

Eloxx Pharmaceuticals, Inc.
Form DEF 14C
March 30, 2018

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

SCHEDULE 14C INFORMATION
Information Statement Pursuant to Section 14(c) of the
Securities Exchange Act of 1934

Check the appropriate box:

Preliminary Information Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

Definitive Information Statement

ELOXX PHARMACEUTICALS, INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Eloxx Pharmaceuticals, Inc.

950 Winter Street

Waltham, Massachusetts 02451

Telephone: (781) 577-5300

NOTICE OF ACTION BY WRITTEN CONSENT OF MAJORITY STOCKHOLDERS

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

To the Stockholders of Eloxx Pharmaceuticals, Inc.:

This Information Statement is first being made available on or about March 30, 2018, to the holders of record of the issued and outstanding common stock, \$0.01 par value per share (the **Common Stock**), of Eloxx Pharmaceuticals, Inc., a Delaware corporation, as of the close of business on March 19, 2018 (the **Record Date**), pursuant to Rule 14c-2 promulgated under the Securities Exchange Act of 1934, as amended (the **Exchange Act**) and Section 228 of the Delaware General Corporation Law (the **DGCL**). This Information Statement relates to the adoption of the Eloxx Pharmaceuticals, Inc. 2018 Equity Incentive Plan (the **2018 Plan**), which was approved on March 26, 2018, by the written consent of stockholders owning a majority of the issued and outstanding Common Stock as of the Record Date. Except as otherwise indicated by the context, references in this Information Statement to the **Company**, **we**, **us**, or **our** are references to Eloxx Pharmaceuticals, Inc.

On March 12, 2018, the **Company's** Board of Directors adopted the 2018 Plan, which was subsequently approved by our stockholders by written consent on March 26, 2018. The written consent approved the adoption of the 2018 Plan which allows for up to a maximum of 10,000,000 shares of Common Stock to be available for issuance pursuant to stock-based awards granted under the 2018 Plan. The summary of the principal features of the 2018 Plan included in this Information Statement is qualified in its entirety by reference to the full text of the 2018 Plan which is attached to this Information Statement as Exhibit B. Upon the effectiveness of the 2018 Plan, we will cease granting awards under each of the Sevion Therapeutics, Inc. 2008 Incentive Compensation Plan (as Amended and Restated, effective December 15, 2014) and the Eloxx Pharmaceuticals Ltd. Share Ownership and Option Plan (2013) (the **Prior Plans**).

The accompanying Information Statement, which describes the 2018 Plan in more detail and provides our stockholders with other important information, is being furnished to you for informational purposes only pursuant to Section 14(c) of the Exchange Act and the rules and regulations promulgated thereunder. This letter and the accompanying Information Statement serve as notice of the actions relating to the 2018 Plan pursuant to the DGCL and the Exchange Act of the approval of the 2018 Plan by less than unanimous written consent of the stockholders of Eloxx Pharmaceuticals, Inc. No further notice of the actions described herein will be given to you.

Under the DGCL, our certificate of incorporation and our bylaws, stockholder action may be taken by written consent. The written consent was sufficient to approve the 2018 Plan and no other stockholder approval is required or necessary. Pursuant to Rule 14c-2 promulgated under the Exchange Act, the actions taken pursuant to the written consent will not be effective until at least 20 calendar days following the mailing of the accompanying Information Statement to our stockholders holding shares of our Common Stock as of the Record Date.

THIS IS NOT A NOTICE OF A SPECIAL MEETING OF STOCKHOLDERS, AND NO STOCKHOLDER MEETING WILL BE HELD TO CONSIDER ANY MATTER DESCRIBED HEREIN. THIS INFORMATION STATEMENT IS BEING FURNISHED TO YOU SOLELY FOR THE PURPOSE OF INFORMING STOCKHOLDERS OF THE MATTERS DESCRIBED HEREIN PURSUANT TO SECTION

**14(c) OF THE EXCHANGE ACT AND THE REGULATIONS PROMULGATED THEREUNDER,
INCLUDING REGULATION 14C AND PURSUANT TO SECTION 228 OF THE**

DGCL. WE ARE NOT ASKING YOU FOR A CONSENT OR PROXY AND YOU ARE REQUESTED NOT TO SEND US A CONSENT OR PROXY.

By Order of the Board of Directors

/s/ Robert E. Ward
Robert E. Ward
Chief Executive Officer

Waltham, Massachusetts

March 30, 2018

ELOXX PHARMACEUTICALS, INC.

INFORMATION STATEMENT

NOTICE OF ACTION BY WRITTEN CONSENT OF MAJORITY STOCKHOLDERS

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

This Information Statement is first being made available on or about March 30, 2018, to the holders of record of the issued and outstanding common stock, \$0.01 par value per share (the **Common Stock**), of Eloxx Pharmaceuticals, Inc., a Delaware corporation, as of the close of business on March 19, 2018, the record date for determination of stockholders entitled to vote or execute a written consent on these matters (the **Record Date**), pursuant to Rule 14c-2 promulgated under the Securities Exchange Act of 1934, as amended (the **Exchange Act**) and Section 228 of the Delaware General Corporation Law (the **DGCL**). This Information Statement relates to the adoption of the Eloxx Pharmaceuticals, Inc. 2018 Equity Incentive Plan (the **2018 Plan**), which was approved on March 26, 2018, by the written consent of stockholders owning a majority of the issued and outstanding Common Stock as of the Record Date. Except as otherwise indicated by the context, references in this Information Statement to the **Company**, **we**, **us**, or **our** are references to Eloxx Pharmaceuticals, Inc.

No meeting or further action of stockholders is required under the DGCL. We prepared and distributed this Information Statement and will bear the cost of distributing this Information Statement. The distribution will be made by mail.

