stockholders or any notice, report or other document filed with or sent to or received from any Governmental Body in connection with the Transaction. Any investigation conducted by either Carnivale or the Company pursuant to this Section 4.2 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the other Party. Any access granted by either Carnivale or the Company shall be subject to its reasonable security measures and insurance requirements and shall not include the right to perform invasive testing. Notwithstanding the foregoing, any Party may restrict the foregoing access to the extent that any Law applicable to such Party requires such Party to restrict or prohibit access to any such properties or information.

4.3 No Solicitation.

(a) Each of Carnivale and the Company agrees that, during the Pre-Closing Period, it shall not, nor shall it authorize any of its Representatives to, directly or indirectly: (i) solicit, initiate or knowingly encourage, induce or facilitate any Acquisition Proposal; (ii) furnish any non-public information regarding such Party to any Person in connection with or in response to an Acquisition Proposal or Acquisition Inquiry; (iii) engage in discussions or negotiations with any Person with respect to any Acquisition Proposal or Acquisition Inquiry; (iv) approve, endorse or recommend any Acquisition Proposal (subject to Section 5.2); (v) execute or enter into any letter of intent or any Contract contemplating or otherwise relating to any Acquisition Transaction; (vi) amend or grant any waiver or release under any confidentiality, standstill or similar agreement (other than to the other Party) or (vii) publicly propose to do any of the foregoing; *provided*, *however*, that, notwithstanding anything contained in this Section 4.3(a) and subject to compliance with this Section 4.3, prior to the adoption and approval of this Agreement by the Required Carnivale Stockholder Vote, Carnivale and its Representatives may furnish information regarding Carnivale to, and enter into discussions or negotiations with, any Person in response to a bona fide written Acquisition Proposal by such Person that did not result from a breach of this Section 4.3, which Carnivale's board of directors reasonably determines in good faith, after consultation with its financial advisor and outside legal counsel, constitutes, or is reasonably likely to result in, a Superior Offer (and

is not withdrawn) if: (A) the board of directors of Carnivale concludes in good faith based on the advice of outside legal counsel, that the failure to take such action is reasonably likely to result in a breach of the fiduciary duties of the board of directors of Carnivale under applicable Laws; (B) at least three Business Day prior to furnishing any such nonpublic information to, or entering into discussions with, such Person, Carnivale gives the Company written notice of the identity of such Person and of Carnivale's intention to furnish nonpublic information to, or enter into discussions with, such Person; (C) Carnivale receives from such Person an executed confidentiality agreement containing provisions (including nondisclosure provisions, use restrictions, non-solicitation and no hire provisions) that is not materially less restrictive to such Person as those contained in the Confidentiality Agreement; and (D) contemporaneously with furnishing any such nonpublic information to such Person, Carnivale furnishes such nonpublic information to the Company (to the extent such information has not been previously furnished by Carnivale to the Company). Without limiting the generality of the foregoing, each Party acknowledges and agrees that, in the event any Representative of such Party (whether or not such Representative is purporting to act on behalf of such Party) takes any action that, if taken by such Party, would constitute a breach of this Section 4.3 by such Party, the taking of such action by such Representative shall be deemed to constitute a breach of this Section 4.3 by such Party for purposes of this Agreement.

(b) If Carnivale or any Representative of Carnivale receives an Acquisition Proposal or Acquisition Inquiry at any time during the Pre-Closing Period, then Carnivale shall promptly (and in no event later than one Business Day after Carnivale becomes aware of such Acquisition Proposal or Acquisition Inquiry) advise the Company orally and in writing of such Acquisition Proposal or Acquisition Inquiry (including the identity of the Person making or submitting such Acquisition Proposal or Acquisition Inquiry, and provide a copy of the Acquisition Proposal or Acquisition Inquiry or, if the Acquisition Proposal or Acquisition Inquiry is not written, the terms thereof, to the Company). Carnivale shall keep the Company reasonably informed with respect to the status and terms of any such Acquisition Proposal or Acquisition Inquiry and any material modification or proposed material modification thereto. In addition to the foregoing, Carnivale shall provide the Company with at least one Business Day's written notice of a meeting of its board of directors (or any committee thereof) at which its board of directors (or any committee thereof) is reasonably expected to consider an Acquisition Proposal or Acquisition Inquiry it has received.

(c) Each of Carnivale and the Company shall immediately cease and cause to be terminated any existing discussions, negotiations and communications with any Person that relate to any Acquisition Proposal or Acquisition Inquiry with respect to Carnivale or the Company, as applicable, as of the date of this Agreement, revoke or withdraw access of any Person other than the other Parties and their respective Representatives to any data room containing any non-public information with respect to such Party and request the destruction or return of any nonpublic information provided to such Person.

4.4 Notification of Certain Matters. During the Pre-Closing Period, each of the Company and the Sellers, on the one hand, and Carnivale, on the other hand, shall promptly notify the other (and, if in writing, furnish copies of) if any of the following occurs: (a) any notice or other communication from any Person alleging that the Consent of such Person is or may be required in connection with any of the Contemplated Transactions; (b) any Legal Proceeding against, relating to, involving or otherwise affecting the Company or Carnivale, as applicable, is commenced, or, to the Knowledge of such Party, threatened against the Company or Carnivale, as applicable, or, to the Knowledge of such Party, any director, officer or Key Employee of the Company or Carnivale, as applicable; (c) such Party becoming aware of any inaccuracy in any representation or warranty made by such Party in this Agreement; or (d) any failure of such Party to comply with any covenant or obligation of such Party; in each case that would reasonably be expected to make the timely satisfaction of any of the conditions set forth in Sections 6, 7 or 8, as applicable, impossible or materially less likely. No notification given to a Party pursuant to this Section 4.4 shall change, limit or otherwise affect any of the representations, warranties, covenants or obligations of the Party providing such notification or any of such Party's Subsidiaries contained in this Agreement or the Company Disclosure Schedule or Carnivale Disclosure Schedule, as appropriate, for purposes of Section 8.1 or Section 7.1, as appropriate.

Section 5. ADDITIONAL AGREEMENTS OF THE PARTIES

5.1 Proxy Statement.

(a) As promptly as practicable after the date of this Agreement, the Parties shall prepare and Carnivale shall cause to be filed with the SEC the Proxy Statement. Carnivale covenants and agrees that the Proxy Statement, including any pro forma financial statements included therein, and the letter to stockholders, notice of meeting and form of proxy included therewith, will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, Carnivale makes no covenant, representation or warranty with respect to statements made in the Proxy Statement (and the letter to stockholders, notice of meeting and form of proxy included therewith), if any, based on information provided by the Company or the Sellers for inclusion therein. The Company, Novo A/S and their respective legal counsel shall be given reasonable opportunity to review and comment on the Proxy Statement, including all amendments and supplements thereto, prior to the filing thereof with the SEC, and on the responses to any comments of the SEC prior to filing thereof with the SEC. Each of Carnivale and the Company shall use commercially reasonable efforts to cause the Proxy Statement to comply with the applicable rules and regulations promulgated by the SEC. Carnivale shall use commercially reasonable efforts to cause the Proxy Statement to be mailed to Carnivale's stockholders as promptly as practicable after the Proxy Statement has been cleared by the SEC. Each Party shall promptly furnish to the other Party all information concerning such Party and such Party's Affiliates and such Party's stockholders that may be required or reasonably requested in connection with any action contemplated by this Section 5.1. If Carnivale or the Company become aware of any event or information that, pursuant to the Securities Act or the Exchange Act, should be disclosed in an amendment or supplement to the Proxy Statement, then such Party, as the case may be, shall promptly inform the other Parties thereof and shall cooperate with such other Parties in filing such amendment or supplement with the SEC and, if appropriate, in mailing such amendment or supplement to the Carnivale stockholders.

(b) Prior to the Closing, Carnivale shall use commercially reasonable efforts to obtain all regulatory approvals needed to ensure that the Carnivale Common Stock to be issued in the Transaction (to the extent required) shall be registered or qualified or exempt from registration or qualification under the securities law of every jurisdiction of the United States in which any registered holder of Company Shares has an address of record as of the date of this Agreement; *provided*, *however*, that Carnivale shall not be required: (i) to qualify to do business as a foreign corporation in any jurisdiction in which it is not now qualified; or (ii) to file a general consent to service of process in any jurisdiction.

(c) The Company and the Sellers shall reasonably cooperate with Carnivale and provide, and require their respective Representatives to provide, Carnivale and its Representatives, with all true, correct and complete information regarding the Company or the Sellers that is required by law to be included in the Proxy Statement or reasonably requested from the Company or the Sellers to be included in the Proxy Statement.

5.2 Carnivale Stockholders' Meeting.

(a) Carnivale shall take all action necessary under applicable Laws to call, give notice of and hold a meeting of the holders of Carnivale Common Stock to vote on the issuance of Carnivale Common Stock in the Transaction (such meeting, the "***Carnivale Stockholders' Meeting***"). The Carnivale Stockholders' Meeting shall be held as promptly as practicable after the Proxy Statement has been cleared by the SEC. Carnivale shall take reasonable measures to ensure that all proxies solicited in connection with the Carnivale Stockholders' Meeting are solicited in compliance with all applicable Laws.

(b) Carnivale agrees that, subject to Section 5.2(c): (i) the Carnivale Board shall recommend that the holders of Carnivale Common Stock vote to approve the issuance of Carnivale Common Stock in the Transaction and shall use commercially reasonable efforts to solicit such approval within the timeframe set forth in Section 5.2(a) above, (ii) the Proxy Statement shall include a statement to the effect that the Carnivale Board

recommends that Carnivale's stockholders vote to approve the issuance of Carnivale Common Stock in the Transaction (the recommendation of the Carnivale Board that Carnivale's stockholders vote to approve the issuance of Carnivale Common Stock in the Transaction being referred to as the "***Carnivale Board Recommendation***"); and (iii) the Carnivale Board Recommendation shall not be withdrawn or modified (and the Carnivale Board shall not publicly propose to withdraw or modify the Carnivale Board Recommendation) in a manner adverse to the Company or the Sellers, and no resolution by the Carnivale Board or any committee thereof to withdraw or modify the Carnivale Board Recommendation in a manner adverse to the Company or the Sellers or to adopt, approve or recommend (or publicly propose to adopt, approve or recommend) any Acquisition Proposal shall be adopted or proposed.

(c) Notwithstanding anything to the contrary contained in Section 5.2(b) and subject to compliance with Section 4.3 and Section 5.2, at any time prior to the approval of the issuance of Carnivale Common Stock in the Transaction by the stockholders of Carnivale by the Required Carnivale Stockholder Vote, the Carnivale Board may withhold, amend, withdraw or modify the Carnivale Board Recommendation in a manner adverse to the Company or the Sellers if, but only if, following the receipt of and on account of an Acquisition Proposal, (i) the Carnivale Board reasonably determines in good faith, based on such matters as it deems relevant following consultation with its outside legal counsel and financial advisors, that the failure to withhold, amend, withdraw or modify such recommendation would result in a breach of its fiduciary duties under applicable Laws, (ii) Carnivale has, and has caused its financial and outside legal counsel to, during the Notice Period (as defined below), negotiate with the Seller Representative in good faith to make such adjustments to the terms and conditions of this Agreement so that such Acquisition Proposal ceases to constitute a Superior Offer, and (iii) if the Seller Representative shall have delivered to Carnivale a written offer to alter the terms or conditions of this Agreement during the Notice Period, the Carnivale Board shall have reasonably determined in good faith, based on such matters as it deems relevant following consultation with its outside legal counsel and financial advisors, that the failure to withhold, amend, withdraw or modify the Carnivale Board Recommendation would still result in a breach of its fiduciary duties under applicable Laws (after taking into account such alterations of the terms and conditions of this Agreement); *provided* that the Seller Representative receives written notice from Carnivale confirming that the Carnivale Board has determined to change its recommendation at least four Business Days in advance of the Carnivale Board Recommendation being withdrawn, withheld, amended or modified in a manner adverse to the Company or the Sellers (the "***Notice Period***"), which notice shall include a description in reasonable detail of the reasons for such recommendation change, and written copies of any relevant proposed transaction agreements with any party making a potential Superior Offer. In the event of any material amendment to any Superior Offer (including any revision in the amount, form or mix of consideration Carnivale's stockholders would receive as a result of such potential Superior Offer), Carnivale shall be required to provide the Seller Representative with notice of such material amendment and the Notice Period shall be extended, if applicable, to ensure that at least three Business Day remain in the Notice Period following such notification during which the parties shall comply again with the requirements of this Section 5.2(c) and the Carnivale Board of Directors shall not make a change in the Carnivale Board Recommendation prior to the end of such Notice Period as so extended.

(d) Carnivale's obligation to call, give notice of and hold the Carnivale Stockholders' Meeting in accordance with Section 5.2(a) shall not be limited or otherwise affected by the commencement, disclosure, announcement or submission of any Superior Offer or Acquisition Proposal, or by any withdrawal or modification of the Carnivale Board Recommendation.

(e) Nothing contained in this Agreement shall prohibit Carnivale or the Carnivale Board from complying with Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act; *provided however*, that any disclosure made by Carnivale or the Carnivale Board pursuant to Rules 14d-9 and 14e-2(a) shall be limited to a statement that Carnivale is unable to take a position with respect to the bidder's tender offer unless the Carnivale Board determines in good faith, after consultation with its outside legal counsel, that such statement would result in a breach of its fiduciary duties under applicable Laws; *provided*, *further*, that any such disclosure (other than a "stop, look and listen" communication or similar communication of the type contemplated by Section 14d-9(f)

under the Exchange Act) shall be deemed to be a change of the Carnivale Board Recommendation unless the Carnivale Board of Directors expressly publicly reaffirms the Carnivale Board Recommendation (i) in such communication or (ii) within two (2) Business Days after being requested to do so by the Seller Representative. Carnivale shall not withdraw or modify in a manner adverse to the Company and the Sellers the Carnivale Board Recommendation unless specifically permitted pursuant to the terms of Section 5.2(c).

5.3 Regulatory Approvals. Each Party shall use commercially reasonable efforts to file or otherwise submit, as soon as practicable after the date of this Agreement, all applications, notices, reports and other documents reasonably required to be filed by such Party with or otherwise submitted by such Party to any Governmental Body with respect to the Transaction and the other Contemplated Transactions, and to submit promptly any additional information requested by any such Governmental Body.

5.4 Company Options.

(a) The Company shall as soon as practicable after the date of this Agreement apply to HMRC for confirmation that the tax-favored status of the Company Options will not be affected by an amendment to disapply the acceleration of vesting in rule 6.7 of the Company Plan in relation to the Transaction (the "***EMI Plan Amendment***").

(b) If such HMRC confirmation is not obtained the EMI Plan Amendment will not be effected, Section 5.4(c) shall not apply and instead:

(i) The Company shall procure that the directors of the Company shall, by no later than 14 (fourteen) days before Closing determine, for the purposes of rules 6.8 and 6.9 of the Company Plan, that each outstanding Company Option may be exercised in full immediately before the Closing and will, to the extent unexercised, lapse as of immediately prior to the Closing.

(ii) The Company and Carnivale shall use commercially reasonable efforts to agree the form of a letter (the "***Optionholder Letter***") to holders of Company Options ("***Optionholders***") offering them the opportunity to agree to exercise their Company Options in full (subject to the terms and conditions of the Company Plan and any award agreements that are applicable to such Company Options) with effect from immediately before Closing and to sell to Carnivale upon the Closing Date all of the Company Ordinary Shares received upon exercise of such Company Options, free and clear of any encumbrance and with full title guarantee, upon the same terms and conditions as set forth herein for the sale of the Company Shares held by the Sellers to Carnivale. The Optionholder Letter shall provide that any such sale of Company Ordinary Shares by such Optionholder to Carnivale shall be subject to and conditional upon the execution and delivery by such Optionholder to Carnivale prior to Closing of (A) an appropriate joinder agreement providing for such Optionholder to become a party to this Agreement as a Seller hereunder with respect to all of the Company Ordinary Shares issued to such Optionholder upon the exercise of his or her Company Options, (B) a Lock-Up Agreement, and (C) in the event that such Optionholder will become an Affiliate of Carnivale upon the Closing, and such Optionholder is not already a party to the Registration Rights Agreement, an appropriate joinder agreement providing for such Optionholder to become a party to the Registration Rights Agreement as a Seller thereunder. The period for agreeing to this offer shall be expressed to end not later than four (4) Business Days prior to the Closing Date (the "***Option Deadline***"). Any and all Company Options that are not exercised immediately prior to Closing shall be cancelled for no consideration and shall cease to exist effective as of immediately prior to the Closing.

(c) If such HMRC confirmation is obtained the Company shall (i) use all reasonable endeavors to obtain consent to the EMI Plan Amendment from the Optionholders under rule 13.1.2 of the Company Plan as part of the communication referred to at (c)(ii) below (and subject to receiving such consent pass a Company board resolution (in accordance with rule 13.1 of the Company Plan) to effect the EMI Plan Amendment); and (ii) Section 5.4(b) above shall not apply and instead:

(i) The Company shall procure that the directors of the Company shall, by no later than 14 (fourteen) days before Closing determine, for the purposes of rules 6.8 and 6.9 of the Company Plan, that each

outstanding Company Option may be exercised only to the extent vested immediately before Closing and will, to the extent unexercised or exchanged, lapse as of immediately prior to the Closing.

(ii) The Company and Carnivale shall use commercially reasonable efforts to agree the form of a letter (the "***Optionholder Letter***") to holders of Company Options ("***Optionholders***") offering them the opportunity to:

(A) agree to exercise their Company Options to the extent vested (subject to the terms and conditions of the Company Plan and any award agreements that are applicable to such Company Options) with effect from immediately before the Closing and to sell to Carnivale upon the Closing Date all of the Company Ordinary Shares received upon such exercise of such Company Options, free and clear of any encumbrance and with full title guarantee, upon the same terms and conditions as set forth herein for the sale of the Company Shares held by the Sellers to Carnivale. The Optionholder Letter shall provide that any such sale of Company Ordinary Shares by such Optionholder to Carnivale shall be subject to and conditional upon the execution and delivery by such Optionholder to Carnivale of (A) an appropriate joinder agreement providing for such Optionholder to become a party to this Agreement as a Seller hereunder with respect to all of the Company Ordinary Shares issued to such Optionholder upon the exercise of his or her Company Options, (B) a Lock-Up Agreement, and (C) in the event that such Optionholder will become an Affiliate of Carnivale upon the Closing, and such Optionholder is not already a party to the Registration Rights Agreement, an appropriate joinder agreement providing for such Optionholder to become a party to the Registration Rights Agreement as a Seller thereunder. The period for agreeing to this offer shall be expressed to end not later than four (4) Business Days prior to the Closing Date (the "***Option Deadline***"). Any and all Company Options that are not exercised immediately prior to Closing shall, unless the Optionholder agrees to an option exchange under (B) below, be cancelled for no consideration and shall cease to exist effective as of immediately prior to the Closing; and/or

(B) agree that their Company Options (whether vested and unvested, or just unvested) may, one Business Day following the Closing, provided the holder thereof has so agreed on or prior to the Option Deadline (failing which such Company Option shall lapse as of immediately prior to the Closing), instead be replaced with an option to purchase a number of shares of Carnivale Common Stock equal to the product (rounded down to the nearest whole number) of (i) the number of Company Ordinary Shares subject to such Company Option immediately prior to the Closing and (ii) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (A)(1) the exercise price per share of Company Ordinary Shares subject to such Company Option multiplied by (2) the Currency Exchange Rate as of the date prior to the Closing Date, divided by (B) the Exchange Ratio (such exchanged option, a "***Replacement Option***"); *provided*, *however*, that, each Replacement Option shall remain subject to the same vesting schedule and other relevant terms and conditions in effect immediately prior to the Closing. For purposes of this Section 5.4 and Section 5.5 below, the "***Currency Exchange Rate***" means, in respect of any date, the rate of exchange from the applicable foreign currency to Dollars for the end of the trading day prior to such date as published by the Wall Street Journal at http://online.wsj.com/mdc/public/page/2_3021-forex.html.

(iii) The Company and Carnivale shall take commercially reasonable efforts to ensure that, where a Company Option is a qualifying option for the purposes of Chapter 9, Part 7 and Schedule 5 of ITEPA 2003 (as defined below), any replacement hereunder of that option shall satisfy paragraphs 41 to 43 of Schedule 5 of ITEPA 2003. In addition, the Company and Carnivale shall make all HMRC filings in respect of the grant of any Replacement Option to the extent required.

5.5 Company Restricted Ordinary Shares. Subject to the agreement of its holder, all Company Restricted Ordinary Shares (as defined below) shall, at Closing, be replaced with a number of shares of restricted Carnivale Common Stock equal to the product (rounded down to the nearest whole number) of (i) the number of Company Restricted Ordinary Shares held by such holder immediately prior to the Closing and (ii) the Exchange Ratio; *provided*, *however*, that each such share of restricted Carnivale Common Stock shall remain subject to the same vesting schedule and other relevant terms and conditions in effect immediately prior to the Closing. All

outstanding "rights to repurchase," "mandatory transfer provisions" or similar restrictions with respect to Company Restricted Ordinary Shares in favor of the Company (or the Company's shareholders) immediately prior to Closing (all such rights, the "***Repurchase Rights***") shall be assigned to Carnivale upon Closing and shall thereafter be exercisable by Carnivale upon the same terms and subject to the same conditions that were in effect immediately prior to the Closing, except that Repurchase Rights may be exercised by Carnivale retaining the unvested Carnivale Common Stock into which Company Restricted Ordinary Shares have been converted and paying to the former holder thereof the original purchase price per share (rounded up to the nearest whole cent) equal to (A)(1) the original price per share of the Company Restricted Ordinary Shares multiplied by (2) the Currency Exchange Rate as of the date prior to the Closing Date, divided by (B) the Exchange Ratio in effect for each such share subject to that Repurchase Right immediately prior to the Closing. No Company Restricted Ordinary Shares, or right thereto, may be pledged, encumbered, sold, assigned or transferred (including any transfer by operation of law), by any Person, other than Carnivale, or be taken or reached by any legal or equitable process in satisfaction of any Liability of such Person, prior to the full vesting of the such shares. For purposes of this Section 5.5 "***Company Restricted Ordinary Shares***" means any Company Common Shares that are not vested under the terms of any Contract with the Company.

5.6 Carnivale Options. Prior to the Closing, the Carnivale Board shall have adopted appropriate resolutions and taken all other actions necessary and appropriate to provide that the vesting and exercisability of each unexpired and unexercised Carnivale Option shall be accelerated in full effective as of immediately prior to the Closing. Carnivale take commercially reasonable steps to notify holders of Carnivale Options of the treatment of their Carnivale Options in connection with this Agreement under this Section 5.6. Effective as of the Closing, each outstanding and unexercised Carnivale Option having an exercise price per share less than the Carnivale Closing Price shall be automatically exercised in full and, in exchange therefor, each former holder of any such automatically exercised Carnivale Option shall be entitled to receive a number of shares of Carnivale Common Stock calculated by dividing (a) the product of (i) the total number of shares of Carnivale Common Stock previously subject to such Carnivale Option, and (ii) the excess of the Carnivale Closing Price over the exercise price per share of Carnivale Common Stock previously subject to such Carnivale Option by (b) the Carnivale Closing Price. Notwithstanding anything herein to the contrary, the tax withholding obligations for each holder receiving shares of Carnivale Common Stock in accordance with the preceding sentence shall be satisfied by Carnivale withholding from issuance that number of shares of Carnivale Common Stock calculated by multiplying the minimum statutory withholding rate for such holder in connection with such issuance times the number of shares of Carnivale Common Stock to be issued in accordance with the preceding sentence, and rounding up to the nearest whole share. Each outstanding and unexercised Carnivale Option that has an exercise price equal to or greater than the Carnivale Closing Price shall be terminated and cease to exist as of immediately prior to the Closing for no consideration.

5.7 Employee Benefits. Carnivale and the Company shall cause Carnivale to comply with the terms of any employment, severance, retention, change of control, or similar agreement specified on Part 3.17(c)-1 of the Carnivale Disclosure Schedule as being applicable to this Section 5.7 subject to the provisions of such agreements, including the maintenance of COBRA insurance for Carnivale's former officers and employees.

5.8 Indemnification of Officers and Directors.

(a) From the Closing through the sixth anniversary of the date on which the Closing occurs, Carnivale shall indemnify and hold harmless each person who is now, or has been at any time prior to the date hereof, or who becomes prior to the Closing, a director or officer of Carnivale or of the Company (the "***D&O Indemnified Parties***"), against all claims, losses, liabilities, damages, judgments, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements (collectively, "***Costs***"), incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to the fact that the D&O Indemnified Party is or was a director or officer of Carnivale or of the Company, whether asserted or claimed prior to, at or after the Closing, in each case, to the fullest extent permitted under the DGCL for directors or officers of Delaware corporations. Each D&O Indemnified Party will

be entitled to advancement of expenses incurred in the defense of any such claim, action, suit, proceeding or investigation from Carnivale upon receipt by Carnivale from the D&O Indemnified Party of a request therefor; *provided* that any such person to whom expenses are advanced provides an undertaking to Carnivale, to the extent then required by the DGCL, to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

(b) The provisions of the certificate of incorporation and bylaws of Carnivale with respect to indemnification, advancement of expenses and exculpation of present and former directors and officers of Carnivale that are presently set forth in the certificate of incorporation and bylaws of Carnivale shall not be amended, modified or repealed for a period of six years from the Closing in a manner that would adversely affect the rights thereunder of individuals who, at or prior to the Closing, were officers or directors of Carnivale.

(c) From and after the Closing, Carnivale shall fulfill and honor in all respects the obligations of the Company to its D&O Indemnified Parties as of immediately prior to the Closing pursuant to any indemnification provisions under the Company's memorandum and articles of association and pursuant to any indemnification agreements between the Company and such D&O Indemnified Parties, with respect to claims arising out of matters occurring at or prior to the Closing.

