**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, DC 20549**

# FORM 8-K

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

Date of Report (Date of earliest event reported): March 17, 2020

# LUMOS PHARMA, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **001-35342** | **42-1491350** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**4200 Marathon Blvd., Suite 200**
**Austin, Texas 78756**
(Address of principal executive offices)

**(512) 215-2630**
(Registrant's telephone number, including area code)

**NewLink Genetics Corporation**
**2503 South Loop Drive**
**Ames, Iowa 50010**
(Former name or former address, if changed since last report)

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

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock | LUMO | The Nasdaq Stock Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter) ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On March 18, 2020, NewLink Genetics Corporation ("**NewLink**" or the "**Company**") completed its business combination with Lumos Pharma, Inc. ("**Lumos**") in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of September 30, 2019, by and among the Company, Cyclone Merger Sub, Inc. ("**Merger Sub**"), and Lumos (as amended, the "**Merger Agreement**"), pursuant to which Merger Sub merged with and into Lumos, with Lumos surviving as a wholly-owned subsidiary of the Company (the "**Merger**").

Also on March 18, 2020, and prior to the effective time of the Merger (the "**Effective Time**"), the Company effected a 1-for-9 reverse stock split of its common stock (the "**Reverse Stock Split**") and, following the Merger, changed its name to "Lumos Pharma, Inc." Unless otherwise noted herein, all references to share amounts give effect to the Reverse Stock Split. Following the completion of the Merger, the business being conducted by the Company became primarily the business conducted by Lumos, which is a biopharmaceutical company focused on the identification, acquisition, in-license, development, and commercialization of novel products for the treatment of rare diseases. Lumos' current pipeline is focused on the future development of an orally administered small molecule, the growth hormone secretagogue ibutamoren, for three rare endocrine disorders.

Under the terms of the Merger Agreement, at the Effective Time, Lumos stockholders have the right to receive an aggregate of approximately 4,127,559 shares of the Company's common stock, at an exchange rate of (i) approximately 0.1302375332 shares of common stock in exchange for each share of Lumos common stock outstanding immediately prior to the Merger (the "**Per Share Common Stock Exchange Ratio**"), (ii) approximately 0.0869652095 shares of common stock in exchange for each share of Lumos Series A Preferred Stock outstanding immediately prior to the Merger (the "**Per Share Series A Exchange Ratio**"), and (iii) approximately 0.1987278790 shares of common stock in exchange for each share of Lumos Series B Preferred Stock outstanding immediately prior to the Merger (the "**Per Share Series B Exchange Ratio**," and together with the Per Share Common Stock Exchange Ratio and the Per Share Series A Exchange Ratio, the "**Exchange Ratios**"). The Exchange Ratios were calculated pursuant the Merger Agreement. In connection with the Merger, the Company has agreed to file with the Securities and Exchange Commission, within 90 days of the closing date of the Merger, a registration statement on Form S-3 to register the shares of common stock received by Lumos stockholders in the Merger for resale in the public markets.

Immediately following the Reverse Stock Split and the completion of the Merger, there were approximately 8,255,126 shares of the Company's common stock outstanding (including the shares Lumos stockholders have a right to receive), of which the former Lumos stockholders beneficially owned approximately 50% of these outstanding shares and the former Company stockholders beneficially owned approximately 50% of these outstanding shares. Substantially all of these former Lumos stockholders are party to lock-up agreements, pursuant to which such stockholders have agreed, among other things, not to sell or dispose of any shares of the Company's common stock which are or will be beneficially owned by them at the closing of the Merger with such shares being released from such restrictions 180 days after the Effective Time, subject to specified exceptions.

The Company also assumed all of the stock options issued and outstanding under the Lumos 2012 Equity Incentive Plan (as amended, the "**Lumos 2012 EIP**") and the Lumos 2016 Stock Plan (the "**Lumos 2016 Plan**," and together with the Lumos 2012 EIP, the "**Lumos Plans**"). From and after the Effective Time, each Lumos option assumed by the Company may be exercised solely for such number of shares of the Company's common stock as is determined by multiplying the number of shares of Lumos' common stock subject to the option by the Per Share Common Stock Exchange Ratio and rounding that result down to the nearest whole number of shares of the Company's common stock. The per share exercise price of the converted option will be determined by dividing the existing exercise price of the option by the Per Share Common Stock Exchange Ratio and rounding that result up to the nearest whole cent. The Company also assumed the Lumos Plans and intends to file a registration statement on Form S-8 to register the shares of the Company's common stock issuable upon exercise of such stock options.

The Company's common stock is expected to trade on a post-split basis (giving effect to the Reverse Stock Split) and under its new name as of March 19, 2020. The trading symbol will also change on that date from "NLNK" to "LUMO," and the Company's common stock will be represented by the new CUSIP number 55028X 109.

The foregoing description of the Merger Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which was filed as Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 10, 2020 and amended on February 13, 2020 (the "**Proxy Statement**"), and is incorporated herein by reference.

The information set forth in Item 5.02 regarding the indemnification agreements is incorporated by reference into this Item 2.01.

**Item 3.02. Unregistered Sales of Equity Securities.**

Pursuant to the Merger Agreement, the Company issued shares of common stock and options to purchase shares of common stock. The nature of the transaction and the nature and amount of consideration received by the Company are described in Item 2.01 of this Current Report on Form 8-K, which is incorporated by reference into this Item 3.02. Such issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

**Item 3.03. Material Modification to Rights of Security Holders.**

To the extent required by Item 3.03 of Form 8-K, the information contained in Item 2.01 of this Current Report on Form 8-K regarding the Reverse Stock Split is incorporated by reference herein.

As a result of the Reverse Stock Split, the number of issued and outstanding shares of the Company's common stock immediately prior to the Reverse Stock Split were reduced into a smaller number of shares, such that every 9 shares of the Company's common stock held by a stockholder immediately prior to the Reverse Stock Split were combined and reclassified into one share of the Company's common stock following the Reverse Stock Split. Immediately following the Reverse Stock Split and the Merger, there were approximately 8,255,126 shares of the Company's common stock outstanding (including the shares Lumos stockholders have a right to receive).

No fractional shares were issued in connection with the Reverse Stock Split. Any fractional shares resulting from the Reverse Stock Split were rounded down to the nearest whole number, and each stockholder who would otherwise be entitled to a fraction of a share of common stock upon the Reverse Stock Split (after aggregating all fractions of a share to which such stockholder would otherwise be entitled) is, in lieu thereof, entitled to receive a cash payment at a price equal to the fraction to which the stockholder would otherwise be entitled multiplied by the closing price of the common stock on the Nasdaq Stock Market on March 18, 2020.

**Item 5.01. Changes in Control of Registrant.**

The information set forth in Item 2.01 regarding the Merger and the information set forth in Item 5.02 regarding the Company's board of directors (the "***Board***") is incorporated by reference into this Item 5.01.

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

***Resignation and Appointment of Directors and Committee Assignments***

Pursuant to the Merger Agreement, on March 18, 2020, effective as of the Effective Time, Ernest J. Talarico and Matthew L. Sherman, M.D. resigned from the Board and any respective committees of the Board on which they served, which resignations were not the result of any disagreements with the Company relating to the Company's operations, policies or practices.

Also, on March 17, 2020, pursuant to the Merger Agreement, the Board appointed, effective as of the Effective Time, Richard J. Hawkins, Emmett T. Cunningham, Jr., M.D. and Kevin Lalande as directors of the Company. The newly appointed non-employee directors are expected to receive compensation and equity awards comparable to the other non-employee directors of the Company. The Board plans to evaluate the compensation and equity awards for non-employee directors following closing of the Merger.

Mr. Hawkins, a newly appointed member of the Board, is a founder of Lumos and as a result of the Merger, received rights to approximately 716,306 shares of the Company's common stock in exchange for common stock of Lumos that Mr. Hawkins held immediately prior to the Merger and options to purchase approximately 19,535 shares of Company common stock in exchange for options to purchase Lumos common stock under the Lumos 2016 Plan.

Dr. Cunningham, a newly appointed member of the Board, also serves as a Senior Managing Director in the Life Sciences group of The Blackstone Group Inc., which is an affiliate of Clarus Lifesciences, III, L.P. ("**Clarus**"). Clarus currently holds more than 5% of the Company's outstanding common stock. As a result of the Merger, Clarus received, in the aggregate, rights to approximately 466,018 shares of the Company's common stock in exchange for Series B Preferred Stock of Lumos that Clarus held immediately prior to the Merger.

Mr. Lalande, a newly appointed member of the Board, also serves as a managing director of SHV Management Services II, LLC, which is an affiliate of Santé Health Ventures II, L.P. ("**Santé Health**"). As a result of the Merger, Santé Health received, in the aggregate, rights to approximately 407,766 shares of Company common stock in exchange for Series A Preferred Stock and Series B Preferred Stock of Lumos that Santé Health held immediately prior to the Merger.

*Audit Committee*

On March 17, 2020, Chad Johnson and Dr. Cunningham were appointed, effective immediately after the Effective Time, to the audit committee of the Board and together with Lota Zoth, who will continue to serve as the chairman of the audit committee, will comprise the audit committee of the Board, effective as of the Effective Time.

*Compensation Committee*

On March 17, 2020, Mr. Lalande was appointed, effective immediately after the Effective Time, to the compensation committee of the Board. Thomas A. Raffin, M.D. will continue to serve as the chairman of the compensation committee and together with Ms. Zoth, and Mr. Lalande will comprise the compensation committee of the Board, effective as of the Effective Time.

*Nominating and Corporate Governance Committee*

On March 17, 2020, Mr. Johnson was appointed, effective immediately after the Effective Time, to serve as the chair of the nominating and corporate governance committee of the Board and together with Dr. Raffin will comprise the nominating and corporate governance committee of the Board, effective as of the Effective Time.

***Resignation and Appointment of Executive Officers***

Pursuant to the Merger Agreement, on March 17, 2020, the Board appointed Mr. Hawkins, effective immediately after the Effective Time, as the Company's Chief Executive Officer and John McKew as the Company's Chief Science Officer. Also effective immediately after the Effective Time, the Office of the CEO of the Company was disbanded and Bradley J. Powers, General Counsel of the Company, who has served as principal executive officer of the Company since August 3, 2019, resigned as principal executive officer of the Company and Mr. Hawkins, as Chief Executive Officer, will serve as the principal executive officer of the Company; Mr. Powers will continue to serve as General Counsel of the Company. There are no family relationships among any of the Company's directors and executive officers.

*Richard J. Hawkins* has served as President and Chief Executive Officer and as a member of the Lumos board of directors since January 2011. In addition, Mr. Hawkins currently serves on the board of directors of several life sciences companies, including Cytori Therapeutics, Inc. (Nasdaq: CYTX) and Savara Inc. (Nasdaq: SVRA), and previously served on the board of directors of SciClone Pharmaceuticals, Inc. until its acquisition in October 2017. From 2000 to 2010, Mr. Hawkins founded and advised numerous pharmaceutical companies including Sensus Drug Development Corporation, where he served as co-founder and Chairman of the board of directors until it was sold to Pfizer Inc. From 1981 to 2000, Mr. Hawkins was founder, President and Chief Executive Officer of Pharmaco. The company later merged with PPD of Wilmington, North Carolina to form PPD Pharmaco, one of the largest clinical contract research organizations in the world. Mr. Hawkins received his B.S. degree in biology from Ohio University.

*John McKew, Ph.D.*, has served as the Chief Science Officer of Lumos since 2016. From 2014 until 2016, Dr. McKew was V.P. of research for aTyr Pharma, Inc. where he led research aimed at understanding and harnessing the therapeutic potential of tRNA synthetases. From 2010 until 2014, Dr. McKew worked for the National Institutes of Health, during which time he served as a branch chief at the National Human Genome Research Institute Home from 2010 until 2013, and as the acting Scientific Director of the Division of Preclinical Innovation at the National Center for Advancing Translational Sciences ("**NCATS**") from 2013 until 2014. His responsibilities included developing both the Therapeutics for Rare and Neglected Disease ("**TRND**") and the Bridging Interventional Development Gaps programs. The department he led also included NCATS's high throughput screening center and its Tox21 in vitro toxicology initiative. Before joining the NIH, Dr. McKew held a director level position at Wyeth Research in Cambridge, Massachusetts. Dr. McKew is also currently an Adjunct Associate Professor at the Boston University School of Medicine. Dr. McKew received a B.S. degree in chemistry and biochemistry from The State University of New York at Stony Brook, a Ph.D. in organic chemistry from the University of California, Davis, and held post-doctoral research positions at the University of Geneva and Firmenich, SA.

*Employment Arrangements*

Lumos has entered into employment agreements or offer letter agreements with and has granted stock options to certain of its executive officers, including its Chief Executive Officer and Chief Science Officer. Below is a description of the arrangements that Lumos has entered into with its named executive officers, including any stock option grants, several of which provide for acceleration of vesting in the event of a change of control of Lumos, which occurred in the Merger.

Lumos entered into an employment agreement with its Chief Executive Officer, Mr. Hawkins, in January 2014 setting forth the terms of his employment. Mr. Hawkins' employment with the Company will continue under the terms of his current employment agreement but the Company plans to enter into a new employment agreement with Mr. Hawkins following the closing of the Merger, subject to agreement of terms between the parties and Board approval of any such employment agreement.

Pursuant to the employment agreement, Mr. Hawkins has a current base salary of $425,000. A cash bonus of $178,000 was approved in 2019 by Lumos and payable to Mr. Hawkins by the Company in 2020 in connection with his employment. Mr. Hawkins's employment agreement also provided for certain severance benefits. If Mr. Hawkins was terminated by the Company without cause or if he had resigned with good reason, he was entitled to receive his then current base salary for a period of six months or until he accepted alternate employment. Lumos entered into a stock option agreement under the Lumos 2016 Plan with Mr. Hawkins in June 2019, pursuant to which Mr. Hawkins was granted a stock option to purchase 150,000 shares of Lumos' common stock (which converted into options to purchase an aggregate of 19,535 shares of the Company's common stock pursuant to the Per Share Common Stock Exchange Ratio at the Effective Time), under which the shares underlying the option would vest in equal monthly installments over 48 months following December 7, 2018, subject to Mr. Hawkins's continued service. A change of control occurred upon the closing of the Merger, thereby accelerating 50% of the unvested shares underlying the option to become vested pursuant to the change of control provision in the option agreement. As a result of the Merger, Mr. Hawkins has vested options to purchase approximately 13,632 shares of the Company's common stock with an exercise price of $1.85. In addition, Mr. Hawkins received unvested options to purchase approximately 5,903 shares of the Company's common stock with an exercise price of $1.85, and will vest pursuant to the vesting schedule set forth in the original option agreement.

Lumos entered into an offer letter with Dr. McKew in February 2016 setting forth the terms of his employment. Dr. McKew's current annual base salary is $412,000. The Company has agreed to continue employing Dr. McKew under such terms and to provide at least the same level of base salary that was provided to him immediately prior to the Effective Time and to provide employee benefits that are substantially similar in the aggregate to the employee benefits that were provided to him immediately prior to the Effective Time, until a new employment agreement can be arranged directly with the Company. In addition, Lumos entered into three stock option agreements with Dr. McKew under the Lumos 2016 Plan. The first stock option agreement that Lumos entered into under the Lumos 2016 Plan with Dr. McKew was in July 2016, pursuant to which Dr. McKew was granted a stock option to purchase 624,394 shares of Lumos' common stock (which converted into options to purchase an aggregate of approximately 81,319 shares of the Company's common stock pursuant to the Per Share Common Stock Exchange Ratio at the Effective Time), all of which have vested. The second stock option agreement that Lumos entered into under the Lumos 2016 Plan with Dr. McKew was in January 2018, pursuant to which Dr. McKew was granted a stock option to purchase 73,252 shares of Lumos' common stock (which converted into options to purchase an aggregate of approximately 9,540 shares of the Company's common stock pursuant to the Per Share Common Stock Exchange Ratio at the Effective Time), under which 25% of the shares underlying the option would vest one year following December 5, 2017, and the remaining shares underlying the option would vest in equal monthly installments over 36 months following December 5, 2018, subject to Dr. McKew's continued service. The third stock option agreement that Lumos entered into under the Lumos 2016 Plan with Dr. McKew was in August 2018, pursuant to which Dr. McKew was granted a stock option to purchase 50,000 shares of Lumos' common stock (which converted into options to purchase an aggregate of approximately 6,511 shares of the Company's common stock pursuant to the Per Share Common Stock Exchange Ratio at the Effective Time), under which the shares underlying the option were fully vested as of August 29, 2018, the date of grant. A change of control occurred upon the closing of the Merger, thereby accelerating 50% of the unvested shares underlying the option subject to vesting to become vested pursuant to the change of control provisions in the option agreements. As a result of the Merger, Mr. McKew has vested options to purchase approximately 94,487 shares of the Company's common stock with an exercise price of $4.51, and unvested options to purchase approximately 2,883 shares of the Company's common stock with a weighted average exercise price of $2.46, which will vest pursuant to the vesting schedule set forth in the original option agreement.

On March 18, 2020, pursuant to the Merger Agreement, the Company assumed the Lumos Plans and all of the stock options issued and outstanding under the Lumos Plans. From and after the Effective Time, each Lumos option assumed by the Company may be exercised solely for such number of shares of the Company's common stock as is determined by multiplying the number of shares of Lumos' common stock subject to the option by the Per Share Common Stock Exchange Ratio and rounding that result down to the nearest whole number of shares of the Company's common stock. The per share exercise price of the converted option will be determined by dividing the existing exercise price of the option by the Per Share Common Stock Exchange Ratio and rounding that result up to the nearest whole cent.

The Company is obligated pursuant to the Merger Agreement to file a registration statement on Form S-8 to register the shares of the Company's common stock issuable upon exercise of such stock options no later than 20 days after the Effective Time. The Lumos 2012 EIP was adopted by the board of directors of Lumos in September 2012 and approved by Lumos' stockholders in September 2012. The Lumos 2016 Plan was adopted by the board of directors of Lumos in July 2016 and approved by Lumos' stockholders in July 2016. The Lumos Plans provide for the granting of stock options to employees, directors and consultants of Lumos and may be either incentive stock options ("**ISOs**") or nonqualified stock options ("**NSOs**"). ISOs may be granted only to Lumos' employees, whereas NSOs may be granted to Lumos' employees, directors and consultants. Options under the Lumos Plans may be granted for periods of up to 10 years and at prices no less than 100% of the estimated fair value of the underlying shares of common stock on the date of grant as determined by the Lumos board of directors; provided, however, that the exercise price of an ISO and NSO granted to a 10% shareholder shall not be less than 110% of the estimated fair value of the shares on the date of grant. The Lumos Plans require that options be exercised no later than 10 years after the grant.

Pursuant to the Lumos 2012 EIP, in the event of a change of control, if the surviving or acquiring corporation does not agree to assume or continue any stock award outstanding under the Lumos 2012 EIP (or to substitute similar stock awards) of substantially equivalent value for those outstanding under the Lumos 2012 EIP, then with respect to any stock award held by an option holder whose service has not terminated prior to the change of control, the vesting of such stock award shall be fully accelerated effective as of the date on which the change of control occurred, and any such stock award as to which exercise is still required and permitted shall terminate if not exercised by a time reasonably established by Lumos' board of directors. The surviving or acquiring corporation may assume or continue Lumos' rights and obligations under any stock award outstanding immediately prior to the change of control or substitute for any such outstanding stock award a substantially equivalent award with respect to the surviving or acquiring corporation's stock. Any stock award which is neither assumed or continued in connection with the change of control nor exercised as of the time of consummation of the change of control shall terminate effective as of the time of consummation of the change of control.

Pursuant to the Lumos 2016 Plan, in the event of a change of control, the board of directors may provide for any one or more of the following: (1) upon conditions, including termination of the option holder's service prior to, upon or following the change in control or in the event that the surviving or acquiring corporation elects not to assume or continue any award outstanding immediately prior to the change of control, the exercisability and/or vesting of such award held by an option holder whose service has not terminated prior to the change of control shall be accelerated in full effective as of a date prior to, but conditioned upon, the consummation of the change of control; (2) the surviving or acquiring corporation may assume or continue Lumos' rights and obligations under any stock award outstanding immediately prior to the change of control or substitute for any such outstanding award a substantially equivalent award with respect to the surviving or acquiring corporation's stock; or (3) any award outstanding immediately prior to the change of control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested share (and each unvested share if so determined by the board of directors) of stock subject to such canceled award in cash, stock of company or another business entity party to the change of control, or other property which shall be in an amount having a fair market value equal to the fair market value of the consideration to be paid per share of stock in the change of control transaction, reduced by the exercise or purchase price per share.

The disclosure set forth above under Item 2.01 regarding our assumption of outstanding stock options issued by Lumos as of the Effective Time, as well as assumption of the Lumos Plans, is incorporated by reference into this Item 5.02.

The descriptions of the Lumos Plans included herein are not complete and are subject to and qualified in their entirety by reference to the Lumos 2012 EIP and form of stock option grant notice and the Lumos 2016 Plan and form of stock option grant notice which are attached as Exhibits 10.1, 10.2, 10.3 and 10.4 hereto, respectively and are incorporated herein by reference.

Each of the newly appointed directors and executive officers of the Company entered into the Company's standard form of indemnification agreement with the Company on March 18, 2020, the form of which is attached hereto as Exhibit 10.5 and incorporated herein by reference.

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

To the extent required by Item 5.03 of Form 8-K, the information contained in Item 2.01 and Item 3.03 of this Current Report on Form 8-K is incorporated by reference herein.

On March 17, 2020, at a special meeting of the Company's stockholders (the "**Special Meeting**"), the stockholders approved an amendment to the Company's amended and restated certificate of incorporation, as amended (the "**Restated Certificate**") to effect the Reverse Stock Split (the "**Split Amendment**"). Additionally, the Board previously approved on September 30, 2019 an amendment to the Restated Certificate to change the Company's name from "NewLink Genetics Corporation" to "Lumos Pharma, Inc." (the "**Name Change Amendment**") upon closing of the Merger. On March 18, 2020, the Company filed the Split Amendment, effective prior to the Effective Time, and the Name Change Amendment, effective immediately after the Effective Time, with the Secretary of State of the State of Delaware.

The foregoing descriptions of the Split Amendment and Name Change Amendment are not complete and are subject to and qualified in their entirety by reference to the Split Amendment and Name Change Amendment, copies of which are attached hereto as Exhibit 3.1 and Exhibit 3.2, respectively, and incorporated herein by reference.

