

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

**FORM S-8  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**KALVISTA PHARMACEUTICALS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**20-0915291**  
(I.R.S. Employer  
Identification No.)

**One Kendall Square  
Bld 200, Ste 2203  
Cambridge, MA 02139**  
(Address of Principal Executive Offices) (Zip Code)

**Options to purchase stock granted under the KalVista Pharmaceuticals Ltd Enterprise Management Incentive Scheme and assumed by the  
Registrant and Non-Plan Inducement Options**  
(Full Title of the Plans)

**Thomas Andrew Crockett  
Chief Executive Officer  
KalVista Pharmaceuticals, Inc.  
One Kendall Square  
Bld 200, Ste 2203  
Cambridge, MA 02139**  
(Name and Address of Agent For Service)

**(857) 999-0075**  
(Telephone Number, including area code, of agent for service)

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

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

**CALCULATION OF REGISTRATION FEE**

Title of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
In respect of assumed stock options: Common Stock, \$0.001 par value per share (2)	212,162	\$0.0074 (3)	\$1,570.00 (3)	\$0.18 (3)
Non-Plan Inducement Stock Options	20,055 (4)	\$10.21 (5)	\$204,761.55 (5)	\$23.73 (5)
<b>TOTAL</b>	232,217	N/A	\$206,331.55	\$23.91

- (1) This Registration Statement shall also cover any additional shares of the Registrant's common stock that become issuable in respect of the securities identified in the above table by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the Registrant's receipt of consideration which results in an increase in the number of the outstanding shares of the Registrant's common stock.
- (2) Represents shares subject to issuance upon the exercise of stock options outstanding under the KalVista Pharmaceuticals Ltd Enterprise Management

Incentive Scheme, and assumed by the Registrant on November 21, 2016 pursuant to a Share Purchase Agreement by and among the Registrant, KalVista Pharmaceuticals, Inc., formerly known as “Carbylan Therapeutics, Inc.,” KalVista Pharmaceuticals Ltd., the shareholders of KalVista Pharmaceuticals Ltd. and the Seller Representative, dated as of June 15, 2016.

- (3) Calculated solely for the purposes of this offering under Rule 457(h) of the Securities Act of 1933, as amended, on the basis of the weighted average exercise price of the outstanding options.
  - (4) Represents shares of the Registrant’s common stock issuable pursuant to a Non-Plan Inducement Stock Options.
  - (5) Such shares are issuable upon exercise of an outstanding option with a fixed exercise price. Pursuant to Rule 457(h) of the Securities Act, the aggregate offering price and the fee have been computed upon the basis of the price at which the option may be exercised, which was the closing price of a share of Registrant’s common stock on the date of grant of such option as reported on The NASDAQ Stock Market on November 29, 2016.
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**PART II**

**Information Required in the Registration Statement**

**Item 3. Incorporation of Documents by Reference.**

KalVista Pharmaceuticals, Inc. (the “Registrant”) hereby incorporates by reference into this Registration Statement the following documents previously filed with the Securities and Exchange Commission (the “Commission”):

- (a) The Registrant’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the Commission on March 30, 2016 pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- (b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Registrant’s Annual Report referred to in (a) above; and
- (c) The description of the Registrant’s Common Stock contained in the Registrant’s Registration Statement on Form 8-A (No. 001-36830) filed with the Commission on February 2, 2015, and including any other amendments or reports filed for the purpose of updating such description.

All reports and definitive proxy or information statements filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the filing of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which de-registers all securities then remaining unsold shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing such documents, except as to specific sections of such statements as set forth therein. Unless expressly incorporated into this Registration Statement, a report furnished on Form 8-K prior or subsequent to the date hereof shall not be incorporated by reference into this Registration Statement. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement.

**Item 4. Description of Securities.**

Not applicable.

**Item 5. Interests of Named Experts and Counsel.**

Not applicable.

**Item 6. Indemnification of Directors and Officers.**

Section 102 of the Delaware General Corporation Law permits a corporation to eliminate the personal liability of its directors or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. The Registrant’s Amended and Restated Certificate of Incorporation provides that no director shall be personally liable to them or their stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the Delaware General Corporation Law prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

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Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she is or is threatened to be made a party by reason of such position, if such person 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 corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

The Registrant's Amended and Restated Certificate of Incorporation provides that the Registrant will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Registrant) by reason of the fact that he or she is or was, or has agreed to become, the Registrant's director or officer, or is or was serving, or has agreed to serve, at the Registrant's request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the Registrant's best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. The Registrant's Amended and Restated Certificate of Incorporation also provides that the Registrant will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of the Registrant to procure a judgment in the Registrant's favor by reason of the fact that the Indemnitee is or was, or has agreed to become, the Registrant's director or officer, or is or was serving, or has agreed to serve, at the Registrant's request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the Registrant's best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the Registrant, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses.

Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by the Registrant against all expenses (including attorneys' fees) actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If Registrant does not assume the defense, expenses must be advanced to an Indemnitee under certain circumstances.

The Registrant has entered into indemnification agreements with the Registrant's directors and executive officers. In general, these agreements provide that the Registrant will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as a director or officer of the Registrant's company or in connection with their service at the Registrant's request for another corporation or entity. The Registrant maintain a general liability insurance policy which covers certain liabilities of the Registrant's directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers.

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### **Item 7. Exemption from Registration Claimed.**

Not applicable.

### **Item 8. Exhibits.**

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
4.1	Registrant's Amended and Restated Certificate of Incorporation.	S-1/A	333-201278	3.2	January 23, 2015	
4.2	Certificate of Amendment of Registrant's Amended and Restated Certificate of Incorporation.	8-K	001-36830	3.1	November 23, 2016	
4.3	Certificate of Amendment of Registrant's Amended and Restated Certificate of Incorporation.	8-K	001-36830	3.2	November 23, 2016	
4.4	Registrant's Amended and Restated Bylaws.	S-1/A	333-201278	3.4	January 23, 2015	
5.1	Opinion and Consent of Fenwick & West LLP.					X
23.1	Consent of Deloitte LLP.					X
23.2	Consent of PricewaterhouseCoopers LLP.					X
23.3	Consent of Fenwick & West LLP (contained in Exhibit 5.1).					X
24	Power of Attorney (incorporated by reference to Page II-4 of this Registration Statement).					X
99.1	KalVista Pharmaceuticals Ltd Enterprise Management Incentive Scheme.					X
99.2	Form of KalVista Pharmaceuticals Ltd Stock Option Agreement.					X
99.3	Inducement Stock Option Agreement.					X

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### **Item 9. Undertakings.**

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the “Securities Act”);
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and
  - (iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

*provided, however*, that paragraphs (1)(i), (1)(ii) and (1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are incorporated by reference in this registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of this registration statement.

- (2) That, for the purposes of determining any liability under the Securities Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial *bona fide* offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant’s annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the indemnification provisions described herein, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cambridge, State of Massachusetts, on December 20, 2016.

**KALVISTA PHARMACEUTICALS, INC.**

By: /s/ Thomas Andrew Crockett  
Thomas Andrew Crockett,  
Chief Executive Officer

**POWER OF ATTORNEY**

**KNOW ALL PERSONS BY THESE PRESENTS**, that each person whose signature appears below does hereby constitute and appoint Thomas Andrew Crockett and Benjamin L. Palleiko, and each of them, with full power of substitution, such person's true and lawful attorneys-in-fact and agents for such person, with full power and authority to do any and all acts and things and to execute any and all instruments which said attorneys and agents, and any one of them, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to this Registration Statement, to any and all amendments, both pre-effective and post-effective, and supplements to this Registration Statement, and to any and all instruments or documents filed as part of or in conjunction with this Registration Statement or amendments or supplements thereof, and each of the undersigned hereby ratifies and confirms that all said attorneys and agents, or any one of them, shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Thomas Andrew Crockett</u> Thomas Andrew Crockett	Chief Executive Officer and Director (Principal Executive Officer)	December 20, 2016
<u>/s/ Benjamin L. Palleiko</u> Benjamin L. Palleiko	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	December 20, 2016
<u>/s/ Rajeev Shah</u> Rajeev Shah	Director	December 20, 2016



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<u>/s/ Joshua Resnick</u> Joshua Resnick, M.D.	Director	December 20, 2016
<u>/s/ Richard Aldrich</u> Richard Aldrich	Director	December 20, 2016
<u>/s/ Edward W. Unkart</u> Edward W. Unkart	Director	December 20, 2016
<u>/s/ Albert Cha</u> Albert Cha, M.D., Ph.D.	Director	December 20, 2016
<u>/s/ Arnold L. Oronsky</u> Arnold L. Oronsky, Ph.D.	Director	December 20, 2016

**EXHIBIT INDEX**

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>	<b><u>Incorporated by Reference</u></b>				<b><u>Filed Herewith</u></b>
		<b><u>Form</u></b>	<b><u>File No.</u></b>	<b><u>Exhibit</u></b>	<b><u>Filing Date</u></b>	
4.1	Registrants Amended and Restated Certificate of Incorporation.	S-1/A	333-201278	3.2	January 23, 2015	
4.2	Certificate of Amendment of Registrant's Amended and Restated Certificate of Incorporation.	8-K	001-36830	3.1	November 23, 2016	
4.3	Certificate of Amendment of Registrant's Amended and Restated Certificate of Incorporation.	8-K	001-36830	3.2	November 23, 2016	
4.4	Amended and Restated Bylaws of KalVista Pharmaceuticals, Inc., as currently in effect.	S-1/A	333-201278	3.4	January 23, 2015	
5.1	Opinion and Consent of Fenwick & West LLP.					X
23.1	Consent of Deloitte LLP.					X
23.2	Consent of PricewaterhouseCoopers LLP.					X
23.3	Consent of Fenwick & West LLP (contained in Exhibit 5.1).					X
24	Power of Attorney (incorporated by reference to Page II-4 of this Registration Statement).					X
99.1	KalVista Pharmaceuticals Ltd Enterprise Management Incentive Scheme.					X
99.2	Form of KalVista Pharmaceuticals Ltd Stock Option Agreement.					X
99.3	Inducement Stock Option Agreement.					X