(d) From and after the Closing, Carnivale agrees to either (A) cause the Company to continue to maintain in effect for six years after the Closing Date the directors' and officers' insurance policies and fiduciary liability insurance policies (collectively, the "***D&O Insurance***") of the Company that are in place as of the date hereof or (B) cause the Company to purchase comparable D&O Insurance for such six-year period, in each case with respect to any claim related to any period of time at or prior to the Closing Date with terms, conditions, retentions and limits of liability that are at least as favorable as those contained in the D&O Insurance in effect as of the date hereof; provided, however, that in no event shall Carnivale be required to expend more than an amount per year equal to 250% of current annual premiums paid by the Company, whether expended over time or paid in a lump sum or otherwise, to maintain or procure such comparable D&O Insurance. At the Company's option, the Company may purchase, prior to the Closing Date, a six-year prepaid "tail policy" with terms, conditions, retentions and limits of liability that are at least as favorable as those contained in the D&O Insurance in effect as of the date hereof, in which event Carnivale shall cease to have any obligations under the first sentence of this Section 5.8(d). In the event the Company elects to purchase such a "tail policy," the Company shall (and, following the Closing, Carnivale shall cause the Company to) maintain such "tail policy" in full force and effect and continue to honor their respective obligations thereunder

(e) From and after the Closing, Carnivale shall maintain directors' and officers' liability insurance policies, with an effective date as of the Closing, on commercially available terms and conditions and with coverage limits customary for U.S. public companies similarly situated to Carnivale. In addition, Carnivale shall purchase, prior to the Closing Date, , following consultation with, and subject to the approval of, the Company (such approval not to be unreasonably withheld), a six-year prepaid "tail policy" for the non-cancellable extension of the directors' and officers' liability coverage of Carnivale's existing directors' and officers' insurance policies and Carnivale's existing fiduciary liability insurance policies, in each case, for a claims reporting or discovery period of at least six years from and after the Closing with respect to any claim related to any period of time at or prior to the Closing with terms, conditions, retentions and limits of liability that are no less favorable than the coverage provided under Carnivale's existing policies as of the date of this Agreement with respect to any actual or alleged error, misstatement, misleading statement, act, omission, neglect, breach of duty or any matter claimed against a director or officer Carnivale by reason of him or her serving in such capacity that existed or occurred at or prior to the Closing (including in connection with this Agreement or the transactions or actions contemplated hereby or in connection with Carnivale's initial public offering of shares of Carnivale Common Stock).

(f) From and after the Closing, Carnivale shall pay all expenses, including reasonable attorneys' fees, that are incurred by the persons referred to in this Section 5.8 in connection with their successful enforcement of the rights provided to such persons in this Section 5.8.

(g) The provisions of this Section 5.8 are intended to be in addition to the rights otherwise available to the current and former officers and directors of Carnivale and the Company by law, charter, statute, bylaw or agreement, and shall operate for the benefit of, and shall be enforceable by, each of the D&O Indemnified Parties, their heirs and their representatives.

(h) In the event Carnivale or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or Transaction, or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of Carnivale shall succeed to the obligations set forth in this Section 5.8.

5.9 Additional Agreements.

(a) Subject to Section 5.9(b), the Parties shall use commercially reasonable efforts to cause to be taken all actions necessary to consummate the Transaction and make effective the other Contemplated Transactions. Without limiting the generality of the foregoing, but subject to Section 5.9(b), each Party to this Agreement: (i) shall make all filings and other submissions (if any) and give all notices (if any) required to be made and given by such Party in connection with the Transaction and the other Contemplated Transactions; (ii) shall use commercially reasonable efforts to obtain each Consent (if any) reasonably required to be obtained (pursuant to any applicable Law or any Company Material Contract, or otherwise) by such Party in connection with the Transaction or any of the other Contemplated Transactions or for such Company Material Contract to remain in full force and effect; (iii) shall use commercially reasonable efforts to lift any injunction prohibiting, or any other legal bar to, the Transaction or any of the other Contemplated Transactions; and (iv) shall use commercially reasonable efforts to satisfy the conditions precedent to the consummation of this Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, no Party shall have any obligation under this Agreement: (i) to dispose of or transfer or cause any of its Subsidiaries to dispose of or transfer any material assets; (ii) except as otherwise contemplated in this Agreement, to discontinue or cause any of its Subsidiaries to discontinue offering any product or service; (iii) to license or otherwise make available, or cause any of its Subsidiaries to license or otherwise make available to any Person any Intellectual Property; (iv) to hold separate or cause any of its Subsidiaries to hold separate any assets or operations (either before or after the Closing Date); (v) to make or cause any of its Subsidiaries to make any commitment (to any Governmental Body or otherwise) regarding its future operations; or (vi) to contest any Legal Proceeding or any order, writ, injunction or decree relating to the Transaction or any of the other Contemplated Transactions if such Party determines in good faith that contesting such Legal Proceeding or order, writ, injunction or decree would not be advisable.

5.10 Disclosure. Without limiting any of either Party's obligations under the Confidentiality Agreement, the Company's and Carnivale's shall not, and shall not permit any of its Subsidiaries or any Representative of such Party to, issue any press release or make any disclosure (to any customers or employees of such Party, to the public or otherwise) regarding the Transaction or any of the other Contemplated Transactions unless: (a) the Company and Carnivale shall have approved such press release or disclosure in writing, such approval not to be unreasonably conditioned, withheld or delayed; or (b) such Party shall have determined in good faith, upon the advice of outside legal counsel, that such disclosure is required by applicable Laws and, to the extent practicable, before such press release or disclosure is issued or made, such Party advises the Company and Carnivale of, and consults with the Company and Carnivale regarding, the text of such press release or disclosure; ***provided***, ***however***, that each of the Company and Carnivale may make any public statement in response to specific questions by the press, analysts, investors or those attending industry conferences or financial analyst conference calls, so long as any such statements are consistent with previous press releases, public disclosures or public statements made by the Company or Carnivale in compliance with this Section 5.10.

5.11 Listing. Carnivale shall use its commercially reasonable efforts to maintain its existing listing on The NASDAQ Global Market, to obtain approval of the listing of the combined company on The NASDAQ Global

Market and to cause the shares of Carnivale Common Stock being issued in the Transaction to be approved for listing (subject to notice of issuance) on The NASDAQ Global Market at or prior to the Closing.

5.12 Tax Matters.

(a) Carnivale, the Company and the Sellers shall use their respective commercially reasonable efforts to cause the Transaction to qualify, and agree not to, and not to permit or cause any Affiliate or any Subsidiary to, take any actions or cause any action to be taken which would reasonably be expected to prevent the Transaction from qualifying, as a "reorganization" under Section 368(a) of the Code.

(b) This Agreement is intended to constitute, and the Parties hereby adopt this Agreement as, a "plan of reorganization" within the meaning of Treasury Regulation Sections 1.368-2(g) and 1.368-3(a). The Parties shall not file any U.S. federal, state or local Tax Returns in a manner that is inconsistent with the treatment of the Transaction as a reorganization within the meaning of Section 368(a) of the Code for U.S. federal, state and other relevant Tax purposes, unless otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code.

(c) All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement (collectively, "***Transfer Taxes***") shall be paid by the Company when due, and the Company will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes if required by applicable Law.

5.13 Legends. Carnivale shall be entitled to place appropriate legends on the certificates evidencing any shares of Carnivale Common Stock to be received in the Transaction by equityholders of the Company who may be considered "affiliates" of Carnivale for purposes of Rules 144 and 145 under the Securities Act reflecting the restrictions set forth in Rules 144 and 145 and to issue appropriate stop transfer instructions to the transfer agent for Carnivale Common Stock.

5.14 Pre-Closing Dividend. Promptly following the final determination of Net Cash as of the Cash Determination Time pursuant to Section 1.5, and in any event, prior to the Closing, Carnivale shall take all actions reasonably necessary to dividend (the "***Pre-Closing Dividend***") to its stockholders an amount of cash held by Carnivale equal to the amount by which such Net Cash amount exceeds $31,000,000.

5.15 Directors and Officers. Carnivale shall take all action necessary to cause the persons identified on Schedule 5.15 (which schedule shall be delivered by the Company after the date hereof and prior to the filing of the Proxy Statement) to be appointed as executive officers of Carnivale as described in Schedule 5.15, effective upon the Closing. Additionally, Carnivale shall take all action necessary to cause the number of members of the Carnivale Board to be fixed at the number requested by the Company in Schedule 5.15 and to cause the persons identified by the Company on Schedule 5.15 (the "***Company Selected Directors***") to be appointed to the Carnivale Board and to obtain the resignations of the directors of Carnivale other than the Company Selected Directors, in each case effective as of the Closing; provided, that Carnivale shall be entitled to designate two of the Company Selected Directors set forth on Schedule 5.15.

5.16 Termination of Certain Agreements and Rights. The Company shall use its commercially reasonable efforts to terminate at or prior to the Closing, those agreements set forth on Schedule 5.16 (collectively, the "***Investor Agreements***").

5.17 Security Holder Litigation. Notwithstanding anything to the contrary herein, Carnivale shall have the right to control the defense and settlement of any litigation brought by any stockholder or any holder of other securities of Carnivale against Carnivale and/or its directors or officers, provided that Carnivale shall give the Company the opportunity to participate in the defense of any such litigation and shall consider the Company's advice with respect to such litigation and Carnivale shall not settle any such litigation (other than any settlement not requiring the payment of any amount to any third party) without the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed).

5.18 Corporate Identity. Carnivale shall submit to its stockholders at the Carnivale Stockholder Meeting a proposal to approve and adopt an amendment to Carnivale's certificate of incorporation to change the name of Carnivale to KalVista Pharmaceuticals, Inc., contingent upon the Closing.

5.19 State Takeover Laws. If any "fair price," "business combination" or "control share acquisition" statute or other similar statute or regulation is or may become applicable to any of the transactions contemplated by this Agreement, the Parties shall use their respective commercially reasonable efforts to (a) take such actions as are reasonably necessary so that the transactions contemplated hereunder may be consummated as promptly as practicable on the terms contemplated hereby and (b) otherwise take all such actions as are reasonably necessary to eliminate or minimize the effects of any such statute or regulation on such transactions.

5.20 Reverse Split. Carnivale has submitted to the holders of Carnivale Common Stock a proposal to approve and adopt an amendment to the Carnivale Certificate of Incorporation to authorize the Carnivale Board to effect a reverse split of all outstanding shares of Carnivale Common Stock whereby each outstanding share of Carnivale Common Stock would be combined, converted and changed into 1/4, 1/5, 1/6, 1/7, 1/8, 1/9 or 1/10 share of Carnivale Common Stock. Subject to obtaining the approval of such stockholders, Carnivale shall take such other actions as shall be reasonably necessary to effect such reverse stock split at a ratio mutually agreed to by Carnivale and the Seller Representative.

5.21 Employee Communications. Carnivale and the Company will use reasonable efforts to consult with each other, and will consider in good faith each other's advice, prior to sending any notices or other communication materials to such Party's employees regarding this Agreement, the Transaction or the effects thereof on the employment, compensation or benefits of its employees.

5.22 Section 16 Matters. Prior to the Closing, Carnivale shall take all such steps as may be required to cause any acquisitions of Carnivale Common Stock and any options to purchase Carnivale Common Stock in connection with the Transaction, by each individual who is reasonably expected to become subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Carnivale, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

5.23 Waiver. Each of the Sellers hereby waives any rights and remedies they may have against the Company's present or former employees, directors, Affiliates, agents, officers or advisers with respect to claims arising out of any information, opinion or advice supplied or given (or omitted to be supplied or given) in connection with the Transaction, other than in the case of fraud, and agrees that no such rights or remedies shall constitute a defense to any claim for specific performance of this Agreement by Carnivale. Additionally, (a) each Seller covenants and agrees that the aggregate amount of shares of the Carnivale Common Stock to be issued to such Seller in accordance with Section 1.1 of this Agreement comprises all of the consideration due to such Seller in respect of such Seller's sale of his, her or its Company Shares hereunder, and each Seller hereby irrevocably agrees that, upon receipt of the consideration pursuant to Section 1.1 of this Agreement, such Seller shall have no right to any interest in or to a claim in relation to any securities of the Company and each Seller hereby unconditionally and irrevocably waives all rights or claims related to the securities of the Company held by such Seller, and (b) each of the holders of Company Preferred Shares agrees that, to the extent such holder may be permitted to do so, such holder will not at any time following the signing of this Agreement sign or deliver to the Company a Conversion Notice (as that term is defined in the Company's Article of Association).

Section 6. CONDITIONS PRECEDENT TO OBLIGATIONS OF EACH PARTY

The obligations of each Party to effect the Transaction and otherwise consummate the transactions to be consummated at the Closing are subject to the satisfaction or, to the extent permitted by applicable law, the written waiver by Carnivale and the Seller Representative, at or prior to the Closing, of each of the following conditions:

6.1 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Transaction or the Pre-Closing Dividend shall have been issued by any court

of competent jurisdiction or other Governmental Body of competent jurisdiction and remain in effect, no other legal restraint or prohibition preventing the consummation of the Transaction shall be in effect, there shall not be any Law which has the effect of making the consummation of the Transaction illegal, and there shall not be pending any proceeding brought by any Governmental Body seeking any of the foregoing.

6.2 Stockholder Approval. This Agreement and the issuance of the Carnivale Common Stock in the Transaction shall have been duly approved by the Required Carnivale Stockholder Vote.

6.3 Listing. The existing shares of Carnivale Common Stock shall have been continually listed on The NASDAQ Global Market as of and from the date of this Agreement through the Closing Date, the approval of the listing of additional shares of Carnivale Common Stock on The NASDAQ Global Market shall have been obtained and the shares of Carnivale Common Stock to be issued in the Transaction shall have been approved for listing (subject to official notice of issuance) on The NASDAQ Global Market as of the Closing.

6.4 No Governmental Proceedings Relating to Contemplated Transactions or Right to Operate Business. There shall not be any Legal Proceeding pending, or overtly threatened in writing by an official of a Governmental Body in which such Governmental Body indicates that it intends to conduct any Legal Proceeding or take any other action: (a) challenging or seeking to restrain or prohibit the consummation of the Contemplated Transactions; (b) relating to the Contemplated Transactions and seeking to obtain from Carnivale or the Company any damages or other relief that is, or is reasonably likely to be, material to Carnivale or the Company; (c) that would materially and adversely affect the right or ability of Carnivale or the Company to own the assets or operate the business of the Company; or (d) seeking to compel the Company to dispose of or hold separate any material assets as a result of the Contemplated Transactions.

Section 7. ADDITIONAL CONDITIONS PRECEDENT TO OBLIGATIONS OF CARNIVALE

The obligations of Carnivale to effect the Transaction and otherwise consummate the transactions to be consummated at the Closing are subject to the satisfaction or the written waiver by Carnivale, at or prior to the Closing, of each of the following conditions:

7.1 Accuracy of Representations. The Company Fundamental Representations and the Seller Fundamental Representations shall have been true and correct in all respects as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of such date (except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date). The Company Capitalization Representations shall have been true and correct in all respects as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of such date, except, in each case, (X) for such inaccuracies which are *de minimis*, individually or in the aggregate or (Y) for those representations and warranties which address matters only as of a particular date (which representations shall have been true and correct, subject to the qualifications as set forth in the preceding clause (X), as of such particular date). The representations and warranties of the Company and the Sellers contained in this Agreement (other than the Company Fundamental Representations, the Company Capitalization Representations and the Seller Fundamental Representations) shall have been true and correct as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on the Closing Date except (A) in each case, or in the aggregate, where the failure to be so true and correct would not reasonably be expected to have a Company Material Adverse Effect (without giving effect to any references therein to any Company Material Adverse Effect or other materiality qualifications), or (B) for those representations and warranties which address matters only as of a particular date (which representations shall have been true and correct, subject to the qualifications as set forth in the preceding clause (A), as of such particular date) (it being understood that, for purposes of determining the accuracy of such representations and warranties, any update of or modification to the Company Disclosure Schedule made or purported to have been made after the date of this Agreement shall be disregarded).

7.2 Performance of Covenants. The Company and Sellers shall have performed in all material respects all of their respective obligations and complied in all material respects with all of their respective agreements and covenants to be performed or complied with by each of them under this Agreement at or prior to the Closing.

7.3 Agreements and Other Documents. Carnivale shall have received the following agreements and other documents, each of which shall be in full force and effect:

(a) a certificate executed by the Chief Executive Officer and Chief Financial Officer of the Company confirming that the conditions set forth in Sections 7.1, 7.2 and 7.5 have been duly satisfied; and

(b) to the extent not already within the possession or control of the Company, all statutory books (duly written up to date) of the Company as are kept by the Company or required to be kept by the Company under applicable Law.

7.4 Lock-up Agreements. The Lock-up Agreements duly executed by each of the Sellers shall be in full force and effect.

7.5 No Company Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Company Material Adverse Effect that is continuing.

7.6 Termination of Investor Agreements. The Investor Agreements shall have been terminated.

7.7 Closing Date Allocation Schedule. Carnivale shall have received from the Company the Closing Date Allocation Schedule which will be accurate and complete in all respects as of the Closing with respect to the number of Company Shares owned by each Seller and the number of shares of Carnivale Common Stock to be issued to such Seller pursuant to the terms of this Agreement upon the Closing.

Section 8. ADDITIONAL CONDITIONS PRECEDENT TO OBLIGATION OF THE SELLERS

The obligations of the Sellers to effect the Transaction and otherwise consummate the transactions to be consummated at the Closing are subject to the satisfaction or the written wavier by the Seller Representative, at or prior to the Closing, of each of the following conditions:

8.1 Accuracy of Representations. Each of the Carnivale Fundamental Representations shall have been true and correct in all respects as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of such date (except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date). The Carnivale Capitalization Representations shall have been true and correct as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of such date, except, in each case, (X) for such inaccuracies which are *de minimis*, individually or in the aggregate or (Y) for those representations and warranties which address matters only as of a particular date (which representations shall have been true and correct, subject to the qualifications as set forth in the preceding clause (X), as of such particular date). The representations and warranties of Carnivale contained in this Agreement (other than the Carnivale Fundamental Representations and the Carnivale Capitalization Representations) shall have been true and correct as of the date of this Agreement and shall be true and correct on and as of the Closing Date with the same force and effect as if made on the Closing Date except (A) in each case, or in the aggregate, where the failure to be so true and correct would not have a Carnivale Material Adverse Effect (without giving effect to any references therein to any Carnivale Material Adverse Effect or other materiality qualifications), or (B) for those representations and warranties which address matters only as of a particular date (which representations shall have been true and correct, subject to the qualifications as set forth in the preceding clause (A), as of such particular date) (it being understood that, for purposes of determining the accuracy of such representations and warranties, any update of or modification to the Carnivale Disclosure Schedule made or purported to have been made after the date of this Agreement shall be disregarded).

8.2 Performance of Covenants. Carnivale shall have performed in all material respects all of its obligations and complied in all material respects with all of its agreements and covenants to be performed or complied with by it under this Agreement at or prior to the Closing.

8.3 Lock-up Agreements. The Lock-up Agreements duly executed by each of the Persons listed on Section A of the Carnivale Disclosure Schedule shall be in full force and effect.

8.4 Documents. The Company shall have received the following documents, each of which shall be in full force and effect:

(a) a certificate executed by the Chief Executive Officer and Chief Financial Officer of Carnivale confirming that the conditions set forth in Sections 8.1, 8.2 and 8.6 have been duly satisfied;

(b) certificates of good standing of Carnivale in its jurisdiction of organization and the various foreign jurisdictions in which it is qualified, certified charter documents, certificates as to the incumbency of officers and the adoption of resolutions of its board of directors authorizing the execution of this Agreement and the consummation of the Contemplated Transactions by Carnivale hereunder; and

(c) written resignations in forms satisfactory to the Company, dated as of the Closing Date and effective as of the Closing executed by the officers and directors of Carnivale who are not to continue as officers or directors of Carnivale pursuant to Section 5.15 hereof.

8.5 Sarbanes-Oxley Certifications. Neither the principal executive officer nor the principal financial officer of Carnivale shall have failed to provide, with respect to any Carnivale SEC Document filed (or required to be filed) with the SEC on or after the date of this Agreement, any necessary certification in the form required under Rule 13a-14 under the Exchange Act and 18 U.S.C. §1350.

8.6 No Carnivale Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Carnivale Material Adverse Effect that is continuing.

8.7 Minimum Cash. The Net Cash shall have been determined in accordance with Section 1.5 and the Net Cash shall be greater than or equal to $25,000,000.

8.8 Board of Directors and Officers of Carnivale. Carnivale shall have caused the Carnivale Board to be constituted as set forth in Section 5.15 and appointed such new officers of Carnivale as set forth in Section 5.15, in each case to become effective as of the Closing.

8.9 SVB Loan. The Company shall have received from Carnivale a customary payoff letter for the SVB Facility, which payoff letter will provide for the payment and termination of the SVB Facility and the release of all Encumbrances on Carnivale's assets associated with the SVB Facility.

8.10 Registration Rights Agreement. Carnivale shall not have repudiated or rescinded the Registration Rights Agreement and the Registration Rights Agreement shall be in full force and effect.

Section 9. TERMINATION

9.1 Termination. This Agreement may be terminated prior to the Closing (whether before or after approval of the Transaction and issuance of Carnivale Common Stock in the Transaction by Carnivale's stockholders, unless otherwise specified below):

(a) by mutual written consent of Carnivale (duly authorized by the Board of Directors of Carnivale) and the Seller Representative;

(b) by either Carnivale or the Seller Representative if the Transaction shall not have been consummated by December 15, 2016; *provided*, *however*, that the right to terminate this Agreement under this Section 9.1(b)

shall not be available to the Seller Representative, on the one hand, or to Carnivale, on the other hand, if such Party's action or failure to act (or in the case of the Seller Representative, any action or failure to act by the Company or any Seller) has been a principal cause of the failure of the Transaction to occur on or before such date and such action or failure to act constitutes a breach of this Agreement, *provided*, *further*, *however*, that, in the event that a request for additional information has been made by any Governmental Authority or in the event that the SEC has not cleared the Proxy Statement by such date, then either the Seller Representative or Carnivale shall be entitled to extend the date for termination of this Agreement pursuant to this Section 9.1(b) for an additional 60 days;

(c) by either Carnivale or the Seller Representative if a court of competent jurisdiction or other Governmental Body shall have issued a final and nonappealable order, decree or ruling, or shall have taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Transaction;

(d) by either Carnivale or the Seller Representative if (i) the Carnivale Stockholders' Meeting (including any adjournments and postponements thereof) shall have been held and completed and Carnivale's stockholders shall have taken a final vote on the Transaction and the issuance of shares of Carnivale Common Stock in the Transaction and (ii) the Transaction or the issuance of Carnivale Common Stock in the Transaction shall not have been approved at the Carnivale Stockholders' Meeting (and shall not have been approved at any adjournment or postponement thereof) by the Required Carnivale Stockholder Vote; *provided*, *however*, that the right to terminate this Agreement under this Section 9.1(d) shall not be available to Carnivale where the failure to obtain the Required Carnivale Stockholder Vote shall have been caused by the action or failure to act of Carnivale and such action or failure to act constitutes a material breach by Carnivale of this Agreement;

(e) by the Seller Representative (at any time prior to the approval of the Transaction and the issuance of Carnivale Common Stock in the Transaction by the Required Carnivale Stockholder Vote) if a Carnivale Triggering Event shall have occurred;

(f) by the Seller Representative, upon a breach of any representation, warranty, covenant or agreement on the part of Carnivale set forth in this Agreement, or if any representation or warranty of Carnivale shall have become inaccurate, in either case such that the conditions set forth in Section 8.1 or Section 8.2 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become inaccurate; *provided* that neither the Company nor any Seller is then in material breach of any representation, warranty, covenant or agreement under this Agreement; *provided*, *further*, that if such inaccuracy in Carnivale's representations and warranties or breach by Carnivale is curable by Carnivale, then this Agreement shall not terminate pursuant to this Section 9.1(f) as a result of such particular breach or inaccuracy until the earlier of (i) the expiration of a 30 day period commencing upon delivery of written notice from Carnivale to the Seller Representative of such breach or inaccuracy, or the delivery of written notice from the Seller Representative to Carnivale of such breach or inaccuracy, whichever occurs first, and (ii) Carnivale (as applicable) ceasing to exercise commercially reasonable efforts to cure such breach (it being understood that this Agreement shall not terminate pursuant to this Section 9.1(f) as a result of such particular breach or inaccuracy if such breach by Carnivale is cured prior to such termination becoming effective); or

(g) by Carnivale, upon a breach of any representation, warranty, covenant or agreement on the part of the Company or any Seller set forth in this Agreement, or if any representation or warranty of the Company or any Seller shall have become inaccurate, in either case such that the conditions set forth in Section 7.1 or Section 7.2 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become inaccurate; *provided* that Carnivale is not then in material breach of any representation, warranty, covenant or agreement under this Agreement; *provided*, *further*, that if such inaccuracy in the Company's or any Seller's representations and warranties or breach by the Company or such Seller is curable by the Company or such Seller then this Agreement shall not terminate pursuant to this Section 9.1(g) as a result of such particular breach or inaccuracy until the earlier of (i) the expiration of a 30 day period commencing upon delivery of written notice from the Company or such Seller to Carnivale of such breach or inaccuracy or the delivery of written notice from Carnivale to the Company or such Seller, as applicable, of such breach or

inaccuracy, whichever occurs first, and (ii) the Company or such Seller ceasing to exercise commercially reasonable efforts to cure such breach (it being understood that this Agreement shall not terminate pursuant to this Section 9.1(g) as a result of such particular breach or inaccuracy if such breach by the Company or such Seller is cured prior to such termination becoming effective).

The Party desiring to terminate this Agreement pursuant to this Section 9.1 (other than pursuant to Section 9.1(a)) shall give a notice of such termination to the other Party specifying the provisions hereof pursuant to which such termination is made and the basis therefor described in reasonable detail.

9.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 9.1, this Agreement shall be of no further force or effect; *provided*, *however*, that (a) this Section 9.2, Section 9.3, and Section 10 shall survive the termination of this Agreement and shall remain in full force and effect, and (b) the termination of this Agreement and the provisions of Section 9.3 shall not relieve any Party for its fraud or from any liability of such Party for any intentional and material breach of any representation, warranty, covenant, obligation or other provision contained in this Agreement.