On March 17, 2020, we adopted a new form of stock certificate representing our common stock on and after the Effective Time to reflect the name change and updated signatories. The form of stock certificate is attached hereto as Exhibit 4.1 and is incorporated herein by reference.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

The Company held the Special Meeting on March 17, 2020. At the Special Meeting, the following proposals were submitted to a vote of the Company's stockholders:

1. To approve the issuance of the Company's common stock pursuant to the Merger Agreement, as well as the resulting "change of control" of the Company under the Nasdaq rules (the "***Merger Proposal***")

2. To amend the Company's amended and restated certificate of incorporation to effect the Reverse Stock Split (the "***Reverse Stock Split Proposal***")

3. To approve, on a non-binding advisory basis, certain compensation that may be paid or become payable to certain of the Company's named executive officers in connection with the Merger

4. To adjourn or postpone the Special Meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Merger Proposal or the Reverse Stock Split Proposal

Each of the Company's proposals was approved by the requisite vote of the Company's stockholders as described below. The final voting results for each matter submitted to a vote of the Company's stockholders at the Special Meeting, each of which is described in detail in the Proxy Statement, are as follows (not taking into account the subsequent Reverse Stock Split):

| | Proposal | For | Against | Abstain | Broker Non-Votes |
|---|---|---|---|---|---|
| 1. | To approve the issuance of the Company's common stock pursuant to the Merger Agreement, as well as the resulting "change of control" of the Company under the Nasdaq rules | 17,643,724 | 1,131,734 | 38,106 | 13,418,358 |
| 2. | To amend the Company's amended and restated certificate of incorporation to effect the Reverse Stock Split | 26,700,188 | 5,401,856 | 129,878 | 0 |
| 3. | To approve, on a non-binding advisory basis, certain compensation that may be paid or become payable to certain of the Company's named executive officers in connection with the Merger | 16,827,869 | 1,855,151 | 130,544 | 13,418,358 |
| 4. | To adjourn or postpone the Special Meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the Merger Proposal or the Reverse Stock Split Proposal | 28,188,522 | 3,807,282 | 236,118 | 0 |

**Item 8.01 Other Events.**

On March 18, 2020, we issued a press release announcing stockholder approval of the Merger. A copy of the press release is attached hereto as Exhibit 99.1.

**Cautionary Statement Concerning Forward-Looking Statements**

The information in this Current Report on Form 8-K and the information incorporated herein by reference, include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. When used in this report, the words “believe,” “may,” “could,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “indicate,” “seek,” “should,” “would” and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements contain these identifying words. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, our results could differ materially from the forward-looking statements in this report. All forward-looking statements in this report are current only as of the date of this report. We do not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any statement is made or to reflect the occurrence of unanticipated events.

**Item 9.01. Financial Statements and Exhibits.**

**(a) Financial Statements of Business Acquired.**

We intend to file the financial statements of Lumos required by Item 9.01(a) as part of an amendment to this Current Report on Form 8-K not later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

**(b) Pro Forma Financial Information.**

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

**(d) Exhibits.**

| Exhibit No. | Description |
|---|---|
| 2.1*† | Agreement and Plan of Merger and Reorganization, dated September 30, 2019, by and among NewLink Genetics Corporation, Cyclone Merger Sub, Inc. and Lumos Pharma, Inc., as amended |
| 3.1 | Certificate of Amendment to Certificate of Incorporation to Effect the Reverse Stock Split |
| 3.2 | Certificate of Amendment to Certificate of Incorporation to Effect the Name Change |
| 4.1 | Form of Common Stock Certificate |
| 10.1# | Lumos Pharma, Inc. 2012 Equity Incentive Plan |
| 10.2# | 2012 Equity Incentive Plan Form of Incentive Stock Option Grant Notice |
| 10.3# | Lumos Pharma, Inc. 2016 Stock Plan |
| 10.4# | 2016 Form of Stock Option Grant Notice |
| 10.5*# | Form of Indemnity Agreement by and between the Registrant and its directors and officers |
| 99.1 | Press release issued by the Company on March 18, 2020 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

| | |
|---|---|
| * | Previously filed. |
| # | Indicates management contract or compensatory plan. |
| † | The schedules and exhibits to the merger agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission upon request. |

**SIGNATURES**

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

Date: March 18, 2020

LUMOS PHARMA, INC.,
a Delaware corporation

By:/s/ Richard J. Hawkins
Richard J. Hawkins
Chief Executive Officer

**Exhibit 3.1**

**CERTIFICATE OF AMENDMENT**

**TO THE**

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

**OF**

**NEWLINK GENETICS CORPORATION**

NewLink Genetics Corporation (the "***Corporation***"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, as amended (the "***DGCL***"), hereby certifies as follows:

A. The name of the Corporation is NewLink Genetics Corporation. The date of filing of the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware was June 4, 1999, and such Certificate of Incorporation was restated on November 16, 2011 and further amended on May 10, 2013.

B. This Certificate of Amendment to the Amended and Restated Certificate of Incorporation (the "***Certificate of Amendment***") amends the Corporation's Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on November 16, 2011, as amended on May 10, 2013 (as amended, the "***Prior Certificate***"), and has been duly adopted by the Corporation's Board of Directors and stockholders in accordance with the provisions of Section 242 of the DGCL.

C. Article IV, Section A of the Prior Certificate is hereby amended and restated to read in its entirety as follows:

> "**A.** This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is 80,000,000 shares. 75,000,000 shares shall be Common Stock, each having a par value of one cent ($0.01). 5,000,000 shares shall be Preferred Stock, each having a par value of one cent ($0.01).
>
> At 4:01 p.m. Eastern Time on the date of filing of this Certificate of Amendment to the Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware each nine (9) shares of Common Stock outstanding immediately prior to such filing shall be automatically reclassified into one (1) share of Common Stock. The aforementioned reclassification shall be referred to collectively as the "Reverse Split."
>
> The Reverse Split shall occur without any further action on the part of the Company or stockholders of the Company and whether or not certificates representing such stockholders' shares prior to the Reverse Split are surrendered for cancellation. No fractional interest in a share of Common Stock shall be deliverable upon the Reverse Split. All shares of Common Stock (including fractions thereof) issuable upon the Reverse Split held by a holder prior to the Reverse Split shall be aggregated for purposes of determining whether the Reverse Split would result in the issuance of any fractional share. Any fractional share resulting from such aggregation upon the Reverse Split shall be rounded down to the nearest whole number. Each holder who would otherwise be entitled to a fraction of a share of Common Stock upon the Reverse Split (after aggregating all fractions of a share to which such stockholder would otherwise be entitled) shall, in lieu thereof, be entitled to receive a cash payment in an amount equal to the fraction to which the stockholder would otherwise be entitled multiplied by the closing price of the Company's Common Stock as reported on the Nasdaq Stock Market on the date of the filing of this Certificate of Amendment to the Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (adjusted to reflect the Reverse Split, as applicable). The Company shall not be obliged to issue certificates evidencing the shares of Common Stock outstanding as a result of the Reverse Split unless and until the certificates evidencing the shares held by a holder prior to the Reverse Split are either delivered to the Company or its transfer agent, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates."

D. The Certificate of Amendment of the Prior Certificate so adopted reads in full as set forth above and is hereby incorporated by reference. All other provisions of the Prior Certificate remain in full force and effect.

IN WITNESS WHEREOF, NewLink Genetics Corporation has caused this Certificate of Amendment to be signed by Bradley J. Powers, a duly authorized officer of the Corporation, on March 18, 2020.

NEWLINK GENETICS CORPORATION

By: /s/ Bradley J. Powers
Name: Bradley J. Powers
Title: Office of the Chief Executive Officer

*[Signature Page to Amendment to Certificate of Incorporation (Reverse Split)]*

**Exhibit 3.2**

**CERTIFICATE OF AMENDMENT**

**TO THE**

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

**OF**

**NEWLINK GENETICS CORPORATION**

NewLink Genetics Corporation (the "***Corporation***"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, as amended (the "***DGCL***"), hereby certifies as follows:

A. The name of the Corporation is NewLink Genetics Corporation. The date of filing of the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware was June 4, 1999, and such Certificate of Incorporation was restated on November 16, 2011 and further amended on May 10, 2013.

B. This Certificate of Amendment to the Amended and Restated Certificate of Incorporation (the "***Certificate of Amendment***") amends the Corporation's Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on November 16, 2011, as amended on May 10, 2013 (as amended, the "***Prior Certificate***"), and has been duly adopted by the Corporation's Board of Directors and stockholders in accordance with the provisions of Section 242 of the DGCL.

C. At 4:03 p.m. Eastern Time on the date of the filing of this Certificate of Amendment with the Secretary of State of the State of Delaware, Article I of the Prior Certificate is hereby amended and restated to read in its entirety as follows:

"**ARTICLE I**

"The name of the corporation is Lumos Pharma, Inc. (the "**Company**")."

D. The Certificate of Amendment of the Prior Certificate so adopted reads in full as set forth above and is hereby incorporated by reference. All other provisions of the Prior Certificate remain in full force and effect.

IN WITNESS WHEREOF, NewLink Genetics Corporation has caused this Certificate of Amendment to be signed by Bradley J. Powers, a duly authorized officer of the Corporation, on March 18, 2020.

NEWLINK GENETICS CORPORATION

By: /s/ Bradley J. Powers
Name: Bradley J. Powers
Title: General Counsel

*[Signature Page to Amendment to Certificate of Incorporation (Name Change)]*

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

lumos PHARMA

PO BOX 505000, Louisville, KY 40233-5000

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP/IDENTIFIER XXXXXX XX X
Holder ID XXXXXXXXXX
Insurance Value 1,000,000.00
Number of Shares 123456
DTC 12345678 12345678901234 5

| Certificate Numbers | Num | No. Denom. | Total |
|---|---|---|---|
| 12345678901234567890 | 1 | 1 | 1 |
| 12345678901234567890 | 2 | 2 | 2 |
| 12345678901234567890 | 3 | 3 | 3 |
| 12345678901234567890 | 4 | 4 | 4 |
| 12345678901234567890 | 5 | 5 | 5 |
| 12345678901234567890 | 6 | 6 | 6 |
| Total Transaction | | | 7 |

**COMMON STOCK** PAR VALUE $.01

**COMMON STOCK**

**Certificate Number** ZQ00000000

lumos PHARMA

**Shares**

**LUMOS PHARMA, INC.**

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT MR. SAMPLE & MRS. SAMPLE & MR. SAMPLE & MRS. SAMPLE

CUSIP 55028X 10 9

is the owner of ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT www.computershare.com

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

**Lumos Pharma, Inc. (hereinafter called the "Corporation")**, transferable on the books of the Corporation in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Articles of Incorporation, as amended, and the By-Laws, as amended, of the Corporation (copies of which are on file with the Corporation and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

**Witness** the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED DD-MMM-YYYY

Chief Executive Officer

Chief Financial Officer and Secretary

LUMOS PHARMA, INC. CORPORATE SEAL March 18, 2020 DELAWARE

COUNTERSIGNED AND REGISTERED:
**COMPUTERSHARE TRUST COMPANY, N.A.**
TRANSFER AGENT AND REGISTRAR,

By _____
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

1234567

LUMOS PHARMA, INC.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

| | | | |
|---|---|---|---|
| TEN COM | - as tenants in common | UNIF GIFT MIN ACT | -.....Custodian..... (Cust) (Minor) under Uniform Gifts to Minors Act..... (State) |
| TEN ENT | - as tenants by the entireties | | |
| JT TEN | - as joint tenants with right of survivorship and not as tenants in common | UNIF TRF MIN ACT | -.....Custodian (until age.....) (Cust) .....under Uniform Transfers to Minors Act..... (Minor) (State) |

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares

of the common stock represented by the within Certificate, and does hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: _____ 20____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1S3420Z

**Exhibit 10.1**

# LUMOS PHARMA, INC. 2012 EQUITY INCENTIVE PLAN

**1. Purposes.**

*(a) Eligible Stock Award Recipients.* The persons eligible to receive Stock Awards are the Employees, Directors and Consultants of the Company and its Affiliates.

*(b) Available Stock Awards.* The purpose of the Plan is to provide a means by which eligible recipients of Stock Awards may have the opportunity to benefit from increases in value of the Company's Common Stock through the granting of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) stock appreciation rights, (iv) stock bonuses and stock units, (v) rights to acquire restricted shares of stock and restricted stock units, and (vi) convertible warrants.

*(c) General Purpose.* The Company, by means of the Plan, seeks to attract and retain the services of eligible persons, to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates, and to align the interests of such persons and those of the Company's stockholders.

**2. Definitions.**

*(a) "Affiliate"* means any parent corporation or subsidiary corporation of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

*(b) "Board"* means the Board of Directors of the Company.

*(c) "Code"* means the Internal Revenue Code of 1986, as amended.

*(d) "Committee"* means a committee comprised or one or more persons appointed by the Board in accordance with subsection 3(c) to whom certain administrative authority with respect to this Plan has been delegated.

*(e) "Common Stock"* means the common stock of the Company.

*(f) "Company"* means Lumos Pharma, Inc., a Texas corporation, and any successor.

*(g) "Consultant"* means any individual consultant or advisor who renders or has rendered valuable services to the Company or one of its Affiliates and who is selected to participate in the Plan by the Board; provided, however, that a person who is otherwise a Consultant shall be eligible to participate in the Plan only if such participation would not adversely affect the Company's compliance with applicable laws. Mere service as a Director or receipt of payment for service as a Director shall not confer "Consultant" status.

*(h) "Continuous Service"* means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director of the Company will not constitute an interruption of Continuous Service. For purposes of the Plan and any award, if an Affiliate ceases to be a parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f), respectively, of the Code (a "Change in Status"), a break in Continuous Service shall be deemed to have occurred with respect to each Participant providing services to that entity who does not thereafter continue to provide services to the Company or another entity that remains an Affiliate of the Company after the Change in Status. The Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any approved leave of absence, including sick leave, military leave or any other personal leave.

*(i) "Covered Employee"* means the chief executive officer and the four (4) other highest compensated officers of the Company for whom total compensation would be required to be reported to stockholders under the Exchange Act, as determined for purposes of Section 162(m) of the Code.

*(j) "Director"* means a member of the Board.

*(k) "Disability"* means, except as more specifically defined in a Stock Award Agreement, the inability of a person, in the opinion of a qualified physician acceptable to the Company, or as provided in such person's service agreement with the Company, to perform the major duties of that person's position with the Company or an Affiliate of the Company because of sickness or injury.

*(l) "Employee"* means any person employed by the Company or an Affiliate. Mere service as a Director or payment of a director's fee by the Company or an Affiliate shall not constitute "employment" by the Company or an Affiliate.

*(m) "Exchange Act"* means the Securities Exchange Act of 1934, as amended.

*(n) "Fair Market Value"* means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on the NASDAQ National Market or the NASDAQ SmallCap Market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the market trading day on the day of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith by the Board.

(o) *"Incentive Stock Option"* means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(p) *"Non-Employee Director"* means a Director of the Company (or an Affiliate) who either

(i) is not a current Employee or Officer of the Company (or an Affiliate), does not receive compensation (directly or indirectly) from the Company or an Affiliate for services rendered as a Consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated under the Securities Act ("Regulation S-K")), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3 (as defined below).

(q) *"Nonstatutory Stock Option"* means an Option that is not intended to or does not qualify as an Incentive Stock Option.

(r) *"Officer"* means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(s) *"Option"* means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

(t) *"Option Agreement"* means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(u) *"Optionholder"* means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(v) *"Outside Director"* means a Director of the Company or an Affiliate who either (i) is not a current Employee of the Company or an "affiliated corporation" (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former Employee of the Company or an "affiliated corporation" receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Company or an "affiliated corporation" at any time and is not currently receiving direct or indirect remuneration from the Company or an "affiliated corporation" for services in any capacity other than as a Director or

(ii) is otherwise considered an "Outside Director" for purposes of Section 162(m) of the Code.

(w) *"Participant"* means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(x) *"Plan"* means this 2012 Equity Incentive Plan.

*(y)* *"Rule 16b-3"* means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

*(z)* *"Securities Act"* means the Securities Act of 1933, as amended.

(aa) "*Stock Award*" means any right granted under the Plan, including an Option, restricted shares, a stock appreciation right, a stock bonus right, a stock unit or restricted stock unit, or a convertible warrant.

(bb) "*Stock Award Agreement*" means a written agreement between the Company and a holder of a Stock Award evidencing the terms and conditions of an individual Stock Award. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(cc) "*Ten Percent Stockholder*" means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

**3. Administration.**

*(a) Administration by Board.* The Board will administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c).

*(b) Powers of Board.* The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time which of the persons eligible under the Plan shall be granted Stock Awards; when and how each Stock Award shall be granted; what type (or combination of types) of Stock Award shall be granted; the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to receive stock or units pursuant to a Stock Award; the form(s) of the applicable Stock Award Agreement(s) (which need not be identical either as to type of award or among Participants); and the number of shares or units with respect to which a Stock Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan as provided in Section 12.

(iv) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company to the extent not in conflict with the provisions of the Plan.

*(c) Delegation to Committee.*

(i) *General.* The Board may delegate administration of the Plan to one or more Committees. Any such Committee shall be comprised solely of one or more Directors as may be required under applicable law. The Board or a Committee comprised solely of Directors may also delegate, to the extent permitted by applicable law, to one or more Officers of the Company, its powers under this Plan (i) to designate the Officers and Employees of the Company and its Affiliates who will receive Stock Awards under the Plan, and (ii) to determine the number of shares or units subject to, and the other terms and conditions of, such awards. The Board may delegate different levels of authority to different Committees with administrative and grant authority under the Plan. Unless otherwise provided in the Bylaws of the Company or the applicable charter of any Committee: (i) a majority of the members of the acting Committee shall constitute a quorum, and (b) once the requirement of a quorum is satisfied, the vote of a majority of the members or the unanimous written consent of the members of the Committee shall constitute action by the Committee. If administration of the Plan is delegated to a Committee, the Committee shall have, with respect thereto, the powers theretofore possessed by the Board, including the authority to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall hereafter include the Committee or subcommittee so authorized), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may suspend or abolish the Committee at any time and re-vest in the Board authority for the administration of the Plan.

(ii) *Committee Composition.* With respect to awards intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code, the Plan shall be administered by a Committee consisting solely of two or more Outside Directors; provided, however, that the failure to satisfy such requirement shall not affect the validity of the action of any Committee otherwise duly authorized and acting in the matter. Awards, and transactions in or involving awards, intended to be exempt under Rule 16b-3 must be duly and timely authorized by the Board or a Committee consisting solely of two or more Non-Employee Directors. To the extent required by any applicable listing agency, the Plan shall be administered by a Committee composed entirely of independent Directors (within the meaning of the applicable listing agency).

*(d) Effect of Administrator's Decision.* The determinations, interpretations and constructions made by the Board or Committee in good faith shall not be subject to review by anyone and shall be final, binding and conclusive on all Participants. Neither the Board nor any Committee, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation or determination made in good faith in connection with the Plan (or any Stock Award), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

**4. Shares Subject to the Plan.**

*(a) Share Reserve.* Subject to the provisions of Section 11 relating to adjustments upon changes in stock, Stock Awards shall not exceed in the aggregate, rights to more than the number of shares of Common Stock reflected from time to time in the Board's authorization of this Plan (the "Share Limit").

*(b) Reversion of Shares to the Share Reserve.* If any Stock Award lapses for any reason, in whole or in part, without having been exercised in full (or without vesting in the case of restricted shares of stock and stock units), the stock not acquired under such Stock Award shall revert to and again become available for issuance under the Plan. To the extent that a Stock Award is ultimately satisfied in cash or a form other than shares of Common Stock, the shares that would have been delivered had there been no such cash or other settlement shall not reduce the number of shares thereafter available for issuance under this Plan. In the event that shares are delivered in respect of a stock appreciation right award, only the actual number of shares delivered to satisfy the award shall be counted against the share limit of this Plan. Shares that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with any award, as well as any shares exchanged by a Participant or withheld by the Company to satisfy the tax withholding obligations related to any Stock Award, shall be available for subsequent Awards under the Plan. The foregoing adjustments to the share limits of the Plan are subject to any applicable limitations under Section 162(m) of the Code with respect to awards intended as performance-based compensation thereunder.

*(c) Source of Shares.* The stock subject to the Plan may be unissued shares, treasury shares, or other reacquired shares, bought on the market or otherwise.

**5. Eligibility.**

*(a) Eligibility for Specific Stock Awards.* Incentive Stock Options may be granted only to Employees. Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants.

*(b) Ten Percent Stockholders.* No Ten Percent Stockholder shall be eligible for the grant of an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock at the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

*(c) Section 162(m) Limitation.* During any period when the Company is required to file public reports under the Exchange Act and subject to the provisions of Section 11 relating to adjustments upon changes in stock, no Employee shall be eligible to receive Options and/or stock appreciation rights under the Plan covering more than the following applicable limit: (i) two million (2,000,000) shares in the aggregate as to awards granted to the Employee during the fiscal year of the Company in which the Employee is initially employed by the Company or an Affiliate, or (ii) one million (1,000,000) shares in the aggregate as to awards granted to the Employee during any subsequent fiscal year of the Company.

**6. Option Provisions.**

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and a separate certificate or certificates will be issued for shares purchased on exercise of each type of Option, unless the shares are to be issued pursuant to a vesting plan under a Stock Award Agreement, in which case such certificates shall be issued in accordance with such agreement. Any Option not so designated shall be deemed to be a Nonstatutory Stock Option. The provisions of separate Options need not be identical, but each Option shall be deemed to include (through incorporation by reference or otherwise) the substance of each of the following provisions:

*(a) Term.* Subject to the limitations of subsection 5(b) regarding Ten Percent Stockholders, no Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

*(b) Exercise Price of an Incentive Stock Option.* Subject to the limitations of subsection 5(b) regarding Ten Percent Stockholders, the exercise price of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption of or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

*(c) Exercise Price of a Nonstatutory Stock Option.* The exercise price of each Nonstatutory Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, a Nonstatutory Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption of or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

*(d) Consideration.* The purchase price of stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the Option is exercised or (ii) at the discretion of the Board at the time of the grant of the Option (or subsequently, in the case of a Nonstatutory Stock Option), and subject to compliance with all applicable laws, by delivery to the Company of other Common Stock, according to a deferred payment or other arrangement (which may include, without limiting the generality of the foregoing, the use of other Common Stock) with the Participant or in any other form of legal consideration that may be acceptable to the Board; provided, however, that payment of the Common Stock's "par value," as defined in the Texas Business Corporation Act, shall not be made by deferred payment. In the case of any deferred payment arrangement, interest shall be compounded at least annually and shall be charged at the minimum rate of interest (i.e., the current applicable federal rate) necessary to avoid imputed interest under the Code resulting from the deferred payment arrangement.