SILICON VALLEY CENTER 801 CALIFORNIA STREET MOUNTAIN VIEW, CA 94041  
TEL 650.988.8500 FAX 650.938.5200 WWW.FENWICK.COM

December 20, 2016

KalVista Pharmaceuticals, Inc.  
One Kendall Square  
Bld 200, Ste 2203  
Cambridge, MA 02139

Ladies and Gentlemen:

At your request, we have examined the Registration Statement on Form S-8 to be filed by KalVista Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), with the Securities and Exchange Commission (the "**Commission**") on or about December 20, 2016 (the "**Registration Statement**") in connection with the registration under the Securities Act of 1933, as amended, of (i) an aggregate of 212,162 shares (the "**Plan Shares**") of the Company's Common Stock, \$0.001 par value per share (the "**Common Stock**"), subject to issuance by the Company upon the exercise of options granted under the Enterprise Management Incentive Scheme (the "**Target Plan**") of KalVista Pharmaceuticals Ltd., a private company limited by shares incorporated and registered in England and Wales ("**KalVista Ltd.**"), and converted into options assumed by the Company in accordance with the terms of a Share Purchase Agreement dated as of June 15, 2016, by and among the Company, KalVista Ltd., the shareholders of KalVista Ltd. and the Seller Representative (as defined therein) (the "**Purchase Agreement**") and (ii) an aggregate of 20,055 shares (the "**Inducement Shares**" collectively with the Plan Shares, the "**Shares**") of the Common Stock that are subject to issuance by the Company upon the exercise of stock options granted to Edward P. Feener, Ph.D. as a material inducement to accept his employment with the Company (the "**Inducement Grant**"). At your request we are providing this letter, to express our opinion on the matters set forth in the numbered paragraphs below.

In rendering this opinion, we have examined such matters of fact as we have deemed necessary in order to render the opinions set forth herein, which included examination of the documents described on Exhibit A attached hereto (which is incorporated in this letter by reference). Capitalized terms used but not defined in the body of this letter have the meanings given to such terms on Exhibit A hereto. In giving the opinions contained in this letter, we have assumed the current accuracy of the representations and warranties made by representatives of the Company to us, including but not limited to those set forth in the Opinion Certificate. Further, to the extent that the Company issues any uncertificated capital stock, we have assumed that any issued Shares will not be reissued by the Company in uncertificated form until any previously issued stock certificate representing such issued Shares has been surrendered to the Company in accordance with Section 158 of the Delaware General Corporation Law and that the Company will properly register any transfer of the Shares from certificated to uncertificated form to the holders of such Shares on the Company's record of uncertificated securities.

We render this opinion only with respect to, and we express no opinion herein concerning the application or effect of the laws of any jurisdiction other than, the existing laws of the State of California and the existing Delaware General Corporation Law. We express no opinion with respect to any other laws or with respect to the "blue sky" securities laws of any state.

In our examination of documents for purposes of this opinion, we have relied on the accuracy of representations to us by officers of the Company with respect to, and express no opinion as to, the genuineness of all signatures on original documents by the Company and we have assumed and express no opinion as to, the genuineness of all signatures on original documents by any parties other than the Company. We have also assumed the authenticity and completeness of all documents submitted to us as originals, the conformity to originals and completeness of all documents submitted to us as copies, the legal capacity of all persons or entities executing the same, and the lack of any undisclosed termination, modification, waiver or amendment to any document reviewed by us. We have also assumed that there has been no amendment to, or revocation of, any corporate proceedings of the Board of Directors, Compensation Committee of the Board or stockholders of the Company referenced in this letter or in Exhibit A hereto.

In connection with our opinion expressed in paragraph (1) and (2) below, we have assumed that (i) at or prior to the time of the delivery of any Shares, the Registration Statement will have been declared effective under the Securities Act of 1933, as amended, the registration will apply to all the Shares and will not have been modified or rescinded and (ii) the absence of any future amendment to the Company's Amended and Restated Certificate of Incorporation that would make the Common Stock assessable.

Based upon, and subject to, the foregoing, it is our opinion that:

1. The 212,162 Plan Shares that may be issued and sold by the Company upon the exercise of options granted under the applicable Target Plan and converted into options assumed by the Company in accordance with the terms of the Purchase Agreement, when issued, sold and delivered by the Company in accordance with the applicable Target Plan and the Plan Agreement and in the manner and for the consideration stated in the Registration Statement and the relevant Prospectus, will be validly issued, nonassessable and, to our knowledge, fully paid.

2. The 20,055 Inducement Shares that may be issued and sold by the Company upon the exercise of options granted pursuant to the Inducement Grant, when issued, sold and delivered in accordance with the applicable stock option award agreement and in the manner and for the consideration stated in the Registration Statement and the relevant Prospectus, will be validly issued, nonassessable and, to our knowledge, fully paid.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to all references to us, if any, in the Registration Statement, the Prospectus constituting a part thereof and any amendments thereto. This opinion is intended solely for use in connection with issuance and sale of the Shares subject to the Registration Statement and is not to be relied upon for any other purpose. In providing this letter, we are opining only as to the specific legal issues expressly set forth above, and no opinion shall be inferred as to any other matter or matters. This opinion is rendered on, and speaks only as of, the date of this letter first written above, is based solely on our understanding of facts in existence as of such date and does not address any potential changes in facts, circumstance or law that may occur after the date of this opinion letter. We assume no obligation to advise you of any fact, circumstance, event or change in the law or the facts that may hereafter be brought to our attention, whether or not such occurrence would affect or modify any of the opinions expressed herein.

Sincerely,

/s/ FENWICK & WEST LLP

EXHIBIT A

To Legal Opinion Regarding S-8 Registration Statement of  
KalVista Pharmaceuticals, Inc., a Delaware corporation (the “Company”)

Certain Reviewed Documents

Capitalized terms used but not defined in this Exhibit A have the meanings defined for such terms in the opinion letter to which this Exhibit A is attached.

1. The Company’s Amended and Restated Certificate of Incorporation, as amended, certified by the Delaware Secretary of State on December 14, 2016 (the “**Charter**”).
2. The Company’s Amended and Restated Bylaws, which have been certified to us by the Company in the Opinion Certificate to be currently in effect and unmodified as of the date hereof (the “**Bylaws**” and collectively with the Charter, the “**Charter Documents**”).
3. The Registration Statement, together with the Exhibits filed as a part thereof or incorporated therein by reference.
4. The prospectus prepared for use pursuant to the Registration Statement (the “**Prospectuses**”).
5. An Opinion Certificate of the Company addressed to us and dated the date of this letter containing certain factual representations (the “**Opinion Certificate**”).
6. Verification by the Company in the Opinion Certificate, of (i) the issued and outstanding options, warrants and rights to purchase or otherwise acquire from the Company capital stock of the Company as of the date of the Opinion Certificate, and (ii) any additional shares of capital stock reserved for future issuance in connection with the Target Plan and all other plans, agreements or rights to acquire capital stock of the Company as of the date of the Opinion Certificate.
7. A Certificate of Good Standing dated December 14, 2016 issued by the Delaware Secretary of State stating that the Company is duly incorporated, in good standing and has a legal corporate existence as of such date.
8. The Target Plan and the related form of agreement used by the Company under the Target Plan which have been filed as exhibits to the Registration Statement (the “**Plan Agreements**”).
9. The applicable stock option award agreement used by the Company in connection with the Inducement Grant which has been filed as an exhibit to the Registration Statement (the “**Inducement Stock Option Agreement**”).
10. Copies of corporate proceedings of the Company’s Board of Directors (the “**Board**”), the Compensation Committee of the Board or the Company’s stockholders relating to approval of the Charter Documents, the Target Plan, the Plan Agreement, the Inducement Grant, the Inducement Stock Option Agreement, the filing of the Registration Statement, the reservation of the Shares for sale and issuance pursuant to the Target Plan and the Inducement Grant, and the sale and issuance of the Shares pursuant to, the Target Plan and the Inducement Grant.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Registration Statement on Form S-8 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 Limited (which expresses an unqualified opinion and includes an explanatory paragraph related to KalVista Pharmaceuticals Limited's ability to continue as a going concern) appearing in the Current Report on Form 8-K of KalVista Pharmaceuticals, Inc. dated November 21, 2016.

/s/ DELOITTE LLP

Reading, United Kingdom  
December 20, 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of KalVista Pharmaceuticals, Inc. of our report dated March 30, 2016 relating to the financial statements, which appears in Carbylan Therapeutics, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015.

/s/ PricewaterhouseCoopers LLP

San Jose, California

December 20, 2016



KALVISTA PHARMACEUTICALS LIMITED (COMPANY NO. 7543947)

ENTERPRISE MANAGEMENT INCENTIVES SCHEME

RULES

ADOPTED BY THE DIRECTORS ON 26<sup>TH</sup> JULY 2011

AMENDED BY THE DIRECTORS ON 30<sup>TH</sup> SEPTEMBER 2016

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**RULES OF THE KALVISTA PHARMACEUTICALS LIMITED  
ENTERPRISE MANAGEMENT INCENTIVES SCHEME**

**1. DEFINITIONS**

1.1 In this Scheme, except where the context otherwise requires, the words and expressions set out below will bear the following meanings, namely:

- “Acquiring Company”** the meaning ascribed to it in paragraph 39 of Schedule 5;
- “Administrator”** means the Board or any of its committees as shall be administering this Scheme;
- “Agreement”** the agreement entered into by an Eligible Employee, the Grantor and (if the Company is not the Grantor), the Company, which grants an Option in such form as the Directors will from time to time determine pursuant to which an Option is granted;
- “AIM”** the AIM market of the London Stock Exchange;
- “Articles”** the Company’s articles of association from time to time;
- “Change in Control”** means the occurrence of any of the following events:
- a) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities, except that any change in the beneficial ownership of the securities of the Company as a result of a private financing of the Company that is approved by the Board, shall not be deemed to be a Change in Control; or
  - b) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets; or
  - c) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or

consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

<b>“Code”</b>	means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successive or amended Section of the Code;
<b>“Committed Time”</b>	has the meaning given in paragraph 26 of Schedule 5;
<b>“Company”</b>	KalVista Pharmaceuticals Limited (Company No. 7543947);
<b>“Control”</b>	the meaning ascribed to it in Schedule 5 and derivative terms shall be construed accordingly;
<b>“Date of Grant”</b>	in respect of an Option, the date on which the Agreement is entered into;
<b>“Directors”</b>	the board of directors of the Company from time to time or a duly authorised committee of such directors;
<b>“Disqualifying Event”</b>	an event that is (or is to be treated as) a disqualifying event as specified in sections 533 to 539 inclusive of ITEPA;
<b>“Eligible Employee”</b>	an individual who is a bona fide employee of the Group and, in relation to EMI Options, whose Committed Time is at least 25 hours per week or, if less, 75% of his Working Time and who, in relation to EMI Options, is not precluded from such participation because he has a material interest as set out in paragraphs 28 to 33 inclusive of Schedule 5;
<b>“EMI Option”</b>	an Option which satisfies the relevant provisions of Schedule 5;

<b>“Employer Company”</b>	the company by reference to whose employment the Committed Time requirement is met by the Eligible Employee in respect of EMI Options or, if the Option is an Unapproved Option, the employing company of the Eligible Employee;
<b>“Exchange Act”</b>	means the Securities Exchange Act of 1934, as amended;
<b>“Exchange Offer”</b>	has the meaning ascribed to it in Rule 6.11;
<b>“Exit”</b>	a Sale, Takeover and a Listing;
<b>“Good Leaver”</b>	means either: <ul style="list-style-type: none"> <li>a) an Option Holder who ceases to be an employee or director of a Group Company by reason of: <ul style="list-style-type: none"> <li>(i) death;</li> <li>(ii) illness (including mental illness) in each case as evidenced to the satisfaction of the Directors;</li> <li>(iii) a permanent disability or permanent incapacity through ill health;</li> <li>(iv) dismissal by the Company or any Group Company which is determined by an employment tribunal, or at a court of competent jurisdiction from which there is no right of appeal, to be wrongful or constructive; or</li> <li>(v) is deemed a Good Leaver by a resolution of the Board (acting with prior written consent of the holders of at least 66.6% of the Series A Preferred Shares held by those persons who are defined as Investors in the shareholders’ agreement in respect of the Company dated 23 May 2011; or</li> </ul> </li> </ul>

- b) an Option Holder who remains an employee or director of a Group Company but becomes entitled by reason of illness or disablement giving rise to permanent incapacity to receive benefits under the permanent health insurance scheme of the Company (and, for the avoidance of doubt, the date on which an Option Holder becomes entitled to receive such benefits shall be treated as the date of cessation of his employment for the purposes of these Rules);

<b>“Grantor”</b>	the Company or such other person or entity authorised by the Directors to grant an Option including a Trustee;
<b>“Group”</b>	the Company and any of its Qualifying Subsidiaries, or where the context permits, any one or more of them, and references to “member of the Group” or “Group Company” shall be construed accordingly;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>“Individual Limit”</b>	the limit on the market value of Shares subject to EMI Options which may be granted to an Eligible Employee as set out in paragraphs 5 and 6 of Schedule 5;
<b>“ITEPA”</b>	the Income Tax (Earnings and Pensions) Act 2003;
<b>“Listing”</b>	the listing of or admission to trading of any part of the Company’s, or any holding company of the Company, Shares (or any other equity capital of the Company from time to time which replaces the Shares) on a recognised investment exchange, an overseas investment exchange (as defined in the Financial Services and Markets Act 2000) or the AIM market of the London Stock Exchange plc;
<b>“Market Value”</b>	the meaning ascribed to it in Part VIII of the Taxation of Chargeable Gains Act 1992;
<b>“New Option”</b>	the meaning ascribed to it in Rule 8.1;

<b>“Option”</b>	a right to acquire Shares granted to an Eligible Employee under this Scheme (or, where the context so admits, such a right which is proposed to be granted) which will be either, in whole or in part, an EMI Option or an Unapproved Option;
<b>“Option Holder”</b>	a person holding an Option or where applicable his personal representatives;
<b>“Option Price”</b>	in respect of an Option, the price per Share to be paid by the relevant Option Holder on the exercise of the Option, which will be such price as the Directors in their absolute discretion determine save that, where the exercise of the Option is to be satisfied by the issue of new Shares, the price will not be less than the nominal value of a Share;
<b>“Parent”</b>	means a “parent corporation, “ whether now or hereafter existing, as defined in Section 424(e) of the Code;
<b>“Performance Target”</b>	in respect of an Option, any objective or target by reference to which the exercise of an Option is expressed to be conditional provided that it is capable of being met within 10 years of the Date of Grant;
<b>“Qualifying Exchange of Shares”</b>	an exchange of shares which meets the conditions of Part 6 of Schedule 5;
<b>“Qualifying Subsidiary”</b>	a Subsidiary which (a) qualifies under paragraph 11 of Schedule 5; or (b) is a property managing subsidiary qualifying as a 90% subsidiary of the Company as defined under paragraphs 11A and 11B of Schedule 5;
<b>“Relevant Event”</b>	any variation in the share capital of the Company arising from any reduction, sub-division or consolidation of capital or issue of shares by way of capitalisation of profits or reserves or by way of rights or any other variation of the Company’s share capital;
<b>“Replacement Period”</b>	one of the periods referred to in paragraph 42 of Schedule 5;
<b>“Rules”</b>	the rules of the Scheme as from time to time amended;

<b>“Sale”</b>	the sale as a going concern of the whole or a substantial part by value (to be determined in the absolute discretion of the Directors) of the assets or business of the Company and its Subsidiaries;
<b>“Schedule 5”</b>	Schedule 5 to ITEPA;
<b>“Scheme”</b>	this scheme as from time to time amended in accordance with its provisions;
<b>“Securities Market”</b>	any market which is listed under Part II, Part III or Part IV of Schedule 3 to the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, AIM or any other market or exchange to be determined at the discretion of the Directors;
<b>“Series A Preferred Shares”</b>	the Series A convertible preferred ordinary shares of £0.001 each in the capital of the Company;
<b>“Share”</b>	an ordinary share of £0.001 in the capital of the Company which is fully paid up and non- redeemable;
<b>“Subsidiary”</b>	has the meaning ascribed to it in paragraph 10 of Schedule 5;
<b>“Summary Dismissal”</b>	means the termination of the employment contract between the Option Holder and the Company which allows the Company to terminate without notice or pay in lieu of notice under the employment contract;
<b>“Takeover”</b>	the sale of any part of the issued Shares or the issued Series A Preferred Shares to any person other than, unless the Directors determine otherwise, the Investors (as defined in the shareholders’ agreement dated 23 May 2011) resulting in that person together with any person acting in concert (within the meaning given in the City Code on Takeovers and Mergers as in force at the date of the adoption of the Articles) with such person holding more than 50% of the issued Shares and the issued Series A Preferred Shares and, for the purpose of this definition, the persons who are holders of the Series A Preferred Shares shall not be deemed to be acting in concert with each other;



<b>“Tax Liability”</b>	has the meaning ascribed to it in Rule 7.3.3;
<b>“Trustee”</b>	the trustee of any employee benefit trust established by any member of the Group;
<b>“UK Listing Authority”</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
<b>“Unapproved Option”</b>	an Option to the extent that it fails to satisfy the requirements of Schedule 5 or an Option that is stated in the relevant Agreement to be an “Unapproved Option” in whole or in part; and
<b>“Vested”</b>	in relation to all or any part of the Option, as appropriate, when any Performance Target and/or other condition (including, for the avoidance of doubt, the affluxion of time) has been satisfied, as confirmed by the Directors (or, where relevant, waived) and “ <b>Vesting</b> ” and “ <b>Vest</b> ” shall be construed accordingly. For the avoidance of doubt, unless stated otherwise, an Option which Vests does not automatically become exercisable; and
<b>“Working Time”</b>	has the meaning ascribed to it in paragraph 27 of Schedule 5.

1.2 In this Scheme any reference to a statutory provision will be deemed to include that provision as it may from time to time be consolidated, amended or re-enacted, and will include a reference to any subordinate legislation or regulation created thereunder and wherever the context so admits or requires, the singular will include the plural and vice versa and the masculine will include the feminine.

1.3 The headings are for the sake of convenience only and should be ignored when construing the Rules.

## 2. GRANT OF OPTIONS

2.1 Subject to and in accordance with the Rules, an Option may, with the consent of the Directors, be granted by the Grantor to any Eligible Employee at any time. An Option that meets the provisions of Schedule 5 at the Date of Grant will be an EMI Option unless stated to be an Unapproved Option.

2.2 The Grantor will only grant an EMI Option to an Eligible Employee if the Option is granted for commercial reasons in order to recruit or retain the Eligible Employee and not as part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax.

- 2.3 The Grantor will only grant an EMI Option if at the Date of Grant the Company or the Group meets the trading activities requirements of paragraphs 13 or 14 (as appropriate) of Schedule 5. Any Option granted when those trading activity requirements are not satisfied will be an Unapproved Option.
- 2.4 The Grantor will only grant an EMI Option if the gross assets of the Company (or, if the Company is a member of a Group, the gross assets of the Group) are less than £30 million (or such other amount as may from time to time be specified in Schedule 5) determined in accordance with Schedule 5 and prevailing HMRC practice at the Date of Grant. Any Option granted when the gross assets requirement is not satisfied will be an Unapproved Option.
- 2.5 EMI Options will only be granted if the Company's Subsidiaries are all then Qualifying Subsidiaries. Any Option granted when the Company's Subsidiaries are not all Qualifying Subsidiaries will be an Unapproved Option.
- 2.6 An Option will not be granted unless the Directors are satisfied that such grant would not be in breach of any applicable laws, codes or regulations relating to the acquisition of securities or any internal dealing code of the Company.
- 2.7 The exercise of an Option may be subject to the satisfaction of Performance Target(s) imposed by the Directors at the Date of Grant.
- 2.8 In order to grant an Option to an Eligible Employee, the Grantor and the Eligible Employee and (where the Company is not the Grantor), the Company will enter into an Agreement. The Agreement will include:
- 2.8.1 the Date of Grant of the Option;
  - 2.8.2 if the Option is an EMI Option, a statement that the Option is granted under the provisions of Schedule 5;
  - 2.8.3 the number, or maximum number, of Shares that may be acquired on exercise of the Option;
  - 2.8.4 the Option Price, or the method by which that Option Price is to be determined;
  - 2.8.5 details of how and when the Option is capable of being exercised (by reference to the Rules or otherwise);
  - 2.8.6 details of any Performance Target(s) or other conditions attaching to the Option (if any); and
  - 2.8.7 details of any restrictions attaching to the Shares under Option.
- 2.9 The provisions of Rule 6 may, when an Option is granted, be excluded, varied or added to in the Agreement, in the absolute discretion of the Directors.