9.3 Expenses; Termination Fees.

(a) Except as set forth in this Section 9.3, all fees and expenses incurred in connection with this Agreement and the Contemplated Transactions shall be paid by the Party incurring such expenses, whether or not the Transaction is consummated; *provided*, *however*, that Carnivale and the Company shall also share equally all fees and expenses (up to a maximum of $175,000 payable by the Company for its share of such fees and expenses) in relation to the printing and filing with the SEC of the Proxy Statement and any amendments or supplements thereto and paid to a financial printer or the SEC.

(b) (i) If this Agreement is terminated by Carnivale or the Seller Representative pursuant to Section 9.1(d) or by the Seller Representative pursuant to Section 9.1(f), and at any time after the date of this Agreement and prior to such termination an Acquisition Proposal with respect to Carnivale shall have been publicly announced, disclosed or otherwise communicated to the Carnivale Board (and shall not have been withdrawn) and within 12 months after the date of such termination, Carnivale enters into a definitive agreement with respect to a Subsequent Transaction or consummates a Subsequent Transaction, then Carnivale shall pay to the Company concurrent with the entry into such definitive agreement or the consummation of such transaction, a nonrefundable fee in an amount equal to $3,000,000 (the "***Company Termination Fee***"), in addition to any amount payable to the Company pursuant to Section 9.3(c) or Section 9.3(d); or

(ii) If this Agreement is terminated by the Seller Representative pursuant to Section 9.1(e), then Carnivale shall pay the Company Termination Fee to the Company, within ten Business Days of such termination, in addition to any amount payable to the Company pursuant to Section 9.3(c) or Section 9.3(d).

(c) If this Agreement is terminated by Carnivale or the Seller Representative pursuant to Section 9.1(d) or by the Seller Representative pursuant to Section 9.1(e), Carnivale shall reimburse the Company for all reasonable fees and expenses incurred by the Company in connection with this Agreement and the transactions contemplated hereby, including all fees and expenses incurred in connection with the Proxy Statement (including any preliminary materials related thereto and all amendments and supplements thereto, as well as any financial statements and schedules thereto) (such expenses, collectively, the "***Third Party Expenses***"), up to a maximum of $1,000,000, by wire transfer of same-day funds within ten Business Days following the date on which the Company submits to Carnivale true and correct copies of reasonable documentation supporting such Third Party Expenses; *provided*, *however*, that such Third Party Expenses shall not include any amounts for a financial advisor to the Company except for reasonably documented out-of-pocket expenses otherwise reimbursable by the Company to such financial advisor pursuant to the terms of the Company's engagement letter or similar arrangement with such financial advisor.

(d) If Carnivale fails to pay when due any amount payable by it under Section 9.3(b) or (c), then (i) Carnivale shall reimburse the Company for reasonable costs and expenses (including reasonable fees and disbursements of counsel) incurred in connection with the collection of such overdue amount and the enforcement by the Company of its rights under this Section 9.3, and (ii) Carnivale shall pay to the Company interest on such overdue amount (for the period commencing as of the date such overdue amount was originally required to be paid and ending on the date such overdue amount is actually paid to the other Party in full) at a rate per annum equal to the "prime rate" (as announced by Bank of America or any successor thereto) in effect on the date such overdue amount was originally required to be paid plus three percent.

(e) The Parties agree that, subject to Section 9.2, the payment of the fees and expenses set forth in this Section 9.3 shall be the sole and exclusive remedy of the Company, the Sellers and the Seller Representative against Carnivale (or any of its Representatives or stockholders) (collectively, the "***Carnivale Parties***") following a termination of this Agreement under the circumstances described in this Section 9.3, it being understood that in no event shall Carnivale be required to pay the individual fees or damages payable pursuant to this Section 9.3 on more than one occasion. Subject to Section 9.2, following the payment of the fees and expenses set forth in this Section 9.3, (1) none of the Carnivale Parties shall have any further liability in connection with or arising out this Agreement or the termination thereof, any breach by Carnivale giving rise to such termination, or the failure of the Transaction and the other Contemplated Transactions to be consummated, (2) none of the Company, the Sellers, the Seller Representative or any of their respective Affiliates shall be entitled to bring or maintain any other claim, action or proceeding against, or seek to obtain any recovery, judgment or damages of any kind against, any Carnivale Party in connection with or arising out this Agreement or the termination thereof, any breach by Carnivale giving rise to such termination, or the failure of the Transaction and the other Contemplated Transactions to be consummated and (3) each of the Company, the Sellers, the Seller Representative and their respective Affiliates shall be precluded from any other remedy against any Carnivale Party, at law or in equity or otherwise, in connection with or arising out this Agreement or the termination thereof, any breach by Carnivale giving rise to such termination or the failure of the Transaction and the other Contemplated Transactions to be consummated. Each of the Parties acknowledges that (i) the agreements contained in this Section 9.3 are an integral part of the Contemplated Transactions, (ii) without these agreements, the Parties would not enter into this Agreement and (iii) any amount payable pursuant to this Section 9.3 is not a penalty, but rather is liquidated damages in a reasonable amount that will compensate the Parties in the circumstances in which such amount is payable.

Section 10. MISCELLANEOUS PROVISIONS

10.1 Non-Survival of Representations and Warranties. The representations and warranties of the Company, Carnivale and Sellers contained in this Agreement or any certificate or instrument delivered pursuant to this Agreement shall terminate at the Closing, and only the covenants that by their terms survive the Closing and this Section 10 shall survive the Closing.

10.2 Amendment. This Agreement may be amended with the approval of the Seller Representative and the board of directors of Carnivale at any time (whether before or after the Transaction and the approval of the issuance of shares of Carnivale Common Stock in the Transaction by Carnivale's stockholders); *provided, however*, that after any such approval of this Agreement by Carnivale stockholders, no amendment shall be made which by law requires further approval of such stockholders without the further approval of such stockholders; and *provided, further*, that any amendment or termination of this Agreement, or any waiver of any provision of this Agreement (whether before or after the Transaction and the approval of the issuance of shares of Carnivale Common Stock in the Transaction by Carnivale's stockholders) that would adversely affect the rights and obligations of Novo A/S hereunder shall require the prior written approval of Novo A/S. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Seller Representative, Novo A/S and Carnivale.

10.3 Waiver.

(a) No failure on the part of any Party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No Party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

10.4 Entire Agreement; Counterparts; Exchanges by Facsimile. This Agreement and the other agreements referred to in this Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among or between any of the Parties with respect to the subject matter hereof and thereof; *provided*, *however*, that the Confidentiality Agreement shall not be superseded and shall remain in full force and effect in accordance with its terms. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of a fully executed Agreement (in counterparts or otherwise) by all Parties by facsimile or electronic transmission in .PDF format shall be sufficient to bind the Parties to the terms and conditions of this Agreement.

10.5 Applicable Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws. In any action or proceeding between any of the Parties arising out of or relating to this Agreement or any of the Contemplated Transactions, each of the Parties: (a) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware or to the extent such court does not have subject matter jurisdiction, the Superior Court of the State of Delaware or the United States District Court for the District of Delaware, (b) agrees that all claims in respect of such action or proceeding shall be heard and determined exclusively in accordance with clause (a) of this Section 10.5, (c) waives any objection to laying venue in any such action or proceeding in such courts, (d) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over any Party, (e) agrees that service of process upon such Party in any such action or proceeding shall be effective if notice is given in accordance with Section 10.8 of this Agreement, and (f) irrevocably waives the right to trial by jury.

10.6 Attorneys' Fees. In any action at law or suit in equity to enforce this Agreement or the rights of any of the Parties, the prevailing Party in such action or suit (as determined by a court of competent jurisdiction) shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

10.7 Assignability. This Agreement shall be binding upon, and shall be enforceable by and inure solely to the benefit of, the Parties and their respective successors and permitted assigns; *provided*, *however*, that neither this Agreement nor any of a Party's rights or obligations hereunder may be assigned or delegated by such Party without the prior written consent of the other Parties, and any attempted assignment or delegation of this Agreement or any of such rights or obligations by such Party without the other Parties' prior written consent shall be void and of no effect.

10.8 Notices. Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered by hand, by registered mail, by courier or express delivery service or by facsimile to the address or facsimile telephone number set forth beneath the name of such Party below (or to such other address or facsimile telephone number as such Party shall have specified in a written notice given to the other Parties):

if to Carnivale:

Carbylan Therapeutics, Inc.
39899 Balentine Drive, Suite 200
Newark, CA 94560
Telephone: (510) 933-8365
Attention: Chief Executive Officer

with a copy to (which shall not constitute notice):

Latham & Watkins LLP
140 Scott Drive
Menlo Park, California 94025
Telephone: (650) 328-4600
Fax: (650) 463-2600
Attention: Brian J. Cuneo

if to the Company:

Kalvista Pharmaceuticals Limited
Building 227
Tetricus Science Park
Porton Down, Salisbury
Wiltshire
United Kingdom SP4 0JQ
Telephone: +44 (0)1980 753002
Fax: +44 (0)1980 803002
Attention: T. Andrew Crockett

with a copy to (which shall not constitute notice):

Fenwick & West LLP
1191 Second Ave 10th Floor
Seattle, WA 98101
Telephone: (206) 389-4510
Fax: (206) 389-4511
Attention: Effie Toshav

if to the Seller Representative:

T. Andrew Crockett
The Tuns
118 High Street
Odiham, Hampshire
United Kingdom RG291LS
Telephone: + 44 7872 559 676

with a copy to (which shall not constitute notice):

Fenwick & West LLP
1191 Second Ave 10th Floor
Seattle, WA 98101
Telephone: (206) 389-4510
Fax: (206) 389-4511
Attention: Effie Toshav

10.9 Cooperation. Each Party agrees to cooperate fully with the other Party and to execute and deliver such further documents, certificates, agreements and instruments and to take such other actions as may be reasonably requested by the other Parties to evidence or reflect the Contemplated Transactions and to carry out the intent and purposes of this Agreement. Each Seller agrees to execute and/or deliver (or, where required, procure to the fullest extent possible that the Company shall execute and/or deliver) such waivers or consents as Carnivale may reasonably require to enable it to be registered as holder of the Company Shares.

10.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions of this Agreement or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If a final judgment of a court of competent jurisdiction declares that any term or provision of this Agreement is invalid or unenforceable, the Parties agree that the court making such determination shall have the power to limit such term or provision, to delete specific words or phrases or to replace such term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be valid and enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the Parties agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term or provision.

10.11 Other Remedies; Specific Performance. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, and each of the Parties waives any bond, surety or other security that might be required of any other Party with respect thereto.

10.12 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (other than the Parties and the D&O Indemnified Parties to the extent of their respective rights pursuant to Section 5.8) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.13 Construction.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders.

(b) The Parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(d) The use of the word "or" shall not be exclusive.

(e) Except as otherwise indicated, all references in this Agreement to "Sections," "Exhibits" and "Schedules" are intended to refer to Sections of this Agreement and Exhibits and Schedules to this Agreement, respectively.

(f) Any reference to legislation or to any provision of any legislation shall include any modification, amendment, re-enactment thereof, any legislative provision substituted therefore and all rules, regulations, and statutory instruments issued or related to such legislations.

(g) The bold-faced headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

(h) The Parties agree that the Company Disclosure Schedule or Carnivale Disclosure Schedule shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in Section 2, Section 2A or Section 3, respectively. The disclosures in any section or subsection of the Company Disclosure Schedule shall qualify other sections and subsections in Section 2 or Section 2A, respectively, to the extent it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections and subsections. The disclosures in any section or subsection of the Carnivale Disclosure Schedule shall qualify other sections and subsections in Section 3, to the extent it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections and subsections.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

CARBYLAN THERAPEUTICS, INC.

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

[Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

KALVISTA PHARMACEUTICALS LIMITED

By: /s/ Thomas Andrew Crockett
Name: Thomas Andrew Crockett
Title: CEO

[Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

SELLER REPRESENTATIVE

By: /s/ Thomas Andrew Crockett
Thomas Andrew Crockett

[Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

VANTIA LIMITED by its attorney	))	/s/ Thomas Andrew Crockett
INTERNATIONAL BIOTECHNOLOGY TRUST PLC acting by its attorney	)))	/s/ Nick Coleman, Authorized Signatory
NOVO A/S acting by its attorney	))	/s/ Thomas Andrew Crockett
SV LIFE SCIENCES FUND IV, L.P. acting by **SV LIFE SCIENCES FUND IV (GP), L.P.**, its sole General Partner, acting by **SVLSF IV, LLC**, its sole General Partner, acting by its attorney	))))))	/s/ Nick Coleman, Member, SVLSFIV, LLC
SV LIFE SCIENCES FUND IV STRATEGIC PARTNERS, L.P. acting by **SV LIFE SCIENCES FUND IV (GP), L.P.**, its sole General Partner, acting by **SVLSF IV, LLC,** its sole General Partner, acting by its attorney	)))))))	/s/ Nick Coleman, Member, SVLSFIV, LLC

RA CAPITAL HEALTHCARE FUND, L.P. acting by **RA CAPITAL MANAGEMENT, LLC** its General Partner, acting by its attorney	)	/s/ Thomas Andrew Crockett
BLACKWELL PARTNERS LLC-SERIES A acting by its attorney	)	/s/ Thomas Andrew Crockett
VENROCK HEALTHCARE CAPITAL PARTNERS II, L.P. By: VHCP Management II, LLC Its: General Partner by its attorney	)	/s/ David L. Stepp, Authorized Signatory
VHCP CO-INVESTMENT HOLDINGS II, LLC By: VHCP Management II, LLC Its: Manager by its attorney	)	/s/ David L. Stepp, Authorized Signatory
LONGWOOD FUND II GP LLC on behalf of Longwood Fund II LP by its attorney	)	/s/ Thomas Andrew Crockett
MVM LIFE SCIENCE PARTNERS LLP for and on behalf of **MVM FUND III LP** acting by its attorney	)	/s/ Thomas Andrew Crockett

MVM LIFE SCIENCE PARTNERS LLP for and on behalf of **MVM FUND III (NO 2) LP** acting by its attorney	)	/s/ Thomas Andrew Crockett
MVM LIFE SCIENCE PARTNERS LLP for and on behalf of **MVM INTERNATIONAL LIFE SCIENCES FUND NO 1 LP** acting by its attorney	)	/s/ Thomas Andrew Crockett
MVM LIFE SCIENCE PARTNERS LLP for and on behalf of **MVM EXECUTIVE LIMITED** acting by its attorney	)	/s/ Thomas Andrew Crockett
THOMAS ANDREW CROCKETT by his attorney	)	/s/ Thomas Andrew Crockett
STEPHEN DONNELLY by his attorney	)	/s/ Thomas Andrew Crockett
MARLENE MODI by her attorney	)	/s/ Thomas Andrew Crockett
CHRISTOPHER YEA by his attorney	)	/s/ Thomas Andrew Crockett
GARY COOK by his attorney	)	/s/ Thomas Andrew Crockett

HELEN HERNANDEZ by her attorney	))	/s/ Thomas Andrew Crockett
EDWARD FEENER by his attorney	))	/s/ Thomas Andrew Crockett
MICHAEL ROE by his attorney	))	/s/ Thomas Andrew Crockett
RACHEL MORTEN by her attorney	))	/s/ Thomas Andrew Crockett
SIMON HODGSON by his attorney	))	/s/ Thomas Andrew Crockett
ROBERT TANSLEY by his attorney	))	/s/ Thomas Andrew Crockett
CLIVE BALCOMBE by his attorney	))	/s/ Thomas Andrew Crockett

LLOYD AIELLO)
by his attorney)

/s/ Thomas Andrew Crockett

[SIGNATURE PAGE TO SHARE PURCHASE AGREEMENT]

SCHEDULE 5.16

INVESTOR AGREEMENTS

SHAREHOLDERS' AGREEMENT DATED 23 MAY 2011 (AS AMENDED AND RESTATED BY A DEED OF AMENDMENT, RESTATEMENT AND ADHERENCE DATED 29 JUNE 2015)

INVESTMENT AGREEMENT DATED 23 MAY 2011 (AS AMENDED AND RESTATED BY A DEED OF VARIATION DATED 29 NOVEMBER 2012)

INVESTMENT AGREEMENT DATED 29 JUNE 2015

EXHIBIT A

CERTAIN DEFINITIONS

For purposes of the Agreement (including this Exhibit A):

"***Acquisition Inquiry***" shall mean, with respect to Carnivale or the Company, an inquiry, indication of interest or request for information (other than an inquiry, indication of interest or request for information made or submitted by the Company, on the one hand or Carnivale, on the other hand, to the other Party) that could reasonably be expected to lead to an Acquisition Proposal with such Party.

"***Acquisition Proposal***" shall mean, with respect to Carnivale or the Company, any offer or proposal, whether written or oral (other than an offer or proposal made or submitted by or on behalf of the Company or any of its "affiliates" (as that term is used in Rule 145 under the Securities Act), on the one hand, or by or on behalf of Carnivale or any of its "affiliates" (as that term is used in Rule 145 under the Securities Act), on the other hand, to the other Party) contemplating or otherwise relating to any Acquisition Transaction with such Party.

"***Acquisition Transaction***" shall mean any transaction or series of transactions involving:

(**a**) any merger, consolidation, amalgamation, share exchange, business combination, issuance of securities, acquisition of securities, reorganization, recapitalization, tender offer, exchange offer or other similar transaction: (i) in which Carnivale or the Company, as applicable, is a constituent entity; (ii) in which a Person, or "group" (as defined in the Exchange Act and the rules promulgated thereunder) of Persons, directly or indirectly acquires beneficial or record ownership of securities representing more than 15% of the outstanding securities of any class of voting securities of Carnivale or the Company, as applicable; or (iii) in which Carnivale or the Company, as applicable, issues securities representing more than 15% of the outstanding securities of any class of voting securities of such Party;

(**b**) any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 15% or more of the book value or the fair market value of the assets of Carnivale or the Company, as applicable; or

(**c**) any liquidation or dissolution of Carnivale or the Company, as applicable.

"***Affiliate***" shall have the meaning given to such term in Rule 145 under the Securities Act, provided, however, that, with respect to Novo A/S, for purposes of this Agreement, the term "Affiliate" shall mean Novo Ventures (US) Inc. only and shall not include any other Affiliate of Novo A/S.

"***Agreement***" shall mean the Share Purchase Agreement to which this Exhibit A is attached, as it may be amended from time to time.

"***Aggregate Closing Consideration***" shall mean a number of newly issued shares of Carnivale Common Stock equal to the product of the Post-Closing Carnivale Shares multiplied by the Company Allocation Percentage.

"***Aggregate Value***" shall mean the sum of the Carnivale Stipulated Value plus the Company Stipulated Value.

"***Business Day***" shall mean any day other than a day on which banks in New York City or London are authorized or obligated to be closed.

"***Carnivale Affiliate***" shall mean any Person that is (or at any relevant time was) under common control with Carnivale within the meaning of Sections 414(b), (c), (m) and (o) of the Code, and the regulations issued thereunder.

"***Carnivale Allocation Percentage***" shall mean the quotient determined by dividing the Carnivale Stipulated Value by the Aggregate Value.

"***Carnivale Associate***" shall mean any current or former employee, independent contractor, officer or director of Carnivale or any Carnivale Affiliate.

"***Carnivale Board***" shall mean the board of directors of Carnivale.

"***Carnivale Capitalization Representations***" shall mean the representations and warranties of Carnivale set forth in Sections 3.6(a) and 3.6(d).

"***Carnivale Closing Price***" means the volume weighted average closing trading price of a share of Carnivale Common Stock on The NASDAQ Global Market (or such other NASDAQ market on which the Carnivale Common Stock then trades) for the ten trading days ending the trading day immediately prior to the date upon which the Transaction becomes effective.

"***Carnivale Common Stock***" shall mean the Common Stock, $0.001 par value per share, of Carnivale.

"***Carnivale Contract***" shall mean any Contract: (a) to which Carnivale is a party; (b) by which Carnivale or any material asset of Carnivale is or will become bound or under which Carnivale has, or will become subject to, any obligation; or (c) under which Carnivale has or will acquire any right or interest.

"***Carnivale Fully-Diluted Shares***" shall mean the total number of issued and outstanding shares of Carnivale Common Stock as of the Closing plus the total number of shares of Carnivale Common Stock issuable upon the exercise of all issued and outstanding Carnivale Options as of the Closing (other than any such issued and outstanding Carnivale Options to be terminated pursuant to Section 5.6 for no consideration).

"***Carnivale Fundamental Representations***" shall mean the representations and warranties of Carnivale set forth in Sections 3.1(a), 3.3, 3.4 and 3.21.

"***Carnivale IP Rights***" shall mean all Intellectual Property owned, licensed, or controlled by Carnivale that is necessary for the operation of the business of Carnivale as presently conducted.

"***Carnivale IP Rights Agreement***" shall mean any instrument or agreement governing, related or pertaining to any Carnivale IP Rights.

"***Carnivale Material Adverse Effect***" shall mean any Effect that, considered together with all other Effects that had occurred prior to the date of determination of the occurrence of the Carnivale Material Adverse Effect, has or would reasonably be expected to have a material adverse effect on the business, operations, financial condition, assets, liabilities or results of operations of Carnivale; *provided*, *however*, that none of the following shall be taken into account in determining whether there has been a Carnivale Material Adverse Effect: (a) the termination, sublease or assignment of Carnivale's facility lease, or failure to do the foregoing, (b) any Effect resulting from the announcement or pendency of the Transaction or the Contemplated Transactions, (c) any change in the stock price or trading volume of Carnivale that is entirely independent of any other event that would be deemed to have a Carnivale Material Adverse Effect, (d) any Effect resulting from or caused by the taking of any action, or the failure to take any action, by Carnivale that is required to comply with the terms of this Agreement or the taking of any action expressly permitted by Section A of Part 4.1(a) of the Carnivale Disclosure Schedule, (e) any Effect resulting from or caused by any natural disaster or any act or threat of terrorism or war anywhere in the world, any armed hostilities or terrorist activities anywhere in the world, any threat or escalation or armed hostilities or terrorist activities anywhere in the world or any governmental or other response or reaction to any of the foregoing, in each case, to the extent that such natural disaster, act, threat, hostility or activity does not have a disproportionate effect on Carnivale relative to other businesses operating in the same industry or geographic regions as Carnivale, (f) any Effect resulting from or caused by any change in accounting requirements or principles or any change in applicable laws, rules or regulations or the interpretation thereof to the extent that such change does not have a disproportionate effect on Carnivale relative to other

businesses operating in Carnivale's industry, (g) any Effect resulting from or caused by any change in general economic or political conditions or in the industries in which Carnivale operates to the extent that such Effect does not have a disproportionate effect on Carnivale relative to other businesses operating in Carnivale's industry or (h) continued losses from operations or decreases in cash balances of Carnivale.

"***Carnivale Options***" shall mean options or other rights to purchase shares of Carnivale Common Stock issued by Carnivale.

"***Carnivale Registered IP***" shall mean all Carnivale IP Rights that are registered, filed or issued under the authority of, with or by any Governmental Body, including all patents, registered copyrights and registered trademarks and all applications for any of the foregoing.

"***Carnivale Stipulated Value***" shall mean the sum of the Net Cash plus $5,000,000; *provided, however*, if the Net Cash is equal to or greater than $27,500,000 (the "***Net Cash Floor***"), the Net Cash, for purposes of determining the Carnivale Stipulated Value, shall be deemed to be $30,000,000 and *provided, further,* that, for the purpose of the foregoing calculation, the Net Cash Floor shall be reduced by $13,333 for each day that elapses following September 1, 2016 without the Transaction being consummated.

"Carnivale Transaction Expenses" shall mean the sum of (a) the cash cost of any change of control payments or severance payments that are or become due to any employee of Carnivale in connection with the consummation of the Contemplated Transactions and that are unpaid as of the Closing Date, (b) the cash cost of any retention payments that are or become due to any employee of Carnivale in connection with the consummation of the Contemplated Transactions and that are unpaid as of the Closing, and (c) any costs, fees and expenses incurred by Carnivale, or for which Carnivale is liable, in connection with the negotiation, preparation and execution of this Agreement and the consummation of the Contemplated Transactions or otherwise and that are unpaid as of the Closing Date, including brokerage fees and commissions, finders' fees or financial advisory fees, or any fees and expenses of counsel or accountants payable by Carnivale.

"***Carnivale Triggering Event***" shall be deemed to have occurred if: (a) Carnivale shall have failed to include in the Proxy Statement the Carnivale Board Recommendation or shall have withdrawn or modified in a manner adverse to the Company or the Sellers the Carnivale Board Recommendation; (b) the Carnivale Board or any committee thereof shall have approved, endorsed or recommended any Acquisition Proposal; (c) Carnivale shall have entered into any letter of intent or similar document or any Contract relating to any Acquisition Proposal (other than a confidentiality agreement permitted pursuant to Section 4.3); (d) Carnivale or any director or officer of Carnivale shall have willfully and intentionally breached the provisions set forth in Section 4.3 or Section 5.2 of the Agreement; (e) after the receipt by Carnivale of an Acquisition Proposal, or after a tender offer or exchange offer for outstanding shares of Carnivale Common Stock is commenced, the Company requests in writing that the Carnivale Board re-confirm the Carnivale Board Recommendation and the Carnivale Board fails to do so within ten Business Days after its receipt of the Company's request, or (f) a tender offer or exchange offer for outstanding shares of Carnivale Common Stock is commenced (other than by the Company or an Affiliate of the Company), and the Carnivale Board (or any committee thereof) recommends that the stockholders of Carnivale tender their shares in such tender or exchange offer or, within ten Business Days after the commencement of such tender offer or exchange offer, or the Carnivale Board fails to recommend against acceptance of such offer.

"***Carnivale Unaudited Interim Balance Sheet***" shall mean the unaudited balance sheet of Carnivale as of March 31, 2016, included in Carnivale's Report on Form 10-Q for the fiscal quarter ended March 31, 2016, as filed with the SEC.