*(e) Transferability of an Incentive Stock Option.* An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing provisions of this subsection 6(e), the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option. Absent such designation, the duly appointed legal representative of the Optionholder's estate may exercise the Option.

*(f) Transferability of a Nonstatutory Stock Option.* A Nonstatutory Stock Option shall be transferable to the extent provided in the Option Agreement. If the Nonstatutory Stock Option does not provide for transferability, then the Nonstatutory Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing provisions of this subsection 6(f), the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option. Absent such designation, the duly appointed legal representative of the Optionholder's estate may exercise the Option.

*(g) Vesting Generally.* The total number of shares of Common Stock subject to an Option may be fully vested or may vest and become exercisable in periodic installments which may, but need not, be equal. The Option may be subject to such other terms and conditions as to the time(s) when it may be exercised (which may be based on performance or other criteria) as the Board deems appropriate. The vesting provisions of individual Options may vary. The provisions of this subsection 6(g) are subject to any Option provisions governing the minimum number of shares as to which an Option may be exercised at any given time.

*(h) Termination of Continuous Service.* In the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise it as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service (or such longer or shorter period as may be specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If the Optionholder does not exercise his or her Option within the time specified in the Option Agreement (or herein), the Option shall terminate.

*(i) Extension of Termination Date.* An Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) expiration of the term of the Option set forth in the Option Agreement or (ii) the expiration of a period of three (3) months next following the termination of the Optionholder's Continuous Service during which the exercise of the Option would not violate such registration requirements.

*(j) Disability of Optionholder.* In the event an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise it as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Option Agreement) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

*(k) Death of Optionholder.* In the event (i) an Optionholder's Continuous Service terminates as a result of his death or (ii) the Optionholder dies after the termination of his Continuous Service but during a permitted exercise period, then the Option may be exercised (to the extent the Optionholder was entitled to exercise the Option as of the date of death) by a person designated to exercise the option upon the Optionholder's death pursuant to subsection 6(e) or 6(f), but only within the period ending on the earlier of (1) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Option Agreement) or (2) expiration of the term of such Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

*(l) Re-Load Options.* Without limiting the Board's authority to make or not to make grants of Options hereunder, the Board shall have the authority (but not an obligation) to include as part of any Option Agreement a provision entitling the Optionholder to a further Option (a "Re-Load Option") in the event the Optionholder exercises the Option evidenced by the Option Agreement, in whole or in part, by surrendering other shares of Common Stock in accordance with this Plan and the terms and conditions of the Option Agreement. Any such Re-Load Option shall (i) cover a number of shares equal to the number of shares surrendered as part or all of the exercise price of the original Option; (ii) have an expiration date which is the same as the expiration date of the Option the exercise of which gave rise to such Re-Load Option; and (iii) have an exercise price which is equal to one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Re-Load Option determined as of the date of exercise of the original Option. Notwithstanding the foregoing, a Re-Load Option shall otherwise be subject to the same exercise price and term restrictions described above for Options under the Plan. Any such Re-Load Option may be an Incentive Stock Option or a Nonstatutory Stock Option, as the Board may designate in the Option Agreement; provided, however, that the designation of any Re-Load Option as an Incentive Stock Option shall be subject to the one hundred thousand dollars ($100,000) annual limitation on exercisability of Incentive Stock Options described in subsection 10(d) below and in Section 422(d) of the Code. There shall be no further Re-Load Options on a Re-Load Option. Any Re-Load Option shall be subject to the availability of sufficient shares under subsection 4(a) and the "Section 162(m) Limitation" on the grants of Options under subsection 5(c), and shall be subject to such other terms and conditions as the Board may determine to the extent consistent with the express provisions of the Plan regarding the terms of Options.

**7. Provisions of Stock Awards Other than Options.**

(a) *Stock Bonus and Stock Unit Awards.* The Company may implement a cash bonus program pursuant to which cash bonuses under the program for a specified period of time are determined based on the achievement of performance targets established by the Board with respect to the relevant period. To the extent that a cash bonus is otherwise payable to an Employee, Director or Consultant pursuant to such a program, the Board may (subject to any contrary commitment in the Service Agreement) grant a stock bonus or stock unit award under the Plan to one or more of such persons in lieu of all or a portion of any cash bonus that such Participant would have otherwise received for the related performance period. Each stock bonus agreement and stock unit award agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of stock bonus agreements and stock unit award agreements may change from time to time, and the terms and conditions of separate stock bonus agreements and stock unit award agreements need not be identical, but each such agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

*(i) Consideration.* A stock bonus shall be awarded in consideration for past services actually rendered to the Company for its benefit.

*(ii) Vesting.* Shares of Common Stock awarded under the stock bonus agreement may, but need not, be subject to a share reacquisition option in favor of the Company in accordance with a vesting schedule to be determined by the Board. Stock units awarded under the stock unit award agreement may, but need not, be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

*(iii) Termination of Participant's Continuous Service.* In the event a Participant's Continuous Service terminates, (a) the Company may reacquire any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination under the terms of the stock bonus agreement, and (b) stock units that have not vested as of the date of termination under the stock unit award agreement may be forfeited to the Company without consideration.

*(iv) Transferability.* Rights to acquire shares under the stock bonus agreement, as well as stock units, shall be transferable by the Participant only upon such terms and conditions as are set forth in the applicable Stock Award Agreement, as the Board shall determine in its discretion, so long as stock or units awarded remain subject to the terms of the applicable Stock Award Agreement.

*(v) Payout of Stock Units.* Each stock unit award shall be payable in an equivalent number of shares of Common Stock at the time specified by the Board in the applicable Stock Award Agreement and subject to such other conditions or procedures as the Board may impose in the Stock Award Agreement.

*(vi) Dividend and Voting Rights.* Unless otherwise provided in the applicable Stock Award Agreement, a Participant receiving a stock bonus award shall be entitled to cash dividend and voting rights for all shares issued even though they are not vested, provided that such rights shall terminate immediately as to any shares subject to the stock bonus that are forfeited, reacquired by the Company or otherwise cease to be eligible for vesting (if applicable). Stock bonuses (to the extent not also entitled to receive cash dividends) and stock unit awards may include rights to receive dividend equivalents to the extent authorized, and on the terms and conditions established, by the Board. If the Participant shall have paid or received cash (including any cash payments in respect of dividends) in connection with the stock bonus or stock unit award, the Stock Award Agreement shall specify the extent (if any) to which such amounts shall be returned (with or without an earnings factor) as to any stock bonus or stock unit awards that cease to be eligible for vesting.

(b) *Restricted Stock and Restricted Stock Unit Awards.* Each restricted stock award agreement and restricted stock unit award agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of the restricted stock award agreements and restricted stock unit award agreements may change from time to time, and the terms and conditions of separate restricted stock award agreements and restricted stock unit award agreements need not be identical, but each restricted stock award agreement and restricted stock unit award agreement shall include (through incorporation by reference or otherwise) the substance of the following provisions:

(i) *Restricted Stock Awards.*

(1) *Grants.* Stock acquired pursuant to each restricted stock purchase award shall be issued and registered in the name of the Participant to whom such restricted stock award was granted; *provided, however,* that such unvested stock shall be held by the Company or its agent for the account of such Participant during the applicable vesting period, and the Company may make stock ledger entries in the Participant's name rather than issuing a certificate evidencing unvested shares. If certificates are issued representing unvested shares of stock, as a condition to the receipt of such certificates, each Participant shall deliver to the Company stock powers duly endorsed in blank by the Participant. None of the restricted stock may be sold, exchanged, transferred, assigned, pledged or otherwise encumbered or disposed of by the Participant before such restricted stock is vested. The vesting period for restricted stock must be at least (a) one (1) year in the case of a restricted stock award subject to a vesting schedule based upon the achievement of specified performance goals by the Participant or (b) three (3) years in the case of a restricted stock award absent such performance-based vesting; provided that the Board may provide (in the applicable Stock Award Agreement or by an amendment thereto) that the award shall vest in full upon the occurrence of a Change in Control of the Company (as defined in Section 11(c) of this Plan) and the Board may provide for pro-rata vesting over the applicable period; further provided that restricted stock awards may be granted under this Plan that do not comply with the preceding minimum vesting requirement as long as the aggregate number of shares of Common Stock issued with respect to such non-conforming awards granted under this Plan does not exceed 10% of the Share Limit. Except with respect to any share repurchase option in favor of the Company in accordance with an effective agreement or any restricted stock serving as security for indebtedness of the Participant to the Company under the terms of a pledge agreement (as may be applicable), at the end of the applicable vesting period with respect to any shares of restricted stock, or at such earlier time as otherwise provided for herein, all restrictions under the Stock Award Agreement with respect to such restricted stock shall terminate, and the appropriate number of shares of Common Stock shall be transferred as soon as practicable to the Participant or the Participant's beneficiary or estate, as the case may be. However, nothing herein shall preclude the continued application of further restrictions to such vested shares of Common Stock under other agreements with the Company, or by reason of restrictive legends applicable to such stock.

*(2) Purchase Price.* The purchase price under each restricted stock award agreement shall be such amount as the Board shall determine and designate in such restricted stock award agreement, but not less than the par value of each share subject to the award.

*(3) Consideration.* The purchase price of stock acquired pursuant to the restricted stock award agreement shall be paid either: (i) in cash at the time of purchase; (ii) at the discretion of the Board and subject to compliance with all applicable laws, according to a deferred payment or other arrangement with the Participant; or (iii) in any other form of legal consideration that may be acceptable to the Board in its discretion; provided, however, that while the Company is incorporated in Texas payment of the Common Stock's "par value," as defined in the Texas Business Organizations Code shall not be made by deferred payment.

*(4) Vesting.* Shares of Common Stock acquired under the restricted stock award agreement may, but need not, be subject to a share repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Board.

(ii) *Restricted Stock Unit Awards*

(1) *Grants.* A restricted stock unit shall represent a non-voting unit of measurement which is deemed for bookkeeping and payment purposes to represent one outstanding share of Stock upon the terms and conditions set forth by the Board. None of the rights with respect to restricted stock units may be sold, exchanged, transferred, assigned, pledged or otherwise encumbered or disposed of by the Participant before such restricted stock units have vested and, unless otherwise expressly provided in the applicable Stock Award Agreement, the Stock subject to such restricted stock units has been issued. The vesting period for restricted stock units must be at least (a) one (1) year in the case of a restricted stock unit award subject to a vesting schedule based upon the achievement of specified performance goals by the Participant or (b) three (3) years in the case of a restricted stock unit award absent such performance-based vesting; provided that the Board may provide (in the applicable restricted stock unit award agreement or by an amendment thereto) that the award shall vest in full upon the occurrence of a change in control of the Company and the Board may provide for pro-rata vesting over the applicable period; further provided that restricted stock unit awards may be granted under this Plan that do not comply with the preceding minimum vesting requirement as long as the aggregate number of shares of Common Stock issued with respect to such non-conforming awards granted under this Plan does not exceed 10% of the Share Limit. At the end of the applicable vesting period with respect to any restricted stock unit, or at such earlier time as otherwise provided for herein, all restrictions with respect to such restricted stock unit shall terminate, and the appropriate number of shares of Stock shall be delivered as soon as practicable to the Participant or the Participant's beneficiary or estate, as the case may be. However, nothing herein shall preclude the application of restrictions to shares of stock issued in satisfaction of vested restricted stock units under other agreements with the Company, or by reason of restrictive legends applicable to such stock. The Participant's restricted stock unit award agreement may permit the Participant to elect the time of payout of vested restricted stock units on such conditions or subject to such procedures as the Board may impose.

*(iii) Termination of Participant's Continuous Service.* In the event a Participant's Continuous Service terminates, (A) the Company may forfeit, repurchase or otherwise reacquire any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination under the terms of the restricted stock award agreement and (B) restricted stock units that have not vested as of the date of termination under the restricted stock unit award agreement shall terminate.

*(iv) Dividend and Voting Rights.* Unless otherwise provided in the applicable restricted stock award agreement, a Participant receiving a restricted stock award shall be entitled to cash dividend and voting rights for all shares issued even though they are not vested, provided that such rights shall terminate immediately as to any restricted shares that cease to be eligible for vesting. Restricted stock awards (to the extent not also entitled to receive cash dividends) may include rights to receive dividend equivalents to the extent authorized, and on the terms and conditions established, by the Board. If the Participant shall have paid or received cash (including any payments in respect of dividends) in connection with the Stock Award Agreement, the Agreement shall specify the extent (if any) to which such amounts shall be returned (with or without an earnings factor) as to any shares of restricted stock that cease to be eligible for vesting.

(c) *Stock Appreciation Rights.*

(i) *Authorized Rights.* The following three types of stock appreciation rights shall be authorized for issuance under the Plan:

*(1) Tandem Rights.* A "Tandem Right" means a stock appreciation right granted appurtenant to, and subject to the same terms and conditions applicable to, an Option, with the following exceptions: The Tandem Right shall require the holder to elect between the exercise of the underlying Option for shares of Common Stock and the surrender, in whole or in part, of such Option in exchange for an appreciation distribution. The appreciation distribution payable on the exercised Tandem Right shall be in cash (or, if so provided, in an equivalent number of shares of Common Stock based on their Fair Market Value on the date of the Option surrender) in an amount up to the excess of (A) the aggregate Fair Market Value (on the date of the Option surrender) of the number of shares of Common Stock covered by that portion of the surrendered Option in which the Optionholder is vested over (B) the aggregate exercise price payable for such vested shares.

*(2) Concurrent Rights.* A "Concurrent Right" means a stock appreciation right granted appurtenant to, and subject to the same terms and conditions applicable to, an Option, with the following exceptions: A Concurrent Right shall be exercised automatically at the same time the underlying Option is exercised with respect to the particular shares of Common Stock to which the Concurrent Right pertains. The appreciation distribution payable on an exercised Concurrent Right shall be in cash (or, if so provided, in an equivalent number of shares of Common Stock based on Fair Market Value on the date of the exercise of the Concurrent Right) in an amount equal to such portion (as determined by the Board at the time of the grant) of the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Concurrent Right) of the vested shares of Common Stock purchased under the underlying Option to which the Concurrent Rights pertain over (B) the aggregate exercise price paid for such shares.

(3) *Independent Rights.* An "Independent Right" means a stock appreciation right granted independently of any Option but which is subject to the same terms and conditions applicable to a Nonstatutory Stock Option with the following exceptions: An Independent Right shall be denominated in share equivalents. The appreciation distribution payable on the exercised Independent Right shall be not greater than an amount equal to the excess of (a) the aggregate Fair Market Value (on the date of the exercise of the Independent Right) of a number of shares of Company stock equal to the number of share equivalents in which the holder is vested under such Independent Right, and as to which the holder is exercising the Independent Right on such date, over (b) the aggregate Fair Market Value (on the date of the grant of the Independent Right) of such number of shares of Company stock. The appreciation distribution payable on the exercised Independent Right shall be in cash or, if so provided, in an equivalent number of shares of Common Stock based on Fair Market Value on the date of the exercise of the Independent Right.

*(ii) Relationship to Options.* Stock appreciation rights appurtenant to Incentive Stock Options may be granted only to Employees. The "Section 162(m) Limitation" provided in subsection 5(c) shall apply as well to the grant of stock appreciation rights.

*(iii) Exercise.* To exercise any outstanding stock appreciation right, the holder shall provide written notice of exercise to the Company in compliance with the provisions of the Stock Award Agreement evidencing such right. Except as provided in subsection 5(c) regarding the "Section 162(m) Limitation," no limitation shall exist on the aggregate amount of cash payments that the Company may make under the Plan in connection with the exercise of a stock appreciation right.

(d) *Convertible Warrants*. The Company may issue Stock Awards consisting of warrants convertible into shares of the Company's Common Stock to Consultants, advisors and other third-party providers who have performed or agreed to perform actual services for the benefit of the Company. The conditions and terms of exercise shall be set forth in the warrant agreement. The term of exercise shall not exceed five (5) years, and the exercise price shall not be less than the Fair Market Value of the underlying Common Stock on the date of the Stock Award.

**8. Covenants of the Company.**

(a) *Availability of Shares*. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards.

(b) *Securities Law Compliance*. The Company shall seek to obtain from each regulatory body having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise (or vesting) of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory body the authority which counsel for the Company deems necessary for the lawful issuance and sale of stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell stock upon exercise of such Stock Awards unless and until such authority is obtained.

**9. Use of Proceeds from Stock.**

Proceeds from the sale of stock pursuant to Stock Awards shall constitute general funds of the Company.

**10. Miscellaneous.**

*(a) Acceleration of Exercisability and Vesting.* In its sole discretion, the Board shall have the power to accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest or be delivered in accordance with the Plan, notwithstanding the provisions in the Stock Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

*(b) Stockholder Rights.* Except as otherwise expressly authorized by the Committee or this Plan, no Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to such Stock Award unless and until such shares of stock have been delivered to and are held of record by the Participant, or such shares have been duly registered in the name of the Participant by the Company. No adjustments shall be made for dividends or other rights accruing in favor of a stockholder for whom the record date is prior to the date of delivery or constructive delivery by registration of the shares of Stock.

*(c) No Employment or other Service Rights.* Subject only to the provision of any applicable Service Agreement, nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any Participant or other holder of Stock Awards any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or in any other capacity, or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

*(d) Incentive Stock Option $100,000 Limitation.* To the extent that the aggregate Fair Market Value (determined at the time of grant) of stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

*(e) Investment Assurances.* The Company may require a Participant, as a condition of exercising or acquiring stock under any Stock Award, (i) to give written assurances satisfactory to the Company (A) as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and (B) that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring the stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the stock. The foregoing assurances may not be required if the issuance of the shares upon the exercise or acquisition of stock under the Stock Award has been registered under a then currently effective registration statement filed under the Securities Act or, as to any particular requirement, a determination is made by counsel for the Company that such requirement is not necessary under applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the further transfer of the stock.

*(f) Withholding Obligations.* Without limiting any other withholding obligation incumbent upon the Company, upon any exercise, vesting, or payment of any Stock Award or upon the disposition of shares of Common Stock acquired pursuant to the exercise of an Incentive Stock Option prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company or one of its Affiliates shall have the right at its option to:

(i) require the Participant (or the Participant's personal representative or beneficiary, as the case may be) to pay or provide for payment of any taxes that the Company or one of its Affiliates may be required to withhold with respect to such award event or payment; or

(ii) deduct from any amount otherwise payable in cash to the Participant (or the Participant's personal representative or beneficiary, as the case may be) any taxes that the Company or one of its Affiliates may be required to withhold with respect to such cash payment.

In any case where a tax or other governmental assessment is required to be withheld in connection with the delivery of shares of Common Stock under the Plan, the Board or applicable Committee may in its sole discretion (subject to compliance with applicable law) grant (either at the time of the award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Board or applicable Committee may establish, to have the Company reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares, valued in a consistent manner at their Fair Market Value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy withholding tax obligations on exercise, vesting or payment. In no event shall the shares withheld exceed the number of shares required for tax withholding under applicable law.

**11. Adjustments upon Changes in Stock.**

(a) *Capitalization Adjustments.* If any material change is made in the stock subject to the Plan, or subject to any Stock Award (a "Material Change"), without the receipt of consideration by the Company (whether through merger, consolidation, reorganization, other change in corporate structure, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, or other transaction not involving the receipt of consideration by the Company), the Plan may be appropriately adjusted as to the class(es) and maximum number of securities subject to the Plan pursuant to subsection 4(a) and as to the maximum number of securities subject to award to any person pursuant to subsection 5(c), and the outstanding Stock Awards may be appropriately adjusted as to the class(es) and number of securities and price per share of stock subject to such outstanding Stock Awards, and (ii) in the event such Material Change involves any distribution or alienation of the Company's assets, the Stock Awards then outstanding shall be equitably adjusted as to pricing and/or number of shares/units subject to such Awards in order to fairly take into consideration the nature of the Material Change and its effect on the value of such Stock Awards. Such adjustments shall be final, binding and conclusive unless shown to be grossly unreasonable. (The conversion of any convertible securities of the Company shall not be treated as a transaction "without receipt of consideration" by the Company, however.)

*(b) Liquidation or Termination.* In the event of a liquidation or termination of the Company, all Stock Awards shall be terminated if not exercised (if applicable) prior to such event.

*(c) Change in Control.* The term "Change of Control" shall mean a merger or consolidation in which (1) the Company is not the surviving corporation or (2) the shareholders of the Company immediately prior to such transaction will not own, in the aggregate, a majority of the voting equity of the surviving entity immediately after consummation of the transaction. If, in the context of a Change of Control, the surviving or acquiring corporation does not agree in writing to assume or continue any Stock Awards outstanding under the Plan (or to substitute similar stock awards) of substantially equivalent value for those outstanding under the Plan (which may require the issuance of securities or consideration substantially identical to that issued to holders of the Company's Common Stock in connection with the Change of Control), then with respect to Stock Awards held by Participants whose Continuous Service has not terminated prior to the Change of Control, the vesting of such Stock Awards (and, if applicable, the time during which such Stock Awards may be exercised) shall be fully accelerated effective as of the date on which the Change of Control occurred, and any such Stock Awards as to which exercise is still required and permitted shall terminate if not exercised by a time reasonably established by the Board on written notice to the holders of such Stock Awards given in connection with such Change of Control. With respect to any other Stock Awards outstanding under the Plan, such Stock Awards shall terminate if not exercised (if applicable) at or prior to such event. This provision shall not be deemed to limit, however, any provision contained in a Stock Award Agreement that affords more favorable acceleration treatment to a Participant. In the event of a Change of Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "***Acquiror***"), may, without the consent of any Participant, assume or continue the Company's rights and obligations under each or any Stock Award or portion thereof outstanding immediately prior to the Change of Control or substitute for each or any such outstanding Stock Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock. For purposes of this Section 11, any Stock Award or portion thereof which is neither assumed or continued in connection with the Change of Control nor exercised as of the time of consummation of the Change of Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change of Control.