OVERVIEW OF ACTIONS

The following action was approved by the written consent of the stockholders owning a majority of the issued and outstanding Common Stock as of the Record Date:

The approval of the Eloxx Pharmaceuticals, Inc. 2018 Equity Incentive Plan (the **2018 Plan**). The 2018 Plan was approved by the Board of Directors of the Company (the **Board**) on March 12, 2018, subject to the stockholders' approval by written consent, dated March 26, 2018, by the stockholders owning a majority of the issued and outstanding Common Stock as of the Record Date. The stockholders' approval by written consent, and the actions taken thereby, will become effective twenty (20) calendar days after a Definitive Information Statement on Schedule 14C is mailed to the Company's stockholders holding Common Stock of the Company as of the Record Date.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Our executive officers and directors will be eligible to receive awards and grants under the 2018 Plan in such amounts and at such times as determined by our Board or the compensation committee of our Board.

VOTING AND VOTE REQUIRED

We are not seeking a consent, authorization or proxy from you. Section 228 of the DGCL and our certificate of incorporation and bylaws permit us to take action without a meeting upon the written consent of the holders of outstanding shares of voting Common Stock, having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, unless otherwise provided in our certificate of incorporation. Approval by holders of a majority of our issued and outstanding Common Stock was required to approve the 2018 Plan.

As of the close of business on the Record Date, we had 27,527,738 shares of Common Stock outstanding, \$0.01 par value per share. Each holder of our Common Stock on that date was entitled to cast one vote for each share of Common Stock registered in the holder's name.

As permitted by Section 228 of the DGCL and our certification of incorporation, holders of a majority of our issued and outstanding Common Stock approved the 2018 Plan by way of a written consent dated March 26, 2018 (the "Written Consent"). A copy of the Written Consent is attached to this Information Statement as Exhibit A. We are mailing this Information Statement to all stockholders holding Common Stock of the Company as of the Record Date, including those stockholders who did not execute a consent. The 2018 Plan will be deemed effective 20 calendar days after this Information Statement is mailed. A copy of the 2018 Plan is attached to this Information Statement as Exhibit B.

DISSENTERS' RIGHT OF APPRAISAL

No dissenters' or appraisal rights under the DGCL are afforded to the Company's stockholders as a result of the approval of the actions taken by the stockholders owning a majority of the issued and outstanding Common Stock as of the Record Date.

NOTICE PURSUANT TO SECTION 228

We are required to provide prompt notice of the taking of corporate action by written consent to our stockholders who have not consented in writing to such action. This Information Statement serves as the notice required by Section 228 of the DGCL.

RECENT CHANGE IN CONTROL

On December 19, 2017, Sevion Therapeutics, Inc. ("Sevion") acquired Eloxx Pharmaceuticals, Limited ("Private Eloxx" or "Eloxx Limited") pursuant to a merger between the companies (the "Transaction" or "Reverse Merger"). Upon consummation of the Transaction (the "Closing"), Sevion adopted the business plan of Private Eloxx and discontinued the pursuit of Sevion's business plan pre-Closing. In connection with the Transaction, Sevion agreed to acquire all of the outstanding capital stock of Private Eloxx in exchange for the issuance of an aggregate 20,316,656 shares of Sevion's common stock, par value \$0.01 per share (the "Common Stock"), after giving effect to a 1-for-20 reverse split effected immediately prior to the Transaction. As a result of the Transaction, Private Eloxx became a wholly-owned subsidiary of Sevion. While Sevion was the legal acquirer in the transaction, Private Eloxx was deemed the accounting acquirer. Immediately after giving effect to the Transaction, on December 19, 2017, Sevion changed its name to Eloxx Pharmaceuticals, Inc.

Upon closing of the Reverse Merger, the Company assumed the obligations under outstanding warrants previously issued by Eloxx Limited to purchase its share capital and, in connection therewith, issued warrants to purchase 346,307 shares of the Company's common stock to certain warrant holders of Eloxx Limited.

In addition, upon closing of the Reverse Merger, the Company assumed all of the outstanding obligations under the Eloxx 2013 Share Ownership and Option Plan (the "2013 Plan") and, accordingly, the Company has reserved 2,307,738 shares of the Company's common stock for issuance upon the exercise of such options. As part of the Company's assumption of the outstanding options under the 2013 Plan, the Company also assumed the 2013 Plan and accordingly reserved 189,751 shares of the Company's common stock for future grants.

Immediately prior to the closing of the Reverse Merger the Company raised gross proceeds of \$13.5 million at a price per share of \$0.15 from accredited investors as a private placement. The amount was raised pursuant a

share purchase agreement dated May 31, 2017, as amended between Eloxx Limited and a group of accredited investors, (Eloxx SPA). Under the Eloxx SPA and the first joinder thereunder executed on June 29, 2017, Eloxx Limited received gross proceeds of \$15.0 million from the group of accredited investors. In accordance with the terms of the Eloxx SPA, each of the investors executed a separate subscription agreement with the Company for the total investment of an additional \$15.0 million in exchange for the Company's shares of common stock at a price per share of \$0.15 immediately prior to the consummation of the Reverse Merger. With the consent of the parties, an amount of \$1.5 million was invested by an accredited investor under the subscription agreement into Sevion.

On August 2, 2017, Eloxx Limited raised under a second joinder to the Eloxx SPA, an additional aggregate amount of \$8.0 million, half of the amount was invested in Eloxx Limited on August 2, 2017 and the remainder was invested in Eloxx Limited immediately prior to the consummation of the Reverse Merger but was deemed an investment in the Company's share capital for the purpose of the exchange ratio under the Agreement.

Following the Reverse Merger and reverse stock split, and commencing December 20, 2017, the Company's Common Stock symbol on OTCQB marketplace changed to SVOND , and subsequently changed to ELOX on January 19, 2018.

Effective with the Reverse Merger each member of the Board of Directors of Eloxx Limited prior to the Reverse Merger was appointed to the Company's Board of Directors. In addition, each officer of Eloxx Limited was reappointed as an officer of the Company. Also effective with the Reverse Merger, the Company's Board affirmed its financial year end as December 31, 2017 to align with the fiscal year end of Eloxx Limited.