"***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as set forth in Section 4980B of the Code and Part 6 of Title I of ERISA.

"***Code***" shall mean the Internal Revenue Code of 1986.

"***Closing Date Allocation Schedule***" means a schedule, prepared by the Company, dated as of the Closing Date and in form and substance reasonably acceptable to Carnivale, setting forth, for each Seller: (a) such Seller's name and address; (b) the number and type of Company Shares held as of the Closing Date by such Seller; and (c) the number of shares of Carnivale Common Stock to be issued to such Seller pursuant to this Agreement in respect of the Company Shares held by such Seller as of immediately prior to the Closing (which number of shares of Carnivale Common Stock shall be equal to the product (rounded down to the nearest whole number) of (i) the Aggregate Closing Consideration, multiplied by (ii) such Seller's Pro Rata Percentage).

"***Company Affiliate***" shall mean any Person that is (or at any relevant time was) under common control with the Company within the meaning of Sections 414(b), (c), (m) and (o) of the Code, and the regulations issued thereunder.

"***Company Allocation Percentage***" shall mean the percentage quotient determined by dividing the Company Stipulated Value by the Aggregate Value.

"***Company Associate***" shall mean any current or former employee, independent contractor, officer or director of the Company or any Company Affiliate.

"***Company Board***" shall mean the board of directors of the Company.

"***Company Capitalization Representations***" shall mean the representations and warranties of the Company set forth in Sections 2.5(a), 2.5(b) and 2.5(c).

"***Company Contract***" shall mean any Contract: (a) to which the Company is a Party; (b) by which the Company or any material asset of the Company is or will become bound or under which the Company has, or will become subject to, any obligation; or (c) under which the Company has or will acquire any right or interest.

"***Company Fully-Diluted Shares***" shall mean the total number of issued Company Shares as of the Closing plus the total number of shares of Company Common Stock issuable upon the exercise of all issued and outstanding Company Options as of the Closing.

"***Company Fundamental Representations***" shall mean the representations and warranties of Carnivale set forth in Sections 2.1(a), 2.3 and 2.19.

"***Company IP Rights***" shall mean all Intellectual Property owned, licensed, or controlled by the Company that is necessary for the operation of the business of the Company as presently conducted.

"***Company IP Rights Agreement***" shall mean any instrument or agreement governing, related or pertaining to any Company IP Rights.

"***Company Material Adverse Effect***" shall mean any Effect that, considered together with all other Effects that had occurred prior to the date of determination of the occurrence of a Company Material Adverse Effect, has or would reasonably be expected to have a material adverse effect on the business, operations, financial condition, assets, liabilities or results of operations of the Company; *provided*, *however*, that none of the following shall be taken into account in determining whether there has been a Company Material Adverse Effect: (a) any rejection by a Governmental Body of a registration or filing by the Company relating to the Company IP Rights; (b) any Effect resulting from the announcement or pendency of the Transaction or the Contemplated Transactions; (c) any Effect resulting from or caused by the taking of any action, or the failure to take any action, by the Company that is required to comply with the terms of this Agreement, (d) any Effect resulting from or caused by any natural disaster or any act or threat of terrorism or war anywhere in the world, any armed hostilities or terrorist activities anywhere in the world, any threat or escalation or armed hostilities or terrorist activities anywhere in the world or any governmental or other response or reaction to any of the

foregoing, in each case, to the extent that such natural disaster, act, threat, hostility or activity does not have a disproportionate effect on the Company relative to other businesses operating in the same industry or geographic regions as the Company; (e) any Effect resulting from or caused by any change in accounting requirements or principles or any change in applicable laws, rules or regulations or the interpretation thereof to the extent that such change does not have a disproportionate effect on the Company relative to other businesses operating in the Company's industry; (f) any Effect resulting from or caused by any change in general economic or political conditions or in the industries in which the Company operates to the extent that such change does not have a disproportionate effect on the Company relative to other businesses operating in the Company's industry; or (g) continued losses from operations or decreases in cash balances of the Company.

"***Company Options***" shall mean options or other rights to purchase shares of Company Ordinary Shares issued by the Company.

"Company Ordinary Shares" shall mean the ordinary shares of £.001 each in the capital of the Company.

"***Company Preferred Shares***" shall mean collectively, the A Preferred Shares and the B Preferred Shares.

"***Company Registered IP***" shall mean all Company IP Rights that are owned by the Company and that are registered, filed or issued under the authority of, with or by any Governmental Body, including all patents, registered copyrights and registered trademarks and all applications for any of the foregoing.

"Company Shares" shall mean the Company Ordinary Shares and the Company Preferred Shares.

"***Company Stipulated Value***" shall mean $149,210,526.32.

"***Company Unaudited Interim Balance Sheet***" shall mean the unaudited balance sheet of the Company as of April 30, 2016 provided to Carnivale prior to the date of this Agreement.

"***Confidentiality Agreement***" shall mean the Mutual Non-Disclosure Agreement dated March 28, 2016, between the Company and Carnivale.

"***Consent***" shall mean any approval, consent, ratification, permission, waiver or authorization (including any Governmental Authorization).

"***Contemplated Transactions***" shall mean the Transaction and the other transactions and actions contemplated by the Agreement.

"***Contract***" shall, with respect to any Person, mean any written agreement, contract, subcontract, lease (whether real or personal property), mortgage, instrument, note, option, warranty, purchase order, license, sublicense, insurance policy, benefit plan or legally binding commitment or undertaking of any nature to which such Person is a party or by which such Person or any of its assets are bound or affected under applicable law.

"***DGCL***" shall mean the General Corporation Law of the State of Delaware.

"***Effect***" shall mean any effect, change, event, circumstance, or development.

"***Encumbrance***" shall mean any lien, pledge, hypothecation, charge, mortgage, deed of trust, security interest, lease, license, Tax, option, easement, reservation, servitude, proxy, adverse title claim, infringement, interference, option, right of first refusal, preemptive right, community property interest or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset), or any encumbrance of any nature whatsoever.

"***Enforceability Exceptions***" means the (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors; and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies.

"***Entity***" shall mean any corporation (including any non-profit corporation), partnership (including any general partnership, limited partnership or limited liability partnership), joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity, and each of its successors.

"***Environmental Law***" means any federal, state, local or foreign Law relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface or subsurface strata), including any law or regulation relating to emissions, discharges, releases or threatened releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended.

"***Exchange Ratio***" shall be equal to the quotient obtained by dividing (a) the Aggregate Closing Consideration by (b) the Company Fully-Diluted Shares.

"full title guarantee" means on the basis that the same covenants shall be deemed to be given by each of the Sellers on Closing in relation to the Company Shares being sold by them as are implied under Part 1 of the Law of Property Miscellaneous Provisions Act 1994 (***"LP(MP)A"***) where a disposition is expressed to be made with full title guarantee but as if those covenants are construed with the omission of: (i) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" from the covenant set out in section 3(1) LP(MP)A; and (ii) section 6(2) LP(MP)A.

"***Governmental Authority***" means any court or tribunal, governmental, quasi-governmental or regulatory body, administrative agency or bureau, commission or authority or other body exercising similar powers or authority.

"***Governmental Authorization***" shall mean any: (a) permit, license, certificate, franchise, permission, variance, exceptions, orders, clearance, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Law; or (b) right under any Contract with any Governmental Body.

"***Governmental Body***" shall mean any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-Governmental Authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Taxing authority); or (d) self-regulatory organization (including The NASDAQ Stock Market).

"***Hazardous Materials***" shall mean any pollutant, chemical, substance and any toxic, infectious, carcinogenic, reactive, corrosive, ignitable or flammable chemical, or chemical compound, or hazardous substance, material or waste, whether solid, liquid or gas, that is subject to regulation, control or remediation under any Environmental Law, including without limitation, crude oil or any fraction thereof, and petroleum products or by-products.

"***Indebtedness***" shall mean all indebtedness for borrowed money, whether current or funded, short- or long-term, secured or unsecured, direct or indirect, including any accrued and unpaid interest, fees, premiums and

prepayment or termination penalties (including any penalties in connection with the termination or prepayment in full of any indebtedness at or prior to the Closing), if any, and including (i) any indebtedness evidenced by any note, bond, debenture or other debt security, (ii) any indebtedness to any lender or creditor under credit facilities, (iii) any indebtedness for the deferred purchase price of property, (iv) any drawn amounts under letter of credit arrangements, (v) any cash overdrafts, (vi) any capitalized leases, (vii) any indebtedness under any financial instrument classified as debt, (viii) any notes and (ix) any Liability of other Persons of the type described in the preceding clauses (i)-(viii) that the Party in question has guaranteed, that is recourse to such Party or any of its assets, or that is otherwise the legal Liability of such Party.

"***Intellectual Property***" shall mean (a) United States, foreign and international patents, patent applications, including provisional applications, statutory invention registrations, invention disclosures and inventions, (b) trademarks, service marks, trade names, domain names, URLs, trade dress, logos and other source identifiers, including registrations and applications for registration thereof, (c) copyrights, including registrations and applications for registration thereof, and (d) software, formulae, customer lists, trade secrets, know-how, confidential information and other proprietary rights and intellectual property, whether patentable or not.

"***IRS***" shall mean the United States Internal Revenue Service.

"***Key Employee***" shall mean, with respect to the Company or Carnivale, an executive officer of such Party or any employee of such Party that reports directly to the board of directors of such Party or to the Chief Executive Officer or Chief Operating Officer of such Party.

"***Knowledge***" means, with respect to an individual, that such individual is actually aware of the relevant fact or such individual would reasonably be expected to know such fact in the ordinary course of the performance of such individual's employment responsibilities. Any Person that is an Entity shall have Knowledge if any executive officer or director of such Person, as of the date such knowledge is imputed, has Knowledge of such fact or other matter.

"Law" shall mean any federal, national, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of The NASDAQ Stock Market or the Financial Industry Regulatory Authority).

"***Legal Proceeding***" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

"***Multiemployer Plan***" shall mean (a) a "multiemployer plan," as defined in Section 3(37) or 4001(a)(3) of ERISA, or (b) a plan which if maintained or administered in or otherwise subject to the laws of the United States would be described in paragraph (a).

"***Multiple Employer Plan***" shall mean (a) a "multiple employer plan" within the meaning of Section 413(c) of the Code or Section 3(40) of ERISA, or (b) a plan which if maintained or administered in or otherwise subject to the laws of the United States would be described in paragraph (a).

"***Net Cash***" shall mean (a) Carnivale's cash (excluding restricted cash) and cash equivalents and marketable securities, in each case as of the date of determination, determined in a manner substantially consistent with the manner in which such items were determined for Carnivale's most recent SEC filings minus (b) the sum of (without duplication) (i) Carnivale's accounts payable and accrued expenses (other than accrued expenses which are Carnivale Transaction Expenses) and Carnivale's other current liabilities payable in cash, in each case as of

the date of determination and determined in a manner substantially consistent with the manner in which such items were determined for Carnivale's most recent SEC filings, (ii) the Carnivale Transaction Expenses, (iii) any Indebtedness or other Liability for borrowed money of Carnivale, including the SVB Facility, that is projected to be outstanding as of the Closing Date, (iv) all severance payments, termination benefits or other obligations relating to termination of employees or service providers prior to the Closing or that are planned as of the Determination Date, including the costs of maintaining COBRA insurance for any terminated officer or employee of Carnivale following the Closing (other than severance payments, termination benefits or other obligations which are Carnivale Transaction Expenses), (v) any costs or expenses associated with the termination or winding down of Carnivale's current business operations, including with respect to the termination of any existing or planned Carnivale preclinical or clinical research or similar research or operations, (vi) any payable or other obligation related to Carnivale's real estate lease obligations or the termination thereof (net of any rights of Carnivale to receive payments relating to the properties subject to such lease obligations under a sublease or otherwise), and (vii) an accrual or reserve for potential claims or litigation brought or initiated against Carnivale, its directors or officers and/or its underwriters in an amount equal to the greater of (a) $1,000,000 (net of any amounts paid in settlement or costs, fees or other expenses paid by Carnivale in connection with such claims or litigation prior to the date of determination) or (b) the amount required to be reserved under GAAP in Carnivale's financial statements for such claim or litigation.

"***Ordinary Course of Business***" shall mean, in the case of each of the Company and Carnivale, such actions taken in the ordinary course of its normal operations and consistent with its past practices.

"***Organizational Documents***" means, with respect to any Person (other than an individual), (a) the certificate, memorandum or articles of association or incorporation or organization or limited partnership or limited liability company, and any joint venture, limited liability company, operating or partnership agreement and other similar documents adopted or filed in connection with the creation, formation or organization of such Person and (b) all by-laws, regulations and similar documents or agreements relating to the organization or governance of such Person, in each case, as amended or supplemented. Notwithstanding the foregoing, when used with respect to the Company, "Organizational Documents" shall be deemed to refer to the Company's Memorandum of Association, Articles of Association and its statutory books and registers and when used with respect to Carnivale, "Organizational Documents" shall be deemed to refer to Carnivale's Certificate of Incorporation and Bylaws.

"***Party***" or "***Parties***" shall mean the Company, each Seller, the Seller Representative and Carnivale.

"***Permitted Encumbrance***" shall mean : (a) any liens for current Taxes not yet due and payable or for Taxes that are being contested in good faith and for which adequate reserves have been made on the Company Unaudited Interim Balance Sheet or the Carnivale Unaudited Interim Balance Sheet, as applicable; (b) minor liens that have arisen in the Ordinary Course of Business and that do not (in any case or in the aggregate) materially detract from the value of the assets subject thereto or materially impair the operations of the Company or Carnivale, as applicable; (c) statutory liens to secure obligations to landlords, lessors or renters under leases or rental agreements, (d) non-exclusive licenses of software by the Company in the ordinary course of business consistent with past practice, (e) deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance or similar programs mandated by Laws, and (f) statutory liens in favor of carriers, warehousemen, mechanics and materialmen, to secure claims for labor, materials or supplies.

"***Person***" shall mean any individual, Entity or Governmental Body.

"***Post-Closing Carnivale Shares***" means the number of shares of Carnivale Common Stock determined by dividing (a) the Carnivale Fully-Diluted Shares by (b) the Carnivale Allocation Percentage, and rounded down to the nearest whole number of shares.

"***Pro Rata Percentage***" means, with respect to any Seller, the quotient (expressed as a percentage) obtained by dividing (a) the number of Company Shares held by such Seller immediately prior to the Closing, by (b) the Company Fully-Diluted Shares.

"***Proxy Statement***" shall mean the proxy statement to be sent to Carnivale's stockholders in connection with the Carnivale Stockholders' Meeting.

"***Representatives***" shall mean directors, officers, Affiliates, employees, agents, attorneys, accountants, investment bankers, advisors and representatives.

"***Sarbanes-Oxley Act***" shall mean the Sarbanes-Oxley Act of 2002.

"***SEC***" shall mean the United States Securities and Exchange Commission.

"***Securities Act***" shall mean the Securities Act of 1933, as amended.

"***Seller Fundamental Representations***" shall mean the representations and warranties of each Seller set forth in Sections 2.A.1, 2A.2(a), 2A.3 and 2A.9.

"***Series A Preferred Shares***" shall mean the series A convertible preferred ordinary shares of £0.001 each in the capital of the Company.

"***Series B Preferred Shares***" shall mean the series B convertible preferred ordinary shares of £0.001 each in the capital of the Company.

"***Subsequent Transaction***" shall mean any Acquisition Transaction that results or would result in any third party beneficially owning securities of a Party representing more than 50% of the voting power of the outstanding securities of a Party or owning or exclusively licensing tangible or intangible assets representing more than 50% of the fair market value of the assets of a Party.

An entity shall be deemed to be a "***Subsidiary***" of another Person if such Person directly or indirectly owns or purports to own, beneficially or of record, (a) an amount of voting securities of other interests in such entity that is sufficient to enable such Person to elect at least a majority of the members of such entity's board of directors or other governing body, or (b) at least 50% of the outstanding equity, voting, beneficial or financial interests in such Entity.

"***Superior Offer***" shall mean an unsolicited bona fide written offer by a third party to enter into (i) a merger, consolidation, amalgamation, share exchange, share purchase, business combination, issuance of securities, acquisition of securities, reorganization, recapitalization, tender offer, exchange offer or other similar transaction as a result of which either (A) the Party's stockholders prior to such transaction in the aggregate cease to own at least 50% of the voting securities of the entity surviving or resulting from such transaction (or the ultimate parent entity thereof) or (B) in which a Person or "group" (as defined in the Exchange Act and the rules promulgated thereunder) directly or indirectly acquires beneficial or record ownership of securities representing 50% or more of the Party's capital stock or (ii) a sale, exchange transfer, exclusive license, acquisition or disposition of any business or other disposition of at least 50% of the assets of the Party, in a single transaction or a series of related transactions that: (a) was not obtained or made as a direct or indirect result of a breach of (or in violation of) this Agreement; and (b) is on terms and conditions that the Carnivale Board or the Company Board, as applicable, determines in good faith, based on such matters that it deems relevant, as well as any written offer by the other Parties to this Agreement to amend the terms of this Agreement, and following consultation with its outside legal counsel and financial advisor: (x) is reasonably likely to be more favorable, from a financial point of view, to Carnivale's stockholders or the Company's stockholders, as applicable, than the terms of the Transaction; and (y) is reasonably capable of being consummated; *provided*, *however*, that any such offer shall not be deemed to

be a "Superior Offer" if any financing required to consummate the transaction contemplated by such offer is not committed and is not reasonably capable of being obtained by such third party, or if the consummation of such transaction is contingent on any such financing being obtained.

"***SVB Facility***" shall mean that certain Loan and Security Agreement, dated October 26, 2011, by and between Carnivale and Silicon Valley Bank, as amended.

"***Tax***" shall mean any federal, state, local, foreign or other tax, including any income tax, franchise tax, capital gains tax, gross receipts tax, value-added tax, surtax, estimated tax, unemployment tax, national health insurance tax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, withholding tax, payroll tax, customs duty, alternative or add-on minimum or other tax of any kind whatsoever, and including any fine, penalty, addition to tax or interest, whether disputed or not.

"***Tax Return***" shall mean any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information, and any amendment or supplement to any of the foregoing, filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Law relating to any Tax.

"***Treasury Regulations***" shall mean the United States Treasury regulations promulgated under the Code.

a) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
409A Plan	2.16(i)
Accounting Firm	1.5(e)
Accounting Standards	2.6(a)
Agreement	Preamble
Anticipated Closing Date	1.5(a)
Capitalization Date	3.6(a)
Carnivale	Preamble
Carnivale Board Recommendation	5.2(b)
Carnivale Disclosure Schedule	3
Carnivale Employee Plan	3.17(c)
Carnivale Material Contract	3.13
Carnivale Parties	9.3(e)
Carnivale Permits	3.14(b)
Carnivale Product Candidates	3.14(d)
Carnivale Real Estate Leases	3.11
Carnivale Regulatory Permits	3.14(d)
Carnivale SEC Documents	3.7(a)
Carnivale Stock Plans	3.6(b)
Carnivale Stockholder Support Agreements	Recitals
Carnivale Stockholders' Meeting	5.2(a)
Cash Determination Time	1.5(a)
Certification	3.7(a)
Closing	1.2(a)
Closing Date	1.2(a)
Company	Preamble
Company Board Approval	Recitals
Company Disclosure Schedule	2

Term	Section
Company Employee Plan	2.16(c)
Company Financials	2.6(a)
Company Material Contract	2.12
Company Permits	2.13(b)
Company Plan	2.5(b)
Company Product Candidates	2.13(d)
Company Real Estate Leases	2.10
Company Regulatory Permits	2.13(d)
Company Restricted Ordinary Shares	5.5
Company Selected Directors	5.15
Company Termination Fee	9.3(b)(i)
Costs	5.8(a)
Currency Exchange Rate	5.4(c)(ii)(B)
D&O Indemnified Parties	5.8(a)
D&O Insurance	5.8(d)
Determination Date	1.5(a)
Dispute Notice	1.5(b)
Drug Regulatory Agency	2.13(c)
EMI Plan Amendment	5.4(a)
FDA	2.13(c)
FDCA	2.13(c)
GAAP	3.7(b)
Investor Agreements	5.16
Liability	2.8
Lock-up Agreements	Recitals
Net Cash Calculation	1.5(a)
Net Cash Schedule	1.5(a)
Notice Period	5.2(c)
Option Deadline	5.4(b)(ii) and 5.4(c)(ii)(A)
Optionholder Letter	5.4(b)(ii) and 5.4(c)(ii)
Optionholders	5.4(b)(ii) and 5.4(c)(ii)
Pre-Closing Dividend	5.14
Pre-Closing Period	4.1(a)
Registration Rights Agreement	Recitals
Replacement Option	5.4(c)(ii)(B)
Repurchase Rights	5.5
Required Carnivale Stockholder Vote	3.4
Response Date	1.5(b)
Seller	Preamble
Seller Representative	Preamble
Third Party Expenses	9.3(c)
Transaction	Recitals
Transfer Taxes	5.12(c)

CERTIFICATE OF AMENDMENT
OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF CARBYLAN THERAPEUTICS, INC.

Carbylan Therapeutics, Inc., a corporation organized and existing under the laws of the State of Delaware (the "***Corporation***"), hereby certifies as follows:

First: The name of the Corporation is Carbylan Therapeutics, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 26, 2004 under the name Sentrx Surgical, Inc. The Corporation filed with the Secretary of State of the State of Delaware an Amended and Restated Certificate of Incorporation on December 19, 2012 under the name Carbylan Biosurgery, Inc. and a Certificate of Amendment on March 7, 2014 under the name Carbylan Therapeutics, Inc. The Corporation filed with the Secretary of State of the State of Delaware an Amended and Restated Certificate of Incorporation on April 16, 2015.

Second: Article V of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

"ARTICLE V

The Corporation shall have authority to issue shares as follows:

100,000,000 shares of Common Stock, par value $0.001 per share. Each share of Common Stock shall entitle the holder thereof to one (1) vote on each matter submitted to a vote at a meeting of stockholders.

5,000,000 shares of Preferred Stock, par value $0.001 per share, which may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board of Directors without further action by the stockholders). The Board of Directors is further authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, including without limitation authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in this Amended and Restated Certificate of Incorporation or the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

Immediately upon the filing of this Certificate of Amendment of Amended and Restated Certificate of Incorporation of Carbylan Therapeutics, Inc. with the Secretary of State of the State of Delaware each one (1) share of the Corporation's Common Stock outstanding immediately prior to such filing shall be automatically reclassified into one-fourteenth (1/14) of one share of the Corporation's Common Stock. The aforementioned reclassification shall be referred to collectively as the "*Reverse Split*."

The Reverse Split shall occur without any further action on the part of the Corporation or the holder thereof and whether or not certificates representing such holder's shares prior to the Reverse Split are surrendered for

cancellation. No fractional interest in a share of Common Stock shall be deliverable upon the Reverse Split. All shares of Common Stock (including fractions thereof) issuable upon the Reverse Split held by a holder prior to the Reverse Split shall be aggregated for purposes of determining whether the Reverse Split would result in the issuance of any fractional share. Any fractional share resulting from such aggregation upon the Reverse Split shall be rounded down to the nearest whole number. Each holder who would otherwise be entitled to a fraction of a share of Common Stock upon the Reverse Split (after aggregating all fractions of a share to which such stockholder would otherwise be entitled) shall, in lieu thereof, be entitled to receive a cash payment in an amount equal to the fraction to which the stockholder would otherwise be entitled multiplied by the closing price of the Corporation's Common Stock as reported on The NASDAQ Global Market on the date of filing of this Certificate of Amendment of Amended and Restated Certificate of Incorporation of Carbylan Therapeutics, Inc. with the Secretary of State of the State of Delaware. The Corporation shall not be obliged to issue certificates evidencing the shares of Common Stock outstanding as a result of the Reverse Split unless and until the certificates evidencing the shares held by a holder prior to the Reverse Split are either delivered to the Corporation or its transfer agent, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates."

Third: The foregoing amendment of the Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Certificate of Amendment of Amended and Restated Certificate of Incorporation has been signed this day of November 21, 2016.

CARBYLAN THERAPEUTICS, INC.

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

CERTIFICATE OF AMENDMENT
OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF CARBYLAN THERAPEUTICS, INC.

Carbylan Therapeutics, Inc., a corporation organized and existing under the laws of the State of Delaware (the "***Corporation***"), hereby certifies as follows:

First: The name of the Corporation is Carbylan Therapeutics, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 26, 2004 under the name Sentrx Surgical, Inc. The Corporation filed with the Secretary of State of the State of Delaware an Amended and Restated Certificate of Incorporation on December 19, 2012 under the name Carbylan Biosurgery, Inc. and a Certificate of Amendment on March 7, 2014 under the name Carbylan Therapeutics, Inc. The Corporation filed with the Secretary of State of the State of Delaware an Amended and Restated Certificate of Incorporation on April 16, 2015. The Corporation filed with the Secretary of State of the State of Delaware a Certificate of Amendment on November 21, 2016.

Second: Article I of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

"ARTICLE I

The name of the Corporation is KalVista Pharmaceuticals, Inc."

Third: The foregoing amendment of the Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Certificate of Amendment of Amended and Restated Certificate of Incorporation has been signed this day of November 21, 2016.

CARBYLAN THERAPEUTICS, INC.

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

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "***Agreement***"), dated as of June 15, 2016 (the "***Effective Date***"), is made by and among Carbylan Therapeutics, Inc., a Delaware corporation ("***Carnivale***") and the Sellers (as defined below). This Agreement is made pursuant to the Share Purchase Agreement (as defined below) and shall be effective as of the Closing (as defined in the Share Purchase Agreement). Capitalized terms used herein have the respective meanings ascribed thereto in the Share Purchase Agreement unless otherwise defined herein.

WHEREAS, Carnivale and the Sellers are entering into the Share Purchase Agreement on the date hereof pursuant to which the Sellers will acquire shares of Common Stock (as defined below).