**12. Amendment of the Plan and Stock Awards.**

(a) *Amendment of Plan.* The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 11 relating to adjustments upon changes in stock, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to satisfy the requirements of (i) Section 422 of the Code, and (ii) if the Company has then registered an initial public offering of securities, Rule 16b-3 and any NASDAQ or securities exchange listing requirements. In addition, if the Board determines that any amendment to the Plan would materially increase the benefits accruing to Participants under the Plan, materially increase the number of securities that may be issued under the Plan, and/or materially modify the requirements for participation in the Plan, then the Board shall submit such those proposed features of the proposed amendment for approval by the stockholders of the Company.

*(b) Stockholder Approval.* The Board may, in its sole discretion, submit any other amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Sections 162(m) and 409A of the Code and the regulations thereunder (including those regarding deferred compensation, and the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to certain executive officers).

*(c) Contemplated Amendments.* It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits hereafter allowed under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

*(d) No Impairment of Rights.* Rights under any Stock Award granted before amendment of the Plan shall not be materially impaired by any amendment of the Plan unless (a) the Participant consents in writing or (b) such amendment is required in order to assure this Plan's compliance with applicable law and regulations.

*(e) No Re-pricings Without Stockholder Approval.* Notwithstanding anything else in this Plan to the contrary, and except for an adjustment contemplated by Section 11(a) or any re-pricing that may be approved by the Company's stockholders, the exercise price or base price, as applicable, of an Option or stock appreciation right granted under the Plan shall not be re-priced (by amendment, cancellation and re-grant, exchange or other means) after the date the award is granted.

**13. Termination or Suspension of the Plan.**

(a) *Plan Term.* The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall expire on the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) *No Impairment of Rights.* Rights and obligations under any Stock Award granted while the Plan is in effect shall not be impaired by suspension or termination of the Plan, except with the written consent of the Participant.

**14. Effective Date of Plan.**

The Plan shall become effective as determined by the Board, but no Stock Award shall be exercised or shares thereunder shall be delivered (or, in the case of a stock bonus or restricted stock award, shall be granted) unless and until the Plan has been approved by the stockholders of the Company, which approval shall occur within twelve (12) months before or after the date the Plan is adopted by the Board.

**15. Governing Law, Severability.**

*(a) Choice of Law.* The Plan, the awards, all documents evidencing awards and all other related documents shall be governed by and construed in accordance with the laws of the State of Texas.

*(b) Severability.* If a court of competent jurisdiction holds any provision invalid and unenforceable, the remaining provisions of the Plan shall continue in effect, and the Plan shall be reformed to the minimal extent necessary to render the otherwise invalid provision enforceable.

*(c) Captions.* Captions are used solely as a convenience to facilitate reference and shall not be deemed to affect the construction of the Plan or any provision thereof.

*(d) Non-Exclusivity of Plan.* Nothing in this Plan shall be deemed to limit the authority of the Board or any Committee to grant awards or authorize any other compensation, with or without reference to the Common Stock, under any other plan or authority.

**Exhibit 10.2**

LUMOS PHARMA, INC.

STOCK OPTION AGREEMENT

This Option Agreement is issued pursuant to and is subject to all of the provisions of the Lumos Pharma, Inc. 2012 Equity Incentive Plan (the *"**Plan**").*

I. NOTICE OF GRANT

_____ *("**Optionee**")*

Address:

Optionee has been granted an option (the *"**Option**")* to purchase shares of the Common Stock of the Company (the *"**Shares**")*, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

**Date of Grant:**

**Vesting Commencement Date:**

**Exercise Price per Share: $**

**Total Number of Shares Covered by this Option:**

**Aggregate Exercise Price: $**

*NOTE: For any Optionee holding at least ten (10) percent of the total combined voting power of all classes of the Company's stock on the Date of Grant *("**Ten Percent Stockholders**")*, the Exercise Price per Share for Incentive Stock Options must be at least one hundred and ten (110) percent of the fair market value of the Option Shares determined on the Date of Grant and such Option may not be exercisable more than five (5) years after the Date of Grant.

**Type of Option:** __ Incentive Stock Option

___ Nonstatutory Stock Option

**Term/Expiration Date:** Tenth Anniversary of Date of Grant (subject to the five (5) year limitation set forth above for Ten Percent Stockholders)

**Vesting Schedule:** Provided that the Optionee is then providing services to the Company under a Service Agreement in accordance with the requirements of the Plan, the Shares shall vest and be vested, as follows: _____.

**Exercise and Termination Period:** This Option shall be exercisable on one or more occasions as to any or all vested Shares up until (i) ninety (90) days after Optionee ceases to provide Continuous Service, (ii) one year after the termination of Optionee's service to the Company by reason of Optionee's Disability, as such term is defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the *"**Code**"*), or (iii) eighteen months after the death of Optionee. However, in no event shall this Option be exercised after the Term/Expiration Date provided above.

**II. AGREEMENT**

**1. Grant of Option.**

(a) The Administrator of the Plan grants to Optionee, an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the *"**Exercise Price**"*), and subject to the terms and conditions of the Plan, which is incorporated herein by reference.

(b) In the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail. Unless otherwise specified herein, terms used in this Option Agreement shall have the same meanings attributable thereto in the Plan, or if not defined therein, in Optionee's Service Agreement. The term *"**Service Agreement**"* shall mean the employment agreement, consulting agreement or other arrangement pursuant to which Optionee renders Continuous Service to the Company (or its Affiliate) in his or her capacity as an employee, consultant or director.

(c) If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that this Option exceeds the $100,000 rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option.

**2. Exercise of Option.**

(a) Right to Exercise. This Option shall be exercisable prior to its Expiration Date in accordance with the Vesting Schedule set out in the Notice of Grant and with the applicable provisions of the Plan and this Option Agreement, provided that the Company may, in its sole discretion, permit early exercise of the Option upon such terms and conditions as the Administrator specifies. The Option shall be subject to such contingencies of accelerated vesting as may be provided in the Plan (including upon a Change of Control) or in Optionee's Service Agreement. In addition to the foregoing, the unvested Options granted pursuant to this Option Agreement and any unvested shares acquired through early exercise of this Option Agreement shall be subject to automatic acceleration immediately prior to the consummation of an initial public offering of the securities issued by the Company pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission. Subject to any exercise limitations in the Plan, Optionee shall not forfeit any vested Options hereunder upon termination of his or her Service Agreement.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as **Exhibit A** (the *"**Exercise Notice**"*), which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised (the *"**Exercised Shares**"*), the aggregate Exercise Price for the Exercised Shares, and such other representations and agreements as may be required by the Company. The Option shall be deemed to be exercised only when the Company receives the properly completed and signed Exercise Notice accompanied by payment of (i) the aggregate Exercise Price as to all Exercised Shares and (ii) full payment of all taxes, if any, required to be withheld in connection with the exercise of the Option.

No Shares shall be issued pursuant to this Option unless the exercise and such issuance comply with applicable laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is properly exercised with respect to such Shares.

**3.** **Optionee's Representations.** Optionee has delivered to the Company a Subscription Agreement in the form attached hereto as **Exhibit B**. In the event the Shares have not been registered under the Securities Act of 1933, as amended (the ***"Securities Act")***, at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as **Exhibit C**.

**4.** **Lock-Up Period.** Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the ***"Managing Underwriter")*** in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the ***"Market Standoff Period")*** following the effective date of a registration statement of the Company filed under the Securities Act. This restriction shall be superseded by any broader market standoff restriction contained within any applicable agreement that may be executed by Optionee and the Company (see Section 6 below). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

**5.** **Method of Payment.** Optionee, at its election, shall pay the aggregate Exercise Price by any of the following methods, or a combination thereof:

(a) cash or check;

(b) consideration received by the Company under any cashless exercise program that may be adopted by the Company pursuant to the Plan; or

(c) surrender of other Shares which, (i) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price.

**6.** **Restrictions on Exercise.** This Option may not be exercised (i) until such time as the Plan has been approved by the shareholders of the Company, or (ii) if the issuance of such Shares upon such exercise or the method of payment for such Shares would constitute a violation of any applicable law. The Shares of Common Stock that will be issued to the Optionee upon valid exercise of the Option may be subject to certain restrictions contained in shareholder agreements, including the Company's Right of First Refusal and Co-Sale Agreement, the Company's Investors' Rights Agreement, and the Company's Voting Agreement (the ***"Shareholder Agreements")***. *If the Shares are subject to one of more ofsuch agreements*, a copy thereof will be provided to Optionee herewith, and Optionee will be required to consent to and adopt each of such agreements effective as of the Date of Grant. The Optionee will also be required to execute and deliver to the Company a counterpart of that certain Early Exercise Unvested Stock Repurchase Agreement, a form of which is attached hereto as **Exhibit D**, in connection with any permissible early exercise of this Option, if allowed by the Company. Notwithstanding the foregoing, the Shares shall not be deemed issued until certificates evidencing same have been issued to Optionee (or its representative or the Escrow Holder, if applicable) by the Company.

**7.** **Non-Transferability of Option.** This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution, and may be exercised during the Optionee's lifetime only by Optionee. Subject to the foregoing restriction, the terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

**8.** **Term of Option.** This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

**9.** **Entire Agreement.** The Plan, this Option Agreement (with its exhibits), the Service Agreement, and the Shareholder Agreements, as applicable, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified except as permitted in the Plan or by means of a writing signed by the Company and Optionee. Optionee has not relied upon any representations or promises by the Company or its representatives in entering into this Option Agreement, the Service Agreement, or the Shareholder Agreements, except as may be expressly contained in such documents.

**10.** **Governing Law; Severability.** This Option Agreement is governed by the internal substantive laws but not the choice of law rules of the State of Delaware. The terms of this agreement shall be deemed severable, provided that if any provision is held invalid by a tribunal of competent jurisdiction it shall be reformed, if possible, to the minimum extent necessary to render it valid and enforceable.

**11.** **No Guarantee of Continued Service.** OPTIONEE AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED HEREIN, THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE SET FORTH ABOVE IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES BY EARLY EXERCISE). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER DURING THE OPTION TERM, AND SHALL NOT LIMIT IN ANY WAY OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT (IN ACCORDANCE WITH OPTIONEE'S SERVICE AGREEMENT) TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER.

**12.** **Review of Documents and Voluntary Consent.** Optionee acknowledges that s/he has previously received and reviewed a copy of the Plan and this Option Agreement (together with the exhibits thereto), the Company's Certificate of Incorporation, as amended, and the Shareholder Agreements, as applicable. Optionee accepts this Option subject to all of the terms and provisions of the Plan and this Option Agreement. Optionee has been afforded an opportunity to obtain the advice of counsel prior to executing this Option Agreement. Optionee agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator regarding questions arising under the Plan or this Option Agreement. Optionee agrees to notify the Company with respect to any change in Optionee's residential address as set forth in Section I of this Option Agreement.

**LUMOS PHARMA, INC.** **OPTIONEE**

By: _____

Richard J. Hawkins
Chief Executive Officer

**EXHIBIT A TO STOCK OPTION AGREEMENT**

**2012 EQUITY INCENTIVE PLAN**

**EXERCISE NOTICE**

Lumos Pharma, Inc.

ATTN: Chief Executive Officer

**1. Exercise of Option.** Effective as of today, _____ , 20_, the undersigned *("**Optionee**")* hereby elects to exercise Optionee's Option to purchase _____ shares (the *"**Shares**")* of the Common Stock of Lumos Pharma, Inc. (the *"**Company**")* pursuant and subject to the Lumos Pharma, Inc. 2012 Equity Incentive Plan (the *"**Plan**")* and the Stock Option Agreement dated _____ (the *"**Option Agreement**")*.

**2. Delivery of Payment.** Optionee herewith delivers to the Company the Aggregate Exercise Price of the Shares as to which the Option is now being exercised, calculated as follows, in accordance with the Option Agreement.

Total Shares Purchased: _____

Exercise Price per Share: $ _____

Aggregate Exercise Price: _____

Payment of the Aggregate Exercise Price is herewith made in full as follows (select the applicable option by initialing before the letter of the option that applies, and fill in any blanks in C. if that option applies):

___ **A**. Cash

___ **B.** Check

___ **C.** If allowed by the Plan Administrator, but not otherwise, Optionee is tendering certificates covering _____ shares of the Common Stock of the Company, satisfying the market value and holding requirements of the Option Agreement, endorsed in blank and accompanied by stock powers acceptable to the Administrator. In such event Optionee represents that the shares so tendered are owned by Optionee, free and clear of any liens, claims, restrictions or other encumbrances in favor of any third party, as Optionee's separate or sole management community property, and the payment shall not be deemed made hereunder until the Company has had an opportunity (without waiving any continuing rights based on this representation, however) to confirm such representation to the best of its knowledge.

___ **D.** If allowed by the Administrator, but not otherwise, Optionee is making payment pursuant to a cashless exercise program adopted pursuant to the Plan.

**3.** **Tax Withholding and Tax Consultation.** Optionee authorizes payroll withholding by Company and otherwise will make adequate provision for the federal, state, local and foreign tax withholding obligations of the Company, if any, in connection with the Option. If Optionee is exercising a Nonstatutory Stock Option, Optionee encloses payment in full of his/her withholding taxes, if any, as follows:

**(Contact Plan Administrator for amount of tax due.)**

**___ Cash:** **$ _____**

**___ Check:** **$ _____**

Optionee agrees that s/he will remain liable to the Company for any additional tax withholding that may later be determined to be due, together with interest and penalties imposed thereon.

**4.** **Optionee Information.** Optionee's social security number or employer identification number is: _____ . Optionee's current address is _____

**5.** **Representations of Optionee.** Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement (and the documents referred to therein) and agrees to abide by and be bound by their terms and conditions. In addition, Optionee acknowledges that the Shares that will be issued upon the exercise of the Option may be subject to restrictions contained in the Company's Voting Agreement, Right of First Refusal and Co-Sale Agreement and/or the Company's Investors' Rights Agreement (the *"**Shareholder Agreements**")*, if executed by Optionee. Optionee is not aware of any representation made by Optionee in the Subscription Agreement previously delivered to the Company that is not accurate, with the exception of information updated herein.

**6.** **Rights as Shareholder.** Certificates representing the Shares shall be issued to the Optionee as soon as practicable after the Option is exercised. However, until the issuance of the Shares (as evidenced by stock certificates and the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance of the Shares except as otherwise may be provided in the Plan.

**7.** **Notice of Disqualifying Disposition.** If the Option is an Incentive Stock Option, Optionee agrees that s/he will promptly notify the Chief Executive Officer of the Company in writing within ten (10) days after the date of any disposition in the event Optionee transfers any of the Shares within one (1) year after the date s/he exercises all or part of the Option, or within two (2) years after the Date of Grant.

**8.** **Tax Consultation.** Optionee understands that s/he may suffer adverse tax consequences as a result of his or her purchase or disposition of the Shares. Optionee represents that s/he has consulted with such tax consultants as Optionee has deemed advisable in connection with the exercise of the Option, and the purchase (or disposition) of the Shares and that Optionee is not relying on the Company for any tax advice.

**9.** **Restrictive Legends and Stop-Transfer Orders.**

(a) Legends. Optionee understands and agrees that the Company shall cause certain restrictive legends to be placed upon any certificates evidencing ownership of the Shares to reflect restrictions applicable to the Shares, including those arising under the Amended and Restated Certificate of Incorporation, the Shareholder Agreements, as applicable, the Early Exercise Unvested Stock Repurchase Agreement, or applicable state and federal securities laws.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with restrictions applicable to the Shares, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as an owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

**10.** **Successors and Assigns.** The Company may assign any of its rights under this Agreement to single or multiple assignees, and the terms and conditions of this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Option Agreement, the Buy-Sell Agreement (if any), and the Shareholder Agreements, as applicable, the terms of this Exercise Notice shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

**11.** **Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator (which may be the Company's Board of Directors), which shall review such dispute not later than its next regular meeting or any adjournment thereof. The resolution of such a dispute by the Administrator shall be final and binding on all parties, provided that such interpretation shall not conflict with any substantive rights expressly granted Optionee by its Option Agreement or Service Agreement.

**12.** **Governing Law; Severability.** This Exercise Notice is governed by Delaware law, without regard to its conflicts of law rules. Any provision determined by a tribunal of competent jurisdiction to be invalid shall be deemed severable provided that it shall be reformed, if possible, to the minimum extent necessary to render it valid and enforceable.

Submitted by:

_____
(Signature of Optionee)

_____
(Print Name)

Accepted by:

Lumos Pharma, Inc.

By: _____

Title: _____

**EXHIBIT B TO STOCK OPTION AGREEMENT**

**SUBSCRIPTION AGREEMENT**

**LUMOS PHARMA, INC.**

**(TO BE EXECUTED AT THE TIME THE OPTION IS GRANTED)**

Lumos Pharma, Inc.
Austin, Texas

Gentlemen:

**1. General Statement.** The undersigned Subscriber is the recipient of stock options (the ***"Options")*** issued pursuant to the Lumos Pharma, Inc. 2012 Equity Incentive Plan (the ***"Plan")***, which upon exercise in accordance with their terms and tender of the purchase price required thereunder will entitle Subscriber to receive shares (the ***"Shares")*** of the Common Stock of Lumos Pharma, Inc., a Delaware corporation (the ***"Company")***.

**2. Representations and Warranties of the Undersigned.** In consideration for the Options, Subscriber represents, warrants and acknowledges to the Company as follows:

(a) Subscriber maintains his/her permanent residence and domicile in Texas;

(b) the Options (and any Shares issued upon their exercise) are not being acquired as a nominee for any other person, but will be acquired for Subscriber's own account for purposes of investment and not with a view toward their resale or distribution; and Subscriber does not presently have any reason to anticipate any change in his/her circumstances or other event that would cause him/her to seek to sell the Options (or Shares received upon exercise of the Options);

(c) Subscriber has received no representations, warranties or assurances, express or implied, whatsoever, from the Company or from its officers, directors, employees, agents or attorneys regarding the Options or the performance of the Company, including but not limited to any representation or assurance as to (i) the economics or tax effects of the exercise of the Options, (ii) the length of time that s/he will be required to hold the Shares upon exercise of the Options, or (iii) any assurance that a market will ever exist for the Shares; no representations or promises have been made to Subscriber (and none have been relied upon) to induce Subscriber to enter into the Option Agreement except as expressly set forth in writing in such Agreement, the Plan, and other accompanying documents (if any) signed by an authorized representative of the Company;

(d) Subscriber has been advised that the Shares are not presently registered under any federal or state securities laws, and cannot be sold unless so registered or unless an exemption from such registration is available. Subscriber has been further advised that (i) there is no current market for the Shares, and no present likelihood that such a market will develop; (ii) the Company has no obligation to register its Shares under applicable securities laws, and may never do so, and therefore the Shares are illiquid; (iii) Subscriber therefore may be required to hold Shares indefinitely if s/he exercises the Options; (iv) related agreements with the Company and applicable securities laws may restrict Subscriber's ability to transfer the Shares to an otherwise willing purchaser; and (v) stock certificates evidencing the Shares will, upon exercise of the Options, contain a legend referring to restrictions on transferability;

(e) Subscriber understands that the Company is a start-up business, has not yet secured investor funding for the development of its nascent technology, does not have current operations or ongoing clinical studies, and has no present sales or other sources of revenue. Subscriber has been providing services to the Company and is familiar with its present circumstances.

(f) Subscriber understands that the Company has not obtained an opinion of tax counsel nor will it apply for a ruling from the Internal Revenue Service as to any of the tax consequences of an investment in the Shares. If Subscriber exercises the Options, Subscriber will be doing so with the objective of realizing an economic profit on his/her investment without regard to any federal income tax benefits that may be available by reason of the exercise of the Options;

(g) Subscriber understands that the Company may hereafter issue additional capital stock that may have the effect of diluting the Shares, and that may possess privileges and preferences that Subscriber's Shares do not enjoy, and that Subscriber will not have preemptive rights to acquire shares of such future issuances;

(h) Subscriber understands that the Options are being issued to Subscriber in partial consideration of his/her services and future services to the Company and that they are subject to a vesting schedule and future conditions of service, and some or all of the Options (or the Shares) may be forfeited to or repurchased by the Company if Subscriber's Continuous Service is terminated.

**3.** **Possible S Corporation Status.** In the event that the Company hereafter chooses to elect under Section 1362 of the Internal Revenue Code to be treated as a small business corporation, Subscriber agrees to consent to such election.

**4.** **Restrictions and Limitations on Shares.** Subscriber acknowledges that the following restrictions are applicable to Subscriber's purchase, and to his/her sale, transfer, hypothecation, or other encumbrance of the Shares:

(a) Subscriber is contemporaneously executing a Stock Option Agreement, and confirms that s/he has received and read a copy of such agreement, and confirms that the Options and any Shares acquired by him/her pursuant to the Options will be bound by the terms of such Agreement;

(b) the Options (and the Shares issued upon exercise thereof) are not, and Subscriber has no right to require that they be, registered under any applicable federal or state securities laws, and Subscriber agrees that the Shares shall not be sold, pledged, hypothecated, or otherwise transferred unless either (i) the Shares are registered under applicable federal and state securities laws, or (ii) the sale, pledge, hypothecation, or other transfer of the Shares is exempt from such registration;

(c) Subscriber acknowledges that s/he may be responsible for (i) compliance with conditions on transfer imposed by any securities laws, regulations or rulings, and (ii) certain expenses incurred by the Company for legal or accounting services in connection with reviewing or effecting a proposed transfer of the Shares;

(d) resale or transfer of Shares may be permissible only if the proposed transferee qualifies under applicable federal and state securities laws and regulations for an investment in the Company;

(e) Subscriber may contemporaneously be adopting the Company's Voting Stock Agreement, the Company's Right of First Refusal and Co-Sale Agreement and/or the Company's Investors' Rights Agreement (the ***"Shareholder Agreements"***), *if* applicable, and confirms that if s/he is adopting such agreement, s/he has received and read a copy of such agreement(s), and confirms that the Options and any Shares acquired by him/her pursuant to the Options will be bound by the terms of such agreement(s); and

(f) legends will be placed on any certificate(s) or other document(s) evidencing the Shares reflecting the restrictions on transfer under applicable agreements and securities laws.

