

# ZOSANO PHARMA CORP

## **FORM 8-K/A** (Amended Current report filing)

Filed 05/24/17 for the Period Ending 05/18/17

Address	34790 Ardentech Court Fremont, CA 94555
Telephone	(510) 745-1200
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Sector	Healthcare
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K/A**  
(Amendment No. 1)

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

Date of report (Date of earliest event reported): May 18, 2017

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**ZOSANO PHARMA CORPORATION**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

001-36570  
(Commission  
File Number)

45-4488360  
(I.R.S. Employer  
Identification No.)

34790 Ardentech Court  
Fremont, CA 94555  
(Address of principal executive offices) (Zip Code)

(510) 745-1200  
Registrant's telephone number, including area code

Not applicable  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( see General Instruction A.2. below):

- Written communication 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 communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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.

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**Explanatory Note:**

On May 9, 2017, Zosano Pharma Corporation (the “Company”) issued a press release and filed a Current Report on Form 8-K announcing the appointment of John Walker, the Chairman of the Company’s board of directors (the “Board”), as Interim Chief Executive Officer, effective May 8, 2017. This Amendment No. 1 to the Form 8-K is being filed to include disclosure regarding Mr. Walker’s compensation as Interim Chief Executive Officer.

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

In connection with Mr. Walker’s appointment as the Company’s Interim Chief Executive Officer, on May 22, 2017, the Company and its subsidiary, ZP Opco, Inc. (the “Subsidiary”), entered into a Consulting Agreement with Mr. Walker, effective as of May 8, 2017 (the “Consulting Agreement”). Pursuant to the Consulting Agreement, Mr. Walker will serve as Interim Chief Executive Officer until the Board has elected a permanent Chief Executive Officer of the Company and the Subsidiary, unless earlier terminated in accordance with the terms of the Consulting Agreement. Mr. Walker shall be entitled to receive cash compensation of \$12,000 per month, and will be granted one or more restricted stock awards, as discussed below. The Consulting Agreement also subjects Mr. Walker to certain non-competition and non-solicitation covenants.

The foregoing description of the Consulting Agreement is qualified in its entirety by reference to the full text of the Consulting Agreement, which is included as Exhibit 10.1 hereto and incorporated herein by reference.

*Restricted Stock Award*

Pursuant to the Consulting Agreement, the Company has also entered into a Restricted Stock Agreement with Mr. Walker, dated as of May 18, 2017 (the “Restricted Stock Agreement”). The Restricted Stock Agreement provides that the Company will grant to Mr. Walker a restricted stock award of 60,000 shares of the Company’s common stock, par value \$0.0001 per share (the “Award”), pursuant to the Company’s Amended and Restated 2014 Equity and Incentive Plan. Subject to Mr. Walker’s continued service to the Company under the Consulting Agreement, the Award will be subject to vesting such that 10,000 shares will vest on May 31, 2017, and an additional 10,000 shares will vest at the end of each month thereafter, so that all of the shares will be vested on October 31, 2017. Additionally, the Consulting Agreement provides that, if Mr. Walker continues to provide services under the Consulting Agreement after October 31, 2017, he will be granted additional restricted shares, so that he will continue to earn shares at the rate of 10,000 shares per month for so long as he provides services under the Consulting Agreement.

The foregoing description of the Restricted Stock Agreement is qualified in its entirety by reference to the full text of the Restricted Stock Agreement, which is included as Exhibit 10.2 hereto and incorporated herein by reference.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	Consulting Agreement, effective as of May 8, 2017, among Zosano Pharma Corporation, ZP Opco, Inc. and John Walker.
10.2	Restricted Stock Agreement, dated May 18, 2017, between Zosano Pharma Corporation and John Walker.