2.10 Subject to any right of an Option Holder's personal representatives to exercise an Option following an Option Holder's death, every Option will be personal to the Eligible Employee to whom it is granted and will not be capable of being transferred, assigned or charged.

### 3. **CONDITIONS OF EXERCISE**

3.1 After an Option has been granted, the Directors may, acting fairly and reasonably if they consider it appropriate, vary or waive the Performance Target(s) or other conditions attaching to such Option **PROVIDED THAT** in respect of a variation, unless the Agreement provides to the contrary, no such variation will be made unless the Performance Targets or other conditions remain objective and an event or events have occurred in consequence of which the Directors reasonably consider that the terms of the Performance Target(s) or other conditions should be so varied for the purpose of ensuring that either:

3.1.1 the objective criteria against which the performance of the Group Company or Group (or any part of it) or the Option Holder will then be measured will be a fairer measure of such performance; or

3.1.2 any amended Performance Target(s) will afford a more effective incentive to the Option Holder

and will not be materially more difficult to satisfy than the Performance Target(s) when first set.

3.2 The Directors will notify all relevant Option Holders in writing of any variation or waiver of existing Performance Target(s) or conditions made pursuant to Rule 3.1.

### 4. **INDIVIDUAL LIMITS**

4.1 If an Option Holder has been granted option(s) over shares in the Group which are EMI Options (or option(s) over shares in the Group under a scheme approved by HMRC under schedule 4 to ITEPA) and which in aggregate have a Market Value (calculated at the relevant Date of Grant and, if the shares in the Group are "restricted securities" as defined in paragraph 5 of Schedule 5, calculated as if they were not restricted securities) equal to the Individual Limit (whether or not such options have been exercised or released) any Option granted to him within 3 years of the date on which he was last granted an option which was an EMI Option, in whole or in part, will unless otherwise agreed with HMRC (or otherwise treated in accordance with HMRC practice), be an Unapproved Option.

4.2 To the extent that the grant of an Option purported to be an EMI Option to an Eligible Employee would cause the Individual Limit to be exceeded, the proportion of the Option which exceeds the Individual Limit will be an Unapproved Option.

### 5. **SCHEME LIMITS**

5.1 Subject to Rule 5.2 below, the total number of Shares which may be placed under option under this Scheme (and in respect of which it is proposed to be satisfied using newly issued Shares) may not exceed 558,250. This number shall be treated as having increased or decreased as appropriate following any Relevant Event.

- 5.2 For the purpose of calculating the limit contained in Rule 5.1 any Shares comprised in any Option which has been cancelled or waived or has otherwise lapsed without being exercised shall be disregarded.
- 5.3 The total Market Value of shares in the Company (having been calculated at the Date of Grant of the relevant EMI Option and, if the shares in the Company are “restricted securities” as defined in paragraph 5 of Schedule 5, calculated as if they were not restricted securities) in respect of which unexercised EMI Options exist on any given day must not exceed £3 million (or such other amount as may from time to time be specified in Schedule 5).
6. **RIGHTS OF EXERCISE AND LAPSE OF OPTIONS**
- 6.1 An Option shall Vest in accordance with the Agreement.
- 6.2 Save as provided in the Agreement, an Option will only become exercisable in accordance with this Rule 6 and Rule 9.
- 6.3 Save as provided in the Agreement and Rule 6.5 (Good Leavers), an Option may only be exercised by an Option Holder whilst he is an employee of a Group Company.
- 6.4 If an Option Holder ceases (whether directly or indirectly) to be an employee of any Group Company (and does not immediately become an employee of another Group Company) or gives or receives notice to cease to be an employee of any Group Company, in both cases, for any reason other than as a Good Leaver, the Option (regardless of the extent to which it has Vested) shall lapse in its entirety on the date of cessation or, if earlier, the date on which the Option Holder gives or receives notice to terminate his employment.
- 6.5 In the event that an Option Holder becomes a Good Leaver, the Option shall unless the Directors determine that the Option shall become exercisable to a greater extent, become exercisable to the extent Vested as at the date of cessation of employment of the Option Holder as a Good Leaver (taking into account the extent to which any Performance Target(s) have been satisfied as at the date of cessation). For the avoidance of doubt, the Option shall not continue to Vest after the date the Option Holder becomes a Good Leaver and any part of the Option that does not Vest in accordance with this Rule 6.5 shall lapse on the date of cessation of employment as a Good Leaver. To the extent that an Option Vests pursuant to this Rule 6.5, it may be exercised (in the event of death, by the Option Holder’s personal representative) during the period of 40 days (or such other period at the Directors shall reasonably determine, not to exceed 12 months in the event of death of the Option Holder) following the date the Option Holder becomes a Good Leaver.
- 6.6 In relation to a Disqualifying Event, other than a Disqualifying Event dealt with in Rules 6.4 and/or 6.5, the Directors may determine that an Option may be exercised immediately before or during the period of 40 days (or such other period as they in their absolute discretion determine) following the Disqualifying Event. Where the Directors determine

that an Option may be exercised they will also determine the extent to which it can be exercised and the period within which it can be exercised and, in doing so, may take into account the extent to which an Option has Vested in accordance with the Agreement, including, for the avoidance of doubt, the extent to which any Performance Target(s) have been satisfied.

- 6.7 Subject to Rule 6.11, in the event of an Exit in connection with which a roll-over is not offered in accordance with Rule 8, an Option, to the extent it has not already lapsed, shall become exercisable in full (regardless of the extent to which it has Vested) and may be exercised in accordance with Rules 6.8, 6.9 and 7.
- 6.7A In the event of an Exit in connection with which a roll-over is offered in accordance with Rule 8:
- 6.7A.1 Rule 6.7 shall not apply;
- 6.7A.2 each Option shall be exercisable in accordance with Rules 6.8, 6.9 and 7 only to the extent to which it is Vested immediately before the date of the Exit; and
- 6.7A.3 any New Option (as defined in Rule 8.1) shall continue to Vest in accordance with the relevant Agreement and shall be exercisable at any time to the extent Vested SAVE THAT notwithstanding Rules 6.3, 6.4 and 6.5 any New Option will be exercisable in full if the Option Holder ceases to be an employee of any Group Company as a result of a dismissal or termination by a Group Company for any reason other than Summary Dismissal at any time following such Exit.
- 6.8 If an Option becomes exercisable in connection with an Exit, the Directors will determine:
- 6.8.1 the period within which it may be exercised at the end of which it will cease to be exercisable and will not be capable of becoming exercisable again as a result of any provision of the Rules or the Agreement; and
- 6.8.2 the time or date on which it will lapse.
- 6.9 Subject to Rule 6.11 and notwithstanding Rule 6.7, the Directors may determine that an Option may be exercised immediately before, or conditional upon, an Exit but otherwise on the basis set out in Rules 6.7 and 6.8.
- 6.10 The Directors will notify an Option Holder as soon as practicable following any determination(s) made pursuant to Rules 6.7 to Rule 6.9 inclusive.
- 6.11 If following a Takeover the Company will be a subsidiary of a holding company where that holding company has substantially the same shareholders (with substantially the same proportionate shareholdings) as the Company immediately before the Takeover, the Option will not, unless the Directors determine otherwise, become exercisable pursuant to Rule 6.7 or 6.9 provided an Option Holder is offered the opportunity to release an Option in consideration of the grant of new rights over shares in the holding company which the Directors, acting reasonably, consider equivalent to the rights under an Option (the “**Exchange Offer**”). For the avoidance of doubt, if an Option Holder does not accept the Exchange Offer, the Option will lapse immediately.

- 6.12 An Option (or where relevant, any part of an Option) will lapse on the occurrence of the earliest of the following:
- 6.12.1 the tenth anniversary of the Date of Grant;
  - 6.12.2 the earlier of the date on which:
    - 6.12.2.1 the Option Holder ceases to be an employee of a Group Company (and does not immediately become an employee of another Group Company) for any reason other than as a Good Leaver; and
    - 6.12.2.2 the date on which the Option Holder gives or receives notice to terminate his employment for any reason other than as a Good Leaver;
  - 6.12.3 in respect of any part of the Option which does not Vest in accordance with Rule 6.5 (Good Leavers), the date on which the Option Holder ceases to be an employee of a Group Company as a Good Leaver;
  - 6.12.4 the expiry of any applicable period determined in accordance with Rule 6.5 (Good Leavers);
  - 6.12.5 the expiry of any applicable period determined in accordance with Rule 6.6 (Disqualifying Events);
  - 6.12.6 the date or time determined in accordance with Rule 6.8.2;
  - 6.12.7 the expiry of the period within which an Exchange Offer is stated to remain open for acceptance assuming the offer referred to in Rule 6.11 has not been validly accepted;
  - 6.12.8 the expiry of the Replacement Period specified in Rule 8 (Roll-over);
  - 6.12.9 the date or time determined in accordance with Rule 9 (Liquidation);
  - 6.12.10 the date on which a resolution is passed, or an order is made by the Court, for the compulsory winding up of the Company;
  - 6.12.11 the date on which the Directors determine that any applicable Performance Target(s) or other conditions have not been satisfied or are no longer capable of satisfaction and that the Option will not become exercisable;
  - 6.12.12 the date on which the Option Holder becomes bankrupt or does or omits to do anything as a result of which he is deprived of the legal or beneficial ownership of the Option; and
  - 6.12.13 any other date determined in accordance with the Agreement.