SUMMARY OF THE 2018 EQUITY INCENTIVE PLAN

Description of the 2018 Plan

The essential features of the Eloxx Pharmaceuticals, Inc. 2018 Equity Incentive Plan (the 2018 Plan) are outlined below. The following description is not complete and is qualified by reference to the full text of the 2018 Plan, which is appended to this Information Statement as Exhibit B.

General Information

On March 12, 2018, our Board of Directors (the Board) adopted the 2018 Plan which was subsequently approved by our stockholders by written consent on March 26, 2018. Upon the effectiveness of the 2018 Plan, we will cease granting awards under each of the Sevion Therapeutics, Inc. 2008 Incentive Compensation Plan (as Amended and Restated, effective December 15, 2014) and the Eloxx Pharmaceuticals Ltd. Share Ownership and Option Plan (2013) (the Prior Plans).

The purpose of the 2018 Plan is to provide a means whereby the Company can align the long-term financial interests of its employees, consultants, and directors with the financial interests of its stockholders. In addition, the Board believes that the ability to grant options and other equity-based awards will help the Company to attract, retain, and motivate employees, consultants, and directors and encourages them to devote their best efforts to the Company s business and financial success. The 2018 Plan authorizes the grant and issuance of awards that may take the form of stock options, stock appreciation rights, restricted stock, stock units, and performance-based incentive awards.

As of March 12, 2018, there were 287,712 shares available for grant under the Prior Plans. Upon the effectiveness of the 2018 Plan, the total number of shares available for awards to employees, non-employee directors and other key personnel will increase by 5,000,000 shares, which increase represents approximately 18% of the Company s outstanding common equity.

Approval of the 2018 Plan by the Company stockholders is required, among other things, in order to: (i) comply with NASDAQ rules requiring stockholder approval of equity compensation plans; and (ii) allow the grant of incentive stock options to participants in the 2018 Plan.

The Company s employee equity compensation program, as implemented under the 2018 Plan, will allow the Company to remain competitive with comparable companies in its industry by giving it the resources to attract and retain talented individuals to achieve its business objectives and build stockholder value. The 2018 Plan will provide the Company with the flexibility it needs to use equity compensation and other incentive awards to attract, retain and motivate talented employees, directors and independent contractors who are important to the Company s long-term growth and success.

Best Practices Integrated into the Company s Equity Compensation Program and the 2018 Plan

The 2018 Plan includes provisions that are designed to protect the interests of the stockholders of the Company and to reflect corporate governance best practices including:

No single trigger accelerated vesting upon change in control. The 2018 Plan does not provide for automatic vesting of awards upon a change in control.

No liberal change in control definition. The change in control definition in the 2018 Plan is not a liberal definition. A change in control transaction must actually occur in order for the change in control provisions in the 2018 Plan to be triggered. It is not triggered, for example, upon the mere signing of a transaction agreement without the closing of the transaction having occurred.

No discounted stock options or stock appreciation rights. All stock options and stock appreciation rights granted under the 2018 Plan must have an exercise or strike price equal to or greater than the fair market value of a share of Common Stock on the date the stock option or stock appreciation right is granted.

Material amendments require stockholder approval. Consistent with the rules and regulations of The NASDAQ Stock Market LLC, the 2018 Plan requires stockholder approval of any material revisions to the 2018 Plan. In addition, certain other amendments to the 2018 Plan require stockholder approval.

Limit on non-employee director awards and other awards. Except in extraordinary circumstances, the maximum number of shares subject to stock awards granted under the 2018 Plan or otherwise during any calendar year to any of the Company's non-employee directors, taken together with any cash fees paid by the Company to such non-employee director during such calendar year for service on the Board, may not exceed \$500,000 in total value (calculating the value of any such stock awards based on the grant date fair value of such stock awards for financial reporting purposes), or with respect to the calendar year in which a non-employee director is first appointed or elected to the board, \$1,000,000. The 2018 Plan also contains other annual per-participant limits on stock options, stock appreciation rights and performance-based stock and cash awards.

Information Regarding Equity Incentive Program

It is critical to the Company's long-term success that the interests of its employees, directors and consultants are tied to its success as owners of the business. The 2018 Plan will allow the Company to grant stock options and other equity awards at levels it determines to be appropriate in order to attract new employees and directors, retain existing employees and directors and to provide incentives for such persons to exert maximum efforts for the Company's success and ultimately increase stockholder value. The 2018 Plan allows the Company to utilize a broad array of equity incentives with flexibility in designing equity incentives, including traditional stock option grants, stock appreciation rights, restricted stock awards, restricted stock unit awards, other stock awards and performance stock awards to offer competitive equity compensation packages in order to retain and motivate the talent necessary for the Company.

Purpose

The 2018 Plan is designed to secure and retain the services of the Company's employees, directors and consultants, provide incentives for the Company's employees, directors and consultants to exert maximum efforts for the success of the Company and its affiliates, and provide a means by which the Company's employees, directors and consultants may be given an opportunity to benefit from increases in the value of its Common Stock. No additional awards will be granted under the Prior Plans following the effective date of the 2018 Plan.

Types of Awards

The terms of the 2018 Plan provide for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, other stock awards, and performance awards that may be settled in cash, stock, or other property.

Shares Available for Awards

Subject to adjustment for specified changes in the Company's capitalization, the aggregate number of shares of Common Stock that may be issued under the 2018 Plan (the Share Reserve) will not exceed 10,000,000 shares. In addition, the Share Reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1st of the year following the year in which the effective date of the 2018 Plan occurs,

and ending on (and including) January 1, 2028, in an amount equal to 5% of the shares of Capital Stock (as defined in the 2018 Plan) outstanding on December 31st of the preceding calendar year;

however the Board or compensation committee may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the automatic increase.