WHEREAS, Carnivale and the Sellers deem it to be in their respective best interests to set forth herein their rights in connection with registration, public offerings and sales of the Common Stock and are entering into this Agreement as a condition to, and in connection with, the Sellers entering into the Share Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations hereinafter set forth, Carnivale and the Sellers hereby agree as follows:

1. Certain Definitions.

As used in this Agreement, the following terms shall have the following meanings:

1.1 "***Board***" means the Board of Directors of Carnivale.

1.2 "***Business Day***" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

1.3 "***Common Stock***" means the common stock, $0.001 par value per share, of Carnivale.

1.4 "***Initial Registration Statement***" means the initial Registration Statement filed pursuant to Section 2(a) of this Agreement.

1.5 "***Seller***" shall mean those Persons named as Sellers on Exhibit A.

1.6 "***Person***" shall be construed broadly to include any individual, partnership, limited liability company, corporation, affiliated group, trust or other legal entity.

1.7 "***Registrable Shares***" means (i) the shares of Common Stock issued and sold to the Sellers pursuant to the Share Purchase Agreement as set forth on Exhibit A hereto, and (ii) any other securities issued as a dividend or other distribution with respect to or in exchange for or in replacement of the shares replaced in (i) above; provided that a security shall cease to be a Registrable Share upon (A) the sale of such security pursuant to a Registration Statement or Rule 144 under the Securities Act, or (B) such security becomes eligible for sale without restriction by the applicable Seller pursuant to Rule 144.

1.8 "***Registration Statement***" means any one or more registration statements of Carnivale filed under the Securities Act that covers the resale of any of the Registrable Shares pursuant to the provisions of this Agreement, including (in each case) amendments and supplements to such Registration Statements,

including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statements

1.9 "***Rule 144***" means Rule 144 promulgated under the Securities Act or any successor rule thereto or any complementary rule thereto (such as Rule 144A).

1.10 "***Share Purchase Agreement***" means that certain Share Purchase Agreement dated as of the date hereof, by and among Carnivale, the Company, the Sellers and the Seller Representative (as defined therein), as it may be amended from time to time.

2. Required Registration.

(a) Initial Registration Statement.

(i) Promptly following the Closing Date but no later than one hundred fifty (150) days following the Closing Date, Carnivale shall file the Initial Registration Statement with the SEC to include all of the Registrable Shares so as to cover the resale of the Registrable Shares. Subject to Section 2(a)(ii), the Initial Registration Statement shall be on Form S-3. Unless the Initial Registration Statement includes 100% of the Registrable Shares then outstanding, such Registration Statement shall not include any shares of Common Stock or other securities of Carnivale for the account of any other holder (other than shares newly issued by Carnivale in a primary offering) without the prior written consent of Sellers holding at least a majority of the Registrable Shares held by all Sellers then outstanding. The Initial Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided in accordance with Section 3(b) to the Sellers and their counsel prior to its filing or other submission.

(ii) In the event that Form S-3 is not available for the registration of the resale of Registrable Shares hereunder, Carnivale shall (i) register the resale of the Registrable Shares on another appropriate form reasonably acceptable to the Sellers, or (ii) undertake to register the Registrable Shares on Form S-3 promptly after such form is available, provided that Carnivale shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Shares has been declared effective by the SEC.

(b) Effectiveness.

(i) Carnivale shall use commercially reasonable efforts to have each Registration Statement declared effective as soon as practicable after filing, and in any event (x) if the Initial Registration Statement is not subject to review by the SEC, no later than 210 days after the Closing Date, or (y) if the Initial Registration Statement is subject to review by the SEC, 240 days after the Closing Date. Carnivale shall notify the Sellers by facsimile or e-mail as promptly as practicable, and in any event, within twenty-four (24) hours, after any Registration Statement is declared effective and shall simultaneously provide the Sellers with copies of any related prospectus to be used in connection with the sale or other disposition of the securities covered thereby.

(ii) For not more than sixty (60) consecutive days or for a total of not more than ninety (90) days in any twelve (12) month period, Carnivale may suspend the use of any prospectus included in any Registration Statement contemplated by this Section in the event that Carnivale determines in good faith that such suspension is necessary to (A) delay the disclosure of material non-public information concerning Carnivale, the disclosure of which at the time is not, in the good faith opinion of Carnivale, in the best interests of Carnivale or (B) amend or supplement the affected Registration Statement or the related prospectus so that such Registration Statement or prospectus shall not include an untrue

statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the prospectus in light of the circumstances under which they were made, not misleading (an "***Allowed Delay***"); provided, that Carnivale shall promptly (a) notify each Seller in writing of the commencement of an Allowed Delay, but shall not (without the prior written consent of a Seller) disclose to such Seller any material non-public information giving rise to an Allowed Delay and (b) advise the Sellers in writing to cease all sales under the Registration Statement until the end of the Allowed Delay.

(c) Rule 415; Cutback. If at any time the SEC informs Carnivale that all of the Registrable Shares cannot, based on the provisions of Rule 415 under the Securities Act, be registered for resale as a secondary offering on a single Registration Statement, or requires any Seller to be named as an "underwriter", Carnivale shall use its commercially reasonable efforts to persuade the SEC that the offering contemplated by the Registration Statement is a valid secondary offering and not an offering "by or on behalf of the issuer" as defined in Rule 415 and that none of the Sellers is an "underwriter". The Sellers shall have the right to participate or have their counsel participate in any meetings or discussions with the SEC regarding the SEC's position and to comment or have their counsel comment on any written submission made to the SEC with respect thereto. No such written submission shall be made to the SEC to which the Sellers' Counsel (as defined below) reasonably objects. In the event that, despite Carnivale's commercially reasonable efforts and compliance with the terms of this Section 2(c), the SEC refuses to alter its position, Carnivale shall (i) remove from the Registration Statement such portion of the Registrable Shares (the "***Cut Back Shares***") and/or (ii) agree to such restrictions and limitations on the registration and resale of the Registrable Shares as the SEC may require to assure Carnivale's compliance with the requirements of Rule 415 (collectively, the "***SEC Restrictions***"); provided, however, that Carnivale shall not agree to name any Seller as an "underwriter" in such Registration Statement without the prior written consent of such Seller. Any Cut-Back Shares imposed on the Sellers pursuant to this Section 2(c) shall be allocated among the Sellers on a pro rata basis, unless the SEC Restrictions otherwise require or provide or the Sellers otherwise agree. For the avoidance of doubt, for purposes of this Section 2(c), the term "commercially reasonable efforts" shall not require Carnivale to institute or maintain any action, suit or proceeding against the SEC or any member of the Staff of the SEC. In the event Carnivale amends the Initial Registration Statement or files a new Initial Registration Statement, as the case may be, to remove the Cut Back Shares, Carnivale will use its commercially reasonable efforts to file with the SEC, as promptly as allowed by SEC, one or more Registration Statements on Form S-3 or such other form available to register for resale those Registrable Shares that were not registered for resale on the Initial Registration Statement, as amended, or any new Registration Statement.

(d) Notwithstanding anything in this Agreement to the contrary, Carnivale may, by written notice to the Sellers, suspend sales under a Registration Statement after the effective date thereof and/or require that the Sellers immediately cease the sale of shares of Common Stock pursuant thereto and/or defer the filing of any subsequent Registration Statement if Carnivale is engaged in a material merger, acquisition or sale or any other pending development that Carnivale believes may be material, and the Board determines in good faith, by appropriate resolutions, that as a result of such activity, (A) it would be materially detrimental to Carnivale (other than as relating solely to the price of Common Stock) to maintain a Registration Statement at such time or (B) it is in the best interests of Carnivale to suspend sales under such registration at such time. Upon receipt of such notice, each Seller shall immediately discontinue any sales of Registrable Shares pursuant to such registration until such Seller is advised in writing by Carnivale that the current prospectus or amended prospectus, as applicable, may be used. In no event, however, shall this right be exercised to suspend sales beyond the period during which (in the good faith determination of the Board) the failure to require such suspension would be materially detrimental to Carnivale. Carnivale's rights under this Section 2(d) may be exercised for a period of no more than 30 calendar days at a time and not more than three times in any twelve-month period, without such suspension being considered as part of an Allowed Delay. Immediately after the end of any suspension period under

this Section 2(d), Carnivale shall use commercially reasonable efforts (including filing any required supplemental prospectus) to restore the effectiveness of the applicable Registration Statement and the ability of the Sellers to publicly resell their Registrable Shares pursuant to such effective Registration Statement.

3. Preparation and Filing.

At such time as Carnivale is under an obligation pursuant to the provisions of this Agreement to use commercially reasonable efforts to effect the registration of any Registrable Shares, Carnivale shall, as expeditiously as practicable:

(a) use commercially reasonable efforts to cause a Registration Statement that registers such Registrable Shares to become and remain effective until all of such Registrable Shares have been disposed of;

(b) furnish, at least five (5) Business Days before filing a Registration Statement that registers such Registrable Shares, a prospectus relating thereto or any amendments or supplements relating to such a Registration Statement or prospectus, to one counsel selected by the holders of Registrable Shares requesting such registration (the "***Sellers' Counsel***"), copies of all such documents proposed to be filed (it being understood that such five (5) business-day period need not apply to successive drafts of the same document proposed to be filed so long as such successive drafts are supplied to the Sellers' Counsel in advance of the proposed filing by a period of time that is customary and reasonable under the circumstances);

(c) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective until all of such Registrable Shares have been disposed of and to comply with the provisions of the Securities Act with respect to the sale or other disposition of such Registrable Shares;

(d) notify Sellers' Counsel in writing (i) of the receipt by Carnivale of any notification with respect to any comments by the SEC with respect to such Registration Statement or prospectus or any amendment or supplement thereto or any request by the SEC for the amending or supplementing thereof or for additional information with respect thereto, (ii) of the receipt by Carnivale of any notification with respect to the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or prospectus or any amendment or supplement thereto or the initiation or threatening of any proceeding for that purpose and (iii) of the receipt by Carnivale of any notification with respect to the suspension of the qualification of such Registrable Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purposes;

(e) use commercially reasonable efforts to register or qualify such Registrable Shares under such other securities or blue sky laws of such jurisdictions as the Sellers reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable the Sellers to consummate the disposition in such jurisdictions of the Registrable Shares owned by the Sellers; *provided however*, that Carnivale will not be required to qualify generally to do business, subject itself to general taxation or consent to general service of process in any jurisdiction where it would not otherwise be required to do so but for this paragraph (e) or to provide any material undertaking or make any changes in its Bylaws or Certificate of Incorporation which the Board determines to be contrary to the best interests of Carnivale or to modify any of its contractual relationships then existing;

(f) furnish to the Sellers such number of copies of a prospectus, if any, or other prospectus, including a preliminary prospectus, and all amendments and supplements thereto, in conformity with the requirements of the Securities Act, and such other documents as such Sellers may reasonably request in order to facilitate the public sale or other disposition of such Registrable Shares;

(g) without limiting subsection (e) above, use commercially reasonable efforts to cause such Registrable Shares to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Carnivale to enable the Sellers holding such Registrable Shares to consummate the disposition of such Registrable Shares;

(h) notify the Sellers holding such Registrable Shares on a timely basis at any time when a prospectus relating to such Registrable Shares is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing and, at the request of the Sellers, prepare and furnish to such Sellers a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the offerees of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(i) subject to the execution of confidentiality agreements in form and substance satisfactory to Carnivale, make available upon reasonable notice and during normal business hours, for inspection by the Sellers holding such Registrable Shares, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by the Sellers or underwriter (collectively, the "***Inspectors***"), all pertinent financial and other records, pertinent corporate documents and properties of Carnivale (collectively, the "***Records***"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause Carnivale's officers, directors and employees to supply all information (together with the Records, the "***Information***") reasonably requested by any such Inspector in connection with such Registration Statement. Any of the Information which Carnivale determines in good faith to be confidential, and of which determination the Inspectors are so notified, shall not be disclosed by the Inspectors unless (a) the disclosure of such Information is necessary to avoid or correct a material misstatement or omission in the Registration Statement, (b) the release of such Information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction or (c) such Information has been made generally available to the public through no breach of the nondisclosure obligations of the Inspectors or their affiliates; the Sellers agree that they will, upon learning that disclosure of such Information is sought in a court of competent jurisdiction, give notice to Carnivale and allow Carnivale, at Carnivale expense, to undertake appropriate action to prevent disclosure of the Information deemed confidential;

(j) in the event of an underwritten public offering, use commercially reasonable efforts to obtain from its independent certified public accountants "cold comfort" letters in customary form and at customary times and covering matters of the type customarily covered by cold comfort letters;

(k) use commercially reasonable efforts to obtain from its counsel an opinion or opinions in customary form;

(l) provide a transfer agent and registrar (which may be the same entity and which may be Carnivale) for such Registrable Shares;

(m) issue to any underwriter to which the Sellers holding such Registrable Shares may sell shares in such offering certificates evidencing such Registrable Shares;

(n) list and maintain the listing of such Registrable Shares on any national securities exchange on which any shares of Common Stock are listed or, if the Common Stock is not listed on a national securities exchange, use commercially reasonable efforts to qualify such Registrable Securities for inclusion on a national securities exchange as the holders of a majority of such Registrable Shares shall reasonably request;

(o) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC and make available to its securityholders, as soon as reasonably practicable, earnings statements in accordance with Rule 158 of the Securities Act covering a period of twelve (12) months beginning within three (3) months after the effective date of the Registration Statement; and

(p) subject to all the other provisions of this Agreement, use commercially reasonable efforts to take all other steps necessary to effect the registration of such Registrable Shares contemplated hereby.

(q) Each holder of the Registrable Shares, upon receipt of any notice from Carnivale of any event of the kind described in Section 3(h) hereof, shall forthwith discontinue disposition of the Registrable Shares pursuant to the Registration Statement covering such Registrable Shares until such holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(h) hereof, and, if so directed by Carnivale, such holder shall deliver to Carnivale all copies, other than permanent file copies then in such holder's possession, of the prospectus covering such Registrable Shares at the time of receipt of such notice.

4. Obligations of the Sellers.

(a) Each Seller shall furnish in writing to Carnivale such information regarding itself, the Registrable Shares held by it and the intended method of disposition of the Registrable Shares held by it, as shall be reasonably required to effect the registration of such Registrable Shares and shall execute such documents in connection with such registration as Carnivale may reasonably request. At least five (5) Business Days prior to the first anticipated filing date of any Registration Statement, Carnivale shall notify each Seller of the information Carnivale requires from such Seller if such Seller elects to have any of the Registrable Shares included in the Registration Statement. A Seller shall provide such information to Carnivale at least two (2) Business Days prior to the first anticipated filing date of such Registration Statement if such Seller elects to have any of the Registrable Shares included in such Registration Statement. It shall be a condition precedent to the obligations of Carnivale to complete the registration pursuant to this Agreement with respect to the Registrable Shares of a particular Seller that (i) such Seller furnish to Carnivale such information regarding itself, the Registrable Shares held by it and the intended method of disposition of the Registrable Shares held by it as shall be reasonably required to effect the effectiveness of the registration of such Registrable Shares, and (ii) the Seller execute such customary documents in connection with such registration as Carnivale may reasonably request.

(b) Each Seller, by its acceptance of the Registrable Shares agrees to cooperate with Carnivale as reasonably requested by Carnivale in connection with the preparation and filing of a Registration Statement hereunder, unless such Seller has notified Carnivale in writing of its election to exclude all of its Registrable Shares from such Registration Statement.

(c) Each Seller agrees that, upon receipt of any notice from Carnivale of either (i) the commencement of an Allowed Delay pursuant to Section 2(b)(ii), or (ii) the happening of an event pursuant

to Section 3(h) hereof, such Seller will immediately discontinue disposition of Registrable Shares pursuant to the Registration Statement covering such Registrable Shares, until the Seller is advised by Carnivale that such dispositions may again be made.

(d) Each Seller covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it or an exemption therefrom in connection with sales of Registrable Shares pursuant to the Registration Statement.

5. Expenses.

All expenses (other than underwriting discounts and commissions relating to the Registrable Shares, as provided in the last sentence of this Section 5) incurred by Carnivale in complying with Sections 2 and 3, including, without limitation, all registration and filing fees (including all expenses incident to filing with NASD), fees and expenses of complying with securities and blue sky laws, printing expenses, fees and expenses of Carnivale's counsel and accountants and reasonable fees and expenses of one Sellers' Counsel (such Sellers' Counsel's fees and expenses not to exceed $50,000) shall be paid by Carnivale. All underwriting discounts and selling commissions applicable to the Registrable Shares shall be borne by the holders selling such Registrable Shares, in proportion to the number of Registrable Shares sold by each such holder.

6. Indemnification.

(a) In connection with any registration of any Registrable Shares under the Securities Act pursuant to this Agreement, Carnivale shall indemnify and hold harmless the holders of Registrable Shares, each underwriter, broker or any other Person acting on behalf of the holders of Registrable Shares (including such holders' directors, officers and agents) and each other Person, if any, who controls any of the foregoing Persons within the meaning of the Securities Act against any losses, claims, damages or liabilities, joint or several (or actions in respect thereof), to which any of the foregoing Persons may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or allegedly untrue statement of a material fact contained in the Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein or otherwise filed with the SEC, any amendment or supplement thereto or any document incident to registration or qualification of any Registrable Shares, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or, with respect to any prospectus, necessary to make the statements therein in light of the circumstances under which they were made not misleading, or any violation by Carnivale of the Securities Act or state securities or blue sky laws applicable to Carnivale and relating to action or inaction required of Carnivale in connection with such registration or qualification under such state securities or blue sky laws; and shall reimburse the holders of Registrable Shares, such underwriter, such broker or such other Person acting on behalf of the holders of Registrable Shares and each such controlling Person for any legal or other expenses reasonably incurred by any of them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided*, *however*, that Carnivale shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action (including any legal or other expenses incurred) arises out of or is based upon an untrue statement or allegedly untrue statement or omission or alleged omission made in said Registration Statement, preliminary prospectus, final prospectus, amendment, supplement or document incident to registration or qualification of any Registrable Shares in reliance upon and in conformity with written information furnished to Carnivale through an instrument duly executed by the holders of Registrable Shares or their counsel or underwriter specifically for inclusion therein; *provided further*, *however* that the foregoing indemnity agreement is subject to the condition that, insofar as it relates to any untrue statement, allegedly

untrue statement, omission or alleged omission made in any preliminary prospectus but eliminated or remedied in the final prospectus (filed pursuant to Rule 424 of the Securities Act), such indemnity agreement shall not inure to the benefit of any holder of Registrable Shares, underwriter, broker or other Person acting on behalf of holders of the Registrable Shares from whom the person asserting any loss, claim, damage, liability or expense purchased the Registrable Shares which are the subject thereof, if a copy of such final prospectus had been made available to such Person and such holder of Registrable Shares, underwriter, broker or other Person acting on behalf of holders of the Registrable Shares within a reasonable period of time prior to the sale, and such final prospectus was not delivered to such Person with or prior to the written confirmation of the sale of such Registrable Shares to such Person.

(b) In connection with any registration of Registrable Shares under the Securities Act pursuant to this Agreement, each holder of Registrable Shares shall severally and not jointly indemnify and hold harmless (in the same manner and to the same extent as set forth in the preceding paragraph of this Section 6) Carnivale, each director of Carnivale, each officer of Carnivale who shall sign such Registration Statement, each underwriter, broker or other Person acting on behalf of the holders of Registrable Shares and each Person who controls any of the foregoing Persons within the meaning of the Securities Act against any losses, claims, damages or liabilities (or actions in respect thereof), to which any of the foregoing Persons may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or allegedly untrue statement of a material fact contained in the Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein or otherwise filed with the SEC, any amendment or supplement thereto or any document incident to registration or qualification of any Registrable Shares or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or, with respect to any prospectus, necessary to make the statements therein in light of the circumstances under which they were made not misleading, if such untrue statement, allegedly untrue statement, omission or alleged omission was made in reliance upon and in conformity with written information furnished to Carnivale or such underwriter through an instrument duly executed by such holders of Registrable Shares or their counsel or underwriter specifically for inclusion in such Registration Statement, preliminary prospectus, final prospectus, amendment, supplement or document; *provided*, *however*, that the maximum amount of liability in respect of such indemnification shall be limited, in the case of each seller of Registrable Shares, to an amount equal to the net proceeds actually received by such seller from the sale of Registrable Shares effected pursuant to such registration.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action involving a claim referred to in the preceding paragraphs of this Section 6, such indemnified party will, if a claim in respect thereof may be made against an indemnifying party, give written notice to the latter of the commencement of such action. The failure of any indemnified party to notify an indemnifying party of any such action shall not (unless such failure shall have a material adverse effect on the indemnifying party) relieve the indemnifying party from any liability in respect of such action that it may have to such indemnified party on account of this Section 6. In case any such action is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be responsible for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof; *provided*, *however*, that if any indemnified party shall have reasonably concluded that there may be one or more legal or equitable defenses available to such indemnified party which are additional to or conflict with those available to the indemnifying party, or that such claim or litigation involves or could have an effect upon matters beyond the scope of the indemnity agreement provided in this Section 6, the indemnifying party shall not have the right to assume the defense of such action on behalf of

such indemnified party (but shall have the right to participate therein with counsel of its choice) and such indemnifying party shall reimburse such indemnified party and any Person controlling such indemnified party for that portion of the fees and expenses of any counsel retained by the indemnified party which is reasonably related to the matters covered by the indemnity agreement provided in this Section 6. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel with respect to such claim.

(d) If the indemnification provided for in this Section 6 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, claim, damage, liability or action referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amounts paid or payable by such indemnified party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions which resulted in such loss, claim, damage, liability or action as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties agree that it would not be just and equitable if contribution pursuant hereto were determined by pro rata allocation or by any other method or allocation which does not take account of the equitable considerations referred to herein. No Person guilty of fraudulent misrepresentation shall be entitled to contribution from any Person.

7. Underwriting Agreement.

Notwithstanding the provisions of Sections 3, 4, 5, and 6, to the extent that the Sellers shall enter into an underwriting or similar agreement, which agreement contains provisions covering one or more issues addressed in such Sections, the provisions contained in such agreement addressing such issue or issues shall control.

8. Exchange Act Compliance.

Carnivale shall comply with all of the reporting requirements of the Exchange Act applicable to it (whether or not it shall be required to do so, but specifically excluding Section 14 of the Exchange Act if not then applicable to Carnivale) and shall comply with all other public information reporting requirements of the SEC which are conditions to the availability of Rule 144 for the sale of Common Stock. Carnivale shall cooperate with the Sellers in supplying such information as may be necessary for the Sellers to complete and file any information reporting forms presently or hereafter required by the SEC as a condition to the availability of Rule 144.

9. Future Rights.

Carnivale shall not, after the date hereof, grant any registration rights to any Person, except registration rights which are subordinate to the rights of the Sellers as described herein, without the consent of the holders of two-thirds of the Registrable Shares then outstanding.

10. Termination.

This Agreement shall terminate and be of no further force or effect on the first to occur of (i) when all of the Registrable Shares held by the Sellers are eligible to be sold or distributed pursuant to Rule 144 within any consecutive three (3) month period without volume or manner of sale limitations; or (ii) when there shall no longer be any Registrable Shares outstanding.

11. Benefits of Agreement; Third Party Beneficiary.

This Agreement shall bind and inure to the benefit of Carnivale, the Sellers and the respective successors and assigns of Carnivale and the Sellers.

12. Entire Agreement.

This Agreement, and the other writings referred to herein or delivered pursuant hereto, contain the entire agreement among the Sellers and Carnivale with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or understandings with respect thereto.

13. Notices.

Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 5:30 p.m. (Pacific Daylight or Pacific Standard Time, whichever is then in effect) on a business day, (ii) the business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in the Share Purchase Agreement later than 5:30 p.m. (Eastern Daylight or Eastern Standard Time, whichever is then in effect) on any date and earlier than 11:59 p.m. (Eastern Daylight or Eastern Standard Time, whichever is then in effect) on such date, (iii) the business day following the date of mailing, if sent by nationally recognized overnight courier service, (iv) upon three days after mailing if sent by certified or registered mail or (v) actual receipt by the party to whom such notice is required to be given if delivered by hand. The address for such notices and communications shall be as follows:

(a) if to Carnivale, to:

39899 Balentine Drive, Suite 200
Newark, CA 94560
Telephone No.: (510) 933-8365
Attention: Chief Executive Officer

With a copy to:

Fenwick & West LLP
1191 Second Ave 10th Floor
Seattle, Washington 98101
Telephone: (206) 389-4510
Fax: (206) 389-4511
Attention: Effie Toshav

(b) if to the Sellers, to their respective addresses set forth on Exhibit A hereto.

14. Modifications; Amendments; Waivers.

The terms and provisions of this Agreement may not be modified or amended, nor may any provision be waived, except pursuant to a writing signed by Carnivale and the Sellers holding at least a majority of the Registrable Shares held by all Sellers then outstanding; *provided*, *however*, that any modification, amendment or waiver that treats any Seller differently than the other Sellers generally must be approved by such Seller in writing.

15. Counterparts; Facsimile Signatures.

This Agreement may be executed in any number of original or facsimile counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

16. Headings.

The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

17. Governing Law.

This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without regard to the principles of conflicts of law thereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement on the date first written above.

CARBYLAN THERAPEUTICS, INC.