- 6.13 Where Rule 6.7A applies and the Shares subject to the New Option are securities in a corporation domiciled in a state located in the United States (a “U.S. Corporation”) the following provisions shall apply to the New Options instead of Rules 6.9 to 6.11 inclusive:
- In the event of a merger of the Company with or into another corporation, or a Change in Control, each outstanding Option shall be assumed or an equivalent award substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation in a merger or Change in Control refuses to assume or substitute for the Option, then the Options shall fully vest, and each Option shall become fully exercisable. If an Option becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or Change in Control, the Administrator shall notify the Option Holder in writing or electronically that the Option shall be fully exercisable for a period of time as determined by the Administrator, and the Option shall terminate upon expiration of such period. For the purposes of this Rule 6.13, an Option shall be considered assumed if, following the merger or Change in Control, the Option confers the right to purchase or receive, for each Share subject to the Option immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each Share subject to the Option, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of common stock in the merger or Change in Control.
7. **EXERCISE OF OPTIONS**
- 7.1 An Option will be exercisable in whole or in part by notice in writing (in the form prescribed by the Company from time to time) given by the Option Holder (or his personal representatives as the case may be) to the Grantor (and if different, the Company). The notice of exercise of the Option will be accompanied by a remittance in cleared funds for the aggregate of the Option Prices payable unless the Grantor has agreed an alternative arrangement. The effective date of exercise will be the date on which the company secretary or his agent processes such notice once he is satisfied that all necessary documentation and information has been provided.
- 7.2 Subject to Rule 7.3, within 30 days of the exercise of an Option, the Directors will allot or procure the transfer of the Shares in respect of which the Option has been validly exercised and will issue a definitive certificate in respect of the Shares allotted or transferred, unless the Directors consider that such allotment or transfer would not be lawful in the relevant jurisdiction. Shares so allotted or transferred will be held subject to the Articles.
- 7.3 An Option Holder unconditionally and irrevocably agrees as a condition of his right to exercise an Option:
- 7.3.1 to the extent lawful and unless the Directors determine otherwise, to there being recovered from him an amount equal to any liability to employer’s social security

or similar contributions (including, but without limitation, secondary class 1 (employer's) national insurance contributions) which arises as a consequence of or in connection with the exercise of the Option;

7.3.2 if required by the Directors, and to the extent lawful, to enter into any election or agreement required by the Directors (including, but without limitation, a joint election of the type referred to in paragraph 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992) under which the liability for any employer's social security contributions (including, but without limitation, secondary class 1 (employers) national insurance contributions) which arises as a consequence of or in connection with the exercise of an Option is transferred to the Option Holder;

7.3.3 to place the Company in funds and to indemnify the Company in respect of:

7.3.3.1 all liability to tax (including for the avoidance of doubt income tax) which the Company is or may be liable to account for on behalf of the Option Holder to any taxation authority (including, but without limitation, through the PAYE system);

7.3.3.2 all liability to social security or similar contributions which the Company is or may be liable to account for (or, for which it has agreed to account) on behalf of the Option Holder to any taxation authority (including, but without limitation, primary class 1 (employee's) national insurance contributions and secondary class 1 (employer's) national insurance contributions and/or other employer's social security contributions, where the liability for which has been transferred to Option Holder); and

7.3.3.3 all liability to employer's social security or similar contributions which the Option Holder is required to pay in accordance with Rule 7.3.1 or 7.3.2,

in each case which arises as a consequence of or in connection with the exercise of the Option and the disposal and/or purchase of the Shares acquired pursuant to this Option, together the "**Tax Liability**";

7.3.4 to permit the Company to sell at the best price which it can reasonably obtain such number of Shares allocated or allotted to the Option Holder following exercise as will provide an amount equal to the Tax Liability (as defined in clause 7.3.3 above) and/or to have withheld from any amounts due to him from the Company, an amount equal to the Tax Liability; and

7.3.5 to sign, promptly, all documents required by the Company to effect the terms of this provision.

7.4 References in Rule 7.3 to the "Company" will, if applicable, be construed as references to the "Group" or any member of the Group.



- 7.5 An Option Holder unconditionally and irrevocably agrees that in the event of a release, assignment or cancellation of the Option or the receipt by an “Associated Person” (as defined in section 472 ITEPA) of a benefit in connection with the Option, Rules 7.3 and 7.4 will apply as if the reference to “exercise” was a reference to such release, assignment, cancellation or receipt of a benefit by an Associated Person.
- 7.6 If the Directors so determine, the exercise of an Option will be conditional on the Option Holder executing a tax election under section 431(1) of ITEPA to disapply fully the provisions of Chapter 2 of Part 7 of ITEPA in respect of restricted securities in such form as is approved by or agreed with HMRC under the terms of section 431(5) of ITEPA.
- 7.7 If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option, a dividend is to be, or is proposed to be, paid to holders of Shares on the register on a date after the effective date of exercise, the Shares to be issued following such exercise will not rank for such dividend. Subject as aforesaid the Shares so to be issued will be identical and rank pari passu in all respects with the fully paid Shares then in issue.
- 7.8 Notwithstanding any other provision in this Rule 7, the exercise of any Option (in whole or in part) will not be permitted unless the Directors are satisfied at the relevant time that all conditions relating to such exercise pursuant to the Agreement and/or these Rules have been met and (if then applicable) that such exercise would not be in breach of any applicable laws, codes or regulations relating to the acquisition of securities, or any internal code of the Company.
- 7.9 The Company will use all reasonable endeavours to procure that, as soon as reasonably practicable after the issue of Shares pursuant to the exercise of an Option, if the Shares previously in issue are then admitted to the Official List of the UK Listing Authority or any other Securities Market that the directors so determine, permission will be granted by the UK Listing Authority, or such other Securities Market for the new shares to be so listed or admitted.

## 8. **ROLL-OVER**

8.1 If an Acquiring Company:

- 8.1.1 obtains Control of the Company as a result of making:
- 8.1.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or
  - 8.1.1.2 a general offer to acquire all issued shares in the Company which are of the same class as the Option Shares;
- 8.1.2 obtains Control of the Company in pursuance of a compromise or arrangement sanctioned by the court under Part 26 of the Companies Act 2006 (or sanctioned under any other similar law of another jurisdiction);

- 8.1.3 becomes bound or entitled to acquire Shares under sections 974-982 (inclusive) of the Companies Act 2006 (or similar law of another jurisdiction); or
- 8.1.4 obtains all the Shares of the Company as a result of a Qualifying Exchange of Shares;
- an Option Holder may at any time within the Replacement Period, by agreement with the Acquiring Company, release his Option in consideration of the grant to him of rights comprised in a new option (“**New Option**”) which is equivalent to his Option but relates to shares in the Acquiring Company itself. If such agreement is reached, the Option Holder will be entitled to release his Option in consideration of the grant to him of a New Option PROVIDED THAT in respect of EMI Options:
- 8.1.5 the New Option is granted to the holder of the Option by reason of his employment;
- 8.1.5.1 with the Acquiring Company or,
- 8.1.5.2 if that company is a parent company, with that company or another member of the Group.
- 8.1.6 at the time of the release of rights under the EMI Option, the requirements of
- 8.1.6.1 paragraph 4 of Schedule 5 (purpose of granting option), and
- 8.1.6.2 paragraph 7 of Schedule 5 (maximum value of options in respect of the relevant company’s shares) on the basis set out in paragraph 43 of Schedule 5;
- are met in relation to the New Option;
- 8.1.7 at that time, the independence requirement (as set out in paragraph 9 of Schedule 5) and the trading activities requirement (as set out in paragraphs 13 - 23 of Schedule 5) are met in relation to the Acquiring Company;
- 8.1.8 at that time, the individual to whom the New Option is granted is an Eligible Employee in relation to the Acquiring Company;
- 8.1.9 at that time, the requirements of Part 5 of Schedule 5 are met in relation to the New Option;
- 8.1.10 the total Market Value, immediately before the release, of the Shares which were subject to the EMI Option is equal to the total Market Value, immediately after the grant of the New Option, of the shares in respect of which the New Option is granted; and
- 8.1.11 the total amount payable by the employee for the acquisition of shares in pursuance of the New Option is equal to the total amount that would have been payable for the acquisition of shares in pursuance of the EMI Option.

- 8.2 The New Option will, for all other purposes of the Scheme, be treated as having been acquired at the same time as the Option in return for the release of which it is granted.
- 8.3 References to Shares will, in relation to the New Option, be taken as references to the shares of the company whose shares are scheme shares. References to the “Company” will, where appropriate, be taken to be references to the company whose shares are the subject of the New Option.
- 8.4 In the event of a Qualifying Exchange of Shares, if the Option Holder is offered a New Option and does not accept the offer within the period set out in the offer the Option will lapse immediately on the expiry of that period and cease to be capable of exercise under any of the provisions of these Rules.

## 9. LIQUIDATION

- 9.1 If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, unless the Directors in their absolute discretion determine otherwise, all Options will (to the extent that they have not been exercised) lapse and cease to be exercisable upon the passing or defeat of the resolution or the general meeting is concluded or adjourned ‘sine die’, whichever shall first occur. Where the Directors determine that an Option shall not lapse they may also determine that an Option may be exercised as well as the extent and period within which it can be exercised.
- 9.2 Where Rule 6.7A applies and the Shares subject to the New Option are securities in a U.S. Corporation the following provisions shall apply:  
In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Option Holder as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Option will terminate immediately prior to the consummation of such proposed action.