The following shares of Common Stock will become available again for issuance under the 2018 Plan: (i) any shares subject to a stock award that are not issued because such stock award expires or otherwise terminates without all of the shares covered by such stock award having been issued; (ii) any shares subject to a stock award that are not issued because such stock award is settled in cash; (iii) any shares issued pursuant to a stock award that are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; and (iv) any shares reacquired by the Company in satisfaction of tax withholding obligations on a stock award or as consideration for the exercise or purchase price of a stock award.

Eligibility

All of the Company's (including its affiliates') employees (of which there are 17 as of March 26, 2018), non-employee directors and consultants will be eligible to participate in the 2018 Plan and may receive all types of awards other than incentive stock options. Incentive stock options may be granted under the 2018 Plan only to the Company's employees (including officers) and employees of its affiliates.

Non-Employee Director Compensation Limit

Under the 2018 Plan, the maximum number of shares of Common Stock subject to stock awards granted under the 2018 Plan or otherwise during any one calendar year to any non-employee director, taken together with any cash fees paid by the Company to such non-employee director during such calendar year for services on its Board, will not exceed \$500,000 in total value (calculating the value of any such stock awards based on the grant date fair value of such stock awards for financial reporting purposes), or, with respect to the calendar year in which a non-employee director is first appointed or elected to the Board, \$1,000,000.

Administration

The 2018 Plan will be administered by the Board, which may in turn delegate authority to administer the 2018 Plan to a committee. The Board will delegate concurrent authority to administer the 2018 Plan to its compensation committee, but may, at any time, revert in itself some or all of the power delegated to its compensation committee. The Board and its compensation committee are each considered to be a Plan Administrator for purposes of this Information Statement. Subject to the terms of the 2018 Plan, the Plan Administrator may determine the recipients, the types of awards to be granted, the number of shares of Common Stock subject to or the cash value of awards, and the terms and conditions of awards granted under the 2018 Plan, including the period of their exercisability and vesting. The Plan Administrator also has the authority to provide for accelerated exercisability and vesting of awards. Subject to the limitations set forth below, the Plan Administrator also determines the fair market value applicable to a stock award and the exercise or strike price of stock options and stock appreciation rights granted under the 2018 Plan.

The Plan Administrator may also delegate to one or more officers the authority to designate employees who are not officers to be recipients of certain stock awards and the number of shares of Common Stock subject to such stock awards. Under any such delegation, the Plan Administrator will specify the total number of shares of Common Stock that may be subject to the stock awards granted by such officer. The officer may not grant a stock award to himself or herself.

The Plan Administrator has the authority to modify outstanding awards under the 2018 Plan, with the consent of any adversely affected participant. Subject to the terms of the 2018 Plan, the Plan Administrator has

the authority to reduce the exercise, purchase or strike price of any outstanding stock award, cancel any outstanding stock award in exchange for new stock awards, cash or other consideration, or take any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options

Stock options may be granted under the 2018 Plan pursuant to stock option agreements. The 2018 Plan permits the grant of stock options that are intended to qualify as incentive stock options (ISOs) and nonstatutory stock options (NSOs).

The exercise price of a stock option granted under the 2018 Plan may not be less than 100% of the fair market value of the Common Stock subject to the stock option on the date of grant and, in some cases (see *Limitations on Incentive Stock Options* below), may not be less than 110% of such fair market value.

The term of stock options granted under the 2018 Plan may not exceed ten years and, in some cases (see *Limitations on Incentive Stock Options* below), may not exceed five years. Except as otherwise provided in a participant's stock option agreement or other written agreement with the Company or one of its affiliates, if a participant's service relationship with the Company or any of its affiliates, referred to in this Information Statement as continuous service, terminates (other than for cause and other than upon the participant's death or disability), the participant may exercise any vested stock options for up to three months following the participant's termination of continuous service. Except as otherwise provided in a participant's stock option agreement or other written agreement with the Company or one of its affiliates, if a participant's continuous service terminates due to the participant's disability or death (or the participant dies within a specified period, if any, following termination of continuous service), the participant, or his or her beneficiary, as applicable, may exercise any vested stock options for up to 12 months following the participant's termination due to the participant's disability or for up to 18 months following the participant's death. Except as explicitly provided otherwise in a participant's stock option agreement or other written agreement with the Company or one of its affiliates, if a participant's continuous service is terminated for cause (as defined in the 2018 Plan), all stock options held by the participant will terminate upon the participant's termination of continuous service and the participant will be prohibited from exercising any stock option from and after such termination date. Except as otherwise provided in a participant's stock option agreement or other written agreement with the Company or one of its affiliates, the term of a stock option may be extended if the exercise of the stock option following the participant's termination of continuous service (other than for cause and other than upon the participant's death or disability) would be prohibited by applicable securities laws or if the sale of any Common Stock received upon exercise of the stock option following the participant's termination of continuous service (other than for cause) would violate the Company's insider trading policy. In no event, however, may a stock option be exercised after its original expiration date.

Acceptable forms of consideration for the purchase of Common Stock pursuant to the exercise of a stock option under the 2018 Plan will be determined by the Plan Administrator and may include payment: (i) by cash, check, bank draft or money order payable to the Company; (ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board; (iii) by delivery to the Company of shares of Common Stock (either by actual delivery or attestation); (iv) by a net exercise arrangement (for NSOs only); or (v) in other legal consideration approved by the Plan Administrator.

Stock options granted under the 2018 Plan may become exercisable in cumulative increments, or vest, as determined by the Plan Administrator at the rate specified in the stock option agreement. Shares covered by different stock options granted under the 2018 Plan may be subject to different vesting schedules as the Plan Administrator may determine. In addition, the 2018 Plan provides that stock options may include a provision whereby the participant may elect to exercise the stock option as to any part or all of the shares of Common Stock subject to the stock option prior to the full vesting of the stock option, following which any unvested shares may be subject to a repurchase right in favor of the Company.