**5.** Power of Attorney. Subscriber hereby irrevocably constitutes and appoints the Chief Executive Officer and any Vice President of the Company with full power of substitution, as his/her agent and attorney-in-fact, in his/her name, place and stead, to make, execute, acknowledge, swear to, file, record, and deliver any and all instruments that may be required to (i) confirm his/her status as a shareholder of the Company (upon exercise of the Options), (ii) comply with applicable law, or (iii) correct any omission, inaccuracy, or error. Subscriber intends that the foregoing power of attorney is coupled with an interest and such grant shall be irrevocable. This power of attorney shall survive the bankruptcy or incapacity of the undersigned, or the transfer of all or any part of his/her interest in the Company. Any person dealing with the Company may conclusively rely upon the fact that any instrument executed pursuant to this power by such attorney-in-fact is authorized and binding, without further inquiry.

**6.** Miscellaneous.

(a) This Subscription shall be construed in accordance with and governed by Delaware law (without regard to its conflicts of law rules).

(b) This Subscription (together with the terms of the Plan, the Option, the Stock Option Agreement, including its exhibits, the Shareholder Buy-Sell Agreement, if any, and the Shareholder Agreements, as applicable, constitutes the entire agreement between the parties to such instruments with respect to the subject matter thereof and may be amended only by a writing executed by the parties hereto and any parties having a right to approve such amendment by reason of such other documents referred to herein.

(c) This Subscription and the representations and warranties contained herein and in the Options shall be binding upon Subscriber, and his/her heirs, executors, legal representatives, administrators, successors, and assigns. This Subscription shall survive Subscriber's death or incapacity.

(d) If any provision of this Subscription shall be held by a court of competent jurisdiction to be invalid or unenforceable, such invalid provision shall be reformed to the minimum extent necessary **to** render it valid and otherwise, such invalid or unenforceable provision shall be deemed severable and all other provisions of this Subscription shall continue to be enforceable to the fullest extent of the law, unless elimination of the invalid or unenforceable provision destroys the mutual benefits and objectives of this Agreement, in which event this Subscription and the rights acquired hereunder shall be null and void.

(e) Subscriber agrees to promptly execute any documents requested by the Chief Executive Officer of the Company that may be necessary to implement this Agreement or to correct any inaccuracies or errors contained herein or in the documents referred to in subsection 6(b) above.

(1) All terms used in any one number or gender shall be construed to include any other number or gender as the context may require.

Subscriber represents that the information contained herein is complete and accurate. Subscriber understands that, but for the truth of the information contained herein, s/he would not be allowed by the Company to acquire the Options or the Shares. If in any respect such representations and warranties hereafter become untrue or inaccurate, Subscriber shall give immediate written notice of such fact to the Company, specifying which representations and warranties are no longer true and accurate and the reasons therefor, and shall hold the Company harmless from any claims, liabilities, damages or expenses resulting from any misrepresentation herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Subscriber has executed this Subscription Agreement as of _____.

Options for _____ Shares exercisable at $_____ per share.

Subscriber:

Accepted:

Dated: _____

LUMOS PHARMA, INC.

By: _____
Richard J. Hawkins
Chief Executive Officer

**EXHIBIT C TO STOCK OPTION AGREEMENT**

**INVESTMENT REPRESENTATION STATEMENT**

**(TO BE EXECUTED AND DELIVERED WITH EXERCISE NOTICE)**

OPTIONEE:

COMPANY: LUMOS PHARMA, INC.

SECURITIES: SHARES OF COMMON STOCK

DATE: _____ , 20_

In connection with the purchase of the referenced Securities, the undersigned Optionee represents to the Company the following:

1. Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the *"**Securities Act**").*

2. Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. In this connection, Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, pending an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

3. Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act **of** 1934); and in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than two years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

4. Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or compliance with some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

**OPTIONEE**

_____
(Signature)

_____
(Name)

Date: _____

**EXHIBIT D TO STOCK OPTION AGREEMENT**

**EARLY EXERCISE UNVESTED STOCK REPURCHASE AGREEMENT**
**(TO BE EXECUTED ONLY IF EARLY EXERCISE IS PERMITTED)**

AGREEMENT between the undersigned Purchaser and Lumos Pharma, Inc. (the ***"Company")*** in consideration of the premises and the agreements contained herein. This Agreement is subject to the terms of the Company's 2012 Equity Incentive Plan, as amended, and the Option Agreement granted to Purchaser dated _____. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan and the Option Agreement.

RECITALS

A. Purchaser is a Service Provider and was granted an Option to purchase shares of the Company's Common Stock (the ***"Shares")*** pursuant to the Option Agreement.

B. With the Company's consent, Purchaser is being allowed to make an early exercise of its Option as to _____ unvested Shares of the Company's Common Stock (the ***"Unvested Shares")*** by a contemporaneous Exercise Notice. In consideration therefor, this Agreement shall apply to such Unvested Shares.

THEREFORE, the parties agree as follows:

**1. Vesting Schedule.** The Vesting Schedule in the Option Agreement (the ***"Vesting Schedule")*** shall continue to apply to all of the Unvested Shares to the same extent that it applied to the Option.

**2. Repurchase Option.**

(a) In the event Purchaser ceases to be a Service Provider (a ***"Termination of Service")*** before all Unvested Shares have vested, the Company and/or its designees (collectively, the ***"Option Holder")*** shall have an irrevocable option (the ***"Repurchase Option")*** for a period of ninety (90) days after the Termination of Service to exercise this option to repurchase up to all of the Unvested Shares (as of the date of such Termination of Service) at the original price per share paid by Purchaser multiplied by the number of Shares thus repurchased *(the "**Repurchase Price**").* The Option Holder shall exercise the Repurchase Option by (i) delivering written notice of exercise to Purchaser (or Purchaser's legal representative) and to the Escrow Agent in accordance with the Joint Escrow Instructions attached as **Exhibit 2**, and (ii) at the closing set by the Escrow Agent, at Company's option, (A) by delivering to Purchaser (or Purchaser's legal representative) a check in the full amount of the Repurchase Price, or (B) by canceling an amount of Purchaser's indebtedness to the Company equal to the Repurchase Price, or (C) by a combination of (A) and (B), so that the combined payment and cancellation of indebtedness equals the Repurchase Price. Upon closing and the payment of the Repurchase Price, the Option Holder(s) shall become the legal and beneficial owner(s) of the Unvested Shares being repurchased, and Purchaser shall take all actions requested by the Company and the Escrow Agent to consummate the transfer to the Option Holder(s).

(b) The Company may require any designee who desires to exercise a Repurchase Option as Option Holder to commit to pay to the Company the difference between the Repurchase Price and the Fair Market Value of the Unvested Shares to be repurchased (determined in good faith by the Company's Board of Directors as of the date of the designation).

**3. Release of Vested Shares From Repurchase Option.**

The Repurchase Option shall lapse as to all Shares that have vested in accordance with the Vesting Schedule (as same may be accelerated where expressly permitted under the Plan, the Option Agreement or the Service Agreement) *("**Vested Shares**").* Once in each calendar year Purchaser shall be entitled, upon request, **to** receive a certificate(s) for all Shares that have been released from the Repurchase Option and the Company shall cooperate in instructing the Escrow Agent to provide same upon request.

**4. Restriction on Transfer.** Except as provided in this Agreement, neither the Unvested Shares nor any interest therein shall be transferred, encumbered or otherwise disposed of by Purchaser, other than by will or the laws of descent and distribution. Upon vesting, Vested Shares may be subject to the restrictions contained in the Company's Voting Agreement, Right of First Refusal and Co-Sale Agreement, and the Company's Investors' Rights Agreement (the *"**Shareholder Agreements**")*, as applicable. The provisions of this Section and Section 2 of this Agreement shall take precedence in the event of any inconsistency with any applicable Shareholder Agreement as to the repurchase of Unvested Shares. Purchaser may not assign its rights or delegate its obligations hereunder without the Company's prior written consent. In the event the restrictions in this Section 4 are violated by Purchaser the Unvested Shares shall be subject to repurchase by the Company (or its designees) for the Repurchase Price determined in accordance with Section 2(a) above, and such right of repurchase may be exercised at any time within ninety (90) days after the Company, through its senior corporate officers, learns of such violation.

**5. Assignment by the Company.** The rights of the Company under this Agreement shall be transferable to one or more persons or entities, and all rights and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns.

**6. Escrow of Unvested Shares.**

(a) To ensure the availability for delivery of the Unvested Shares upon repurchase pursuant to the Repurchase Option, Purchaser hereby directs the Company to deliver to and deposit with the Company's Secretary or another escrow agent designated by the Company (the "***Escrow Agent***") all share certificates representing the Unvested Shares, together with the stock assignment duly endorsed in blank, in the form attached hereto as **Exhibit I**. The Unvested Shares and stock assignment shall be held by the Escrow Agent pursuant to the Joint Escrow Instructions executed by the Company and Purchaser in the form attached hereto as Exhibit 2.

(b) If one or more Option Holder(s) exercises the Repurchase Option, the Escrow Agent, upon receipt of written notice of such exercise from the Option Holders, shall take all steps contemplated by the Joint Escrow Instructions **to** accomplish the transfer of the Shares, and upon closing shall promptly cause certificate(s) to be issued for the Shares thus repurchased and shall deliver such certificates to the Option Holders in accordance with their respective rights.

(c) If the Repurchase Option expires unexercised or a portion of the Shares is otherwise released from the Repurchase Option, the Escrow Agent shall upon written request and reasonable confirmation, cause a new certificate to be issued for the released Shares and shall deliver the certificate to Purchaser as contemplated by Section 3 above.

(d) If, during the term of the Repurchase Option, there is (i) any stock dividend, stock split, stock combination, or other capital adjustment in the Shares (a ***"Capital Adjustment"***), or (ii) any merger or sale of all or substantially all of the assets or other acquisition of the Company (a ***"Major Transaction"***), all new, substituted or additional (or lesser) securities to which Purchaser thereby becomes entitled by reason of Purchaser's ownership of the Unvested Shares shall be immediately subject to the escrow, deposited with the Escrow Agent and included thereafter as "Shares" for purposes of this Agreement and the Repurchase Option. Pending exercise of the Repurchase Option, Purchaser shall enjoy the voting and dividend rights of a shareholder as to the Shares subject to the Repurchase Option and any restrictions applicable thereto.

**7.** **Capital Adjustments.** All references to the number of Shares and the Repurchase Price per share of the Unvested Shares shall be appropriately adjusted to reflect any Capital Adjustment or Major Transaction which may occur after the date of this Agreement, provided that (i) the aggregate Repurchase Price for all Unvested Shares then subject to the Repurchase Option shall not thereby be increased and (ii) the terms of the Plan shall govern the parties' rights in the event of a Major Transaction, as applicable.

**8.** **Legends.** In addition to any other legends prescribed by agreement or applicable securities laws, the share certificate(s) evidencing the Unvested Shares, if any, issued hereunder shall be endorsed with the following legend:

> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND RIGHTS OF REPURCHASE AS SET FORTH IN AN EARLY EXERCISE UNVESTED STOCK REPURCHASE AGREEMENT BETWEEN THE COMPANY AND THE SHAREHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

**9.** **Tax Consequences.** Purchaser has reviewed with Purchaser's own tax advisor, all tax consequences of Purchaser's investment and the transactions contemplated by this Agreement. Purchaser is relying solely on such advisor and not on any statements or representations of the Company or any of its agents. Purchaser understands that Purchaser (and not the Company) shall be responsible for Purchaser's own tax liability that may arise as a result of the transactions contemplated by this Agreement. Among other things, depending on the type of Option, income taxes may be imposed upon the exercise of the Option or the disposition of Shares acquired pursuant thereto. Section 83 (b) of the Code may afford Purchaser the right to file an election with the Internal Revenue Service that can, if timely filed, and under certain circumstances, minimize the amount of income taxes due by accelerating the date on which the income taxes would otherwise come due. However, there are strict time limitations (typically thirty days after the *exercise* of the Option) within which such an election must be filed, and a copy of the 83(b) election must also be filed with Purchaser's tax return for the calendar year in which the election was made. Purchaser has been advised to immediately obtain tax guidance from a qualified tax advisor as the responsibility for timely filing the 83(b) election is solely that of Purchaser. The Company assumes no obligation to provide tax advice.

**10**. **Consent of Spouse.** Purchaser's spouse is signing below to reflect his/her consent that the provisions of this Agreement shall bind any community property rights in the Shares.

**11**. **General Provisions.**

(a) **Entire Agreement**. This Agreement supersedes any prior representations, promises and agreements that are inconsistent with its terms with the exception that the terms of the Plan and the Option Agreement shall prevail in the event of an inconsistency. Optionee has not relied upon any representations or promises by the Company or its representatives in entering into this Agreement except as may be expressly contained in the Plan, the Option Agreement, and Purchaser's Service Agreement.

(b) **Governing Law; Severability**. This Option Agreement is governed by the internal substantive laws but not the choice of law rules of the State of Delaware. The terms of this Agreement shall be deemed severable, provided that if any provision is held invalid by a tribunal of competent jurisdiction it shall be reformed, if possible, to the minimum extent necessary to render it valid and enforceable.

(c) **No Guarantee of Continued Service**. OPTIONEE AGREES THAT EXCEPT AS PROVIDED IN THE OPTION AGREEMENT OR THE PLAN, THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES BY EARLY EXERCISE). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY AND THE VESTING SCHEDULE DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER DURING THE VESTING SCHEDULE, AND SHALL NOT LIMIT IN ANY WAY OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT (IN ACCORDANCE WITH OPTIONEE'S SERVICE AGREEMENT) TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER.

(d) **Review of Documents and Voluntary Consent.** Optionee has been afforded an opportunity to read this Agreement and to obtain the advice of counsel prior to executing this Agreement and is signing same voluntarily and with a full understanding of the terms hereof.

(e) **Notices.** Any notice required or permitted to be given by either the Company or Purchaser pursuant to this Agreement shall be in writing and shall be deemed given when delivered personally or three days after posting certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient, if to Purchaser, at its last known address reflected in the stock records of the Corporation; if to the Company, at its principal office, directed to the attention of its Chief Executive Officer; and if to the Escrow Agent, to the most current address that it furnishes to the parties.

(f) **Nonwaiver.** A party's failure to insist on strict enforcement of any provision of this Agreement in any one circumstance shall constitute a waiver of such provision (or any other provision), nor give rise to any estoppel, in any other circumstance.

(g) **Further Assurances.** Purchaser shall, upon request, execute such further documents as may be necessary or desirable to effectuate the purposes of this Agreement.

(h) **Remedies.** This Agreement may be enforced in equity without waiving any legal remedies for its breach.

(i) **Effect.** This Agreement shall bind and inure to the benefit of the parties' respective legal representatives, heirs, successors, and permitted assigns.

Dated: _____, 20__

| | |
|---|---|
| Lumos Pharma, Inc. | Purchaser |
| By: _____ | _____ |
| Richard J. Hawkins<br>Chief Executive Officer | Print Name: |

**Exhibit 10.3**

**LUMOS PHARMA, INC.**

**2016 STOCK PLAN**

1. **ESTABLISHMENT, PURPOSE AND TERM OF PLAN.**

1.1 **Establishment.** The Lumos Pharma, Inc. 2016 Stock Plan (the "***Plan***") is hereby established effective as of July 11, 2016 (the "***Effective Date***").

1.2 **Purpose.** The purpose of the Plan is to advance the interests of the Participating Company Group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group. The Plan seeks to achieve this purpose by providing for Awards in the form of Options and Restricted Stock Awards.

1.3 **Term of Plan.** The Plan shall continue in effect until its termination by the Board; provided, however, that all Awards shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the stockholders of the Company.

2. **DEFINITIONS AND CONSTRUCTION.**

2.1 **Definitions.** Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "***Award***" means an Option, Restricted Stock Purchase Right or Restricted Stock Bonus granted under the Plan.

*(b)* "***Award Agreement***" means a written or electronic agreement between the Company and a Participant setting forth the terms, conditions and restrictions applicable to an Award.

*(c)* "***Board***" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "***Board***" also means such Committee(s).

*(d)* "***Cause***" means, unless such term or an equivalent term is otherwise defined by the applicable Award Agreement or other written agreement between a Participant and a Participating Company applicable to an Award, any of the following: (i) the Participant's theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any Participating Company documents or records; (ii) the Participant's material failure to abide by a Participating Company's code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct);

(iii) the Participant's unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of a Participating Company (including, without limitation, the Participant's improper use or disclosure of a Participating Company's confidential or proprietary information); (iv) any intentional act by the Participant which has a material detrimental effect on a Participating Company's reputation or business; (v) the Participant's repeated failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (vi) any material breach by the Participant of any employment or service agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement; or (vii) the Participant's conviction (including any plea of guilty or nolo contendere) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs the Participant's ability to perform his or her duties with a Participating Company.

(e) "***Change in Control***" means, unless such term or an equivalent term is otherwise defined by the applicable Award Agreement or other written agreement between the Participant and a Participating Company applicable to an Award, the occurrence of any one or a combination of the following:

(i) an Ownership Change Event or a series of related Ownership Change Events (collectively, a "***Transaction***") in which the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding securities entitled to vote generally in the election of Directors or, in the case of an Ownership Change Event described in Section 2.1(u)(iii), the entity to which the assets of the Company were transferred (the "***Transferee***"), as the case may be; or

(ii) a date specified by the Board following approval by the stockholders of a plan of complete liquidation or dissolution of the Company; provided, however, that a Change in Control shall not include a transaction described in subsection (i) of this Section 2.1(e) in which a majority of the members of the board of directors of the continuing, surviving or successor entity, or parent thereof, immediately after such transaction is comprised of Incumbent Directors. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company or the Transferee, as the case may be, either directly or through one or more subsidiary corporations or other business entities. The Board shall determine whether multiple events described in subsections (i) and (ii) of this Section 2.1(e) are related and to be treated in the aggregate as a single Change in Control, and its determination shall be final, binding and conclusive.

(f) "***Code***" means the Internal Revenue Code of 1986, as amended, and any applicable regulations and administrative guidelines promulgated thereunder.

(g) "***Committee***" means the compensation committee or other committee or subcommittee of the Board duly appointed to administer the Plan and having such powers as specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

*(h)* "***Company***" means Lumos Pharma, Inc., a Delaware corporation, and any successor thereto.

*(i)* "***Consultant***" means a person engaged to provide consulting or advisory services (other than as an Employee or a Director) to a Participating Company, provided that the identity of such person, the nature of such services or the entity to which such services are provided would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on either the exemption from registration provided by Rule 701 under the Securities Act or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act.

*(j)* "***Director***" means a member of the Board.

*(k)* "***Disability***" means the inability of the Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant's position with the Participating Company Group because of the sickness or injury of the Participant.

*(l)* "***Employee***" means any person treated as an employee (including an Officer or a Director who is also treated as an employee) in the records of a Participating Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code; provided, however, that neither service as a Director nor payment of a director's fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of an individual's rights, if any, under the terms of the Plan as of the time of the Company's determination of whether or not the individual is an Employee, all such determinations by the Company shall be final, binding and conclusive as to such rights, if any, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination as to such individual's status as an Employee.

*(m)* "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

*(n)* "***Fair Market Value***" means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) If, on such date, the Stock is listed or quoted on a national or regional securities exchange or quotation system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock as quoted on the national or regional securities exchange or quotation system constituting the primary market for the Stock, as reported in *The Wall Street Journal* or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Stock has traded on such securities exchange or quotation system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded or quoted prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, the Stock is not listed or quoted on a national or regional securities exchange or quotation system, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse, and in a manner consistent with the requirements of Section 409A.

*(o)* "***Incentive Stock Option***" means an Option intended to be (as set forth in the Award Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

*(p)* "***Incumbent Director***" means a director who either (i) is a member of the Board as of the Effective Date or (ii) is elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but excluding a director who was elected or nominated in connection with an actual or threatened proxy contest relating to the election of directors of the Company).

*(q)* "***Insider***" means an Officer, a Director or other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

*(r)* "***Nonstatutory Stock Option***" means an Option not intended to be (as set forth in the Award Agreement) or which does not qualify as an incentive stock option within the meaning of Section 422(b) of the Code.

*(s)* "***Officer***" means any person designated by the Board as an officer of the Company.

*(t)* "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

*(u)* "***Ownership Change Event***" means the occurrence of any of the following with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of securities of the Company representing more than fifty percent (50%) of the total combined voting power of the Company's then outstanding securities entitled to vote generally in the election of Directors; (ii) a merger or consolidation in which the Company is a party; or (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).

*(v)* "***Parent Corporation***" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

(w) "***Participant***" means any eligible person who has been granted one or more Awards.

*(x)* "***Participating Company***" means the Company or any Parent Corporation or Subsidiary Corporation.

*(y)* "***Participating Company Group***" means, at any point in time, all entities collectively which are then Participating Companies.

(z) "***Predecessor Plan***" means the Company's 2012 Equity Incentive Plan.

(aa) "***Restricted Stock Award***" means an Award in the form of a Restricted Stock Bonus or a Restricted Stock Purchase Right.

(bb) "***Restricted Stock Bonus***" means Stock granted to a Participant pursuant to Section 7.

(cc) "***Restricted Stock Purchase Right***" means a right to purchase Stock granted to a Participant pursuant to Section 7.

(dd) "***Rule 16b-3***" means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(ee) "***Section 409A***" means Section 409A of the Code.

(ff) "***Securities Act***" means the Securities Act of 1933, as amended.

(gg) "***Service***" means a Participant's employment or service with the Participating Company Group, whether as an Employee, a Director or a Consultant. Unless otherwise provided by the Board, a Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders Service or a change in the Participating Company for which the Participant renders Service, provided that there is no interruption or termination of the Participant's Service. Furthermore, a Participant's Service shall not be deemed to have been interrupted or terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company. However, unless otherwise provided by the Board, if any such leave taken by a Participant exceeds ninety (90) days, then on the ninety-first (91st) day following the commencement of such leave the Participant's Service shall be deemed to have terminated, unless the Participant's right to return to Service is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, an unpaid leave of absence shall not be treated as Service for purposes of determining vesting under the Participant's Award Agreement. A Participant's Service shall be deemed to have terminated either upon an actual termination of Service or upon the business entity for which the Participant performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its discretion, shall determine whether the Participant's Service has terminated and the effective date of and reason for such termination.