## 10. VARIATION OF SHARE CAPITAL

- 10.1 Upon the occurrence of any Relevant Event, the number or nominal value of Shares comprised in each Option and the Option Price thereunder may be adjusted in such manner (including retrospective adjustment where a Relevant Event occurs after the date of exercise of an Option but the record date relating to such Relevant Event precedes such date of exercise) as the Directors may deem appropriate, provided always that no material increase will be made to the aggregate Option Price in respect of any Option. Notice of any such adjustments to the terms of the Options will be given in writing to the Option Holders by the Directors. No adjustment will cause Shares to be issued at less than their nominal value (save as permitted by Rule 10.2).
- 10.2 Any adjustment made to the Option Price of an Option granted over unissued Shares which would have the effect of reducing the Option Price to less than the nominal value of a Share, will only be made if and to the extent that the Directors are authorised to capitalise from the reserves of the Company a sum equal to the amount by which the

aggregate nominal value of the Shares in respect of which the Option is exercisable exceeds the adjusted aggregate Option Price. The Directors may apply such sum in paying up such shortfall on such Shares so that on the exercise of any Option in respect of which such a reduction will have been made, the Directors will capitalise such sum (if any) and apply the same in paying up such amount as aforesaid.

10.3 Where an Option subsists over both issued and unissued Shares, an adjustment may only be made under Rule 10 if the reduction of the Option Price in relation to Options over both issued and unissued Shares can be made to the same extent.

10.4 Where Rule 6.7A applies and the Shares subject to the New Option are securities in a US corporation the following provisions shall apply to the New Option instead of Rules 10.1 to 10.3 inclusive:

In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Scheme, may (in its sole discretion) adjust the number and class of Shares that may be delivered under the Scheme and/or the number, class, and price of Shares covered by each outstanding Option.

## 11. DATA PROTECTION

11.1 The Company, the Grantor and the Employer Company (if different) from time to time will collect, hold and process Option Holders' personal information for the purposes of the administration of this Scheme. The Company the Grantor and the Employer Company (if different) will not use such personal information for any purpose other than the administration of the Scheme, unless the Option Holder's consent to that use is obtained.

11.2 It may be necessary for the Company, the Grantor and the Employer Company (if different) from time to time or a member of the Group to forward such personal information to a third party administrator or a member of the Group outside the European Economic Area for processing for the purposes of this Scheme. A transfer of such personal information for these purposes will not be made unless the Option Holder consents to the transfer and/or it is necessary for the entering into, performance or conclusion of the Agreement between the Option Holder and the Company.

## 12. ADMINISTRATION

12.1 The decision of the Directors in relation to any dispute or question affecting any Option Holder or as to any rights or obligations of any person hereunder or in relation to the construction or effect hereof will be final and conclusive.

12.2 The Company may, but will not be obliged to, provide Eligible Employees or Option Holders with copies of any notices circulars or other documents sent to shareholders of the Company.

13. **AMENDMENTS**

13.1 The Directors may amend the Rules and the terms of the Agreement by resolution (and where the Grantor is not the Company with the written consent of the Grantor) provided that no alteration will be effective to abrogate or alter adversely any subsisting rights of an Option Holder except:

- 13.1.1 where the rights are enjoyed by a single Option Holder and are not enjoyed by any other Option Holder or class of Option Holders, it is made with the written consent of that Option Holder; or
- 13.1.2 where the rights are enjoyed by all Option Holders or any class of Option Holders then:
  - 13.1.2.1 with the consent in writing of such number of Option Holders or class of Option Holders (as the case may be) as hold Options under the Scheme to acquire 75 per cent (75%) of the Shares which would be issued or transferred if all Options granted and subsisting under the Scheme were exercised; or
  - 13.1.2.2 by a resolution at a meeting of Option Holders or class of Option Holders passed by not less than 75 per cent (75%) of the Option Holders who attend and vote either in person or by proxy;

and for the purpose of this Rule 13.1, the Directors shall determine whether the Option Holders constitute one class of Option Holders or more than one class of Option Holders on such basis as they shall determine.

13.2 Notwithstanding Rule 13.1, the Directors may amend the provisions of this Scheme and/or any Agreement and the terms of any Options as they consider necessary or desirable in order to:

- 13.2.1 make them more effective or easier for the administration of this Scheme;
  - 13.2.2 comply with or take account of the provisions of any proposed or existing legislation;
  - 13.2.3 take account of any Takeover, Sale or Listing; or
  - 13.2.4 obtain or maintain favourable tax or regulatory treatment for the Company or any member of the Group or any Option Holder,
- without the need for the consent of Option Holders provided that such amendments or additions do not affect the basic principles of this Scheme and/or any Agreement.

13.3 Notwithstanding Rule 13.1, if HMRC raise a notice of enquiry pursuant to paragraph 46 of Schedule 5 and conclude that the requirements of Schedule 5 have not been met in relation to this Scheme and/or any Agreement (as the case may be) the Directors may alter the Rules of this Scheme as may be necessary to ensure that the requirements of Schedule 5 have been or are met.

- 13.4 No amendment will have effect if it would cause Options (current or new) which are intended to be or remain EMI Options, as appropriate, to cease to satisfy the provisions of Schedule 5.
14. **GENERAL**
- 14.1 This Scheme will commence upon the date the Directors adopt the Scheme and will terminate on the expiry of the period of ten years from such date. On termination no further Options may be granted but such termination will be without prejudice to any accrued rights in existence at the date thereof.
- 14.2 The Company will at all times ensure that there are sufficient Shares available for issue or to be transferred in satisfaction of the exercise of all outstanding Options.
- 14.3 Notwithstanding any other provision of this Scheme, the grant of an Option will not form part of the Option Holder's entitlement to remuneration or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and any member of the Group give such person any right or entitlement to have an Option granted to him in respect of any number of Shares or any expectation that an Option will or might be granted to him whether subject to any conditions or at all.
- 14.4 The rights and obligations of an Option Holder under the terms of his contract of employment with any member of the Group will not be affected by the grant of an Option.
- 14.5 An Option Holder will not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being or becoming unable to exercise an Option in consequence of the loss or termination of his office or employment with any member of the Group for any reason or for any other reason which may cause the Option to lapse (including, without limitation, any breach of contract by his employer) or in any other circumstances whatsoever.
- 14.6 Any notice or other communication in connection with the Scheme shall be sufficiently given if delivered by electronic mail, personal delivery, first class post or airmail or any other written means which the Grantor and/or Company and Eligible Employees use to communicate with each other. Any notice or communication from an Eligible Employee to the Grantor and/or Company should be sent to the registered office of the Grantor and/or Company, by email or facsimile number as the Company shall prescribe. Any notice or communication from the Grantor and/or Company to an Eligible Employee should be sent to the individual's last known email or postal address in the records of the Company, as appropriate, and if so sent shall be deemed to have been duly given on the date of posting. Any notice or document so sent to an Eligible Employee shall be deemed to have been duly delivered notwithstanding that he is then deceased (and whether or not the Grantor and/or Company has notice of his death) except where his legal personal representatives have established their title to the satisfaction of the Grantor and/or Company and supplied to the Grantor and/or Company an address to which documents are to be sent.

15. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Except as expressly provided by the Company, a person who is not an Option Holder, a Grantor or a company which is not a member of the Group has no right under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any provisions of this Scheme, but this does not affect any right or remedy of a third party which exists or is available apart from that Act. No Option Holder may declare himself a trustee of his rights under this Scheme for the benefit of any third parties.

16. **GOVERNING LAW**

This Scheme and all Options granted under it will be governed by and construed in accordance with English law and subject to the exclusive jurisdiction of the English courts.

**AGREEMENT**

**OPTION AGREEMENT IN RESPECT OF THE  
KALVISTA PHARMACEUTICALS LIMITED  
ENTERPRISE MANAGEMENT INCENTIVES SCHEME**

**(1) KALVISTA PHARMACEUTICALS LIMITED**

**(2) [ ]**

**EMI OPTION**



THIS DEED OF AGREEMENT is made the      day of

**BETWEEN:**

(1) KALVISTA PHARMACEUTICALS LIMITED (registered number 7543947) whose registered office is 1 Venture Road, Southampton Science Park, Southampton, Hants, SO16 7NP (the “**Company**”); and

(2) [            ] of [EMPLOYEE ADDRESS] (the “**Employee**”).

**WHEREAS**

(A) The Company has agreed to grant to the Employee as at the date of this Agreement an Option to acquire ordinary shares of £0.001 each in the capital of the Company, on the terms set out in this Agreement.

(B) It is intended that this Option is granted under the provisions of Schedule 5 for commercial reasons in order to recruit or retain the Employee and is not granted as part of a scheme or arrangement the main purpose of which is to avoid tax and that it will be an EMI Option.

(D) The Employee is an eligible employee as defined in Part 4 of Schedule 5.

(E) The Company is a qualifying company as defined in Part 3 of Schedule 5.

(F) The Company will satisfy the exercise of the Option by issuing, transferring or procuring the transfer of Shares.

(G) The Option gives the Employee the right, subject to the terms of this Agreement, to acquire Shares but does not impose on the Employee any obligation to do so.

**TERMS**

1. The Rules contained in Appendix 1 to this Agreement shall be incorporated into this Agreement. Where there is any ambiguity or difference between the terms of the Agreement and the terms of the Rules, the terms of the Rules shall prevail. Terms defined in the Rules have the same meaning in the Agreement unless the context otherwise requires.

2. Subject to the provisions of this Agreement, the Company hereby grants to the Employee an Option to acquire up to [            ] Shares.

3. The Option Price shall be [            ].

4. Neither the Option nor any rights under it shall be transferable, chargeable or assignable except in accordance with the Rules, to the Employee’s personal representatives, following the Employee’s death.