The Plan Administrator may impose limitations on the transferability of stock options granted under the 2018 Plan in its discretion. Generally, a participant may not transfer a stock option granted under the 2018 Plan other than by will or the laws of descent and distribution or, subject to approval by the Plan Administrator, pursuant to a domestic relations order or an official marital settlement agreement. However, the Plan Administrator may permit transfer of a stock option in a manner that is not prohibited by applicable tax and securities laws. In addition, subject to approval by the Plan Administrator, a participant may designate a beneficiary who may exercise the stock option following the participant's death.

Limitations on Incentive Stock Options

The aggregate fair market value, determined at the time of grant, of shares of Common Stock with respect to ISOs that are exercisable for the first time by a participant during any calendar year under all of the Company's stock plans may not exceed \$100,000. The stock options or portions of stock options that exceed this limit or otherwise fail to qualify as ISOs are treated as NSOs. No ISO may be granted to any person who, at the time of grant, owns or is deemed to own stock possessing more than 10% of the Company's total combined voting power or that of any affiliate unless the following conditions are satisfied:

the exercise price of the ISO must be at least 110% of the fair market value of the Common Stock subject to the ISO on the date of grant; and

the term of the ISO must not exceed five years from the date of grant.

Subject to adjustment for specified changes in capitalization, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of ISOs under the 2018 Plan is 20,000,000 shares.

Stock Appreciation Rights

Stock appreciation rights may be granted under the 2018 Plan pursuant to stock appreciation right agreements. Each stock appreciation right is denominated in common stock share equivalents. The strike price of each stock appreciation right will be determined by the Plan Administrator, but will in no event be less than 100% of the fair market value of the Common Stock subject to the stock appreciation right on the date of grant. The Plan Administrator may also impose restrictions or conditions upon the vesting of stock appreciation rights that it deems appropriate. The appreciation distribution payable upon exercise of a stock appreciation right may be paid in shares of Common Stock, in cash, in a combination of cash and stock, or in any other form of consideration determined by the Plan Administrator and set forth in the stock appreciation right agreement. Stock appreciation rights will be subject to the same conditions upon termination of continuous service and restrictions on transfer as stock options under the 2018 Plan.

Restricted Stock Awards

Restricted stock awards may be granted under the 2018 Plan pursuant to restricted stock award agreements. A restricted stock award may be granted in consideration for cash, check, bank draft or money order payable to the Company, the participant's services performed for the Company or any of its affiliates, or any other form of legal consideration acceptable to the Plan Administrator. Shares of Common Stock acquired under a restricted stock award may be subject to forfeiture to or repurchase by the Company in accordance with a vesting schedule to be determined by the Plan Administrator. Rights to acquire shares of Common Stock under a restricted stock award may be transferred only upon such terms and conditions as are set forth in the restricted stock award agreement. A restricted stock award agreement may provide that any dividends paid on restricted stock will be subject to the same vesting

conditions as apply to the shares subject to the restricted stock award. Upon a participant's termination of continuous service for any reason, any shares subject to restricted stock awards held by the participant that have not vested as of such termination date may be forfeited to or repurchased by the Company.

Restricted Stock Unit Awards

Restricted stock unit awards may be granted under the 2018 Plan pursuant to restricted stock unit award agreements. Payment of any purchase price may be made in any form of legal consideration acceptable to the Plan Administrator. A restricted stock unit award may be settled by the delivery of shares of Common Stock, in cash, in a combination of cash and stock, or in any other form of consideration determined by the Plan Administrator and set forth in the restricted stock unit award agreement. Restricted stock unit awards may be subject to vesting in accordance with a vesting schedule to be determined by the Plan Administrator. Dividend equivalents may be credited in respect of shares of Common Stock covered by a restricted stock unit award, provided that any additional shares credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying restricted stock unit award. Except as otherwise provided in a participant's restricted stock unit award agreement or other written agreement with the Company or one of its affiliates, restricted stock units that have not vested will be forfeited upon the participant's termination of continuous service for any reason.

Performance Awards

The 2018 Plan allows the Company to grant performance stock and cash awards. A performance stock award is a stock award that is payable (including that may be granted, may vest, or may be exercised) contingent upon the attainment of performance goals during a performance period. A performance stock award may require the completion of a specified period of continuous service. The length of any performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such performance goals have been attained will be determined by the Plan Administrator. In addition, to the extent permitted by applicable law and the performance stock award agreement, the Plan Administrator may determine that cash may be used in payment of performance stock awards.

A performance cash award is a cash award that is payable contingent upon the attainment of performance goals during a performance period. A performance cash award may require the completion of a specified period of continuous service. The length of any performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such performance goals have been attained will be determined by the Plan Administrator. The Plan Administrator may specify the form of payment of performance cash awards, which may be cash or other property, or may provide for a participant to have the option for his or her performance cash award to be paid in cash or other property.

Performance goals under the 2018 Plan may be based on any one of, or combination of, the following performance criteria, as determined by the Board: (1) earnings (including earnings per share and net earnings); (2) earnings before interest, taxes and depreciation; (3) earnings before interest, taxes, depreciation and amortization; (4) earnings before interest, taxes, depreciation, amortization and legal settlements; (5) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (6) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (7) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (8) total stockholder return; (9) return on equity or average stockholder's equity; (10) return on assets, investment, or capital employed; (11) stock price; (12) margin (including gross margin); (13) income (before or after taxes); (14) operating income; (15) operating income after taxes; (16) pre-tax profit; (17) operating cash flow; (18) sales or revenue targets; (19) increases in revenue or product revenue; (20) expenses and cost reduction goals; (21) improvement in or attainment of working capital levels; (22) economic value added (or an equivalent metric); (23) market share; (24) cash flow; (25) cash flow per share; (26) share price performance; (27) debt reduction; (28) implementation or completion of projects or processes (including, without limitation, clinical trial initiation, clinical trial enrollment, clinical trial results, new and supplemental indications for existing products, regulatory filing submissions, regulatory filing acceptances, regulatory or advisory committee interactions, regulatory approvals, and product supply); (29) stockholders' equity; (30) capital expenditures; (31) debt levels; (32) operating profit or net

operating profit;