(hh) "***Stock***" means the common stock of the Company, as adjusted from time to time in accordance with Section 4.44.4. (ii) "***Subsidiary Corporation***" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

(jj) "***Ten Percent Stockholder***" means a person who, at the time an Award is granted to such person, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company within the meaning of Section 422(b)(6) of the Code.

(kk) "***Trading Compliance Policy***" means the written policy of the Company pertaining to the purchase, sale, transfer or other disposition of the Company's equity securities by Directors, Officers, Employees or other service providers who may possess material, nonpublic information regarding the Company or its securities.

(ll) "***Vesting Conditions***" mean those conditions established in accordance with the Plan prior to the satisfaction of which an Award or shares subject to an Award remain subject to forfeiture or a repurchase option in favor of the Company exercisable for the Participant's monetary purchase price, if any, for such shares upon the Participant's termination of Service or failure of a performance condition to be satisfied.

2.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

## 3. ADMINISTRATION.

3.1 **Administration by the Board.** The Plan shall be administered by the Board. All questions of interpretation of the Plan, of any Award Agreement or of any other form of agreement or other document employed by the Company in the administration of the Plan or of any Award shall be determined by the Board, and such determinations shall be final, binding and conclusive upon all persons having an interest in the Plan or such Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Board in the exercise of its discretion pursuant to the Plan or Award Agreement or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest therein. All expenses incurred in connection with the administration of the Plan shall be paid by the Company.

3.2 **Authority of Officers.** Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election that is the responsibility of or that is allocated to the Company herein, provided that the Officer has apparent authority with respect to such matter, right, obligation, determination or election.

3.3 **Powers of the Board.** In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of shares of Stock to be subject to each Award;

(b) to determine the type of Award granted;

(c) to determine the Fair Market Value of shares of Stock or other property;

(d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of shares pursuant to any Award, (ii) the method of payment for shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of shares of Stock, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any shares acquired pursuant thereto, (v) the time of expiration of any Award, (vi) the effect of any Participant's termination of Service on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto not inconsistent with the terms of the Plan;

(e) to approve one or more forms of Award Agreement;

(f) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any shares acquired pursuant thereto;

(g) to reprice or otherwise adjust the exercise price of any Option, or to grant in substitution for any Option a new Award covering the same or different number of shares of Stock;

(h) to accelerate, continue, extend or defer the exercisability or vesting of any Award or any shares acquired pursuant thereto, including with respect to the period following a Participant's termination of Service;

(i) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose residents may be granted Awards; and

(j) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Board may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

3.4 **Administration with Respect to Insiders.** With respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b-3.

3.5 **Indemnification.** In addition to such other rights of indemnification as they may have as members of the Board or as officers or employees of the Participating Company Group, to the extent permitted by applicable law, members of the Board and any officers or employees of the Participating Company Group to whom authority to act for the Board or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

4. **SHARES SUBJECT TO PLAN.**

4.1 **Maximum Number of Shares Issuable.** Subject to adjustment as provided in Sections 4.2 and 4.4, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be two million, seven hundred ninety thousand, five hundred eighty-three (2,790,583) and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. Notwithstanding the foregoing, at any such time as the offer and sale of securities pursuant to the Plan is subject to compliance with Section 260.140.45 of Title 10 of the California Code of Regulations ("***Section 260.140.45***"), the total number of shares of Stock issuable upon the exercise of all outstanding Awards (together with options outstanding under any other stock plan of the Company) and the total number of shares provided for under any stock bonus or similar plan of the Company shall not exceed thirty percent (30%) (or such other higher percentage limitation as may be approved by the stockholders of the Company pursuant to Section 260.140.45) of the then outstanding shares of the Company as calculated in accordance with the conditions and exclusions of Section 260.140.45.

4.2 **Adjustment for Unissued or Forfeited Predecessor Plan Shares**. The maximum aggregate number of shares of Stock that may be issued under the Plan as set forth in Section 4.1 shall be cumulatively increased from time to time by:

(a) the aggregate number of shares of Stock that remain available for the future grant of awards under the Predecessor Plan immediately prior to its termination as of the Effective Date;

(b) the number of shares of Stock subject to that portion of any option or other award outstanding pursuant to the Predecessor Plan as of the Effective Date which, on or after the Effective Date, expires or is terminated or canceled for any reason without having been exercised or settled in full; and

(c) the number of shares of Stock acquired pursuant to the Predecessor Plan subject to forfeiture or repurchase by the Company for an amount not greater than the Participant's purchase price which, on or after the Effective Date, is so forfeited or repurchased; *provided*, *however*, that the aggregate number of shares of Stock authorized for issuance under the Predecessor Plan that may become authorized for issuance under the Plan pursuant to this Section 4.2 shall not exceed nine hundred twenty thousand, nine hundred seven (920,907) shares.

4.3 **Share Counting.** If an outstanding Award for any reason expires or is terminated or canceled without having been exercised or settled in full, or if shares of Stock acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by the Company for an amount not greater than the Participant's exercise or purchase price, the shares of Stock allocable to the terminated portion of such Award or such forfeited or repurchased shares of Stock shall again be available for issuance under the Plan. Shares of Stock shall not be deemed to have been issued pursuant to the Plan (a) with respect to any portion of an Award that is settled in cash or (b) to the extent such shares are withheld or reacquired by the Company in satisfaction of tax withholding obligations pursuant to Section 10.2. If the exercise price of an Option is paid by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Participant, or by means of a Net Exercise, the number of shares available for issuance under the Plan shall be reduced by the net number of shares issued upon the exercise of the Option.

4.4 **Adjustments for Changes in Capital Structure.** Subject to any required action by the stockholders of the Company and the requirements of Sections 409A and 424 of the Code to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (excepting regular, periodic cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number and kind of shares subject to the Plan and to any outstanding Awards, in the ISO Share Limit set forth in Section 5.3(a), and in the exercise or purchase price per share under any outstanding Awards in order to prevent dilution or enlargement of Participants' rights under the Plan. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." If a majority of the shares which are of the same class as the shares that are subject to outstanding Awards are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event) shares of another corporation (the *"**New Shares**"*), the Board may unilaterally amend the outstanding Awards to provide that such Awards are for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise or purchase price per share of, the outstanding Awards shall be adjusted in a fair and equitable manner as determined by the Board, in its discretion. Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number, and the exercise or purchase price per share shall be rounded up to the nearest whole cent. In no event may the exercise or purchase price, if any, under any Award be decreased to an amount less than the par value, if any, of the stock subject to the Award. Such adjustments shall be determined by the Board, and its determination shall be final, binding and conclusive.

4.5 **Assumption or Substitution of Awards.** The Board may, without affecting the number of shares of Stock available pursuant to Section 4.1, authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate, subject to compliance with Section 409A and any other applicable provisions of the Code.

5. **ELIGIBILITY, PARTICIPATION AND OPTION LIMITATIONS.**

5.1 **Persons Eligible for Awards.** Awards may be granted only to Employees, Consultants and Directors.

5.2 **Participation in the Plan.** Awards are granted solely at the discretion of the Board. Eligible persons may be granted more than one Award. However, eligibility in accordance with this Section shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

5.3 **Incentive Stock Option Limitations.**

(a) **Maximum Number of Shares Issuable Pursuant to Incentive Stock Options.** Subject to Section 4.1 and adjustment as provided in Sections 4.2 and 4.4, the maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to the exercise of Incentive Stock Options shall not exceed three million, seven hundred eleven thousand, four hundred ninety (3,711,490) shares (the "***ISO Share Limit***"). The maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to all Awards other than Incentive Stock Options shall be the number of shares determined in accordance with Section 4.1, subject to adjustment as provided in Sections 4.2 and 4.4.

(b) **Persons Eligible.** An Incentive Stock Option may be granted only to a person who, on the effective date of grant, is an Employee. Any person who is not an Employee on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option.

(c) **Fair Market Value Limitation.** To the extent that options designated as Incentive Stock Options (granted under all stock plans of the Participating Company Group, including the Plan) become exercisable by a Participant for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000), the portion of such options which exceeds such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a limitation different from that set forth in this Section, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Upon exercise of the Option, shares issued pursuant to each such portion shall be separately identified.

6. **STOCK OPTIONS.**

Options shall be evidenced by Award Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 **Exercise Price.** The exercise price for each Option shall be established in the discretion of the Board; provided, however, that (a) the exercise price per share for an Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option and (b) no Incentive Stock Option granted to a Ten Percent Stockholder shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonstatutory Stock Option) may be granted with an exercise price less than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner that would qualify under the provisions of Section 409A or Section 424(a) of the Code, as applicable.

6.2 **Exercisability and Term of Options**. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Board and set forth in the Award Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, (b) no Incentive Stock Option granted to a Ten Percent Stockholder shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option, and (c) no Option granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable until at least six (6) months following the date of grant of such Option (except in the event of such Employee's death, disability or retirement, upon a Change in Control, or as otherwise permitted by the Worker Economic Opportunity Act). Subject to the foregoing, unless otherwise specified by the Board in the grant of an Option, each Option shall terminate ten (10) years after the effective date of grant of the Option, unless earlier terminated in accordance with its provisions.

6.3 **Payment of Exercise Price.** (a) ***Forms of Consideration Authorized.*** Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent, (ii) if permitted by the Company and subject to the limitations contained in Section 6.3(b), by means of (1) a Stock Tender Exercise, (2) a Cashless Exercise or (3) a Net Exercise; (iii) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (iv) by any combination thereof. The Board may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) ***Limitations on Forms of Consideration***.

(i) **Stock Tender Exercise.** A "Stock Tender Exercise" means the delivery of a properly executed exercise notice accompanied by a Participant's tender to the Company, or attestation to the ownership, in a form acceptable to the Company of whole shares of Stock owned by the Participant having a Fair Market Value that does not exceed the aggregate exercise price for the shares with respect to which the Option is exercised. A Stock Tender Exercise shall not be permitted if it would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. If required by the Company, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Participant for a period of time required by the Company (and not used for another option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(ii) **Cashless Exercise.** A Cashless Exercise shall be permitted only upon the class of shares subject to the Option becoming publicly traded in an established securities market. A *"**Cashless Exercise**"* means the delivery of a properly executed exercise notice together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise, including with respect to one or more Participants specified by the Company notwithstanding that such program or procedures may be available to other Participants.

(iii) **Net Exercise.** A *"**Net Exercise**"* means the delivery of a properly executed exercise notice followed by a procedure pursuant to which (1) the Company will reduce the number of shares otherwise issuable to a Participant upon the exercise of an Option by the largest whole number of shares having a Fair Market Value that does not exceed the aggregate exercise price for the shares with respect to which the Option is exercised, and (2) the Participant shall pay to the Company in cash the remaining balance of such aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued.

6.4 **Effect of Termination of Service.**

(a) ***Option Exercisability*.** Subject to earlier termination of the Option as otherwise provided by this Plan and unless a longer exercise period is provided by the Board, an Option shall terminate immediately upon the Participant's termination of Service to the extent that it is then unvested and shall be exercisable after the Participant's termination of Service to the extent it is then vested only during the applicable time period determined in accordance with this Section and thereafter shall terminate:

(i) **Disability.** If the Participant's Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration twelve (12) months (or such longer or shorter period (but not less than six (6) months) provided by the Award Agreement) after the date on which the Participant's Service terminated, but in any event no later than the date of expiration of the Option's term as set forth in the Award Agreement evidencing such Option (the *"**Option Expiration Date**"*).

(ii) **Death.** If the Participant's Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of twelve (12) months (or such longer or shorter period (but not less than six (6) months) provided by the Award Agreement) after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date. The Participant's Service shall be deemed to have terminated on account of death if the Participant dies within thirty (30) days (or such longer period provided by the Board) after the Participant's termination of Service.

(iii) **Termination for Cause.** Notwithstanding any other provision of the Plan to the contrary, if the Participant's Service is terminated for Cause, the Option shall terminate in its entirety and cease to be exercisable immediately upon such termination of Service.

(iv) **Other Termination of Service.** If the Participant's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months (or such longer or shorter period (but not less than thirty (30) days) provided by the Award Agreement) after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(b) ***Extension if Exercise Prevented by Law*.** Notwithstanding the foregoing other than termination of Service for Cause, if the exercise of an Option within the applicable time periods set forth in Section 6.4(a) is prevented by the provisions of Section 11 below, the Option shall remain exercisable until the later of (i) thirty (30) days after the date such exercise first would no longer be prevented by such provisions or (ii) the end of the applicable time period under Section 6.4(a), but in any event no later than the Option Expiration Date.

6.5 **Transferability of Options.** During the lifetime of the Participant, an Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. An Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution; provided, however, that to the extent permitted by the Board, in its discretion, and set forth in the Award Agreement evidencing such Option, an Option shall be assignable or transferable subject to the applicable limitations, if any, described in Rule 701 under the Securities Act and the General Instructions to Form S-8 Registration Statement under the Securities Act or, in the case of an Incentive Stock Option, only as permitted by applicable regulations under Section 421 of the Code in a manner that does not disqualify such Option as an Incentive Stock Option. Notwithstanding the foregoing, for so long as the Company is relying on the exemption provided by Rule 12h-1(f) under the Exchange Act, no Option or, prior to its exercise, the shares to be issued upon the exercise of the Option, shall be transferred except in compliance with the restrictions on transfer under Rule 12h-1(f) (including the requirement under such rule that any permitted transferee may not further transfer the Option) or be made subject to any short position, "put equivalent position" or "call equivalent position" by the Participant, as such terms are defined in Rule 16a-1 of the Exchange Act.

7. **RESTRICTED STOCK AWARDS.**

Restricted Stock Awards shall be evidenced by Award Agreements specifying whether the Award is a Restricted Stock Bonus or a Restricted Stock Purchase Right and the number of shares of Stock subject to the Award, in such form as the Board shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

7.1 **Types of Restricted Stock Awards Authorized**. Restricted Stock Awards may be granted in the form of either a Restricted Stock Bonus or a Restricted Stock Purchase Right. Restricted Stock Awards may be granted upon such conditions as the Board shall determine, including, without limitation, upon the attainment of one or more performance goals.

7.2 **Purchase Price**. The purchase price for shares of Stock issuable under each Restricted Stock Purchase Right shall be established by the Board in its discretion. No monetary payment (other than applicable tax withholding) shall be required as a condition of receiving shares of Stock pursuant to a Restricted Stock Bonus, the consideration for which shall be services actually rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock subject to a Restricted Stock Award.

7.3 **Purchase Period.** A Restricted Stock Purchase Right shall be exercisable within a period established by the Board, which shall in no event exceed thirty (30) days from the effective date of the grant of the Restricted Stock Purchase Right.

7.4 **Payment of Purchase Price.** Except as otherwise provided below, payment of the purchase price for the number of shares of Stock being purchased pursuant to any Restricted Stock Purchase Right shall be made (a) in cash, by check or in cash equivalent, (b) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (c) by any combination thereof.

7.5 **Vesting and Restrictions on Transfer.** Shares issued pursuant to any Restricted Stock Award may (but need not) be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, as shall be established by the Board and set forth in the Award Agreement evidencing such Award. During any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, such shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of other than pursuant to an Ownership Change Event or as provided in Section 7.8. The Board, in its discretion, may provide in any Award Agreement evidencing a Restricted Stock Award that, if the satisfaction of Vesting Conditions with respect to any shares subject to such Restricted Stock Award would otherwise occur on a day on which the sale of such shares would violate the provisions of the Trading Compliance Policy, then satisfaction of the Vesting Conditions automatically shall be determined on the next trading day on which the sale of such shares would not violate the Trading Compliance Policy. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

7.6 **Voting Rights; Dividends and Distributions**. Except as provided in this Section, Section 7.5 and any Award Agreement, during any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, the Participant shall have all of the rights of a stockholder of the Company holding shares of Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares; provided, however, that if so determined by the Board and provided by the Award Agreement, such dividends and distributions shall be subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid, and otherwise shall be paid no later than the end of the calendar year in which such dividends or distributions are paid to stockholders (or, if later, the 15th day of the third month following the date such dividends or distributions are paid to stockholders). In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.4, any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant is entitled by reason of the Participant's Restricted Stock Award shall be immediately subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid or adjustments were made.

7.7 **Effect of Termination of Service.** Unless otherwise provided by the Board in the Award Agreement evidencing a Restricted Stock Award, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then (a) the Company shall have the option to repurchase for the purchase price paid by the Participant any shares acquired by the Participant pursuant to a Restricted Stock Purchase Right which remain subject to Vesting Conditions as of the date of the Participant's termination of Service and (b) the Participant shall forfeit to the Company any shares acquired by the Participant pursuant to a Restricted Stock Bonus which remain subject to Vesting Conditions as of the date of the Participant's termination of Service. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company.

7.8 **Nontransferability of Restricted Stock Award Rights.** Rights to acquire shares of Stock pursuant to a Restricted Stock Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or the laws of descent and distribution. All rights with respect to a Restricted Stock Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

8. **STANDARD FORMS OF AWARD AGREEMENTS.**

8.1 **Award Agreements.** Each Award shall comply with and be subject to the terms and conditions set forth in the appropriate form of Award Agreement approved by the Board and as amended from time to time. No Award or purported Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement, which execution may be evidenced by electronic means.

8.2 **Authority to Vary Terms.** The Board shall have the authority from time to time to vary the terms of any standard form of Award Agreement either in connection with the grant or amendment of an individual Award or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Award Agreement are not inconsistent with the terms of the Plan.

9. **CHANGE IN CONTROL.**

9.1 **Effect of Change in Control on Awards.** Subject to the requirements and limitations of Section 409A, if applicable, the Board may provide for any one or more of the following:

(a) ***Acceleration on Non-Assumption***. In its discretion, the Board may provide in the grant of any Award or at any other time may take action it deems appropriate to provide for acceleration of the exercisability and/or vesting in connection with a Change in Control of each or any outstanding Award or portion thereof and shares acquired pursuant thereto upon such conditions, including termination of the Participant's Service prior to, upon, or following the Change in Control, and to such extent as the Board determines. Further, unless otherwise provided by the applicable Award Agreement or determined by the Board and subject to Section 11.2(c), in the event that the Acquiror (as defined below) elects not to assume, continue or substitute for, in accordance with Section 9.1(b), any portion of an Award outstanding immediately prior to the Change in Control, the exercisability and/or vesting of such portion of the Award held by a Participant whose Service has not terminated prior to the Change in Control shall be accelerated in full effective as of a date prior to, but conditioned upon, the consummation of the Change in Control as determined by the Board.

(b) ***Assumption, Continuation or Substitution of Awards***. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the *"**Acquiror**"*), may, without the consent of any Participant, assume or continue the Company's rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock. For purposes of this Section, if so determined by the Board, in its discretion, an Award or any portion thereof shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each share of Stock subject to such portion of the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Board may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise of the Award, for each share of Stock subject to the Award, solely common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. If any portion of such consideration may be received by holders of Stock pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. Any Award or portion thereof which is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of an Award prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of the Award Agreement evidencing such Award except as otherwise provided in such Award Agreement.

(c) ***Cash-Out of Outstanding Awards.*** The Board may, in its discretion and without the consent of any Participant, determine that, upon the occurrence of a Change in Control, each or any Award or portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested share (and each unvested share, if so determined by the Board) of Stock subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control, reduced (but not below zero) by the exercise or purchase price per share, if any, under such Award. If any portion of such consideration may be received by holders of Stock pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable amount of future payment of such consideration. In the event such determination is made by the Board, an Award having an exercise or purchase price per share equal to or greater than the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control may be canceled without payment of consideration to the holder thereof. Payment pursuant to this Section (reduced by applicable withholding taxes, if any) shall be made to Participants in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards.

9.2 **Federal Excise Tax Under Section 4999 of the Code.**

(a) ***Excess Parachute Payment.*** If any acceleration of vesting pursuant to an Award and any other payment or benefit received or to be received by a Participant would subject the Participant to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an "excess parachute payment" under Section 280G of the Code, then, provided such election would not subject the Participant to taxation under Section 409A, the Participant may elect to reduce the amount of any acceleration of vesting called for under the Award in order to avoid such characterization.

(b) ***Determination by Tax Firm.*** To aid the Participant in making any election called for under Section 9.2(a), no later than the date of the occurrence of any event that might reasonably be anticipated to result in an "excess parachute payment" to the Participant as described in Section 9.2(a), the Company shall request a determination in writing by the professional firm engaged by the Company for general tax purposes, or, if the tax firm so engaged by the Company is serving as accountant or auditor for the Acquiror, the Company will appoint a nationally recognized tax firm to make the determinations required by this Section (the "***Tax Firm***"). As soon as practicable thereafter, the Tax Firm shall determine and report to the Company and the Participant the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Tax Firm may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Tax Firm such information and documents as the Tax Firm may reasonably request in order to make its required determination. The Company shall bear all fees and expenses the Tax Firm may charge in connection with its services contemplated by this Section.

10. **TAX WITHHOLDING.**

10.1 **Tax Withholding in General.** The Company shall have the right to deduct from any and all payments made under the Plan, or to require the Participant, through payroll withholding, cash payment or otherwise, to make adequate provision for, the federal, state, local and foreign taxes (including social insurance), if any, required by law to be withheld by any Participating Company with respect to an Award or the shares acquired pursuant thereto. The Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to an Award Agreement until the Participating Company Group's tax withholding obligations have been satisfied by the Participant.

10.2 **Withholding in or Directed Sale of Shares.** The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable to a Participant upon the exercise or vesting of an Award, or to accept from the Participant the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the tax withholding obligations of any Participating Company. The Fair Market Value of any shares of Stock withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates. The Company may require a Participant to direct a broker, upon the vesting or exercise of an Award, to sell a portion of the shares subject to the Award determined by the Company in its discretion to be sufficient to cover the tax withholding obligations of any Participating Company and to remit an amount equal to such tax withholding obligations to the Participating Company in cash.

11. **COMPLIANCE WITH SECTION 409A.**

11.1 **In General.** The Plan and all Awards granted hereunder are intended to comply with, or otherwise be exempt from, Section 409A. The Plan and all Awards granted under the Plan shall be administered, interpreted, and construed in a manner consistent with Section 409A, as determined by the Company in good faith, to the extent necessary to avoid the imposition of additional taxes under Section 409A(a)(1)(B) of the Code. It is intended that any election, payment or benefit which is made or provided pursuant to or in connection with any Award that may result in deferred compensation within the meaning of Section 409A shall comply in all respects with the applicable requirements of Section 409A.