5. The Employee hereby confirms that as at the date of this Agreement he does not hold any subsisting options granted by the Company or a member of the Group under a scheme approved under Schedule 4 to ITEPA.
6. Save as provided in the Rules, the Option, to the extent it has not lapsed, shall be exercisable in accordance with Rules 6, 7 and 9.
7. The Shares acquired on exercise of the Option are subject to the restrictions and provisions (including any conditions of forfeiture) set out in the Articles (a copy of which prevailing at the Date of Grant is attached at Appendix 3).
8. The Option shall Vest as follows:
  - 8.1. as to 25% of the Shares the subject of the Option (rounded down to the nearest whole Share); and
  - 8.2. as to the remainder of the Shares in 36 equal monthly instalments (in each case rounded down to the nearest whole Share save for the last instalment which is in respect of the remaining unvested Shares under Option) with the first instalment Vesting on .
9. The Option is not subject to any Performance Target(s).
10. The Employee hereby agrees that the provisions of Rule 7.3 shall apply in respect of the Option. In relation to Rule 7.3, the Employee hereby agrees to place the Company or, if different his Employer Company, in funds and to indemnify the relevant company in respect of all liability to employer's social security including, but without limitation, to secondary class 1 (employer's) national insurance contributions arising in respect of the Option.
11. The Employee agrees that, if the Directors so determine, the exercise of an Option shall be conditional on the Employee executing a tax election under section 431(1) of ITEPA to disapply fully the provisions of Chapter 2 of Part 7 of ITEPA in respect of restricted securities in such form as is approved by or agreed with HMRC under the terms of section 431(5) of ITEPA.
12. The Employee agrees to adhere to (including, if requested, by executing a deed of adherence) the terms of any applicable shareholders' agreement or similar agreement (relevant extracts of which can be provided upon request) to which the Company may require him to adhere. The terms of any such agreement may be amended from time to time.
13. Without prejudice to any other term(s) contained in the Articles of Association of the Company, in the event of a Takeover, the Employee agrees, as a condition of exercise, to sell his Shares acquired as a result of the exercise of his Option on such reasonable terms as the Directors shall determine.
14. The Employee consents to the Company and (if different) his Employer Company from time to time collecting, holding and processing both electronically and manually, the data it collects, holds and/or processes which relate to the Employee for the purposes of the administration and management of its business and the administration of the Scheme.

15. It may be necessary for the Company and (if different) his Employer Company from time to time to forward personal information relating to the Employee outside the European Economic Area for processing data required for the purposes of the Scheme, and the Employee consents to the Company doing this as may be necessary.

16. The Employee hereby acknowledges that the Company is under no obligation to conduct the business of the Company in such a way as to ensure that a Disqualifying Event does not occur. Furthermore, the Employee agrees that he shall have no claim against the Company arising in relation to the change in the tax treatment of the Employee in respect of the EMI Option following a Disqualifying Event occurring. Although the Company intends this Option to rank as an EMI Option, no warranty is given by the Company that this Option does in fact qualify as an EMI Option nor that it will continue to so qualify up until the time when the Employee exercises this Option and subsequently sells the Shares acquired pursuant to this Option.

**EXECUTED AS A DEED** by  
for and on behalf of  
**KALVISTA PHARMACEUTICALS LIMITED**

)  
)  
)  
)

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Director

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Director/Company Secretary

EXECUTED AS A DEED by  
[ ]

)  
) \_\_\_\_\_

in the presence of

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Witness Name (PRINT)

\_\_\_\_\_  
Witness Address  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Witness occupation

To be completed in the presence of an independent witness (i.e. not a family member or spouse) who should be over 18. The witness should also sign where indicated and give details of his/her name, address and occupation.

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**APPENDIX 1**

**RULES OF THE KALVISTA PHARMACEUTICALS  
ENTERPRISE MANAGEMENT INCENTIVES SCHEME**



**Replacement options**

If this notification is in respect of a replacement option, enter the name of the company granting the original option

Enter the date of grant of the original option DD MM YYYY

Enter the Company Registration Number (CRN) of the company granting the original option

**Declaration by employee to whom this option has been granted**

Full name

Signature

I declare that I work for the company whose shares are the subject of this option, or for a subsidiary of that company for: (tick one box only)

at least 25 hours a week

or at least 75% of my working time

Date DD MM YYYY

**Declaration by a director or secretary of the employer company**

Full name

Signature

I confirm that the option agreement is available for inspection at any time

I declare that the option set out in the agreement satisfies the requirement of Schedule 5 Income Tax (Earnings and Pensions) Act 2003 in respect of (tick one box only):

all the shares  or, some of the shares

Enter the number of shares

Date DD MM YYYY

You should send the completed form to:

Small Company Enterprise Centre  
 HM Revenue & Customs  
 First floor  
 Ferrers House  
 Castle Meadow Road  
 Nottingham  
 NG2 1BB

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**APPENDIX 3**

**ARTICLES OF ASSOCIATION**

Provided Upon Request



**KALVISTA PHARMACEUTICALS, INC.  
NOTICE OF INDUCEMENT OPTION GRANT**

KalVista Pharmaceuticals, Inc. (the "**Company**") has granted you, Edward Feener, ("**Participant**") an Option to purchase shares of Common Stock of the Company ("**Shares**"), subject to the terms and conditions of this Notice of Inducement Option Grant (the "**Notice**") and the Inducement Option Award Agreement (the Notice and the Inducement Option Agreement, collectively, the "**Agreement**").

**Participant:** Edward Feener

**Date of Grant:** November 28, 2016

**Vesting Commencement Date:** November 28, 2016

**Exercise Price per Share:** \$10.21

**Total Number of Shares:** 20,055

**Type of Option:** Non-Qualified Stock Option

**Expiration Date:** 10 Years from Date of Grant

**Post-Termination Exercise Period:**

Voluntary Termination = 3 Months  
Termination other than for Cause = 3 Months  
Termination for Cause = 0 Months  
Disability = 12 Months  
Death = 12 Months

**Vesting Schedule:**

Subject to the limitations set forth in the Agreement (inclusive of the Notice), the Shares subject to the Option will vest and may be exercised, in whole or in part, in accordance with the following schedule:

1/48<sup>th</sup> of the Shares subject to the Option will vest and become exercisable on the one (1) month anniversary of the Vesting Commencement Date with an additional 1/48<sup>th</sup> of the Shares subject to the Option vesting when Participant completes each month of continuous service following the first one (1) month anniversary of the Vesting Commencement Date. Notwithstanding the foregoing, the Option is eligible for accelerated vesting as set forth in Optionee's employment agreement with the Company (as herein in effect or as may otherwise be established in the future).

Participant acknowledges that the vesting pursuant to this Notice is earned only by continuing service as a Company employee, director or consultant. Participant also understands that this Notice is subject to the terms and conditions of the Agreement, which is incorporated herein by reference. By signing below or electronically accepting the Agreement, Participant confirms that he has read and agreed to the terms and conditions of this Agreement (inclusive of the Notice). Participant has had an opportunity to obtain the advice of counsel prior to executing the Notice and fully understands all provisions of this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated on the Notice.

**PARTICIPANT:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**KALVISTA PHARMACEUTICALS, INC.**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**KALVISTA PHARMACEUTICALS, INC.**  
**INDUCEMENT STOCK OPTION PLAN AND AGREEMENT**

Participant has been granted an option to purchase Shares (the “**Option**”), subject to the terms and conditions of the Notice and this Agreement.

**1. Vesting Rights.** Subject to the applicable provisions of this Agreement, this Option may be exercised, in whole or in part, in accordance with the schedule set forth in the Notice. In the event Participant’s Termination (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any), Participant’s right to vest in the Shares subject to the Option will terminate effective as of the date that Participant is no longer actively providing services and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any); the Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of his Option grant (including whether Participant may still be considered to be providing services while on an approved leave of absence).

**2. Termination Period.**

(a) **General Rule.** Except as provided below, this Option may be exercised for three months after Participant’s Termination with the Company or any Parent or Subsidiary. In no event shall this Option be exercised later than the expiration date set forth in the Notice.

(b) **Death; Disability.** Unless provided otherwise in the Notice, upon Participant’s Termination by reason of his Disability or death, or if a Participant dies within three months of the Termination Date, this Option may be exercised for twelve months, provided that in no event shall this Option be exercised later than the expiration date set forth in the Notice.

(c) **Cause.** Unless provided otherwise in the Notice, upon Participant’s Termination for Cause or upon Participant’s Termination in circumstances that in the sole determination of the Committee would have constituted grounds for Participant’s termination for Cause, this Option will immediately terminate and will no longer be exercisable.

(d) **Measurement Date.** In the event of Participant’s Termination (whether or not in breach of local labor laws), Participant’s right to exercise the Option after Termination, if any, will be measured by the date of termination of Participant’s active services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant’s employment agreement, if any).

**3. Grant of Option.**

(a) **Basic Terms.** The Participant named in the Notice has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share set forth in the Notice (the “**Exercise Price**”).

(b) **Adjustment of Shares.** In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization, reclassification or other distribution of the Company’s equity securities without the receipt of consideration by the Company, or other change in the Company’s capital structure that constitutes an equity restructuring within the meaning of ASC Topic 718, the Committee will make appropriate adjustments to the number and kind of shares subject to this Option, the Exercise Price and other provision of this Options affected by such change.

(c) **Modification, Extension or Renewal.** The Committee may modify, extend or renew the Option and authorize the grant of new options in substitution therefor, provided that any such action may not, without the written consent of the Participant, impair the Participant’s rights under this Agreement.

#### **4. Exercise of Option.**

(a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of this Agreement. In the event of Participant's death, Disability, Termination for Cause or other Termination, the exercisability of the Option is governed by the applicable provisions of this Agreement (inclusive of the Notice).

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice (the "**Exercise Notice**"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "**Exercised Shares**"). The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

(c) Securities Law. No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of securities law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for tax purposes the Exercised Shares shall be considered transferred to the Participant on the date the Option is exercised with respect to such Exercised Shares.

(d) Limitations on Exercise. The Committee may specify a minimum number of Shares that may be purchased on any exercise of the Option, provided that such minimum number will not prevent the Participant from exercising the Option for the full number of Shares for which it is then exercisable.

**5. Method of Payment.** Unless provided otherwise by the Company, in its sole discretion, or in the Appendix, payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Participant:

- (a) cash;
- (b) check;
- (c) by consideration received by the Company pursuant to a broker-assisted or other cashless exercise program implemented by the Company; or
- (d) other method authorized by the Company.

#### **6. Restrictions.**

(a) Non-Transferability. This Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by the Participant unless otherwise permitted by the Committee on a case-by-case basis. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

(b) Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares.

(c) Certificates. All certificates for Shares will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

(d) Escrow; Pledge of Shares. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent

designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. If Participant is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Agreement, he will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

(e) Insider Trading Policy. Participant shall comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by employees, officers and/or directors of the Company.

**7. Term of Option.** This Option shall in any event expire on the expiration date set forth in the Notice, which date is 10 years after the Date of Grant.