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

NOVO A/S	)	
acting by its attorney	)	/s/ Thomas Andrew Crockett
SV LIFE SCIENCES FUND IV, L.P.	)	
acting by **SV LIFE SCIENCES FUND IV**	)	
(GP), L.P., its sole General Partner,	)	
acting by **SVLSF IV, LLC,** its sole	)	
General Partner, acting by its	)	
attorney	)	/s/ Nick Coleman, Member, SVLSF IV, LLC
SV LIFE SCIENCES FUND IV	)	
STRATEGIC PARTNERS, L.P.	)	
acting by **SV LIFE SCIENCES FUND IV**	)	
(GP), L.P., its sole General Partner,	)	
acting by **SVLSF IV, LLC,** its sole	)	
General Partner, acting by its	)	
attorney	)	/s/ Nick Coleman, Member, SVLSF IV, LLC
THOMAS ANDREW CROCKETT	)	
by his attorney	)	/s/ Thomas Andrew Crockett
STEPHEN DONNELLY	)	
by his attorney	)	/s/ Thomas Andrew Crockett
CHRISTOPHER YEA	)	
by his attorney	)	/s/ Thomas Andrew Crockett
RACHEL MORTEN	)	
by her attorney	)	/s/ Thomas Andrew Crockett
ROBERT TANSLEY	)	
by his attorney	)	/s/ Thomas Andrew Crockett

Exhibit A

Name, Address, Number of Shares of Common Stock Held by Sellers

Name of Sellers***	Address	No. of Shares of Common Stock
Thomas Andrew Crockett	The Tuns, 118 High Street, Odiham, Hampshire RG291LS, UK	***
Stephen Donnelly	34 Locke Road, Liphook, Hampshire GU30 7DQ, UK	***
Rachel Morten	2 Chapel Cottages, Ashmansworth, Newburym Berks RG20 9SL, UK	***
Novo A/S	Tuborg Havnevej 19 DK 2900 Hellerup, Denmark	***
SV Life Sciences Fund IV, L.P.	One Boston Place, Suite 3900, Boston, MA 02108 USA	***
SV Life Sciences Fund IV Strategic Partners, L.P.	One Boston Place, Suite 3900, Boston, MA 02108 USA	***
Robert Tansley	48 Owlestone Road, Cambridge CB3 9JH	***

Name of Sellers	Address	No. of Shares of Common Stock
Christopher Yea	Sylvan, Yokesford Hill, Romsey SO51 0PF, UK	***

*** To be updated at Closing.

Exhibit 10.2

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of , 2016 is made by and between KalVista Pharmaceuticals, Inc., a Delaware corporation (the "***Company***"), and , a director, officer or key employee of the Company or one of the Company's subsidiaries or other service provider who satisfies the definition of Indemnifiable Person set forth below ("***Indemnitee***").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as representatives of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no relationship to the compensation of such representatives;

B. The members of the Board of Directors of the Company (the "***Board***") have concluded that to retain and attract talented and experienced individuals to serve as representatives of the Company and its Subsidiaries and Affiliates and to encourage such individuals to take the business risks necessary for the success of the Company and its Subsidiaries and Affiliates, it is necessary for the Company to contractually indemnify certain of its representatives and the representatives of its Subsidiaries and Affiliates, and to assume for itself maximum liability for Expenses and Other Liabilities in connection with claims against such representatives in connection with their service to the Company and its Subsidiaries and Affiliates;

C. Section 145 of the Delaware General Corporation Law ("***Section 145***"), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations, partnerships, joint ventures, trusts or other enterprises, and expressly provides that the indemnification provided thereby is not exclusive; and

D. The Company desires and has requested Indemnitee to serve or continue to serve as a representative of the Company and/or the Subsidiaries or Affiliates of the Company free from undue concern about inappropriate claims for damages arising out of or related to such services to the Company and/or the Subsidiaries or Affiliates of the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Affiliate. For purposes of this Agreement, "***Affiliate***" of the Company means any corporation, partnership, limited liability company, joint venture, trust or other enterprise in respect of which Indemnitee is or was or will be serving as a director, officer, trustee,

manager, member, partner, employee, agent, attorney, consultant, member of the entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, or in any other similar capacity at the request, election or direction of the Company, and including, but not limited to, any employee benefit plan of the Company or a Subsidiary or Affiliate of the Company.

(b) Change in Control. For purposes of this Agreement, "***Change in Control***" means (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a Subsidiary or a trustee or other fiduciary holding securities under an employee benefit plan of the Company or Subsidiary, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding capital stock or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the outstanding capital stock of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into capital stock of the surviving entity) at least 80% of the total voting power represented by the capital stock of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses. For purposes of this Agreement, "***Expenses***" means all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, and other out-of-pocket costs), paid or incurred by Indemnitee in connection with either the investigation, defense or appeal of, or being a witness in, a Proceeding, or establishing or enforcing a right to indemnification under this Agreement, Section 145 or otherwise; provided, however, that Expenses shall not include any judgments, fines, ERISA excise taxes or penalties or amounts paid in settlement of a Proceeding.

(d) Indemnifiable Event. For purposes of this Agreement, "***Indemnifiable Event***" means any event or occurrence related to Indemnitee's service for the Company or any Subsidiary or Affiliate as an Indemnifiable Person (as defined below), or by reason of anything done or not done, or any act or omission, by Indemnitee in any such capacity.

(e) Indemnifiable Person. For the purposes of this Agreement, "***Indemnifiable Person***" means any person who is or was a director, officer, trustee, manager, member, partner, employee, attorney, consultant, member of an entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise) or other agent or fiduciary of the Company or a Subsidiary or Affiliate of the Company.

(f) Independent Counsel. For purposes of this Agreement, "***Independent Counsel***" means legal counsel that has not performed services for the Company or Indemnitee in the five years preceding the time in question and that would not, under applicable standards of professional conduct, have a conflict of interest in representing either the Company or Indemnitee.

(g) Independent Director. For purposes of this Agreement, "***Independent Director***" means a member of the Board who is not a party to the Proceeding for which a claim is made under this Agreement.

(h) Other Liabilities. For purposes of this Agreement, "***Other Liabilities***" means any and all liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, ERISA (or other benefit plan related) excise taxes or penalties, and amounts paid in settlement and all interest, taxes, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA (or other benefit plan related) excise taxes or penalties, or amounts paid in settlement).

(i) Proceeding. For the purposes of this Agreement, "***Proceeding***" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, investigative, legislative or any other type whatsoever, preliminary, informal or formal, including any arbitration or other alternative dispute resolution and including any appeal of any of the foregoing.

(j) Subsidiary. For purposes of this Agreement, "***Subsidiary***" means any entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an Indemnifiable Person in the capacity or capacities in which Indemnitee currently serves the Company as an Indemnifiable Person, and any additional capacity in which Indemnitee may agree to serve, until such time as Indemnitee's service in a particular capacity shall end according to the terms of an agreement, the Company's Certificate of Incorporation or Bylaws, governing law, or otherwise. Nothing contained in this Agreement is intended to create any right to continued employment or other form of service for the Company or a Subsidiary or Affiliate of the Company by Indemnitee.

3. Mandatory Indemnification.

(a) Agreement to Indemnify. In the event Indemnitee is a person who was or is a party to or witness in or is threatened to be made a party to or witness in any Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses and Other Liabilities incurred by Indemnitee in connection with (including in preparation for) such Proceeding to the fullest extent not prohibited by the Delaware General Corporation Law ("***DGCL***"), as the same may be amended from time to time (but only to the extent that such amendment permits the Company to provide broader indemnification rights than the DGCL permitted prior to the adoption of such amendment).

(b) Exception for Amounts Covered by Insurance and Other Sources. Notwithstanding the foregoing, the Company shall not be obligated to indemnify Indemnitee for Expenses or Other Liabilities of any type whatsoever (including, but not limited to judgments, fines, penalties, ERISA excise taxes or penalties and amounts paid in settlement) to the extent such have been paid directly to Indemnitee (or paid directly to a third party on Indemnitee's behalf) by any directors and officers, or other type, of insurance maintained by the Company.

(c) Company Obligations Primary. The Company hereby acknowledges that Indemnitee may have rights to indemnification for Expenses and Other Liabilities provided by [name of VC fund or other sponsoring organization ("***Other Indemnitor***")]. The Company agrees with Indemnitee that the Company is the indemnitor of first resort of Indemnitee with respect to matters for which indemnification is provided under this Agreement and that the Company will be obligated to make all payments due to or for the benefit of Indemnitee under this Agreement without regard to any rights that Indemnitee may have against the Other Indemnitor. The Company hereby waives any equitable rights to contribution or indemnification from the Other Indemnitor in respect of any amounts paid to Indemnitee hereunder. The Company further agrees that no reimbursement of Other Liabilities or payment of Expenses by the Other Indemnitor to or for the benefit of Indemnitee shall affect the obligations of the Company hereunder, and that the Company shall be obligated to repay the Other Indemnitor for all amounts so paid or reimbursed to the extent that the Company has an obligation to indemnify Indemnitee for such Expenses or Other Liabilities hereunder.

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Other Liabilities but not entitled, however, to indemnification for the total amount of such Expenses or Other Liabilities, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which indemnification is prohibited by the provisions of the DGCL. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden to establish, by clear and convincing evidence, the lack of a successful resolution of a particular claim, issue or matter and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved.

5. Liability Insurance. So long as Indemnitee shall continue to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding as a result of an Indemnifiable Event, the Company shall use reasonable efforts to maintain in full force and effect for the benefit of Indemnitee as an insured (i) liability insurance issued by one or more reputable insurers and having the policy amount and deductible deemed appropriate by the Board and providing in all respects coverage at least comparable to and in the same amount as that provided to the Chairman of the Board or the Chief Executive Officer of the Company and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that being provided to the Chairman of the Board or the Chief Executive Officer of the Company. The purchase, establishment and maintenance of any such insurance or other arrangements shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the

Company or the other party or parties thereto under any such insurance or other arrangement. In the event of a Change in Control subsequent to the date of this Agreement, or the Company's becoming insolvent, including being placed into receivership or entering the federal bankruptcy process, the Company shall maintain in force any directors' and officers' liability insurance policies then maintained by the Company in providing insurance in respect of Indemnitee, for a period of six years thereafter.

6. Mandatory Advancement of Expenses. If requested by Indemnitee, the Company shall advance prior to the final disposition of the Proceeding all Expenses reasonably incurred by Indemnitee in connection with (including in preparation for) a Proceeding related to an Indemnifiable Event. Indemnitee hereby undertakes to repay such amounts advanced if, and only if and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the DGCL, and no additional form of undertaking with respect to such obligation to repay shall be required. The advances to be made hereunder shall be paid by the Company to Indemnitee or directly to a third party designated by Indemnitee within thirty (30) days following delivery of a written request therefor by Indemnitee to the Company. Indemnitee's undertaking to repay any Expenses advanced to Indemnitee hereunder shall be unsecured and shall not be subject to the accrual or payment of any interest thereon. In the event that Indemnitee's request for the advancement of expenses shall be accompanied by an affidavit of counsel to Indemnitee to the effect that such counsel has reviewed such Expenses and that such Expenses are reasonable in such counsel's view, then such expenses shall be deemed reasonable in the absence of clear and convincing evidence to the contrary.

7. Notice and Other Indemnification Procedures.

(a) Notification. Promptly after receipt by Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, Indemnitee shall, if Indemnitee believes that indemnification or advancement of Expenses with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof. However, a failure so to notify the Company promptly following Indemnitee's receipt of such notice shall not relieve the Company from any liability that it may have to Indemnitee except to the extent that the Company is materially prejudiced in its defense of such Proceeding as a result of such failure.

(b) Insurance and Other Matters. If, at the time of the receipt of a notice of the commencement of a Proceeding pursuant to Section 7(a) above, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the issuers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such insurance policies.

(c) Assumption of Defense. In the event the Company shall be obligated to advance the Expenses for any Proceeding against Indemnitee, the Company, if deemed appropriate by the Company, shall be entitled to assume the defense of such Proceeding as provided herein. Such defense by the Company may include the representation of two or more

parties by one attorney or law firm as permitted under the ethical rules and legal requirements related to joint representations. Following delivery of written notice to Indemnitee of the Company's election to assume the defense of such Proceeding, the approval by Indemnitee (which approval shall not be unreasonably withheld) of counsel designated by the Company and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. If (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have notified the Board in writing that Indemnitee has reasonably concluded that there is likely to be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or (C) the Company fails to employ counsel to assume the defense of such Proceeding, the fees and expenses of Indemnitee's counsel shall be subject to indemnification and/or advancement pursuant to the terms of this Agreement. Nothing herein shall prevent Indemnitee from employing counsel for any such Proceeding at Indemnitee's expense.

(d) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent; provided, however, that if a Change in Control has occurred subsequent to the date of this Agreement, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. Neither the Company nor any Subsidiary or Affiliate shall enter into a settlement of any Proceeding that might result in the imposition of any Expense, Other Liability, penalty, limitation or detriment on Indemnitee, whether indemnifiable under this Agreement or otherwise, without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent from any settlement of any Proceeding. The Company shall promptly notify Indemnitee upon the Company's receipt of an offer to settle, or if the Company makes an offer to settle, any Proceeding, and provide Indemnitee with a reasonable amount of time to consider such settlement, in the case of any such settlement for which the consent of Indemnitee would be required hereunder. The Company shall not, on its own behalf, settle any part of any Proceeding to which Indemnitee is a party with respect to other parties (including the Company) without the written consent of Indemnitee if any portion of the settlement is to be funded from insurance proceeds unless approved by a majority of the Independent Directors, provided that this sentence shall cease to be of any force and effect if it has been determined in accordance with this Agreement that Indemnitee is not entitled to indemnification hereunder with respect to such Proceeding or if the Company's obligations hereunder to Indemnitee with respect to such Proceeding have been fully discharged.

8. Determination of Right to Indemnification.

(a) Success on the Merits or Otherwise. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 3(a) above or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against Expenses actually and reasonably incurred in connection therewith.

(b) Indemnification in Other Situations. In the event that Section 8(a) is inapplicable, the Company shall also indemnify Indemnitee if Indemnitee has not failed to meet the applicable standard of conduct for indemnification.

(c) Forum. Indemnitee shall be entitled to select the forum in which determination of whether or not Indemnitee has met the applicable standard of conduct shall be decided, and such election will be made from among the following:

a. Those members of the Board who are Independent Directors even though less than a quorum;

b. A committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum; or

c. Independent Counsel selected by Indemnitee and approved by the Board, which approval may not be unreasonably withheld, which counsel shall make such determination in a written opinion.

If Indemnitee is an officer or a director of the Company at the time that Indemnitee is selecting the forum, then Indemnitee shall not select Independent Counsel as such forum unless there are no Independent Directors or unless the Independent Directors agree to the selection of Independent Counsel as the forum.

The selected forum shall be referred to herein as the "Reviewing Party". Notwithstanding the foregoing, following any Change in Control subsequent to the date of this Agreement, the Reviewing Party shall be Independent Counsel selected in the manner provided in c. above.

(d) As soon as practicable, and in no event later than thirty (30) days after receipt by the Company of written notice of Indemnitee's choice of forum pursuant to Section 8(c) above, the Company and Indemnitee shall each submit to the Reviewing Party such information as they believe is appropriate for the Reviewing Party to consider. The Reviewing Party shall arrive at its decision within a reasonable period of time following the receipt of all such information from the Company and Indemnitee, but in no event later than thirty (30) days following the receipt of all such information, provided that the time by which the Reviewing Party must reach a decision may be extended by mutual agreement of the Company and Indemnitee. All Expenses associated with the process set forth in this Section 8(d), including but not limited to the Expenses of the Reviewing Party, shall be paid by the Company.

(e) Delaware Court of Chancery. Notwithstanding a final determination by any Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Proceeding, Indemnitee shall have the right to apply to the Court of Chancery, for the purpose of enforcing Indemnitee's right to indemnification pursuant to this Agreement.

(f) Expenses. The Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any hearing or Proceeding under this Section 8 involving Indemnitee and against all Expenses and Other Liabilities incurred by Indemnitee in connection with any other Proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims of Indemnitee in any such Proceeding was frivolous or made in bad faith.

(g) Determination of "Good Faith". For purposes of any determination of whether Indemnitee acted in "good faith" Indemnitee shall be deemed to have acted in good faith if in taking or failing to take the action in question Indemnitee relied on the records or books of account of the Company or a Subsidiary or Affiliate, including financial statements, or on information, opinions, reports or statements provided to Indemnitee by the officers or other employees of the Company or a Subsidiary or Affiliate in the course of their duties, or on the advice of legal counsel for the Company or a Subsidiary or Affiliate, or on information or records given or reports made to the Company or a Subsidiary or Affiliate by an independent certified public accountant or by an appraiser or other expert selected by the Company or a Subsidiary or Affiliate, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or a Subsidiary or Affiliate. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, or to advancement of expenses, the Reviewing Party or court shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be on the Company to establish, by clear and convincing evidence, that Indemnitee is not so entitled. The provisions of this Section 8(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failures to act, of any other person serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person shall not be imputed to Indemnitee for purposes of determining the right to indemnification hereunder.

9. Exceptions. Any other provision herein to the contrary notwithstanding,

(a) Claims Initiated by Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except (1) with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement, any other statute or law, as permitted under Section 145, or otherwise, (2) where the Board has consented to the initiation of such Proceeding, or (3) with respect to Proceedings brought to discharge Indemnitee's fiduciary responsibilities, whether under ERISA or otherwise, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board finds it to be appropriate; or

(b) Actions Based on Federal Statutes Regarding Profit Recovery and Return of Bonus Payments. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of (i) any suit in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of l934 and amendments thereto or similar provisions of any federal, state or local statutory law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from

the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) Unlawful Indemnification. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for Other Liabilities if such indemnification is prohibited by law as determined by a court of competent jurisdiction in a final adjudication not subject to further appeal.

10. Non-exclusivity. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to acts or omissions in his or her official capacity and to acts or omissions in another capacity while serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and Indemnitee's rights hereunder shall continue after Indemnitee has ceased serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

12. Supersession, Modification and Waiver. This Agreement supersedes any prior indemnification agreement between the Indemnitee and the Company, its Subsidiaries or its Affiliates. If the Company and Indemnitee have previously entered into an indemnification agreement providing for the indemnification of Indemnitee by the Company, parties entry into this Agreement shall be deemed to amend and restate such prior agreement to read in its entirety as, and be superseded by, this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) and except as expressly provided herein, no such waiver shall constitute a continuing waiver.

13. Successors and Assigns. The terms of this Agreement shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and a receipt is provided by the party to whom such communication is delivered, (ii) if mailed by certified or registered mail with postage prepaid, return receipt requested, on the signing by the recipient of an acknowledgement of receipt form accompanying delivery through the U.S. mail, (iii) personal service by a process server, or (iv) delivery to the recipient's address by overnight delivery (e.g., FedEx, UPS or DHL) or other commercial delivery service. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice complying with the provisions of this Section 14. Delivery of communications to the Company with respect to this Agreement shall be sent to the attention of the Company's General Counsel.

15. No Presumptions. For purposes of this Agreement, the termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. In addition, neither the failure of the Company or a Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company or a Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of Proceedings by Indemnitee to secure a judicial determination by exercising Indemnitee's rights under Section 8(e) of this Agreement shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has failed to meet any particular standard of conduct or did not have any particular belief or is not entitled to indemnification under applicable law or otherwise.

16. Survival of Rights. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

17. Subrogation and Contribution.

(a) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by or on behalf of Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s)

giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute Proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

21. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

22. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement.

[*Signature Page Follows*]

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

KALVISTA PHARMACEUTICALS, INC.

By: _____
Name: _____
Its: _____

INDEMNITEE

_____
[Name]

Address: _____
_____
_____

Exhibit 16.1

November 23, 2016

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by KalVista Pharmaceuticals, Inc. (formerly known as Carbylan Therapeutics, Inc.) (copy attached), which we understand will be filed with the Securities and Exchange Commission, pursuant to Item 4.01 of Form 8-K, as part of the Form 8-K of KalVista Pharmaceuticals, Inc. dated November 21, 2016 We agree with the statements concerning our Firm in such Form 8-K.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

On November 21, 2016, the Company dismissed PricewaterhouseCoopers LLP ("**PwC**") as the Company's independent registered public accounting firm, effective immediately. On the same date the Company appointed Deloitte & Touche LLP ("**Deloitte**") as the Company's new independent registered public accounting firm effective as of the date of the consummation of the Transaction.

The Audit Committee of the board of directors of the Company approved the dismissal of PwC and the appointment of Deloitte.

The reports of PwC on the Carbylan Therapeutics, Inc.'s financial statements for each of fiscal years ended December 31, 2015 and December 31, 2014 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principle, except that the report for the fiscal year ended December 31, 2014 contained an explanatory paragraph stating that there was substantial doubt about the Company's ability to continue as a going concern.

During the fiscal years ended December 31, 2015 and December 31, 2014, and the subsequent interim period through November 21, 2016, there were no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) between the Company and PwC on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures which disagreements, if not resolved to the satisfaction of PwC would have caused PwC to make reference thereto in their reports on the financial statements for such years.

The Company provided PwC with a copy of the disclosures it is making in this Current Report on Form 8-K and requested that PwC furnish the Company with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements contained herein. A copy of PwC's letter, dated November 23, 2016, is filed as Exhibit 16.1 to this Current Report on Form 8-K.

During the fiscal year ended April 30, 2016 and the period from May 1, 2016 through November 21, 2016, neither the Company, nor anyone acting on its behalf, consulted with Deloitte regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that may be rendered on the Company's financial statements, and Deloitte did not provide either a written report or oral advice to the Company that was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-203721 on Form S-8 of Carbylan Therapeutics, Inc. of our report dated August 22, 2016 (November 23, 2016 as to the net loss per share attributable to common shareholders included in note 2 and as to the disclosure of subsequent events included in note 13) relating to the financial statements of KalVista Pharmaceuticals, Inc. appearing in this Current Report on Form 8-K of KalVista Pharmaceuticals Inc. dated November 23, 2016.

/s/ DELOITTE LLP

Reading, United Kingdom
November 23, 2016

KalVista Pharmaceuticals Announces Closing of Merger with Carbylan Therapeutics

—Combined company renamed KalVista Pharmaceuticals, Inc., listed on Nasdaq with ticker "KALV" —

—Continued focus on development of protease inhibitors with multiple molecules for oral treatment of hereditary angioedema (HAE) in the clinic in 2017—

—Appoints Benjamin L. Palleiko as Chief Financial Officer—

Cambridge, MA and Palo Alto, CA, November 22, 2016 – KalVista Pharmaceuticals, Inc. (NASDAQ: KALV), a clinical stage pharmaceutical company focused on the discovery, development, and commercialization of small molecule protease inhibitors, today announced the closing of the previously announced merger with Carbylan Therapeutics, Inc. As a result of the completion of this transaction, Carbylan changed its name to KalVista Pharmaceuticals, Inc. The Company will commence trading on November 22, 2016 on the NASDAQ Stock Market under the symbol "KALV".

KalVista is now funded with more than $38 million to support its portfolio of drug development programs, initially focused on oral plasma kallikrein treatments for hereditary angioedema (HAE) and diabetic macular edema (DME). KalVista is developing a portfolio of drugs for HAE, with the first oral HAE candidate, KVD818, having commenced a Phase I clinical trial in the third quarter of 2016. Additional HAE candidates are planned to begin clinical trials in 2017 and beyond. KalVista's objective is to advance multiple oral drug candidates through Phase I, first-in-human studies in order to select those with the potential to deliver best-in-class status for further development. KalVista is also developing KVD001, an intravitreally-delivered therapy for DME. This program has completed a Phase I clinical trial in DME patients and is expected to progress to Phase II clinical development in 2017.

In conjunction with the closing, KalVista welcomed Benjamin L. Palleiko as the Chief Financial Officer of KalVista. Mr. Palleiko has over twenty years of experience in the industry, as both a senior life sciences investment banker and Chief Financial Officer of several public and private life sciences companies. He has raised more than $2 billion in capital and completed over 50 transactions in his business career. Mr. Palleiko holds a MBA in Finance and a MA in International Relations from the University of Chicago, and a BA in Quantitative Economics from Tufts University. Prior to graduate school, he served in the U.S. Navy as a Naval Aviator flying carrier-based jet aircraft.

"The transition of KalVista to the public markets is an important milestone in the strategic development of the Company as we advance our pipeline of novel serine protease therapeutics," said Andrew Crockett, KalVista's Chief Executive Officer. "With the capital raised in this transaction and an experienced leadership team, KalVista is even better positioned to accelerate our clinical programs to bring new treatment options to patients with hereditary angioedema and diabetic macular edema. We also are particularly pleased that Ben Palleiko has chosen to join us as CFO at this time, as his deep background and skills will help us as we enter the next phase of growing shareholder value as a public company."

The executive leadership of the new Company is comprised of members of the KalVista management team, with members of the Carbylan team departing the Company. The management team is initially comprised of Mr. Crockett as Chief Executive Officer; Christopher Yea, Ph.D. as Chief Development Officer; and Mr. Palleiko as Chief Financial Officer. The board of directors is comprised of seven members, consisting of five members designated by KalVista: Richard Aldrich, who will serve as Chairman, Joshua Resnick, M.D., Rajeev Shah, Edward W. Unkart and Mr. Crockett; and two members designated by Carbylan, Albert Cha, M.D., Ph.D, and Arnold L. Oronsky, Ph.D. The Company has offices in Cambridge, MA and Porton Down, U.K.

About Hereditary Angioedema (HAE)

Hereditary angioedema (HAE) is a rare and potentially life-threatening genetic condition that occurs in fewer than 1 in 10,000 people. HAE patients are susceptible to sudden and prolonged attacks of edema, which often occur in the hands, feet, face, gastrointestinal tract, and airway. Attacks can result in severe swelling and pain, airway blockage, and nausea.

About Diabetic Macular Edema (DME)

Diabetic Macular Edema (DME) is a sight-threatening disease caused by disruption of the blood/retinal barrier leading to the accumulation of fluid in the macula and vision loss. DME affects an estimated 16% of diabetic patients within their lifetime, according to a 2012 study published in Diabetes Care. Approximately 900,000 patients in the United States alone have active DME and are at serious risk of vision loss, according to a 2013 study.

About KalVista Pharmaceuticals, Inc.

KalVista Pharmaceuticals, Inc. is a pharmaceuticals company focused on the discovery, development, and commercialization of small molecule protease inhibitors for diseases with significant unmet need. The initial focus is on inhibitors of plasma kallikrein, which is an important component of the body's inflammatory response, and which in excess can lead to increased vascular permeability, edema and inflammation. KalVista has developed a proprietary portfolio of novel, small molecule plasma kallikrein inhibitors initially targeting hereditary angioedema (HAE) and diabetic macular edema (DME). The Company has created a structurally diverse portfolio of oral plasma kallikrein inhibitors from which it plans to select multiple drug candidates to advance into clinical trials for HAE. In August 2016, KalVista commenced a Phase I first-in-human clinical trial for KVD818, the first of its orally delivered molecules for the treatment of HAE. KalVista's most advanced program, an intravitreally administered plasma kallikrein inhibitor known as KVD001, has successfully completed its first-in-human study in patients with DME and is being prepared for Phase 2 studies in 2017.