11.2 **Certain Limitations.** With respect to any Award that is subject to Section 409A, the following shall apply, as applicable:

(a) Notwithstanding anything to the contrary in the Plan or any Award Agreement, to the extent required to avoid tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan on account of, and during the six (6) month period immediately following, the Participant's termination of Service shall instead be paid on the first payroll date after the six-month anniversary of the Participant’s separation from service (or the Participant's death, if earlier).

(b) Neither any Participant nor the Company shall take any action to accelerate or delay the payment of any amount or benefits under an Award in any manner which would not be in compliance with Section 409A.

(c) Notwithstanding anything to the contrary in the Plan or any Award Agreement, to the extent that any amount constituting deferred compensation subject to Section 409A would become payable under the Plan by reason of a Change in Control, such amount shall become payable only if the event constituting the Change in Control would also constitute a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Section 409A. Any Award which constitutes deferred compensation subject to Section 409A and which would vest and otherwise become payable upon a Change in Control as a result of the failure of the Acquiror to assume, continue or substitute for such Award in accordance with Section 9.1(b) shall vest to the extent provided by such Award but shall be converted automatically at the effective time of such Change in Control into a right to receive, in cash on the date or dates such award would have been settled in accordance with its then existing settlement schedule, an amount or amounts equal in the aggregate to the intrinsic value of the Award at the time of the Change in Control.

(d) Should any provision of the Plan, any Award Agreement, or any other agreement or arrangement contemplated by the Plan be found not to comply with, or otherwise be exempt from, the provisions of Section 409A, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Board, and without the consent of the holder of the Award, in such manner as the Board determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A.

(e) Notwithstanding the foregoing, neither the Company nor the Board shall have any obligation to take any action to prevent the assessment of any tax or penalty on any Participant under Section 409A, and neither the Company nor the Board will have any liability to any Participant for such tax or penalty.

12. **COMPLIANCE WITH SECURITIES LAW.**

The grant of Awards and the issuance of shares of Stock pursuant to any Award shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities and the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Award may be exercised or shares issued pursuant to an Award unless (a) a registration statement under the Securities Act shall at the time of such exercise or issuance be in effect with respect to the shares issuable pursuant to the Award or (b) in the opinion of legal counsel to the Company, the shares issuable pursuant to the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. Except as otherwise determined by the Board, the Company intends that securities issued pursuant to the Plan be exempt from requirements of registration and qualification of such securities pursuant the exemptions afforded by Rule 701 promulgated under the Securities Act and Section 25102(o) of the of the California Corporations Code or any other applicable exemptions, and the Plan shall be so construed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to issuance of any Stock, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

13. **AMENDMENT OR TERMINATION OF PLAN.**

The Board may amend, suspend or terminate the Plan at any time. However, without the approval of the Company's stockholders, there shall be (a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Sections 4.2 and 4.4), (b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the Plan that would require approval of the Company's stockholders under any applicable law, regulation or rule, including the rules of any stock exchange or quotation system upon which the Stock may then be listed or quoted. No amendment, suspension or termination of the Plan shall affect any then outstanding Award unless expressly provided by the Board. Except as provided by the next sentence, no amendment, suspension or termination of the Plan may have a materially adverse effect on any then outstanding Award without the consent of the Participant. Notwithstanding any other provision of the Plan or any Award Agreement to the contrary, the Board may, in its sole and absolute discretion and without the consent of any Participant, amend the Plan or any Award Agreement, to take effect retroactively or otherwise, as it deems necessary or advisable for the purpose of conforming the Plan or such Award Agreement to any present or future law, regulation or rule applicable to the Plan, including, but not limited to, Section 409A.

14. **MISCELLANEOUS PROVISIONS.**

**14.1 Restrictions on Transfer of Shares.**

(a) Shares issued under the Plan may be subject to a right of first refusal, one or more repurchase options, or other conditions and restrictions as determined by the Board in its discretion at the time the Award is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

(b) Notwithstanding the provisions of any Award Agreement to the contrary, at any time prior to the date on which the Stock is listed on a national securities exchange (as such term is used in the Exchange Act) or is traded on the over-the-counter market and prices therefore are published daily on business days in a recognized financial journal, the Board may prohibit any Participant who acquires shares of Stock pursuant to the Plan or any transferee of such Participant from selling, transferring, assigning, pledging, or otherwise disposing of or encumbering any such shares (each, a *"**Transfer**"*) without the prior written consent of the Board. The Board may withhold consent to any Transfer for any reason, including without limitation any Transfer (i) to any individual or entity identified by the Company as a potential competitor or considered by the Company to be unfriendly, or (ii) if such Transfer increases the risk of the Company having a class of security held of record by such number of persons as would require the Company to register any class of securities under the Exchange Act; or (iii) if such Transfer would result in the loss of any federal or state securities law exemption relied upon by the Company in connection with the initial issuance of such shares or the issuance of any other securities; or (iv) if such Transfer is facilitated in any manner by any public posting, message board, trading portal, Internet site, or similar method of communication, including without limitation any trading portal or Internet site intended to facilitate secondary transfers of securities; or (v) if such Transfer is to be effected in a brokered transaction; or (vi) if such Transfer would be of less than all of the shares of Stock then held by the stockholder and its affiliates or is to be made to more than a single transferee.

14.2 **Forfeiture Events.** The Board may determine that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of Service for Cause, any act by a Participant, whether before or after termination of Service, that would constitute Cause for termination of Service, or any accounting restatement due to material noncompliance of the Company with any financial reporting requirements of securities laws as a result of which, and to the extent that, such reduction, cancellation, forfeiture, or recoupment is required by applicable securities laws.

14.3 **Provision of Information.** At least annually, copies of the Company's balance sheet and income statement for the just completed fiscal year shall be made available to each Participant and purchaser of shares of Stock upon the exercise of an Award; provided, however, that this requirement shall not apply if all offers and sales of securities pursuant to the Plan comply with all applicable conditions of Rule 701 under the Securities Act. The Company shall not be required to provide such information to key persons whose duties in connection with the Company assure them access to equivalent information. The Company shall deliver to each Participant such disclosures as are required in accordance with Rule 701 under the Securities Act. Notwithstanding the foregoing, at any time the Company is relying on the exemption provided by Rule 12h-1(f) under the Exchange Act, the Company shall provide to the applicable Participants the information described in Securities Act Rules 701(e)(3), (4) and (5) by a method allowed under Rule 12h-1(f)(1)(vi) and in accordance with the requirements of Rule 12h-1(f)(1)(vi), provided that the Participant agrees to keep the information confidential until the Company becomes subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act.

14.4 **Rights as Employee, Consultant or Director.** No person, even though eligible pursuant to Section 5, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee, Consultant or Director or interfere with or limit in any way any right of a Participating Company to terminate the Participant's Service at any time. To the extent that an Employee of a Participating Company other than the Company receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

14.5 **Rights as a Stockholder.** A Participant shall have no rights as a stockholder with respect to any shares covered by an Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 4.4 or another provision of the Plan.

14.6 **Delivery of Title to Shares**. Subject to any governing rules or regulations, the Company shall issue or cause to be issued the shares of Stock acquired pursuant to an Award and shall deliver such shares to or for the benefit of the Participant by means of one or more of the following: (a) by delivering to the Participant evidence of book entry shares of Stock credited to the account of the Participant, (b) by depositing such shares of Stock for the benefit of the Participant with any broker with which the Participant has an account relationship, or (c) by delivering such shares of Stock to the Participant in certificate form.

14.7 **Fractional Shares.** The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

14.8 **Retirement and Welfare Plans.** Neither Awards made under this Plan nor shares of Stock or cash paid pursuant to such Awards may be included as "compensation" for purposes of computing the benefits payable to any Participant under any Participating Company's retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a Participant's benefits.

14.9 **Severability.** If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

14.10 **No Constraint on Corporate Action.** Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or another Participating Company's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or another Participating Company to take any action which such entity deems to be necessary or appropriate.

14.11 **Choice of Law.** Except to the extent governed by applicable federal law, the validity, interpretation, construction and performance of the Plan and each Award Agreement shall be governed by the laws of the State of Delaware, without regard to its conflict of law rules.

14.12 **Stockholder Approval.** The Plan or any increase in the maximum aggregate number of shares of Stock issuable thereunder as provided in Section 4.1 (the "***Authorized Shares***") shall be approved by a majority of the outstanding securities of the Company entitled to vote by the later of (a) a period beginning twelve (12) months before and ending twelve (12) months after the date of adoption thereof by the Board or (b) the first issuance of any security pursuant to the Plan in the State of California (within the meaning of Section 25008 of the California Corporations Code). Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of security holder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such Awards shall be rescinded if such security holder approval is not received in the manner described in the preceding sentence.

THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102, OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

**LUMOS PHARMA, INC.**

**STOCK OPTION AGREEMENT**

Lumos Pharma, Inc. has granted to the Participant named in the *Notice of Grant of Stock Option* (the "***Grant Notice***") to which this Stock Option Agreement (the "***Option Agreement***") is attached an option (the "***Option***") to purchase shares of Stock upon the terms and conditions set forth in the Grant Notice and this Option Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Lumos Pharma, Inc. 2016 Stock Plan (the "***Plan***"), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of, and represents that the Participant has read and is familiar with, the Grant Notice, this Option Agreement and the Plan, (b) accepts the Option subject to all of the terms and conditions of the Grant Notice, this Option Agreement and the Plan, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Grant Notice, this Option Agreement or the Plan.

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Option Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. **TAX CONSEQUENCES.**

2.1 **Tax Status of Option.** This Option is intended to have the tax status designated in the Grant Notice.

***(a) Incentive Stock Option*.** If the Grant Notice so designates, this Option is intended to be an Incentive Stock Option within the meaning of Section 422(b) of the Code, but the Company does not represent or warrant that this Option qualifies as such. The Participant should consult with the Participant's own tax advisor regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. (NOTE TO PARTICIPANT: If the Option is exercised more than three (3) months after the date on which you cease to be an Employee (other than by reason of your death or permanent and total disability as defined in Section 22(e)(3) of the Code), the Option will be treated as a Nonstatutory Stock Option and not as an Incentive Stock Option to the extent required by Section 422 of the Code.)

***(b) Nonstatutory Stock Option.*** If the Grant Notice so designates, this Option is intended to be a Nonstatutory Stock Option and shall not be treated as an Incentive Stock Option within the meaning of Section 422(b) of the Code.

2.2 **ISO Fair Market Value Limitation.** *If the Grant Notice designates this Option as an Incentive Stock Option,* then to the extent that the Option (together with all Incentive Stock Options granted to the Participant under all stock option plans of the Participating Company Group, including the Plan) becomes exercisable for the first time during any calendar year for shares having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000), the portion of such options which exceeds such amount will be treated as Nonstatutory Stock Options. For purposes of this Section, options designated as Incentive Stock Options are taken into account in the order in which they were granted, and the Fair Market Value of stock is determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section, such different limitation shall be deemed incorporated herein effective as of the date required or permitted by such amendment to the Code. If the Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option. (NOTE TO PARTICIPANT: If the aggregate Exercise Price of the Option (that is, the Exercise Price multiplied by the Number of Option Shares) plus the aggregate exercise price of any other Incentive Stock Options you hold (whether granted pursuant to the Plan or any other stock option plan of the Participating Company Group) is greater than $100,000, you should contact the Chief Financial Officer of the Company to ascertain whether the entire Option qualifies as an Incentive Stock Option.)

3. **ADMINISTRATION**.

All questions of interpretation concerning the Grant Notice, this Option Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the Option shall be determined by the Board. All such determinations by the Board shall be final, binding and conclusive upon all persons having an interest in the Option, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Board in the exercise of its discretion pursuant to the Plan or the Option or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Option. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

4. **EXERCISE OF THE OPTION**.

4.1 **Right to Exercise**. Except as otherwise provided herein, the Option shall be exercisable on and after the Initial Vesting Date and prior to the termination of the Option (as provided in Section 6) in an amount not to exceed the number of Vested Shares less the number of shares previously acquired upon exercise of the Option, subject to the Company's repurchase rights set forth in Section 11. In no event shall the Option be exercisable for more shares than the Number of Option Shares, as adjusted pursuant to Section 9.

4.2 **Method of Exercise.** Exercise of the Option shall be by means of electronic or written notice (the "***Exercise Notice***") in a form authorized by the Company. An electronic Exercise Notice must be digitally signed or authenticated by the Participant in such manner as required by the notice and transmitted to the Company or an authorized representative of the Company (including a third-party administrator designated by the Company). In the event that the Participant is not authorized or is unable to provide an electronic Exercise Notice, the Option shall be exercised by a written Exercise Notice addressed to the Company, signed by the Participant and delivered in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Company, or an authorized representative of the Company (including a third-party administrator designated by the Company). Each Exercise Notice, whether electronic or written, must state the Participant's election to exercise the Option, the number of whole shares of Stock for which the Option is being exercised and such other representations and agreements as to the Participant's investment intent with respect to such shares as may be required pursuant to the provisions of this Option Agreement. Further, each Exercise Notice must be received by the Company prior to the termination of the Option as set forth in Section 6 and must be accompanied by full payment of the aggregate Exercise Price for the number of shares of Stock being purchased. The Option shall be deemed to be exercised upon receipt by the Company of such electronic or written Exercise Notice and the aggregate Exercise Price.

4.3 **Payment of Exercise Price**.

(a) ***Forms of Consideration Authorized***. Except as otherwise provided below, payment of the aggregate Exercise Price for the number of shares of Stock for which the Option is being exercised shall be made (i) in cash, by check or in cash equivalent, (ii) if permitted by the Company and subject to the limitations contained in Section 4.3(b), by means of (1) a Stock Tender Exercise, (2) a Cashless Exercise or (3) a Net-Exercise; or (iii) by any combination of the foregoing.

(b) ***Limitations on Forms of Consideration***. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedure providing for payment of the Exercise Price through any of the means described below, including with respect to the Participant notwithstanding that such program or procedures may be available to others.

(i) **Stock Tender Exercise**. A "***Stock Tender Exercise***" means the delivery of a properly executed Exercise Notice accompanied by (1) the Participant's tender to the Company, or attestation to the ownership, in a form acceptable to the Company of whole shares of Stock having a Fair Market Value that does not exceed the aggregate Exercise Price for the shares with respect to which the Option is exercised, and (2) the Participant's payment to the Company in cash of the remaining balance of such aggregate Exercise Price not satisfied by such shares' Fair Market Value. A Stock Tender Exercise shall not be permitted if it would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. If required by the Company, the Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Participant for a period of time required by the Company (and not used for another option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(ii) **Cashless Exercise.** A Cashless Exercise shall be permitted only upon the class of shares subject to the Option becoming publicly traded in an established securities market. A *"**Cashless Exercise**"* means the delivery of a properly executed Exercise Notice together with irrevocable instructions to a broker in a form acceptable to the Company providing for the assignment to the Company of the proceeds of a sale or loan with respect to shares of Stock acquired upon the exercise of the Option in an amount not less than the aggregate Exercise Price for such shares (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System).

(iii) **Net-Exercise.** A *"**Net-Exercise**"* means the delivery of a properly executed Exercise Notice electing a procedure pursuant to which (1) the Company will reduce the number of shares otherwise issuable to the Participant upon the exercise of the Option by the largest whole number of shares having a Fair Market Value that does not exceed the aggregate Exercise Price for the shares with respect to which the Option is exercised, and (2) the Participant shall pay to the Company in cash the remaining balance of such aggregate Exercise Price not satisfied by such reduction in the number of whole shares to be issued. Following a Net-Exercise, the number of shares remaining subject to the Option, if any, shall be reduced by the sum of (1) the net number of shares issued to the Participant upon such exercise, and (2) the number of shares deducted by the Company for payment of the aggregate Exercise Price.

4.4 **Tax Withholding.**

(a) ***In General.*** At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax (including social insurance) withholding obligations of the Participating Company Group, if any, which arise in connection with the Option. The Company shall have no obligation to deliver shares of Stock until the tax withholding obligations of the Participating Company Group have been satisfied by the Participant.

(b) ***Withholding in or Directed Sale of Shares*.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations upon exercise of the Option by deducting from the shares of Stock otherwise issuable to the Participant upon such exercise a number of whole shares having a fair market value, as determined by the Company as of the date of exercise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates. The Company may require the Participant to direct a broker, upon the exercise of the Option, to sell a portion of the shares subject to the Option determined by the Company in its discretion to be sufficient to cover the tax withholding obligations of any Participating Company and to remit an amount equal to such tax withholding obligations to the Company in cash.

4.5 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all shares acquired by the Participant pursuant to the exercise of the Option. Except as provided by the preceding sentence, a certificate for the shares as to which the Option is exercised shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

4.6 **Restrictions on Grant of the Option and Issuance of Shares.** The grant of the Option and the issuance of shares of Stock upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, the Option may not be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE PARTICIPANT IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE PARTICIPANT MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

4.7 **Fractional Shares.** The Company shall not be required to issue fractional shares upon the exercise of the Option.

5. **NONTRANSFERABILITY OF THE OPTION.**

During the lifetime of the Participant, the Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. The Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Following the death of the Participant, the Option, to the extent provided in Section 7, may be exercised by the Participant's legal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution. Notwithstanding the foregoing, for so long as the Company is relying on the exemption provided by Rule 12h-1(f) under the Exchange Act, the Option and, prior to its exercise, the shares to be issued upon the exercise of the Option, shall not be transferred except in compliance with the restrictions on transfer under Rule 12h-1(f) (including the requirement under such rule that any permitted transferee may not further transfer the Option) or be made subject to any short position, "put equivalent position" or "call equivalent position" by the Participant, as such terms are defined in Rule 16a-1 of the Exchange Act.

6. **TERMINATION OF THE OPTION.**

The Option shall terminate and may no longer be exercised after the first to occur of (a) the close of business on the Option Expiration Date, (b) the close of business on the last date for exercising the Option following termination of the Participant's Service as described in Section 7, or (c) a Change in Control to the extent provided in Section 8.

7. **EFFECT OF TERMINATION OF SERVICE.**

7.1 **Option Exercisability.** The Option shall terminate immediately upon the Participant's termination of Service to the extent that it is then unvested and shall be exercisable after the Participant's termination of Service to the extent it is then vested only during the applicable time period as determined below and thereafter shall terminate.

(a) ***Disability*.** If the Participant's Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable for Vested Shares on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(b) ***Death*.** If the Participant's Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable for Vested Shares on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of twelve (12) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date. The Participant's Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months after the Participant's termination of Service.

(c) ***Termination for Cause.*** Notwithstanding any other provision of this Option Agreement, if the Participant's Service is terminated for Cause, the Option shall terminate in its entirety and cease to be exercisable immediately upon such termination of Service.

(d) ***Other Termination of Service*.** If the Participant's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable for Vested Shares by the Participant on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

7.2 **Extension if Exercise Prevented by Law.** Notwithstanding the foregoing other than termination of the Participant's Service for Cause, if the exercise of the Option within the applicable time periods set forth in Section 7.1 is prevented by the provisions of Section 4.6, the Option shall remain exercisable until the later of (a) thirty (30) days after the date such exercise first would no longer be prevented by such provisions or (b) the end of the applicable time period under Section 7.1, but in any event no later than the Option Expiration Date.

8. **EFFECT OF CHANGE IN CONTROL.**

In the event of a Change in Control, except to the extent that the Board determines to settle the Option in accordance with Section 9.1(c) of the Plan, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the *"**Acquiror**"*), may, without the consent of the Participant, assume or continue in full force and effect the Company's rights and obligations under all or any portion of the Option or substitute for all or any portion of the Option a substantially equivalent option for the Acquiror's stock. For purposes of this Section, the Option or any portion thereof shall be deemed assumed if, following the Change in Control, the Option confers the right to receive, subject to the terms and conditions of the Plan and this Option Agreement, for each share of Stock subject to such portion of the Option immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Board may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise of the Option for each share of Stock to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. If any portion of such consideration may be received by holders of Stock pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. The Option shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control to the extent that the Option is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised as of the time of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of the Option prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of this Option Agreement except as otherwise provided herein.

9. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

Subject to any required action by the stockholders of the Company and the requirements of Sections 409A and 424 of the Code to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number, Exercise Price and kind of shares subject to the Option, in order to prevent dilution or enlargement of the Participant's rights under the Option. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number, and the Exercise Price shall be rounded up to the nearest whole cent. In no event may the Exercise Price be decreased to an amount less than the par value, if any, of the stock subject to the Option. Such adjustments shall be determined by the Board, and its determination shall be final, binding and conclusive.

10. **RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.**

The Participant shall have no rights as a stockholder with respect to any shares covered by the Option until the date of the issuance of the shares for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the shares are issued, except as provided in Section 9. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Option Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service as a Director, an Employee or Consultant, as the case may be, at any time.

11. **RIGHT OF FIRST REFUSAL.**

11.1 **Grant of Right of First Refusal.** Except as provided in Section 11.7 and Section 16 below, in the event the Participant, the Participant's legal representative, or other holder of shares acquired upon exercise of the Option proposes to sell, exchange, transfer, pledge, or otherwise dispose of any Vested Shares (the "***Transfer Shares***") to any person or entity, including, without limitation, any stockholder of a Participating Company, the Company shall have the right to repurchase the Transfer Shares under the terms and subject to the conditions set forth in this Section 11 (the "***Right of First Refusal***").

11.2 **Notice of Proposed Transfer.** Prior to any proposed transfer of the Transfer Shares, the Participant shall deliver written notice (the "***Transfer Notice***") to the Company describing fully the proposed transfer, including the number of Transfer Shares, the name and address of the proposed transferee (the "***Proposed Transferee***") and, if the transfer is voluntary, the proposed transfer price, and containing such information necessary to show the bona fide nature of the proposed transfer. In the event of a bona fide gift or involuntary transfer, the proposed transfer price shall be deemed to be the Fair Market Value of the Transfer Shares, as determined by the Board in good faith. If the Participant proposes to transfer any Transfer Shares to more than one Proposed Transferee, the Participant shall provide a separate Transfer Notice for the proposed transfer to each Proposed Transferee. The Transfer Notice shall be signed by both the Participant and the Proposed Transferee and must constitute a binding commitment of the Participant and the Proposed Transferee for the transfer of the Transfer Shares to the Proposed Transferee subject only to the Right of First Refusal.