(33) workforce diversity; (34) growth of net income or operating income; (35) billings; (36) bookings; (37) employee retention; (38) initiation of phases of clinical trials and/or studies by specific dates; (39) patient enrollment rates; (40) budget management; (41) submission to, or approval by, a regulatory body (including, but not limited to the U.S. Food and Drug Administration) of an applicable filing or a product candidate; (42) regulatory milestones; (43) progress of internal research or clinical programs; (44) progress of partnered programs; (45) partner satisfaction; (46) timely completion of clinical trials; (47) submission of INDs and NDAs and other regulatory achievements; (48) research progress, including the development of programs; (49) strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); (50) customer satisfaction; and (51) other measures of performance selected by the Board.

Performance goals may be based on a Company-wide basis, with respect to one or more business units, divisions, affiliates or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of performance goals for a performance period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any items that are unusual in nature or occur infrequently as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item.

In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon the attainment of any performance goals and to define the manner of calculating the performance criteria it selects to use for a performance period.

Other Stock Awards

Other forms of stock awards valued in whole or in part by reference to, or otherwise based on, Common Stock may be granted either alone or in addition to other stock awards under the 2018 Plan. The Plan Administrator will have sole and complete authority to determine the persons to whom and the time or times at which such other stock awards will be granted, the number of shares of Common Stock to be granted and all other terms and conditions of such other stock awards.

Clawback Policy

Awards granted under the 2018 Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which The Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Plan Administrator may impose other clawback, recovery or recoupment provisions in an award agreement as the Plan Administrator determines necessary or

appropriate, including a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of cause.

Changes to Capital Structure

In the event of certain capitalization adjustments, the Plan Administrator will appropriately adjust: (i) the class(es) and maximum number of securities subject to the 2018 Plan and by which the share reserve may increase automatically each year; (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of ISOs; (iii) the class and maximum number of shares that may be awarded to any non-employee director; and (iv) the class(es) and number of securities and price per share of stock subject to outstanding stock awards.

Corporate Transaction

In the event of a corporate transaction or a change in control (as defined in the 2018 Plan and described below), the Plan Administrator may take one or more of the following actions with respect to stock awards, contingent upon the closing or consummation of the corporate transaction, unless otherwise provided in the instrument evidencing the stock award, in any other written agreement between the Company or one of its affiliates and the participant or in the Company's director compensation policy, or unless otherwise provided by the Plan Administrator at the time of grant of the stock award:

arrange for the surviving or acquiring corporation (or its parent company) to assume or continue the stock award or to substitute a similar stock award for the stock award (including an award to acquire the same consideration paid to the Company's stockholders pursuant to the corporate transaction);

arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of common stock issued pursuant to the stock award to the surviving or acquiring corporation (or its parent company);

accelerate the vesting (and, if applicable, the exercisability) of the stock award to a date prior to the effective time of the corporate transaction as determined by the Plan Administrator (or, if the Plan Administrator does not determine such a date, to the date that is five days prior to the effective date of the corporate transaction), with the stock award terminating if not exercised (if applicable) at or prior to the effective time of the corporate transaction; provided, however, that the Plan Administrator may require participants to complete and deliver to the Company a notice of exercise before the effective date of a corporate transaction, which is contingent upon the effectiveness of the corporate transaction;

arrange for the lapse of any reacquisition or repurchase rights held by the Company with respect to the stock award;

cancel or arrange for the cancellation of the stock award, to the extent not vested or not exercised prior to the effective time of the corporate transaction, and pay such cash consideration (including no consideration) as the Plan Administrator may consider appropriate; and

make a payment, in such form as may be determined by the Board equal to the excess, if any, of (i) the value of the property the participant would have received upon the exercise of the stock award immediately prior to the effective time of the transaction, over (ii) any exercise price payable by such holder in connection with such

exercise. For clarity, this payment may be zero if the value of the property is equal to or less than the exercise price. In addition, any escrow, holdback, earnout or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of common stock.

The Plan Administrator is not required to take the same action with respect to all stock awards or portions of stock awards or with respect to all participants. The Plan Administrator may take different actions with respect to the vested and unvested portions of a stock award.

In the event of a corporate transaction, unless otherwise provided in the instrument evidencing a performance cash award or any other written agreement between the Company or one of its affiliates and the

participant, or unless otherwise provided by the Plan Administrator, all performance cash awards will terminate prior to the effective time of the corporate transaction.

For purposes of the 2018 Plan, a corporate transaction generally will be deemed to occur in the event of the consummation of: (i) a sale or other disposition of all or substantially all of the Company's consolidated assets; (ii) a sale or other disposition of more than 50% of the Company's outstanding securities; (iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or (iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately prior to the transaction are converted or exchanged into other property by virtue of the transaction.

Change in Control

Under the 2018 Plan, a stock award may be subject to additional acceleration of vesting and exercisability upon or after a change in control (as defined in the 2018 Plan and described below) as may be provided in the participant's stock award agreement, in any other written agreement with the Company or one of its affiliates or in any director compensation policy, but in the absence of such provision, no such acceleration will occur.