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

Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. These statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from what we expect. Examples of forward-looking statements include, among others, future clinical trial timing and results. Further information on potential risk factors that could affect our business and its financial results are detailed in the definitive proxy

statement filed on October 28, 2016, our most recent Quarterly Report on Form 10-Q, and other reports as filed from time to time with the Securities and Exchange Commission. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Contact:
KalVista Pharmaceuticals
Leah Monteiro, Corporate Communications
857-241-3897
lmm@KalVista.com

Exhibit 99.2

KalVista Pharmaceuticals Limited
Index to KalVista Unaudited Condensed Financial Statements

KalVista Pharmaceuticals Limited
Condensed Balance Sheets
(Unaudited)

	July 31, 2016	April 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 15,627,511	$ 21,764,464
Research and development tax credit receivable	1,967,245	1,883,379
Grants receivable	1,010,077	355,752
Prepaid expenses and other current assets	686,488	668,224
Total current assets	19,291,321	24,671,819
Property and equipment, net	99,570	73,655
Total assets	$ 19,390,891	$ 24,745,474
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 1,858,754	$ 1,007,612
Accrued expenses	1,285,218	2,114,468
Due to related parties	36,368	127,416
Total current liabilities	3,180,340	3,249,496
Commitments and contingencies (Note 4)		
Series B Convertible Preferred Shares, $0.0016 par value, 8,422,898 shares issued and outstanding (liquidation preference of $30,254,700 and $32,782,414) at July 31, 2016 and April 30, 2016, respectively	33,002,024	33,002,024
Series A Convertible Preferred Shares, $0.0016 par value, 15,900,000 shares issued and outstanding (liquidation preference of $26,982,963 and $29,321,372) at July 31, 2016 and April 30, 2016, respectively	25,605,759	25,605,759
	58,607,783	58,607,783
Shareholders' deficit:		
Ordinary Shares, $0.0016 par value, 2,437,138 and 2,167,367 shares issued and outstanding at July 31, 2016 and April 30, 2016, respectively	3,783	3,356
Additional paid-in capital	218,946	212,228
Accumulated deficit	(38,222,208)	(37,252,387)
Accumulated other comprehensive income	(4,397,753)	(75,002)
Total shareholders' deficit	(42,397,232)	(37,111,805)
Total liabilities and shareholders' deficit	$ 19,390,891	$ 24,745,474

See notes to condensed financial statements

KalVista Pharmaceuticals Limited
Condensed Statements of Operations and Comprehensive Income/(Loss)
(Unaudited)

	Three months ended July 31,	
	2016	2015
Grant income	$ 975,206	$ 838,767
Operating expenses:		
Research and development expenses	3,394,796	2,914,991
General and administrative expenses	2,699,882	387,284
Total operating expenses	6,094,678	3,302,275
Operating loss	(5,119,472)	(2,463,508)
Other income:		
Interest income	14,365	2,673
Foreign currency exchange rate gain	1,393,752	445,172
Other income	275,096	299,592
Total other income	1,683,213	747,437
Net loss before income taxes	(3,436,259)	(1,716,071)
Income tax	—	—
Net loss	(3,436,259)	(1,716,071)
Other comprehensive income:		
Foreign currency translation adjustments	4,322,751	1,407,653
Comprehensive income/(loss)	$ 886,492	$ (308,418)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.94)	$ (1.52)
Weighted average common shares outstanding, basic and diluted	2,308,117	1,603,237

See notes to condensed financial statements

KalVista Pharmaceuticals Limited
Condensed Statements of Cash Flows
(unaudited)

	Three months ended July 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	$ (3,436,259)	$ (1,716,071)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	8,454	10,207
Share-based compensation expense	4,022	5,666
Foreign currency exchange rate gain	(1,393,752)	(445,172)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Research and development tax credit receivable	(275,096)	(299,592)
Grants receivable	(724,100)	(143,070)
Prepaid expenses and other current assets	(85,507)	(198,432)
Increase (decrease) in:		
Accounts payable	995,947	(241,442)
Accrued expenses	(663,227)	(491,382)
Due to related parties	(83,208)	209,269
Net cash used in operating activities	(5,652,726)	(3,310,019)
Cash flows from investing activities:		
Purchases of property and equipment	(43,040)	—
Net cash used in investing activities	(43,040)	—
Cash flows from financing activities:		
Proceeds from issuance of common stock	376	—
Proceeds from issuance of Series B Preferred Stock, net of issuance costs	—	33,002,024
Net cash provided by financing activities	376	33,002,024
Effect of exchange rate changes on cash	(441,563)	141,774
Net (decrease)/increase in cash and cash equivalents	(6,136,953)	29,833,779
Cash and cash equivalents at beginning of period	21,764,464	2,526,050
Cash and cash equivalents at end of period	$15,627,511	$32,359,829

See notes to condensed financial statements

Note 1. Description of Business

KalVista Pharmaceuticals, Inc. (the “Company” or “KalVista”) is a clinical-stage pharmaceutical research company focused on the discovery, development, and commercialization of small molecule serine protease inhibitors as new treatments for diseases with significant unmet need. KalVista is funded by a syndicate of international healthcare investors and is made up of a research and development team skilled in pharmaceutical development. The Company’s headquarters is located in Salisbury, UK.

The Company has devoted substantially all of its efforts to research and development, including clinical trials of its product candidates. The Company has not completed the development of any product candidates. The Company is currently loss making with the potential for generating future revenue through corporate partnerships or product sales. The Company is subject to a number of risks and uncertainties similar to those of other life science companies developing new products, including, among others, the risks related to the necessity to obtain adequate additional financing, to successfully develop product candidates, to obtain regulatory approval of product candidates, to comply with government regulations, to successfully commercialize its potential products, to the protection of proprietary technology and to the dependence on key individuals.

The Company has funded its operations primarily through the issuance of preferred stock and grant income. As of July 31, 2016, the Company had an accumulated deficit of $38,222,208 and $15,627,511 of cash and cash equivalents.

On November 21, 2016, the Company merged into Carbylan Therapeutics Inc. (see Note 7). These financial statements do not give any effect to the merger. The working capital obtained through the merger is anticipated to fund the Company’s operations for at least the next twelve months form the balance sheet date. Accordingly, the condensed financial statements have been prepared on a going concern basis.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The condensed financial statements reflect all adjustments which are of a normal recurring nature and, in the opinion of management, necessary to a fair statement of the results for the periods presented herein. The unaudited condensed interim financial statements have been prepared on the same basis as the annual financial statements. These interim financial results are not necessarily indicative of the results to be expected for the year ending April 30, 2017, or for any other future annual or interim period. The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and the related notes thereto included herein.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates in the financial statements include accrued expenses and share based compensation.

Segment Reporting

The Company manages its operations as a single operating segment for the purposes of assessing performance and making operating decisions.

Net Loss per Share Attributable to Common Shareholders

The Company reports earnings per share in accordance with ASC 260, which establishes standards for computing and presenting earnings per share. Basic and diluted net income (loss) per share is presented in conformity with the two-class method required for participating securities. Under the two-class method, basic net income (loss) per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the period. Net income (loss) attributable to common shareholders is determined by allocating undistributed earnings between holders of common and convertible preferred stock, based on the contractual dividend rights contained in our preferred share agreement. Where there is an undistributed loss, no amount is allocated to the convertible preferred shares. Diluted net income (loss) per share is computed by dividing net income (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of vested stock options or the conversion of Series A and Series B preferred shares.

	Three months ended July 31,	
	2016	2015
Preferred stock	24,322,898	24,322,898
Stock options	401,753	231,546

In computing diluted earnings per share, common share equivalents are not considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive. As a result, there is no difference between the Company's basic and diluted loss per share for the periods ended July 31, 2016 and 2015.

Basic and diluted net loss per share	July 31,	
	2016	2015
Net loss	$(3,436,259)	$(1,716,071)
Less: dividend on Series A	446,682	496,442
Less: dividend on Series B	590,694	228,347
Loss available to common shareholders for the purpose of calculating basic & diluted EPS	(4,473,365)	(2,440,860)

Weighted average common shares, basic	2,308,117	1,603,237
Weighted average common shares, diluted	2,308,117	1,603,237
Net loss per share, basic	$ (1.94)	$ (1.52)
Net loss per share, diluted	$ (1.94)	$ (1.52)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("F ASB") issued Accounting Standards update ("ASU") 2014-09, "Revenue from Contracts with Customers," requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In July 2015, the F ASB voted to defer the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods) and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The Company expects to adopt the updated standard in the first quarter of fiscal 2018. The Company has not yet selected a transition method, and is currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

In August 2014, the F ASB issued Accounting Standards Update 2014-15, *Presentation of Financial Statements Going Concern,* on disclosure of uncertainties about an entity's ability to continue as a going concern. This guidance addresses management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. The guidance is effective for fiscal years beginning after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. The Company is still evaluating the impact of this standard on its financial statements.

In February 2016, the FASB issued new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessor accounting, however, remains largely unchanged. In addition, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. The new lease guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted, however, the Company does not intend to early adopt. The Company also believes that adoption of this new guidance will not have a material impact on our financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation (Topic 718) ("ASU 2016-09") to require changes to several areas of employee share-based payment accounting in an effort to simplify share-based reporting. The update revises requirements in the following areas: minimum statutory withholding, accounting for income taxes and forfeitures. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact that the adoption of this guidance may have on the Company's financial statements.

Note 3. Accrued Expenses

At July 31 and April 30, 2016, accrued expenses consisted of:

	July 31, 2016	April 30, 2016
Accrued research expense	$ 301,665	$1,059,099
Accrued compensation	151,866	966,240
Accrued accounting/audit/tax	772,078	59,906
Other accrued expenses	59,609	29,223
	$1,285,218	$2,114,468

Note 4. Commitments and Contingencies

Lease commitments: The following table presents future minimum commitments of the Company due under non-cancelable operating leases with original or remaining terms in excess of one year at July 31, 2016. The Company's operating lease obligations are related to their principal office in the United Kingdom and use of scientific equipment.

Future minimum payments under this lease as of July 31, 2016 are as follows:

Period ended July 31:	
2017	$98,000
	$98,000

Rent expense was $101,155 and $33,028 for the three months ended July 31, 2016 and 2015, respectively, and is reflected in general and administrative expenses and research and development expenses as determined by the underlying activities.

Indemnification: In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves future claims that may be made against the Company but have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations. No amounts associated with such indemnifications have been recorded to date.

Contingencies: From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. There have been no contingent liabilities requiring accrual at July 31, 2016.

As a result of the terms of grant income received in prior years, on successful regulatory approval and following the first commercial sale of certain products, the Company will be required to pay royalty fees of up to $1 million within 90 days of the first commercial sale of the product subject to certain caps and follow on payments depending upon commercial success and type of product. Given the stage of development of the current pipeline of products it is not possible to predict with certainty the quantum or timing of any such liability.

Note 5. Grant Income

Grant income consists of two main agreement types. The first type of agreement is with the Technology Strategy Board (TSB), a United Kingdom government organization. The Company recognizes revenue for reimbursements of research and development costs as the services are performed up to an agreed upon threshold. The Company records these reimbursements as revenue and not as a reduction of research and development expenses, as the Company has the risks and rewards as the principal in the research and development activities. Any services performed and not yet collected upon are shown as a receivable. During the three months ended July 31, 2016 and 2015, revenue recognized through the TSB grant amounted to $724,101 and $518,141, respectively.

The second type of agreement is with the Juvenile Diabetes Research Foundation (JDRF), a non-profit organization. The Company applies the milestone method of accounting to recognize revenue from milestone payments when earned, as evidenced by written acknowledgement from the grantor and other persuasive evidence that the milestone has been achieved and the payment is non-refundable, provided that the milestone event is substantive. A milestone event is defined as an event (i) that can only be achieved based in whole or in part on either the Company's performance or on the occurrence of a specific outcome resulting from the Company's performance; (ii) for which there is substantive uncertainty at the inception of the arrangement that the event will be achieved; and (iii) that would result in additional payments being due to the Company. Events for which the occurrence is either contingent solely upon the passage of time or the result of a counterparty's performance are not considered to be milestone events. A milestone event is substantive if all of the following conditions are met: (i) the consideration is commensurate with either the Company's performance to achieve the milestone, or the enhancement of the value to the delivered item(s) as a result of a specific outcome resulting from the Company's performance to achieve the milestone; (ii) the consideration relates solely to past performance; and (iii) the consideration is reasonable relative to all the deliverables and payment terms (including other potential milestone consideration) within the arrangement.

The Company assesses whether a milestone is substantive at the inception of the arrangement. If a milestone is deemed non-substantive, the Company accounts for that milestone payment in accordance with the multiple element arrangements guidance and recognize revenue consistent with the related units of accounting for the arrangement over the related performance period.

The Company has one contract in process with JDRF as of February 15, 2011 accounted for under the milestone method. Milestones may include, for example, the successful completions of clinical trials, development of certain reports, and different review/approval processes. All milestones under the contract in process were deemed substantive based on the fact that the payments are commensurate with the Company's efforts to achieve the milestone event and the milestones are related to past performance and are non-refundable. During the three months ended July 31, 2016 and 2015, revenue recognized through the achievement of multiple milestones amounted to $206,544 and $307,163, respectively. There are no performance, cancellation, termination or refund provisions in the arrangement that contain material financial consequences to the Company.

The Company evaluates the terms of sponsored research agreement grants and federal grants to assess the Company's obligations and if the Company's obligations are satisfied by the passage of time, revenue is recognized as described above. For grants with refund provisions, the Company reviews the grant to determine the likelihood of repayment. If the likelihood of repayment of the grant is determined to be remote, the grant is recognized as revenue. If the probability of repayment is determined to be more than remote, the Company records the grant as a deferred revenue liability, until such time that the grant requirements have been satisfied.

Note 6. Related Party Transactions

On May 23, 2011, the Company entered into a Sale and Purchase Agreement with Vantia Limited whereby, in return for a consideration of 500,000 Series A Preferred Shares in the Company at a subscription price of $1.61 per share, Vantia Limited transferred certain intellectual property and other business assets to the Company. Certain employees of Vantia Limited were also transferred to the Company as part of this transaction and the two entities share common directors.

On May 23, 2011, the Company entered into a Master Services Agreement with Vantia Limited. The Company continues to pay Vantia Limited for management fees and related expenses per the Master Services Agreement. During the three months ended July 31, 2016 and 2015, the Company expensed $162,316 and $347,423, respectively, for services performed by Vantia Limited. As of July 31 and April 30, 2016, the Company has recorded $36,368 and $127,416, respectively, within current liabilities for amounts due to Vantia Limited.

Note 7. Subsequent Events

On September 26, 2016, a putative stockholder class action complaint was filed in the Superior Court of the State of California in and for the County of Alameda against Carbylan, the members of the board of directors of Carbylan, as well as against KalVista, Wedbush and certain unknown employees of Wedbush (collectively, the “Defendants”), entitled Laidlaw v. Carbylan Therapeutics, Inc., et al., Case No. RG16832665. The complaint alleges that the members of Carbylan’s board of directors and/or Carbylan breached their fiduciary duties of care, good faith, loyalty and/or disclosure in connection with the Share Purchase Agreement, and that KalVista and Wedbush aided and abetted such breaches of fiduciary duties. The complaint seeks to enjoin and/or rescind any transaction with KalVista as well as certain other equitable relief, unspecified damages and attorneys’ fees and costs.

On October 31, 2016, the Superior Court of the State of California in and for the County of Alameda approved a voluntary dismissal of the purported stockholder class action complaint filed in the Court on September 26, 2016 against certain members of the board of directors and certain executives of Carbylan Therapeutics, Inc., as well as against KalVista Pharmaceuticals Ltd., Wedbush Securities Inc. and certain unknown employees of Wedbush, entitled *Laidlaw v. Carbylan Therapeutics, Inc., et al.*, Case No. RG16832665.

On November 21, 2016, the Company merged with Carbylan Therapeutics Inc. (“Carbylan”) in an all-stock transaction whereby Carbylan’s equity holders own 19% and the Company’s equity holders own 81% of the combined company, respectively. As a result, Carbylan issued 8.0 million shares of common stock to the stockholders of the Company in exchange for common shares of KalVista. For accounting purposes, the Company is considered to be acquiring Carbylan in the merger. The Company was determined to be the accounting acquirer based upon the terms of the Merger Agreement and other factors including: (i) KalVista security holders own approximately 81% of the voting interests of the combined company immediately following the closing of the merger; (ii) directors appointed by KalVista will hold a majority of board seats in the combined company; and (iii) KalVista management hold a majority of the key positions in the management of the combined company. As the accounting acquirer, the Company’s assets and liabilities will be recorded at their pre combination carrying amounts and the historical operations that will be reflected in the financial statements will be those of the Company.

KalVista has evaluated subsequent events through August 22, 2016, the date on which the financial statements were originally available to be issued except with respect to earnings per loss disclosure in note 2 and the subsequent events disclosed in this footnote.

Exhibit 99.3

INDEX TO AUDITED KALVISTA FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of KalVista Pharmaceuticals Limited

KalVista Pharmaceuticals Limited
United Kingdom

We have audited the accompanying balance sheets of KalVista Pharmaceuticals Limited (the "Company") at April 30, 2016 and 2015, and the related statements of operations and comprehensive loss, changes in convertible preferred shares and shareholders' deficit, and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at April 30, 2016 and 2015, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's recurring losses from operations and shareholders' deficit raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Deloitte LLP

Reading, United Kingdom

August 22, 2016
(November 23, 2016 as to the basic and diluted
net loss per share included in the statements
of operations and comprehensive loss
and Note 2 and as to the disclosure of subsequent
events included in Note 13)

KalVista Pharmaceuticals Limited

Balance Sheets
April 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	$ 21,764,464	$ 2,526,050
Research and development tax credit receivable	1,883,379	811,131
Grants receivable	355,752	235,410
Prepaid expenses and other current assets	668,224	217,805
Total current assets	24,671,819	3,790,396
Property and equipment, net	73,655	100,347
Total assets	$ 24,745,474	$ 3,890,743
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 1,007,612	$ 685,902
Accrued expenses	2,114,468	1,025,651
Due to related parties	127,416	128,391
Total current liabilities	$ 3,249,496	$ 1,839,944
Commitments and contingencies (Note 10)		
Series B Convertible Preferred Shares, $0.0016 par value, 8,422,898 and nil shares issued and outstanding (liquidation preference of $35,413,766 and $0) at April 30, 2016 and 2015, respectively	33,002,024	—
Series A Convertible Preferred Shares, $0.0016 par value, 15,900,000 shares issued and outstanding (liquidation preference of $32,322,781 and $30,270,372) at April 30, 2016 and 2015, respectively	25,605,759	25,605,759
	58,607,783	25,605,759
Shareholders' deficit:		
Ordinary Shares, $0.0016 par value, 2,167,367 and 1,302,367 shares issued and outstanding at April 30, 2016 and 2015, respectively	3,356	2,055
Additional paid-in capital	212,228	94,539
Accumulated deficit	(37,252,387)	(25,816,224)
Accumulated other comprehensive income	(75,002)	2,164,670
Total shareholders' deficit	(37,111,805)	(23,554,960)
Total liabilities and shareholders' deficit	$ 24,745,474	$ 3,890,743

See notes to financial statements.

KalVista Pharmaceuticals Limited

Statements of Operations and Comprehensive Loss
Years Ended April 30, 2016 and 2015

	2016	2015
Grant income	$ 2,133,456	$ 1,804,354
Operating expenses:		
Research and development expenses	14,661,312	8,285,011
General and administrative expenses	2,653,158	1,607,670
Total operating expenses	17,314,470	9,892,681
Operating loss	(15,181,014)	(8,088,327)
Other income:		
Interest income	49,595	19,042
Foreign currency exchange rate gain	1,661,044	—
Other income	2,034,212	843,834
Total other income	3,744,851	862,876
Net loss before income taxes	(11,436,163)	(7,225,451)
Income tax	—	—
Net loss	(11,436,163)	(7,225,451)
Other comprehensive income:		
Foreign currency translation adjustments	2,239,672	156,634
Comprehensive loss	$ (9,196,491)	$(7,068,817)
Net loss per share attributable to common stockholders, basic and diluted	$ (7.62)	$ (10.17)
Weighted average common shares outstanding, basic and diluted	2,031,113	904,637

See notes to financial statements.

KalVista Pharmaceuticals Limited
Statements of Changes in Convertible Preferred Shares and Shareholders' Deficit
Years Ended April 30, 2016 and 2015

	Series B Preferred Shares		Series A Preferred Shares		Total Preferred Shares
	Number of Shares	Amount	Number of Shares	Amount	
Balance, May 1, 2014	—	—	10,500,000	$16,913,295	$16,913,295
Issuance of Series A convertible preferred shares net of issuance costs of approximately $6,000	—	—	5,400,000	8,692,464	8,692,464
Issuance of ordinary shares	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—
Net loss	—	—	—	—	—
Foreign currency translation	—	—	—	—	—
Balance, April 30, 2015	—	—	15,900,000	25,605,759	25,605,759
Issuance of Series B convertible preferred shares net of issuance costs of approximately $186,000	8,422,898	33,002,024	—	—	33,002,024
Issuance of ordinary shares	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—
Net loss	—	—	—	—	—
Foreign currency translation	—	—	—	—	—
Balance, April 30, 2016	**8,422,898**	**$33,002,024**	**15,900,000**	**$25,605,759**	**$58,607,783**

	Ordinary Shares		Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Deficit
	Number of Shares	Amount				
Balance, May 1, 2014	526,050	$ 842	$ 58,520	$(18,590,773)	$ 2,321,304	$(16,210,107)
Issuance of Series A convertible preferred shares net of issuance costs of approximately $6,000	—	—	—	—	—	—
Issuance of ordinary shares	776,317	1,213	—	—	—	1,213
Share-based compensation expense	—	—	36,019	—	—	36,019
Net loss	—	—	—	(7,225,451)	—	(7,225,451)
Foreign currency translation	—	—	—	—	(156,634)	(156,634)
Balance, April 30, 2015	1,302,367	2,055	94,539	(25,816,224)	2,164,670	(23,554,960)
Issuance of Series B convertible preferred shares net of issuance costs of approximately $186,000	—	—	—	—	—	—
Issuance of ordinary shares	865,000	1,301	—	—	—	1,301
Share-based compensation expense	—	—	117,689	—	—	117,689
Net loss	—	—	—	(11,436,163)	—	(11,436,163)
Foreign currency translation	—	—	—	—	(2,239,672)	(2,239,672)
Balance, April 30, 2016	**2,167,367**	**$3,356**	**$212,228**	**$(37,252,387)**	**$ (75,002)**	**$ (37,111,805)**

See notes to financial statements.

KalVista Pharmaceuticals Limited

Statements of Cash Flows
Years Ended April 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net loss	$(11,436,163)	$(7,225,451)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	33,473	37,681
Amortization expense	—	—
Share-based compensation expense	117,689	36,019
Foreign currency exchange rate gain	(1,661,044)	—
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Research and development tax credit receivable	(1,147,765)	(93,521)
Grants receivable	(136,686)	64,798
Prepaid expenses and other current assets	(475,442)	209,728
Increase (decrease) in:		
Accounts payable	374,481	167,012
Accrued expenses	1,176,508	435,516
Net cash used in operating activities	(13,154,949)	(6,368,218)
Cash flows from investing activities:		
Purchases of property and equipment	(11,471)	(124,633)
Net cash used in investing activities	(11,471)	(124,633)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,301	1,245
Proceeds from issuance of Series A Preferred Stock, net of issuance costs	—	8,661,338
Proceeds from issuance of Series B Preferred Stock, net of issuance costs	33,002,024	—
Net cash provided by financing activities	33,003,325	8,662,583
Effect of exchange rate changes on cash	(598,491)	(124,763)
Net increase in cash and cash equivalents	19,238,414	2,044,969
Cash and cash equivalents, beginning year	2,526,050	481,081
Cash and cash equivalents, end of year	$ 21,764,464	$ 2,526,050
Supplemental disclosures of cash flow information:		
Cash paid for interest expense	$ —	$ —
Cash paid for taxes	$ —	$ —

See notes to financial statements.

KalVista Pharmaceuticals Limited

Notes to Financial Statements

Note 1. Description of Business

KalVista Pharmaceuticals Limited (the "Company" or "KalVista") is a clinical-stage pharmaceutical research company focused on the discovery, development, and commercialization of small molecule serine protease inhibitors as new treatments for diseases with significant unmet need. KalVista is funded by a syndicate of international healthcare investors and is made up of a research and development team skilled in pharmaceutical development. The Company's headquarters is located in Salisbury, UK.

The Company has devoted substantially all of its efforts to research and development, including clinical trials of its product candidates. The Company has not completed the development of any product candidates. The Company is currently loss making with the potential for generating future revenue through corporate partnerships or product sales. The Company is subject to a number of risks and uncertainties similar to those of other life science companies developing new products, including, among others, the risks related to the necessity to obtain adequate additional financing, to successfully develop product candidates, to obtain regulatory approval of product candidates, to comply with government regulations, to successfully commercialize its potential products, to the protection of proprietary technology and to the dependence on key individuals.

The Company has funded its operations primarily through the issuance of preferred stock and grant income. As of April 30, 2016, the Company had an accumulated deficit of $37,252,387 and $21,764,464 of cash and cash equivalents.

The Company will need to expend substantial resources for research and development, including costs associated with the clinical testing of its product candidates and will need to obtain additional financing to fund its operations and to conduct trials for its product candidates. The Company will seek to finance future cash needs through equity offerings, future grants, corporate partnerships and product sales.