11.3 **Bona Fide Transfer.** If the Company determines that the information provided by the Participant in the Transfer Notice is insufficient to establish the bona fide nature of a proposed voluntary transfer, the Company shall give the Participant written notice of the Participant's failure to comply with the procedure described in this Section 11, and the Participant shall have no right to transfer the Transfer Shares without first complying with the procedure described in this Section 11. The Participant shall not be permitted to transfer the Transfer Shares if the proposed transfer is not bona fide.

11.4 **Exercise of Right of First Refusal.** If the Company determines the proposed transfer to be bona fide, the Company shall have the right to purchase all, but not less than all, of the Transfer Shares (except as the Company and the Participant otherwise agree) at the purchase price and on the terms set forth in the Transfer Notice by delivery to the Participant of a notice of exercise of the Right of First Refusal within thirty (30) days after the date the Transfer Notice is delivered to the Company. The Company's exercise or failure to exercise the Right of First Refusal with respect to any proposed transfer described in a Transfer Notice shall not affect the Company's right to exercise the Right of First Refusal with respect to any proposed transfer described in any other Transfer Notice, whether or not such other Transfer Notice is issued by the Participant or issued by a person other than the Participant with respect to a proposed transfer to the same Proposed Transferee. If the Company exercises the Right of First Refusal, the Company and the Participant shall thereupon consummate the sale of the Transfer Shares to the Company on the terms set forth in the Transfer Notice within sixty (60) days after the date the Transfer Notice is delivered to the Company (unless a longer period is offered by the Proposed Transferee); provided, however, that in the event the Transfer Notice provides for the payment for the Transfer Shares other than in cash, the Company shall have the option of paying for the Transfer Shares by the present value cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Company. For purposes of the foregoing, cancellation of any indebtedness of the Participant to any Participating Company shall be treated as payment to the Participant in cash to the extent of the unpaid principal and any accrued interest canceled. Notwithstanding anything contained in this Section to the contrary, the period during which the Company may exercise the Right of First Refusal and consummate the purchase of the Transfer Shares from the Participant shall terminate no sooner than the completion of a period of eight (8) months following the date on which the Participant acquired the Transfer Shares upon exercise of the Option.

11.5 **Failure to Exercise Right of First Refusal.** If the Company fails to exercise the Right of First Refusal in full (or to such lesser extent as the Company and the Participant otherwise agree) within the period specified in Section 11.4 above, the Participant may conclude a transfer to the Proposed Transferee of the Transfer Shares on the terms and conditions described in the Transfer Notice, provided such transfer occurs not later than ninety (90) days following delivery to the Company of the Transfer Notice or, if applicable, following the end of the period described in the last sentence of Section 11.4. The Company shall have the right to demand further assurances from the Participant and the Proposed Transferee (in a form satisfactory to the Company) that the transfer of the Transfer Shares was actually carried out on the terms and conditions described in the Transfer Notice. No Transfer Shares shall be transferred on the books of the Company until the Company has received such assurances, if so demanded, and has approved the proposed transfer as bona fide. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Participant, shall again be subject to the Right of First Refusal and shall require compliance by the Participant with the procedure described in this Section 11.

11.6 **Transferees of Transfer Shares.** All transferees of the Transfer Shares or any interest therein, other than the Company, shall be required as a condition of such transfer to agree in writing (in a form satisfactory to the Company) that such transferee shall receive and hold such Transfer Shares or interest therein subject to all of the terms and conditions of this Option Agreement, including this Section 11 providing for the Right of First Refusal with respect to any subsequent transfer. Any sale or transfer of any shares acquired upon exercise of the Option shall be void unless the provisions of this Section 11 are met.

11.7 **Transfers Not Subject to Right of First Refusal.** The Right of First Refusal shall not apply to any transfer or exchange of the shares acquired upon exercise of the Option if such transfer or exchange is in connection with an Ownership Change Event. If the consideration received pursuant to such transfer or exchange consists of stock of a Participating Company, such consideration shall remain subject to the Right of First Refusal unless the provisions of Section 11.9 result in a termination of the Right of First Refusal.

11.8 **Assignment of Right of First Refusal.** The Company shall have the right to assign the Right of First Refusal at any time, whether or not there has been an attempted transfer, to one or more persons as may be selected by the Company.

11.9 **Early Termination of Right of First Refusal.** The other provisions of this Option Agreement notwithstanding, the Right of First Refusal shall terminate and be of no further force and effect upon (a) the occurrence of a Change in Control, unless the Acquiror assumes the Company's rights and obligations under the Option or substitutes a substantially equivalent option for the Acquiror's stock for the Option, or (b) the existence of a public market for the class of shares subject to the Right of First Refusal. A "***public market***" shall be deemed to exist if (i) such stock is listed on a national securities exchange (as that term is used in the Exchange Act) or (ii) such stock is traded on the over-the-counter market and prices therefor are published daily on business days in a recognized financial journal.

**12. STOCK DISTRIBUTIONS SUBJECT TO OPTION AGREEMENT.**

If, from time to time, there is any stock dividend, stock split or other change, as described in Section 9, in the character or amount of any of the outstanding stock of the corporation the stock of which is subject to the provisions of this Option Agreement, then in such event any and all new, substituted or additional securities to which the Participant is entitled by reason of the Participant's ownership of the shares acquired upon exercise of the Option shall be immediately subject to the Right of First Refusal with the same force and effect as the shares subject to the Right of First Refusal immediately before such event.

**13. NOTICE OF SALES UPON DISQUALIFYING DISPOSITION.**

The Participant shall dispose of the shares acquired pursuant to the Option only in accordance with the provisions of this Option Agreement. In addition, *if the Grant Notice designates this Option as an Incentive Stock Option,* the Participant shall (a) promptly notify the Chief Financial Officer of the Company if the Participant disposes of any of the shares acquired pursuant to the Option within one (1) year after the date the Participant exercises all or part of the Option or within two (2) years after the Date of Grant and (b) provide the Company with a description of the circumstances of such disposition. Until such time as the Participant disposes of such shares in a manner consistent with the provisions of this Option Agreement, unless otherwise expressly authorized by the Company, the Participant shall hold all shares acquired pursuant to the Option in the Participant's name (and not in the name of any nominee) for the one-year period immediately after the exercise of the Option and the two-year period immediately after Date of Grant. At any time during the one-year or two-year periods set forth above, the Company may place a legend on any certificate representing shares acquired pursuant to the Option requesting the transfer agent for the Company's stock to notify the Company of any such transfers. The obligation of the Participant to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate pursuant to the preceding sentence.

**14. LEGENDS.**

The Company may at any time place legends referencing the Right of First Refusal and any applicable federal, state or foreign securities law restrictions on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Participant in order to carry out the provisions of this Section. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

14.1 "THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT."

14.2 "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND REPURCHASE OPTIONS IN FAVOR OF THE CORPORATION OR ITS ASSIGNEE SET FORTH IN AN AGREEMENT BETWEEN THE CORPORATION AND THE REGISTERED HOLDER, OR SUCH HOLDER'S PREDECESSOR IN INTEREST, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS CORPORATION."

14.3 "THE SHARES EVIDENCED BY THIS CERTIFICATE WERE ISSUED BY THE CORPORATION TO THE REGISTERED HOLDER UPON EXERCISE OF AN INCENTIVE STOCK OPTION AS DEFINED IN SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("ISO"). IN ORDER TO OBTAIN THE PREFERENTIAL TAX TREATMENT AFFORDED TO ISOs, THE SHARES SHOULD NOT BE TRANSFERRED PRIOR TO [*INSERT DISQUALIFYING DISPOSITION DATE HERE*]. SHOULD THE REGISTERED HOLDER ELECT TO TRANSFER ANY OF THE SHARES PRIOR TO THIS DATE AND FOREGO ISO TAX TREATMENT, THE TRANSFER AGENT FOR THE SHARES SHALL NOTIFY THE CORPORATION IMMEDIATELY. THE REGISTERED HOLDER SHALL HOLD ALL SHARES PURCHASED UNDER THE INCENTIVE STOCK OPTION IN THE REGISTERED HOLDER'S NAME (AND NOT IN THE NAME OF ANY NOMINEE) PRIOR TO THIS DATE OR U NTIL TRANSFERRED AS DESCRIBED ABOVE."

**15. LOCK-UP AGREEMENT.**

The Participant hereby agrees that in the event of any underwritten public offering of stock, including an initial public offering of stock, made by the Company pursuant to an effective registration statement filed under the Securities Act, the Participant shall not offer, sell, contract to sell, pledge, hypothecate, grant any option to purchase or make any short sale of, or otherwise dispose of any shares of stock of the Company or any rights to acquire stock of the Company for such period of time from and after the effective date of such registration statement as may be established by the underwriter for such public offering; provided, however, that such period of time shall not exceed one hundred eighty (180) days from the effective date of the registration statement to be filed in connection with such public offering; provided, further, however, that such one hundred eighty (180) day period may be extended for an additional period, not to exceed twenty (20) days, upon the request of the Company or the underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto). The foregoing limitation shall not apply to shares registered in the public offering under the Securities Act. The Participant hereby agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing within a reasonable timeframe if so requested by the Company.

**16. RESTRICTIONS ON TRANSFER OF SHARES.**

At any time prior to the existence of a public market for the Stock, the Board may prohibit the Participant and any transferee of such Participant from selling, transferring, assigning, pledging, or otherwise disposing of or encumbering any shares acquired pursuant to the Option (each, a *"**Transfer**"*) without the prior written consent of the Board. The Board may withhold consent for any reason, including without limitation any Transfer (i) to any individual or entity identified by the Company as a potential competitor or considered by the Company to be unfriendly, or (ii) if such Transfer increases the risk of the Company having a class of security held of record by such number of persons as would require the Company to register any class of securities under the Exchange Act; or (iii) if such Transfer would result in the loss of any federal or state securities law exemption relied upon by the Company in connection with the initial issuance of such shares or the issuance of any other securities; or (iv) if such Transfer is facilitated in any manner by any public posting, message board, trading portal, Internet site, or similar method of communication, including without limitation any trading portal or Internet site intended to facilitate secondary transfers of securities; or (v) if such Transfer is to be effected in a brokered transaction; or (vi) if such Transfer would be of less than all of the shares of Stock then held by the stockholder and its affiliates or is to be made to more than a single transferee. No shares acquired upon exercise of the Option may be sold, exchanged, transferred (including, without limitation, any transfer to a nominee or agent of the Participant), assigned, pledged, hypothecated or otherwise disposed of, including by operation of law in any manner which violates any of the provisions of this Option Agreement, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any shares which will have been transferred in violation of any of the provisions set forth in this Option Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares will have been so transferred.

**17. MISCELLANEOUS PROVISIONS.**

17.1 **Termination or Amendment.** The Board may terminate or amend the Plan or the Option at any time; provided, however, that except as provided in Section 8 in connection with a Change in Control, no such termination or amendment may have a materially adverse effect on the Option or any unexercised portion thereof without the consent of the Participant unless such termination or amendment is necessary to comply with any applicable law or government regulation, including, but not limited to Section 409A of the Code. No amendment or addition to this Option Agreement shall be effective unless in writing.

17.2 **Compliance with Section 409A**. The Company intends that income realized by the Participant pursuant to the Plan and this Option Agreement will not be subject to taxation under Section 409A of the Code. The provisions of the Plan and this Option Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. The Company, in its reasonable discretion, may amend (including retroactively) the Plan and this Agreement in order to conform to the applicable requirements of Section 409A of the Code, including amendments to facilitate the Participant's ability to avoid taxation under Section 409A of the Code. **However, the preceding provisions shall not be construed as a guarantee by the Company of any particular tax result for income realized by the Participant pursuant to the Plan or this Option Agreement.** In any event, and except for the responsibilities of the Company set forth in Section 4.4, no Participating Company shall be responsible for the payment of any applicable taxes incurred by the Participant on income realized by the Participant pursuant to the Plan or this Option Agreement.

17.3 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Option Agreement.

17.4 **Binding Effect.** This Option Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

17.5 **Delivery of Documents and Notices.** Any document relating to participation in the Plan, or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Option Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Option Agreement, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice and Exercise Notice called for by Section 4.2 to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 17.5(a) of this Option Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice and Exercise Notice, as described in Section 17.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 17.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 17.5(a).

17.6 **Integrated Agreement.** The Grant Notice, this Option Agreement and the Plan, together with any employment, service or other agreement with the Participant and a Participating Company referring to the Option, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, the Option Agreement and the Plan shall survive any exercise of the Option and shall remain in full force and effect.

17.7 **Applicable Law.** This Option Agreement shall be governed by the laws of the State of Delaware as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within the State of Delaware.

17.8 **Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

☐ Incentive Stock Option
☐ Nonstatutory Stock Option

Participant: _____
Date: _____

**STOCK OPTION EXERCISE NOTICE**

Lumos Pharma, Inc.
Attention: Chief Financial Officer
4200 Marathon Blvd., Suite 200
Austin, Texas 78756

Ladies and Gentlemen:

1. **Option.** I was granted an option (the *"**Option**"*) to purchase shares of the common stock (the *"**Shares**"*) of Lumos Pharma, Inc. (the *"**Company**"*) pursuant to the Company's 2016 Stock Plan (the *"**Plan**"*), my Notice of Grant of Stock Option (the *"**Grant Notice**"*) and my Stock Option Agreement (the *"**Option Agreement**"*) as follows:

| | |
|---|---|
| Date of Grant: | _____ |
| Number of Option Shares: | _____ |
| Exercise Price per Share: | $ _____ |

2. **Exercise of Option.** I hereby elect to exercise the Option to purchase the following number of Shares, all of which are Vested Shares, in accordance with the Grant Notice and the Option Agreement:

| | |
|---|---|
| Total Shares Purchased: | _____ |
| Total Exercise Price (Total Shares X Price per Share) | $ _____ |

3. **Payments.** I enclose payment in full of the total exercise price for the Shares in the following form(s), as authorized by my Option Agreement:

| | |
|---|---|
| ☐ Cash: | $ _____ |
| ☐ Check: | $ _____ |
| ☐ Stock Tender Exercise: | Contact Plan Administrator |
| ☐ Cashless Exercise: | Contact Plan Administrator |
| ☐ Net Exercise: | Contact Plan Administrator |

4. **Tax Withholding.** I authorize payroll withholding and otherwise will make adequate provision for the federal, state, local and foreign tax withholding obligations of the Company, if any, in connection with the Option. If I am exercising a Nonstatutory Stock Option, I enclose payment in full of my withholding taxes, if any, as follows:

**(Contact Plan Administrator for amount of tax due.)**

| | |
|---|---|
| ☐ Cash: | $ _____ |
| ☐ Check: | $ _____ |

5. **Participant Information.**

My address is: _____

_____

My Social Security Number is: _____

6. **Notice of Disqualifying Disposition.** If the Option is an Incentive Stock Option, I agree that I will promptly notify the Chief Financial Officer of the Company if I transfer any of the Shares within one (1) year from the date I exercise all or part of the Option or within two (2) years of the Date of Grant.

7. **Binding Effect.** I agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of the Grant Notice, the Option Agreement, including the Right of First Refusal set forth therein, and the Plan, to all of which I hereby expressly assent. This Agreement shall inure to the benefit of and be binding upon my heirs, executors, administrators, successors and assigns.

8. **Transfer.** I understand and acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and that consequently the Shares must be held indefinitely unless they are subsequently registered under the Securities Act, an exemption from such registration is available, or they are sold in accordance with Rule 144 or Rule 701 under the Securities Act. I further understand and acknowledge that the Company is under no obligation to register the Shares. I understand that the certificate or certificates evidencing the Shares will be imprinted with legends which prohibit the transfer of the Shares unless they are registered or such registration is not required in the opinion of legal counsel satisfactory to the Company.

I am aware that Rule 144 under the Securities Act, which permits limited public resale of securities acquired in a nonpublic offering, is not currently available with respect to the Shares and, in any event, is available only if certain conditions are satisfied. I understand that any sale of the Shares that might be made in reliance upon Rule 144 may only be made in limited amounts in accordance with the terms and conditions of such rule and that a copy of Rule 144 will be delivered to me upon request.

I understand that I am purchasing the Shares pursuant to the terms of the Plan, the Grant Notice and my Option Agreement, copies of which I have received and carefully read and understand.

Very truly yours,

_____

(Signature)

Receipt of the above is hereby acknowledged.

LUMOS PHARMA, INC.

By: _____

Title: _____

Dated: _____

**Exhibit 99.1**

**NewLink Genetics Stockholders Approve Merger with Lumos Pharma**

- Combined company, Lumos Pharma, Inc., to trade on Nasdaq under the stock symbol "LUMO"
- Phase 2b trial expected to be initiated mid-2020 evaluating oral therapeutic candidate LUM-201 (ibutamoren) in Pediatric Growth Hormone Deficiency (PGHD)
- Projected combined cash on March 31, 2020 in excess of $80 million expected to be sufficient to fund company through Phase 2b trial in PGHD data read-out

AUSTIN, TX and AMES, IA, March 18, 2020 – Lumos Pharma, Inc. (Lumos Pharma) and NewLink Genetics Corporation (NewLink Genetics) today announced that by an overwhelming majority, NewLink Genetics' stockholders have voted to approve the issuance of shares in connection with the merger combining NewLink Genetics with Lumos Pharma. The completion of the merger is expected to be effective in the coming days. The combined company will assume the name, Lumos Pharma, Inc., and will trade on Nasdaq under the stock symbol "LUMO." The combined company will focus on the development and commercialization of innovative therapeutics for rare and neglected diseases. The combined company plans to initiate a Phase 2b trial in mid-2020 evaluating its lead therapeutic candidate, LUM-201 (ibutamoren), an orally administered small molecule, in PGHD with the potential to address other rare endocrine disorders.

"We are pleased that the NewLink stockholders have voted in favor of this merger, and we are excited about the opportunity ahead for the combined company," said Rick Hawkins, CEO of Lumos Pharma. "We are on solid financial footing and look forward to the imminent initiation of our Phase 2b trial of LUM-201 in PGHD. Our team is enthusiastic about the potential for this orally administered therapeutic to disrupt the standard-of-care injectable treatment regimen for PGHD and other indications for which recombinant growth hormone has been approved."

Prior to the closing of the merger, NewLink plans to execute a 9-for-1 reverse split of shares of common stock, such that every 9 shares of NewLink issued and outstanding would be converted into 1 issued and outstanding share of common stock. The reverse split is expected to take effect upon opening of trading the day after the close of the merger. Adjusted for the reverse split, total shares of common stock outstanding for the combined company will be approximately 8.26 million shares.

Upon completion of the merger, the combined company's Board of Directors will consist of Rick Hawkins, CEO, Lumos Pharma; Emmett T. Cunningham, Jr., M.D., Ph.D., Senior Managing Director, Blackstone Life Sciences group; Kevin Lalande, Co-founder and Managing Director, Santé Ventures; Lota S. Zoth, Chairman, Zymeworks and former CFO, MedImmune; Thomas A. Raffin, M.D., co-founder and partner, Telegraph Hill Partners and Professor Emeritus, Stanford School of Medicine; and Chad Johnson, General Counsel, Stine Seed Company. A seventh board member will be designated by the combined board following the completion of the merger.

The combined company's projected cash position in excess of $80 million as of March 31, 2020 is expected to be sufficient to fund the combined company's operations through data read-out for the Phase 2b trial of LUM-201 in PGHD. This amount excludes any anticipated non-dilutive funds from the monetization of the priority review voucher ("PRV") issued in conjunction with the December 19, 2019 FDA approval of partnered Ebola virus vaccine V920 (rVSVΔG-ZEBOV-GP), ERVEBO®. The combined company is entitled to 60% of the value of the PRV obtained through sale, transfer or other disposition of the PRV.

NewLink Genetics was advised by Stifel as financial advisor and Cooley LLP as legal counsel. Lumos Pharma was advised by Wilson Sonsini Goodrich & Rosati, P.C. as legal counsel.

ERVEBO® is a registered trademark of Merck Sharp & Dohme Corp.

**About Lumos Pharma**

Lumos Pharma, Inc. is a clinical stage biopharmaceutical company focused on the development and commercialization of therapeutics for rare and neglected diseases. Lumos Pharma was founded and is led by a management team with longstanding experience in rare disease drug development and is funded by leading healthcare investors, including Deerfield Management, a fund managed by Blackstone Life Sciences, Roche Venture Fund, New Enterprise Associates (NEA), Santé Ventures, and UCB. Lumos Pharma's lead therapeutic candidate is LUM-201, an oral growth hormone stimulating small molecule, is in late-stage clinical development for the treatment of Pediatric Growth Hormone Deficiency (PGHD). If approved by the FDA, LUM-201 would provide an alternative to daily injections that current PGHD patients endure for many years of treatment. LUM-201 has received Orphan Drug Designation in both the US and EU. For more information, please visit www.lumos-pharma.com.

**Cautionary Note Regarding Forward-Looking Statements**

*This joint press release contains forward-looking statements of NewLink Genetics Corporation and Lumos Pharma, Inc. (the "Companies") that involve substantial risks and uncertainties. All statements contained in this press release are forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. The words "forecast," "projected," "guidance," "upcoming," "will," "plan," "intend," "anticipate," "approximate," "expect," "potential," "imminent," or the negative of these terms or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include, among others, statements regarding the expected initiation of a Phase 2b clinical trial, the sufficiency of funding for such trial, the potential of an orally administered treatment regimen for PGHD and other indications, designation of another board member, projected cash position and its sufficiency to fund the combined company's operations through data read-out for the Phase 2b trial of LUM-201 in PGHD; future priority review voucher (PRV) monetization, anticipated funds from monetization of the PRV, milestones or other economic interests, the timing and effect of the 9-for-1 reverse split of common stock; and any other statements other than statements of historical fact. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that the Companies make due to a number of important factors, risks that could cause actual results to differ materially from those matters expressed in or implied by such forward-looking statements are discussed in "Risk Factors" and elsewhere in NewLink's definitive proxy statement, as amended and filed with the SEC on February 13, 2020, NewLink's Annual Report on Form 10-K for the year ended December 31, 2019 and other reports filed with the SEC. The forward-looking statements in this press release represent the Companies' views as of the date of this press release. The Companies anticipate that subsequent events and developments will cause their views to change. However, while it may elect to update these forward-looking statements at some point in the future, the Companies specifically disclaim any obligation to do so. You should, therefore, not rely on these forward-looking statements as representing either of the Company's views as of any date subsequent to the date of this press release.*

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