For purposes of the 2018 Plan, a change in control generally will be deemed to occur in the event: (i) a person, entity or group acquires, directly or indirectly, securities representing more than 50% of the combined voting power of the Company's then outstanding securities, other than by virtue of a merger, consolidation, or similar transaction; (ii) there is consummated a merger, consolidation, or similar transaction and, immediately after the consummation of such transaction, the Company's stockholders immediately prior thereto do not own, directly or indirectly, more than 50% of the combined outstanding voting power of the surviving entity or the parent of the surviving entity in substantially the same proportions as their ownership of the Company's outstanding voting securities immediately prior to such transaction; (iii) the stockholders or the board of the Company approve a plan of complete dissolution or liquidation, or a complete dissolution or liquidation will otherwise occur, except for a liquidation into a parent corporation; (iv) there is consummated a sale or other disposition of all or substantially all of the Company's consolidated assets, other than a sale or other disposition to an entity in which more than 50% of the entity's combined voting power is owned by the Company's stockholders in substantially the same proportions as their ownership of the Company's outstanding voting securities immediately prior to such sale or other disposition; or (v) a majority of the Board becomes comprised of individuals whose nomination, appointment, or election was not approved by a majority of the board members or their approved successors.

Plan Amendments and Termination

The Plan Administrator will have the authority to amend or terminate the 2018 Plan at any time. However, except as otherwise provided in the 2018 Plan or an award agreement, no amendment or termination of the 2018 Plan may materially impair a participant's rights under his or her outstanding awards without the participant's consent.

The Company will obtain stockholder approval of any amendment to the 2018 Plan as required by applicable law and listing requirements. No incentive stock options may be granted under the 2018 Plan after the tenth anniversary of the date the 2018 Plan was adopted by The Board.

U.S. Federal Income Tax Consequences

The following is a summary of the principal U.S. federal income tax consequences to participants and the Company with respect to participation in the 2018 Plan, which will not become effective until the date of the closing of the business combination. No awards will be issued under the 2018 Plan prior to the date of the closing of the business combination. This summary is not intended to be exhaustive and does not discuss the income tax

laws of any local, state or foreign jurisdiction in which a participant may reside. The information is based upon current federal income tax rules and therefore is subject to change when those rules change. Because the tax consequences to any participant may depend on his or her particular situation, each participant should consult the participant's tax adviser regarding the federal, state, local and other tax consequences of the grant or exercise of an award or the disposition of stock acquired the 2018 Plan. The 2018 Plan is not qualified under the provisions of Section 401(a) of the Code and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974. The Company's ability to realize the benefit of any tax deductions described below depends on the Company's generation of taxable income as well as the requirement of reasonableness and the satisfaction of the Company's tax reporting obligations.

Nonstatutory Stock Options

Generally, there is no taxation upon the grant of a NSO if the stock option is granted with an exercise price equal to the fair market value of the underlying stock on the grant date. Upon exercise, a participant will recognize ordinary income equal to the excess, if any, of the fair market value of the underlying stock on the date of exercise of the stock option over the exercise price. If the participant is employed by the Company or one of its affiliates, that income will be subject to withholding taxes. The participant's tax basis in those shares will be equal to their fair market value on the date of exercise of the stock option, and the participant's capital gain holding period for those shares will begin on that date.

Subject to the requirement of reasonableness and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the participant.

Incentive Stock Options

The 2018 Plan provides for the grant of stock options that are intended to qualify as incentive stock options, as defined in Section 422 of the Code. Under the Code, a participant generally is not subject to ordinary income tax upon the grant or exercise of an ISO. If the participant holds a share received upon exercise of an ISO for more than two years from the date the stock option was granted and more than one year from the date the stock option was exercised, which is referred to as the required holding period, the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the participant's tax basis in that share will be long-term capital gain or loss.

If, however, a participant disposes of a share acquired upon exercise of an ISO before the end of the required holding period, which is referred to as a disqualifying disposition, the participant generally will recognize ordinary income in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the share on the date of exercise of the stock option over the exercise price. However, if the sales proceeds are less than the fair market value of the share on the date of exercise of the stock option, the amount of ordinary income recognized by the participant will not exceed the gain, if any, realized on the sale. If the amount realized on a disqualifying disposition exceeds the fair market value of the share on the date of exercise of the stock option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired upon exercise of an ISO exceeds the exercise price of the stock option generally will be an adjustment included in the participant's alternative minimum taxable income for the year in which the stock option is exercised. If, however, there is a disqualifying disposition of the share in the year in which the stock option is exercised, there will be no adjustment for alternative minimum tax purposes with respect to that share. In computing alternative minimum taxable income, the tax basis of a share acquired upon exercise of an ISO is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the stock option is exercised.

The Company is not allowed a tax deduction with respect to the grant or exercise of an ISO or the disposition of a share acquired upon exercise of an ISO after the required holding period. If there is a disqualifying disposition of a share, however, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the participant, subject to the requirement of reasonableness, and provided that either the employee includes that amount in income or the Company timely satisfies its reporting requirements with respect to that amount.

Restricted Stock Awards

Generally, the recipient of a restricted stock award will recognize ordinary income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is not vested when it is received (for example, if the employee is required to work for a period of time in order to have the right to sell the stock), the recipient generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file an election with the Internal Revenue Service, within 30 days following his or her receipt of the stock award, to recognize ordinary income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the stock on the date the award is granted over any amount paid by the recipient for the stock.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from a restricted stock award will be the amount paid for such shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested.

Subject to the requirement of reasonableness and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the restricted stock award.

Restricted Stock Unit Awards

Generally, the recipient of a restricted stock unit award structured to comply with the requirements of Section 409A of the Code or an exception to Section 409A of the Code will recognize ordinary income at the time the stock is delivered equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. To comply with the requirements of Section 409A of the Code, the stock subject to a restricted stock unit award may generally only be delivered upon one of the following events: a fixed calendar date (or dates), separation from service, death, disability or a change in control. If delivery occurs on another date, unless the restricted stock unit award otherwise complies with or qualifies for an exception to the requirements of Section 409A of the Code (including delivery upon achievement of a performance goal), in addition to the tax treatment described above, the recipient will owe an additional 20% federal tax and interest on any taxes owed.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from a restricted stock unit award will be the amount paid for such shares plus any ordinary income recognized when the stock is delivered.

Subject to the requirement of reasonableness and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the restricted stock unit award.