The Company has never been profitable and has incurred significant operating losses in each year since inception in 2013. Substantially all of the Company's operating losses resulted from expenses incurred in connection with its research and development programs and from general and administrative costs associated with its operations. As of April 30, 2016, the Company had an accumulated deficit of $37.3 million and net current assets of $21.4 million. The Company's ability to continue operations after its current cash resources are exhausted depends on its ability to obtain additional financing or to achieve profitable operations, as to which no assurances can be given. Cash requirements may vary materially from those now planned because of changes in the Company's focus and direction of its research and development programs, competitive and technical advances, patent developments, regulatory changes or other developments. Additional financing will be required to continue operations after the Company exhausts its current cash resources and to continue its long-term plans for clinical trials and new product development. There can be no assurance that any such financing can be obtained by the Company, or if obtained, what the terms thereof may be, or that any amount that the Company is able to raise will be adequate to support the Company's working capital requirements until it achieves profitable operations.

On November 21, 2016, the Company merged into Carbylan Therapeutics Inc. (see Note 13). These financial statements do not give any effect to the merger. The working capital obtained through the merger is anticipated to fund the Company's operations for at least the next twelve months from the balance sheet date. Accordingly, the financial statements have been prepared on a going concern basis.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

The accompanying financial statements have been prepared assuming the Company will operate as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company's ability to continue as a going concern.

Use of estimates: The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates in the financial statements include accrued expenses and share based compensation.

Revenue recognition: The Company has primarily generated grant income for the development and commercialization of product candidates through sponsored research arrangements with non-profit organizations and from federal research and development grant programs. The Company recognizes revenue when amounts are realized or realizable and earned. Revenue is considered realizable and earned when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price is fixed or determinable; and (4) collection of the amounts due are reasonably assured.

Cash and cash equivalents: Cash and cash equivalents consist of bank deposits and money market accounts. Cash equivalents are carried at cost which approximates fair value due to their short-term nature. The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

The Company maintains its cash and cash equivalent balances with financial institutions that management believes are creditworthy. The Company's cash and cash equivalent accounts at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk of cash and cash equivalents.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred. Upon retirement or sale, the costs of the assets disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which are as follows:

Asset Classification	Estimated Useful Life
Plant and machinery	1-4 Years
Computer equipment	4 Years
Motor vehicles	4 Years

Note 2. Summary of Significant Accounting Policies (Continued)

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets, or asset groups, may not be recoverable. Whenever events or changes in circumstances suggest that the carrying amount of long-lived assets may not be recoverable, the future undiscounted cash flows expected to be generated by the asset, or asset groups, from its use or eventual disposition is estimated. If the sum of the expected future undiscounted cash flows is less than the carrying amount of those assets, or asset groups, an impairment loss is recognized based on the excess of the carrying amount over the fair value of the assets, or asset groups.

Fair value measurement: The Company accounts for fair value measurements in accordance with accounting guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

Level 1: Pricing inputs are quoted prices available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are quoted prices for similar investments, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3: Pricing inputs include unobservable inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability, which are developed based on the best information available.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of cash and cash equivalents, prepaid expenses, receivables, accounts payable, accrued expenses approximate their respective fair values because of the short-term nature of these financial instruments. These financial instruments are considered level 1. As of the years ended April 30, 2016 and April 30, 2015, no level 2 or level 3 investments were held.

Research and development: Research and development costs are charged to expense as incurred and include, but are not limited to:

- Employee-related expenses including salaries, benefits, travel, and share-based compensation expense for research and development personnel;
- Costs associated with preclinical and development activities;
- Costs associated with regulatory operations.

Income taxes: The Company files income tax returns in the United Kingdom through the HM Revenue and Customs jurisdiction ("HMRC"). The Company uses the asset and liability method for accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing

Note 2. Summary of Significant Accounting Policies (Continued)

assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date. The Company evaluates the realizability of its deferred tax assets and establishes a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company has provided a full valuation allowance on its deferred tax assets.

The Company follows FASB ASC 740, *Income Taxes*, relative to accounting for uncertainties in tax positions. Under these provisions, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of April 30, 2016 and 2015, the Company does not have any uncertain tax positions. Tax years 2016 and 2015 remain open to examination by the HMRC. Further, HMRC will be able to open an enquiry under the ‘discovery assessment’ for the 2014 tax year until April 30, 2018. This is if HMRC discovers facts, which were not disclosed or readily inferable from the tax returns or accounts. The Company is not currently under examination by the HMRC or any other jurisdiction for any tax years.

The Company recognizes interest and penalties related to uncertain tax positions, if any, as a component of income tax expense. As the Company has no uncertain tax positions, there were no interest or penalties charges recognized in the statement of operations for both years.

Foreign currency transactions: The Company raises funds in US Dollars and the cash received is translated to British Pounds, the Company’s functional currency, on the date of funding. The funds are held in a money market account denominated in US Dollars. When this cash is exchanged for British Pounds, there is a resulting foreign exchange gain or loss due to the difference between the historical spot rate at the time of funding and the spot rate when the funds are exchanged, which is recorded as a component of other income. At period end, bank accounts denominated in US Dollars are re-measured to British Pounds at the prevailing interest rate, and the resulting gain or loss is included as a component of other income.

Accounting for share-based compensation: The Company accounts for all share-based awards in accordance with FASB ASC 718, *Share-Based Payments*. Share-based compensation is measured at the grant date based on the fair value of the award and recognized over the vesting period on a straight-line basis. See footnote 9 for expanded consideration.

Accounting for equity arrangements: The Company evaluates whether the embedded and freestanding features in its equity instruments meet the definition of a derivative. US GAAP provides three criteria that, if met, require companies to bifurcate embedded derivatives from their host instruments and account for them as freestanding derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instruments are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

Proceeds from financing arrangements are first allocated to freestanding and embedded derivatives required to be recognized at fair value and the residual proceeds are allocated to the debt or equity instrument. Bifurcated derivative instruments are subject to re-measurement at each balance sheet date, and any change in fair value is recognized as a component of other income (expense) in the statement of operations. The Company has not identified any freestanding or embedded derivatives to date.

Note 2. Summary of Significant Accounting Policies (Continued)

Net Loss per Share Attributable to Common Shareholders

The Company reports earnings per share in accordance with ASC 260, which establishes standards for computing and presenting earnings per share. Basic and diluted net income (loss) per share is presented in conformity with the two-class method required for participating securities. Under the two-class method, basic net income (loss) per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the period. Net income (loss) attributable to common shareholders is determined by allocating undistributed earnings between holders of common and convertible preferred shares, based on the contractual dividend rights contained in our preferred share agreement. Diluted net income (loss) per share is computed by dividing net income (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of vested share options or the conversion of Series A and Series B preferred shares.

	April 30,	
	2016	2015
Preferred stock	24,322,898	24,322,898
Stock options	263,270	214,426

In computing diluted earnings per share, common share equivalents are not considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive. As a result, there is no difference between the Company's basic and diluted loss per share for the years ended April 30, 2016 and 2015.

Basic and diluted net loss per share	April 30,	
	2016	2015
Net loss	$(11,436,163)	$(7,225,451)
Less: dividend on Series A	1,918,054	1,977,000
Less: dividend on Series B	2,120,639	—
Loss available to common shareholders for the purpose of calculating basic & diluted EPS	(15,474,856)	(9,202,451)
Weighted average common shares, basic	2,031,113	904,637
Weighted average common shares, diluted	2,031,113	904,637
Net loss per share, basic	$ (7.62)	$ (10.17)
Net loss per share, diluted	$ (7.62)	$ (10.17)

Recently issued accounting pronouncements not yet adopted: In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards update ("ASU") 2014-09, "Revenue from Contracts with Customers," requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in US GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In July 2015, the FASB voted to defer the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods) and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The Company expects to adopt the updated

Note 2. Summary of Significant Accounting Policies (Continued)

standard in the first quarter of fiscal 2018. The Company has not yet selected a transition method, and is currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

In August 2014, the FASB issued Accounting Standards Update 2014-15, *Presentation of Financial Statements—Going Concern*, on disclosure of uncertainties about an entity's ability to continue as a going concern. This guidance addresses management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. The guidance is effective for fiscal years beginning after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. The Company is still evaluating the impact of this standard on its financial statements.

In February 2016, the FASB issued new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessor accounting, however, remains largely unchanged. In addition, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. The new lease guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted, however, the Company does not intend to early adopt. The Company also believes that adoption of this new guidance will not have a material impact on our financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation (Topic 718) ("ASU 2016-09") to require changes to several areas of employee share-based payment accounting in an effort to simplify share-based reporting. The update revises requirements in the following areas: minimum statutory withholding, accounting for income taxes and forfeitures. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact that the adoption of this guidance may have on the Company's financial statements.

KalVista Pharmaceuticals Limited

Notes to Financial Statements

Note 3. Property and Equipment

At April 30, 2016 and 2015, property and equipment consisted of:

	2016	2015
Plant and machinery	$ 358,229	$ 374,910
Computer equipment	58,467	53,317
Motor vehicles	1,461	1,543
	418,157	429,770
Less accumulated depreciation	(344,502)	(329,423)
	$ 73,655	$ 100,347

For the years ended April 30, 2016 and 2015, depreciation expense was $33,473 and $37,681, respectively.

Note 4. Accrued Expenses

At April 30, 2016 and 2015, accrued expenses consisted of:

	2016	2015
Accrued research expense	$1,059,099	$ 349,530
Accrued compensation	966,240	628,293
Accrued accounting/audit/tax	59,906	32,399
Other accrued expenses	29,223	15,429
	$2,114,468	$1,025,651

Note 5. Income Taxes

No provision for income taxes was recorded during the years ended April 30, 2016 and 2015, as the Company incurred operating losses for each of these years.

A reconciliation between the effective tax rates and statutory rates for the years ended April 30, 2016 and 2015 is as follows:

	2016	2015
Computed at UK weighted average statutory rate	20.00%	20.92%
Tax credits	(6.85)	(5.24)
Valuation allowance	(13.15)	(15.68)
	0.00%	0.00%

Note 5. Income Taxes (Continued)

The tax effect of significant temporary differences representing deferred tax assets and liabilities as of April 30, 2016 and 2015 is as follows:

	2016	2015
Net operating loss ("NOL") and credit carryforwards	$ 2,755,535	$ 2,310,003
Other	89,992	46,827
Valuation allowance	(2,845,527)	(2,356,830)
Net deferred tax asset	$ —	$ —

As required by ASC 740, *Income Taxes*, management of the Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets, which are comprised principally of NOL carryforwards. As a result of the fact that the Company has incurred tax losses from inception, management has determined that it is more likely than not that the Company will not recognize the benefits of net deferred tax assets and, as a result, a full valuation allowance has been established against its net deferred tax assets as of April 30, 2016 and 2015. During the years ended April 30, 2016 and 2015, the valuation allowance changed by $449,937 and $497,909, respectively. Realization of deferred tax assets is dependent upon the generation of future taxable income. As of April 30, 2016, the Company had NOL carryforwards for income tax purposes of approximately $14.2 million that do not expire, available to reduce future income taxes, if any.

Note 6. Related Party Transactions

On May 23, 2011, the Company entered into a Sale and Purchase Agreement with Vantia Limited whereby, in return for a consideration of 500,000 Series A Preferred Shares in the Company at a subscription price of $1.61 per share, Vantia Limited transferred certain intellectual property and other business assets to the Company. Certain employees of Vantia Limited were also transferred to the Company as part of this transaction and the two entities share common directors.

On May 23, 2011, the Company entered into a Master Services Agreement with Vantia Limited. The Company continues to pay Vantia Limited for management fees and related expenses per the Master Services Agreement. During the years ended April 30, 2016 and 2015, the Company expensed $1,009,130 and $1,205,752 for services performed by Vantia Limited. As of April 30, 2016 and 2015, the Company has recorded $127,416 and $128,391 within current liabilities for amounts due to Vantia Limited.

For the year ended April 30, 2016, one of the Company's directors, Richard Aldrich, was reimbursed for travel expenses amounting to $8,647.

Note 7. Preferred and Ordinary Capital

The Company has three classes of shares: Series B Convertible Preferred, Series A Convertible Preferred, and Ordinary, all of which have a par value of $0.0016. The ordinary shares are classified in equity. The Series A and Series B are classified as mezzanine equity. As the settlement upon a listing of the Company's ordinary shares on a recognized investment exchange is not yet probable, no accretion is currently required. Thus, no accretion to the redemption value, nor dividends will be made until the listing is probable in accordance with ASC 480-10-S99-3A. The Company continues to re-assess the probability on an annual basis.

Note 7. Preferred and Ordinary Capital (Continued)

The rights and privileges of the Company's Shares are as follows:

Voting: Holders of all classes of shares are entitled to vote on all matters and each share, regardless of the class, is equal to 1 vote.

Dividends: A cumulative fixed rate dividend (8% non-compounding) shall accrue on each Series A and Series B Convertible Preferred Share from the date of issuance until the first to occur of a Liquidation Event or a Qualified Public Offering. Dividends are payable when and if declared by the Company's Board of Directors. As of April 30, 2016 and 2015, cumulative preferred dividends are $8,937,083 and $4,658,811, respectively. The Series A and Series B Convertible Preferred Shares participate pari-passu with the ordinary shares in any dividends on an as converted basis.

Liquidation rights: In certain events, including the liquidation, dissolution, or winding-up of the Company and deemed liquidation events (a change in control or a listing), before any distribution of payments is made to Ordinary shareholders, Convertible Preferred shareholders are entitled to receive their liquidation preference (original issue price plus the cumulative 8% preferred dividends, whether or not declared) with Series B having preference over Series A.

If the assets to be distributed are not sufficient to satisfy the Series B liquidation preference in full, the available assets will be distributed to the holders of Series B on a pro-rata basis. If the assets to be distributed are not sufficient to satisfy the Series A liquidation preference in full, the available assets will be distributed to the holders of Series A on a pro-rata basis.

To the extent that assets remain after all preferential payments have been made, the holders of the Series B, Series A and Ordinary Shares then outstanding are entitled to receive the remaining assets pro rata based upon the number of shares of Ordinary Shares which they hold and which they have the right to acquire upon conversion of the shares of Series B and Series A Convertible Preferred Stock held by such holder.

Conversion: Series B and Series A are convertible into Ordinary Shares on a 1 to 1 basis. The Conversion Price is subject to certain adjustments for certain anti-dilutive events, such as stock splits. Conversion is mandatory upon a Qualified Public Offering as defined in the articles of association or upon election by the Investor Majority. Otherwise conversion is at the election of the individual holder.

The Series B holders also have the right to receive additional shares in the event that another round of Series B is sold at a price less than the Conversion Price in effect immediately prior to such issue. However, if the existing Series B holders do not fully participate in the subsequent round, they are not entitled to the additional shares and their shares are immediately converted to Ordinary on a 1 to 1 basis.

In determining the appropriate classification for the conversion and redemption features of the Series B and Series A, the Company determined that these features do not require bifurcation, and as a result are not considered a derivative under the provisions of FASB ASC Topic 815, *Derivatives and Hedging*.

Note 8. Grant Income

Grant income consists of two main agreement types. The first type of agreement is with the Technology Strategy Board (TSB), a United Kingdom government organization. The Company recognizes revenue for reimbursements of research and development costs as the services are performed up to an agreed upon threshold. The Company records these reimbursements as revenue and not as a reduction of research and development expenses, as the Company has the risks and rewards as the principal in the research and development activities. Any services performed and not yet collected upon are shown as a receivable. During the years ended April 30, 2016 and 2015, revenue recognized through the TSB grant amounted to $1,844,914 and $1,511,739, respectively.

The second type of agreement is with the Juvenile Diabetes Research Foundation (JDRF), a non-profit organization. The Company applies the milestone method of accounting to recognize revenue from milestone payments when earned, as evidenced by written acknowledgement from the grantor and other persuasive evidence that the milestone has been achieved and the payment is non-refundable, provided that the milestone event is substantive. A milestone event is defined as an event (i) that can only be achieved based in whole or in part on either the Company's performance or on the occurrence of a specific outcome resulting from the Company's performance; (ii) for which there is substantive uncertainty at the inception of the arrangement that the event will be achieved; and (iii) that would result in additional payments being due to the Company. Events for which the occurrence is either contingent solely upon the passage of time or the result of a counterparty's performance are not considered to be milestone events. A milestone event is substantive if all of the following conditions are met: (i) the consideration is commensurate with either the Company's performance to achieve the milestone, or the enhancement of the value to the delivered item(s) as a result of a specific outcome resulting from the Company's performance to achieve the milestone; (ii) the consideration relates solely to past performance; and (iii) the consideration is reasonable relative to all the deliverables and payment terms (including other potential milestone consideration) within the arrangement.

The Company assesses whether a milestone is substantive at the inception of the arrangement. If a milestone is deemed non-substantive, the Company accounts for that milestone payment in accordance with the multiple element arrangements guidance and recognize revenue consistent with the related units of accounting for the arrangement over the related performance period.

The Company has one contract in process with JDRF as of February 15, 2011 accounted for under the milestone method. Milestones may include, for example, the successful completions of clinical trials, development of certain reports, and different review/approval processes. All milestones under the contract in process were deemed substantive based on the fact that the payments are commensurate with the Company's efforts to achieve the milestone event and the milestones are related to past performance and are non-refundable. During the years ended April 30, 2016 and 2015, revenue recognized through the achievement of multiple milestones amounted to $288,542 and $292,615, respectively. There are no performance, cancellation, termination or refund provisions in the arrangement that contain material financial consequences to the Company.

The Company evaluates the terms of sponsored research agreement grants and federal grants to assess the Company's obligations and if the Company's obligations are satisfied by the passage of time, revenue is recognized as described above. For grants with refund provisions, the Company reviews the grant to determine the likelihood of repayment. If the likelihood of repayment of the grant is determined to be remote, the grant is recognized as revenue. If the probability of repayment is determined to be more than remote, the Company records the grant as a deferred revenue liability, until such time that the grant requirements have been satisfied.

Note 9. Share-Based Compensation

On July 26, 2011, the Company's Board of Directors adopted the Enterprise Management Incentives (EMI) Scheme (the "Scheme") which authorized the Company to issue options to purchase ordinary shares to eligible employees. The purpose of the Scheme is to provide an incentive to recruit and retain employees and consultants. The Scheme terminates ten years from the commencement date.

As of April 30, 2016, the Company has reserved 2,963,238 shares for issuance pursuant to the Scheme, of which 972,677 shares remain available for grant. The shares are reserved for option grants to employees or offer shares for purchase to non-employees. The Company has issued 855,790 options and 874,771 shares pursuant to the Scheme as of April 30, 2016.

Options generally 25% cliff vest and then ratably vest on a monthly basis over three years and generally expire in ten years. Upon an Exit (defined as a Sale, Takeover, or a Listing), all unvested options are immediately fully vested. An option may only be exercised while the holder is an employee of the Company.

There were 9,337 options granted outside of the Scheme, referred to as unapproved options.

The Company recognizes share-based compensation expense over the requisite service period based on the grant date fair value of the award. The Company has elected to use the Black-Scholes option pricing model to determine the fair value of awards granted. The determination of the fair value of share-based awards utilizing the Black-Scholes model is affected by the share price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The fair value of the common stock has been determined by the Company at each measurement date based on a variety of different factors, including the results obtained from independent third-party appraisals, the Company's financial position and historical financial performance, the status of development of the Company's services, the current climate in the marketplace, the illiquid nature of the common stock, the effect of the rights and preferences of the preferred stockholders, and the prospects of a liquidity event, among others. The Company does not have a history of market prices of its ownership interests as it is not a public company, and as such, volatility is estimated using historical volatilities of similar public entities. The expected life of the awards is estimated based on the simplified method. The risk-free interest rate assumption is based on observed interest rates appropriate for the terms of the awards. The dividend yield assumption is based on history and expectation of paying no dividends. The Company elected not to apply a forfeiture rate given the lack of forfeitures since inception of the Scheme. As forfeitures occur, the Company will adjust the compensation expense accordingly.

The fair value of the share-based awards was measured with the following weighted - average assumptions for the years ended April 30:

	2016	2015
Risk-free interest rate	1.38%	1.84%
Expected life of the options	6.25 years	6.25 years
Expected volatility of the underlying stock	80.9%	85.1%
Expected dividend rate	0%	0%

For the years ended April 30, 2016 and 2015, the Company recognized share-based compensation expense of $117,689 and $36,019, respectively, in connection with all share-based awards.

Note 9. Share-Based Compensation (Continued)

A summary of option activity as of April 30, 2016 and 2015 and changes during the years then ended is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at April 30, 2014	190,220	$ .0133	5.44	—
Granted	153,018	.0016	—	—
Outstanding at April 30, 2015	343,238	.0081	6.83	—
Granted	512,552	.0014	—	—
Outstanding at April 30, 2016	855,790	.0039	8.68	—
Exercisable at April 30, 2016	263,541	$ .0094	6.31	—
Vested and expected to vest at April 30, 2016	855,790	$ .0039	8.68	—

The weighted-average grant date fair value of stock options granted during the years ended April 30, 2016 and 2015 was $0.41 and $0.42, respectively. There have been no option exercises since the inception of the Scheme.

As of April 30, 2016, there was $149,981 of unrecognized compensation expense related to non-vested awards, which is expected to be recognized over a weighted-average period of 1.60 years.

Note 10. Commitments and Contingencies

Lease commitments: The following table presents future minimum commitments of the Company due under non-cancelable operating leases with original or remaining terms in excess of one year at April 30, 2016. The Company's operating lease obligations are related to their principal office in the United Kingdom and use of scientific equipment.

Future minimum payments under this lease as of April 30, 2016 are as follows:

Year ended April 30:	
2017	$98,155
	$98,155

Rent expense was $122,047 and $139,287 for the years ended April 30, 2016 and 2015, respectively, and is reflected in general and administrative expenses and research and development expenses as determined by the underlying activities.

Indemnification: In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves future claims that may be made against the Company but have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations. No amounts associated with such indemnifications have been recorded to date.

Note 10. Commitments and Contingencies (Continued)

Contingencies: From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. There have been no contingent liabilities requiring accrual at April 30, 2016.

As a result of the terms of grant income received in prior years, on successful regulatory approval and following the first commercial sale of certain products, the Company will be required to pay royalty fees of up to £1 million within 90 days of the first commercial sale of the product subject to certain caps and follow on payments depending upon commercial success and type of product. Given the stage of development of the current pipeline of products it is not possible to predict with certainty the quantum or timing of any such liability.

Note 11. Defined Contribution Plans

Participation in a Personal Pension Plan is available to all employees on commencement of their employment with KalVista Pharmaceuticals Limited. The plan is non-contributory and employer contributions are made in accordance with the terms and conditions of the employment contract. Employees may contribute in accordance with the prevailing statutory limitations. Total employer contributions for the years ended April 30, 2016 and 2015 were $70,523 and $65,734 respectively.

Note 12. Other Income

As of April 30, 2016 and 2015, the Company had research and development tax credits totaling $2,034,212 and $843,834, respectively. This tax credit is related to a tax scheme for small and medium enterprises (“SME scheme”) as well as the R&D expenditure credit system (“RDEC”). Per the scheme, the Company is able to surrender losses in exchange for cash credit in proportion to the Company’s R&D expenditure for the year. This amount was included in other income, as it is a refundable credit that does not depend on the entity’s ongoing tax status or position.

Note 13. Subsequent Events

On June 15, 2016, the Company entered into a Share Purchase Agreement pursuant to which it will merge with Carbylan Therapeutics Inc. (”Carbylan”) in an all-stock transaction whereby Carbylan equity holders will own approximately 19% and the Company’s equity holders will own approximately 81% of the combined company, respectively. The Company’s Series A and Series B preferred shares will automatically convert into ordinary shares immediately prior to the closing on a 1 to 1 basis and this conversion will not include additional ordinary shares in respect of the cumulative preferred dividends which have been waived by the preferred shareholders for the purposes of the merger.

On September 26, 2016, a purported stockholder class action complaint was filed in the Superior Court of the State of California in and for the County of Alameda against Carbylan, the members of the board of directors of Carbylan, as well as against KalVista, Wedbush and certain unknown employees of Wedbush (collectively, the “Defendants”), entitled Laidlaw v. Carbylan Therapeutics, Inc., et al., Case No. RG16832665. The complaint alleges that the members of Carbylan’s board of directors and/or Carbylan breached their fiduciary duties of care, good faith, loyalty and/or disclosure in connection with the Share Purchase Agreement, and that KalVista and Wedbush aided and abetted such breaches of fiduciary duties. The complaint seeks to enjoin and/or rescind any transaction with KalVista as well as certain other equitable relief, unspecified damages and attorneys’ fees and costs.

On October 31, 2016, the Superior Court of the State of California in and for the County of Alameda approved a voluntary dismissal of the purported stockholder class action complaint filed in the Court on

Note 13. Subsequent Events (Continued)

September 26, 2016 against certain members of the board of directors and certain executives of Carbylan Therapeutics, Inc., as well as against KalVista Pharmaceuticals Ltd., Wedbush Securities Inc. and certain unknown employees of Wedbush, entitled *Laidlaw v. Carbylan Therapeutics, Inc., et al.*, Case No. RG16832665.

On November 21, 2016, the Company merged with Carbylan Therapeutics Inc. (“Carbylan”) in an all-stock transaction whereby Carbylan’s equity holders own 19% and the Company’s equity holders own 81% of the combined company, respectively. As a result, Carbylan issued 8.0 million shares of common stock to the stockholders of the Company in exchange for common shares of KalVista. For accounting purposes, the Company is considered to be acquiring Carbylan in the merger. The Company was determined to be the accounting acquirer based upon the terms of the Merger Agreement and other factors including: (i) KalVista security holders own approximately 81% of the voting interests of the combined company immediately following the closing of the merger; (ii) directors appointed by KalVista will hold a majority of board seats in the combined company; and (iii) KalVista management hold a majority of the key positions in the management of the combined company. As the accounting acquirer, the Company’s assets and liabilities will be recorded at their pre combination carrying amounts and the historical operations that will be reflected in the financial statements will be those of the Company.

KalVista has evaluated subsequent events through August 22, 2016, the date on which the financial statements were originally available to be issued except with respect to earnings per loss disclosure in note 2 and the subsequent events disclosed in this footnote.