**8. Tax Obligations.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to Participant's Option and legally applicable to Participant ("**Tax-Related Items**"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to exercise of the Option, Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment on account obligations of the Company and/or the Employer. In this regard, Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer. With the Company's consent, these arrangements may also include, if permissible under local law, (a) withholding Shares that otherwise would be issued to Participant when Participant exercises this Option, provided that the Company only withholds the amount of Shares necessary to satisfy the applicable withholding amount, (b) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf and Participant hereby authorizes such sales by this authorization), (c) Participant's payment by cash, check, wire transfer, bank draft or money order payable to the Company, or (d) any other arrangement approved by the Company; all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of the Company under the Exchange Act of 1934 (the "**Exchange Act**"), then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) shall establish the method of withholding from alternatives (a)-(d) above, and the Committee shall establish the method prior to the Tax-Related Items withholding event. The Fair Market Value of these Shares, determined as of the effective date of the Option exercise, will be applied as a credit against the withholding taxes. Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's purchase of Shares that cannot be satisfied by the means previously described. Finally, Participant acknowledges that the Company has no obligation to deliver Shares to Participant until Participant has satisfied the obligations in connection with the Tax-Related Items as described in this Section.

**9. Acknowledgement of Nature of the Grant.** The Company and Participant agree that the Option is granted under and governed by this Agreement. Participant acknowledges receipt of a copy of the Option prospectus, represents that Participant has carefully read and is familiar with the Option and hereby accepts the Option subject to all of the terms and conditions set forth in this Agreement. Participant further acknowledges, understands and agrees that:

(a) the grant of the Option is voluntary and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options;

(b) the Option grant shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Parent, Subsidiary or affiliate of the Company, and shall not interfere with the ability of the Company, the Employer or any Parent, Subsidiary or affiliate of the Company, as applicable, to terminate Participant's employment or service relationship (if any);

(c) Participant is voluntarily accepting this Option;

(d) the Option and any Shares acquired hereunder are not intended to replace any pension rights or compensation;

(e) the Option and any Shares acquired hereunder and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

(g) if the underlying Shares do not increase in value, the Option will have no value;

(h) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from Participant's Termination (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, its Parent, or any of its Subsidiaries or affiliates or the Employer, waives his ability, if any, to bring any such claim, and releases the Company, its Parent, Subsidiaries and affiliates and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(j) unless otherwise provided by the Company in its discretion, the Option and the benefits evidenced by this Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares;

**10. No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding this Option or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his own personal tax, legal and financial advisors regarding this Option before taking any action.

**11. Data Privacy.** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and its Parent, Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing this Agreement and Participant's Option.*

*Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing this Agreement.*

*Participant understands that Data will be transferred to a designated broker or such other stock administrator as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Option and this Agreement. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his local human resources representative. Participant authorizes the Company, its designed broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Option to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Participant's Option and this Agreement. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's Option and this Agreement. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his consent, his employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant or maintain the Option. Therefore, Participant understands that refusing or withdrawing his consent may affect Participant's Option. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his local human resources representative.*

**12. Entire Agreement; Enforcement of Rights.** This Agreement (inclusive of the Notice) constitutes the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior discussions between the parties. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. The Committee may at any time amend this Agreement in any respect, provided, however, that the Committee will not, without the approval of the Participant, amend this Agreement in any manner that impairs the rights of Participant. Other than modifications or amendments to this Agreement covered by the foregoing sentence, no modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by Participant.

**13. Compliance with Laws and Regulations.** Notwithstanding any other provision hereunder, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon exercise of the Option prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

**14. Governing Law and Venue; Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the district of Delaware, and no other courts, where this grant is made and/or to be performed.

**15. Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver by electronic means any documents, including prospectuses required by the SEC, U.S. financial reports of the Company, other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) and other communications or information, related to this Agreement. Participant hereby consents to receive such documents by electronic delivery and agrees to the administration of this Agreement on-line or on an electronic system established and maintained by the Company or a third party designated by the Company. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails. Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revised or revoked consent. Finally, Participant understands that Participant has consented to electronic delivery under this Section 15 even though Participant is not required to consent to electronic delivery.

**16. Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Option and on any Shares acquired upon exercise of the Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**17. Administration.** Subject to the general purposes, terms and conditions of this Agreement, and to the direction of the Board, the Committee will have full power to implement and carry out this Agreement, and will have the authority to (a) construe and interpret this Agreement, (b) prescribe, amend and rescind rules and regulations relating to this Agreement, (c) determine the Fair Market Value in good faith, if necessary, (d) determine whether this Option will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other awards or incentive or compensation plans of the Company or any Parent or Subsidiary of the Company, (e) grant waivers of conditions hereunder, (f) correct any defect, supply any omission or reconcile any inconsistency hereunder, (g) determine whether the Option is vested, (h) determine the terms and conditions of any, and to institute any Exchange Program, and (i) make all other determinations necessary or advisable for the administration of this Agreement. Any determination made by the Committee with respect to this Option or Agreement shall be made in its sole discretion on the Date of Grant or, unless in contravention of any express term of this Agreement, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in the Option. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and the Participant.

**18. Covered Transactions.** The following provisions will apply in the event of a Covered Transaction:

(a) If the Covered Transaction is one in which there is an acquiring or surviving entity, the Committee may (but, for the avoidance of doubt, need not) provide (i) for the assumption or continuation of the Option or any portion thereof or (ii) for the grant of new awards in substitution therefor by the acquiror or survivor or an affiliate of the acquiror or survivor.

(b) Subject to Section 18(e) below, the Committee may (but, for the avoidance of doubt, need not) provide for payment (a "cash-out") of the Option or any portion thereof, equal to the excess, if any, of (A) the fair market value of one Share (as determined by the Committee in its reasonable discretion) times the number of Shares subject to the

Option or such portion, over (B) the aggregate Exercise Price of the Option or such portion, in each case on such payment terms (which need not be the same as the terms of payment to holders of Shares) and other terms, and subject to such conditions, as the Committee determines, it being understood that if the Exercise Price is equal to or greater than the fair market value of one Share (as determined in accordance with this Section 18(b)), this Option may be cancelled with no payment due hereunder.

(c) Subject to Section 18(e) below, the Committee may (but, for the avoidance of doubt, need not) provide that the Option will become exercisable, in full or in part, on a basis that gives the Participant a reasonable opportunity, as determined by the Committee, following exercise of the Option, to participate as a stockholder in the Covered Transaction.

(d) Except as the Committee may otherwise determine in any case, this Option will automatically terminate upon consummation of the Covered Transaction, unless this Option is assumed pursuant to Section 18(a) above.

(e) Any Share and any cash or other property delivered pursuant to Section 18(b) or Section 18(c) above may, in the discretion of the Committee, contain such restrictions, if any, as the Committee deems appropriate to reflect any vesting conditions to which this Option was subject and that did not lapse (and were not satisfied) in connection with the Covered Transaction. For purposes of the immediately preceding sentence, a cash-out under Section 18(b) above or acceleration under Section 18(c) above will not, in and of itself, be treated as the lapsing (or satisfaction) of a vesting condition.

**19. Definitions.** In addition to the terms defined elsewhere in the Agreement (inclusive of the Notice), the following definitions shall apply:

(a) “**Board**” means the Board of Directors of the Company.

(b) “**Common Stock**” means the common stock of the Company.

(c) “**Cause**” means, unless defined in any employment agreement between Participant and the Company, as determined by the Committee in its reasonable judgment, (i) a substantial failure of Participant to perform Participant’s duties and responsibilities to the Company or its Subsidiaries or substantial negligence in the performance of such duties and responsibilities; (ii) the commission by Participant of a felony or a crime involving moral turpitude; (iii) the commission by Participant of theft, fraud, embezzlement, material breach of trust or any material act of dishonesty involving the Company or its Subsidiaries; (iv) a significant violation by Participant of the code of conduct of the Company or its Subsidiaries, of any material policy of the Company or its Subsidiaries, or of any statutory or common law duty of loyalty to the Company or its Subsidiaries; (v) material breach of any of the terms of this Option, or of the terms of any other agreement between the Company or its Subsidiaries and Participant; or (vi) other conduct by Participant that could be expected to be harmful to the business, interests or reputation of the Company.

(d) “**Committee**” means the Compensation Committee of the Board or those persons to whom administration of this Agreement, or part of this Agreement, has been delegated as permitted by law.

(e) “**Code**” means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(f) “**Covered Transaction**” means any of (i) a consolidation, merger, or similar transaction or series of related transactions, including a sale or other disposition of stock, in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company’s then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Company’s assets, or (iii) a dissolution or liquidation of the Company. Where a Covered Transaction involves a tender offer that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Committee), the Covered Transaction will be deemed to have occurred upon consummation of the tender offer.

(g) “**Disability**” means, unless defined in any employment agreement between Participant and the Company, a disability that would entitle Participant to long-term disability benefits under the Company’s long-term disability plan to which Participant participates. Notwithstanding the foregoing, in any case in which a benefit that constitutes or includes “nonqualified deferred compensation” subject to Section 409A would be payable by reason of Disability, the term “Disability” will mean a disability described in Treas. Regs. Section 1.409A-3(i)(4)(i)(A).



(h) “**Exchange Program**” means a program pursuant to which outstanding awards are surrendered, cancelled or exchanged for cash, the same type of awards or a different award (or combination thereof).

(i) “**Fair Market Value**” means, as of any date, the value of a share of the Company’s Common Stock determined as follows: (i) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as the Board or the Committee deems reliable; (ii) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Board or the Committee deems reliable; or (iii) if none of the foregoing is applicable, by the Board or the Committee in good faith.

(j) “**Parent**” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(k) “**SEC**” means the United States Securities and Exchange Commission.

(l) “**Subsidiary**” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(m) “**Termination**” or “**Terminated**” means that the Participant has for any reason ceased to provide services as an employee, officer, director, consultant, independent contractor or advisor to the Company or a Parent or Subsidiary of the Company. Participant will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee; provided, that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing. In the case of any employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Shares subject to the Option while on leave from the employ of the Company or a Parent or Subsidiary of the Company as it may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the Notice. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the “**Termination Date**”).