Stock Appreciation Rights

Generally, if a stock appreciation right is granted with an exercise price equal to the fair market value of the underlying stock on the grant date, the recipient will recognize ordinary income equal to the fair market value of

the stock or cash received upon such exercise. Subject to the requirement of reasonableness and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock appreciation right.

New Plan Benefits

Awards granted under the 2018 Plan to the Company's executive officers and other employees, directors, or consultants will be discretionary and are not subject to set benefits or amounts under the terms of the 2018 Plan. The 2018 Plan will not become effective until the date of effectiveness of the written consent of stockholders owning a majority of the issued and outstanding Common Stock as of the Record Date, and as of this filing, neither the Board nor the Company's compensation committee has granted any awards under the 2018 Plan. Accordingly, except as noted in the table below, the benefits or amounts that will be received by or allocated to the Company's executive officers and other employees under the 2018 Plan, as well as the benefits or amounts which would have been received by or allocated to the Company's executive officers and other employees for the year ended December 31, 2017 if the 2018 Plan had been in effect, are not determinable.

The following table presents certain information with respect to awards which have been promised to be granted under the 2018 Plan as of March 26, 2018, to our executive officers and other employees, directors, or consultants. The share numbers listed in the table below represent shares of our Common Stock.

2018 EQUITY INCENTIVE PLAN		
NAME AND POSITION	NUMBER OF SHARES UNDERLYING OPTION GRANT	NUMBER OF RESTRICTED STOCK UNITS
Robert E. Ward, CEO		
Greg Weaver		
Pedro Huertas, MD, Ph.D.	104,725 (1)	104,725 (2)
Dr. Silvia Noiman, Ph.D., MBA	141,389 (3)	141,389 (4)
Executive Officers as a Group		
Non-Executive Director Group		
Non-Executive Officer Employee Group	25,000 (5)	200 (6)

- (1) Subject to time-based vesting over a four-year period with one-quarter vesting on the first anniversary of the date of grant, and one-sixteenth vesting on a quarterly basis thereafter, subject to the named executive officer's continued employment or service with the Company through each applicable vesting date. The exercise price has not yet been determined and will be based on the fair market value of our common stock on the close of business on the day of the grant.
- (2) Subject to time-based vesting over a four-year period with one-quarter vesting on the first anniversary of the date of grant, and one-sixteenth vesting on a quarterly basis thereafter, subject to the named executive officer's continued employment or service with the Company through each applicable vesting date. The value of the award has not yet been determined and will be based on the fair market value of our common stock on the close of business on the day of the grant.
- (3) This grant will be fully vested upon issuance. The exercise price has not yet been determined and will be based on the fair market value of our common stock on the close of business on the day of the grant.
- (4) This grant will be fully vested upon issuance. The value of the award has not yet been determined and will be based on the fair market value of our common stock on the close of business on the day of the grant.

- (5) Subject to time-based vesting over a four-year period with one-quarter vesting on the first anniversary of the date of grant, and one-sixteenth vesting on a quarterly basis thereafter, subject to the employee's continued employment or service with the Company through each applicable vesting date. The exercise price has not yet been determined and will be based on the fair market value of our common stock on the close of business on the day of the grant.
- (6) Subject to time-based vesting over a four-year period with one-quarter vesting on the first anniversary of the date of grant, and one-sixteenth vesting on a quarterly basis thereafter, subject to employee's continued

employment or service with the Company through each applicable vesting date. The value of the award has not yet been determined and will be based on the fair market value of our common stock on the close of business on the day of the grant.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Executive Compensation

As discussed above in the section titled *RECENT CHANGE OF CONTROL* in this Information Statement, in connection with the Transaction on December 19, 2017 each officer of Eloxx Limited was reappointed as an officer of the Company. This section describes the compensation awarded to, earned by, or paid to our named executive officers for the fiscal years ended December 31, 2017 and 2016 (as applicable). Our named executive officers consist of:

- (i) Robert E. Ward, our current Chief Executive Officer;
 - (ii) Greg Weaver, our current Chief Financial Officer;
 - (iii) Pedro Huertas, MD, Ph.D., our current Chief Medical Officer;
 - (iv) Dr. Silvia Noiman, Ph.D., MBA, and David Rector, our two former Chief Executive Officers who served during the fiscal year ended December 31, 2017;
 - (v) James Graziano, who served as the Chief Technology Officer for Sevion prior to the Transaction, and voluntarily resigned from his position on December 19, 2017 in connection with the Transaction;
 - (vi) Miguel de los Rios, who served as the Vice President of Research and Development for Sevion prior to the Transaction, and voluntarily resigned from his position on December 19, 2017 in connection with the Transaction; and
 - (vii) Vaughn Smider, M.D., Ph.D., who served as the Chief Scientific Officer for Sevion prior to the Transaction, and voluntarily resigned from his position on December 19, 2017 in connection with the Transaction.
- Post-Transaction, our board of directors generally has been responsible for approving, after receiving the recommendation or approval of our compensation committee with respect to, equity awards to our executive officers in order to qualify these awards as exempt awards under Section 16 of the Exchange Act. Our compensation committee oversees our executive compensation program and is responsible for approving the nature and amount of the compensation paid to our executive officers, and administering our equity compensation plans and awards.

Summary Compensation Table

The following tables do not include the compensation paid for services rendered to Eloxx Limited by any of the named executive officers.

The following table sets forth information concerning the compensation awarded to, earned by or paid to our named executive officers who served post-Transaction.

Name and Principal Position (1)	Year	Salary Bonus		Stock Awards (\$ (3)	Option Awards (\$ (4)	Non-Equity	Non-qualified	All Other Compensation (\$ (5)	Total (\$)
		(\$)	(2)			Incentive Plan Compensation (\$)	Deferred Compensation (\$)		
Robert E. Ward <i>Chief Executive Officer</i>	2017			5,305,696	3,428,806				8,734,502
Greg Weaver (6) <i>Chief Financial Officer</i>	2017	2,836			1,569,084			19	1,571,939