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**SIGNATURE**

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

**ZOSANO PHARMA CORPORATION**

Dated: May 24, 2017

By: /s/ Georgia Erbez

Name: Georgia Erbez

Title: Chief Business Officer and  
Chief Financial Officer

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**EXHIBIT INDEX**

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>
10.1	Consulting Agreement, effective as of May 8, 2017, among Zosano Pharma Corporation, ZP Opco, Inc. and John Walker.
10.2	Restricted Stock Agreement, dated May 18, 2017, between Zosano Pharma Corporation and John Walker.



## CONSULTING AGREEMENT

**CONSULTING AGREEMENT** (this "*Agreement*") is made and entered into as of May 8, 2017 (the "*Effective Date*"), by and among **Zosano Pharma Corporation**, a Delaware corporation having its principal place of business at 34790 Ardentech Court, Fremont, California 94555 (the "*Parent*"), **ZP Opco, Inc.**, a Delaware corporation and wholly owned subsidiary of Parent (the "*Company*"), and **JOHN WALKER**, an individual residing at \*\*\*\*\* ("*Consultant*"). The Parent, Company and Consultant may be referred to herein individually as a "*Party*" or collectively as the "*Parties*."

### Recitals

**WHEREAS**, Consultant is currently a member and Chairman of the board of directors of the Parent (the "*Board*");

**WHEREAS**, effective on the Start Date (as defined below), Consultant desires to serve as the Interim Chief Executive Officer of the Parent and the Company; and

**WHEREAS**, the Company desires to retain Consultant to serve as the Interim Chief Executive Officer of the Parent and the Company subject to the terms and conditions set forth herein.

**NOW THEREFORE**, in consideration of the foregoing premises and the mutual covenants set forth below, the Parties hereby agree as follows:

#### 1. Services.

Commencing on May 8, 2017 (the "*Start Date*"), the Parent and the Company hereby retain Consultant, and Consultant hereby agrees to serve as the Interim Chief Executive Officer of the Parent and the Company (collectively, the "*Services*") and to report to the Board. You agree to perform the duties of your positions and such other duties as may reasonably be assigned to you from time to time by the Board. Consultant agrees to perform the Services, and provide the results thereof, with the highest degree of professional skill and expertise.

#### 2. Compensation.

**Sections 2 and 3 of Exhibit A** attached hereto set forth the amount and timing of payment for the Services and reimbursable expenses. For the avoidance of doubt, the compensation paid hereunder shall be separate and apart from, and in addition to, any compensation received by the Consultant in connection with his service as a member and chairman of the Board.

#### 3. Independent Contractor.

The Parties understand and agree that Consultant is an independent contractor and not an agent or employee of the Parent or the Company. Consultant will not be eligible for any employee benefits, nor will the Company make deductions from Consultant's fees for taxes or insurance (except as otherwise required by applicable law or regulation). Any payroll and employment taxes, insurance, and benefits imposed on Consultant due to activities performed hereunder will be the sole responsibility of Consultant.

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#### 4. **Recognition of Company's Rights; Nondisclosure.**

Consultant recognizes that the Parent and the Company are engaged in a continuous program of research and development respecting its present and future business activities. Consultant agrees as follows:

4.1 At all times during the term of Consultant's association with the Parent and the Company and thereafter, Consultant will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Parent's or the Company's Proprietary Information (defined below), except to the extent such disclosure, use or publication may be required in direct connection with Consultant's performing requested Services for the Parent and the Company or is expressly authorized in writing by the Board. It is understood that the Proprietary Information will remain the sole property of the Parent and the Company. Consultant further agrees to take all reasonable precautions to prevent any unauthorized disclosure of the Proprietary Information including, but not limited to, having each Consultant, agent or representative of Consultant, if any, with access to any Proprietary Information execute a nondisclosure agreement containing provisions in the Parent's and the Company's favor substantially similar to Sections 4 and 13 of this Agreement.

4.2 The term "**Proprietary Information**" shall mean any and all trade secrets, confidential knowledge, know-how, data or other proprietary information or materials of the Company, the Parent or any of their respective affiliates. By way of illustration but not limitation, Proprietary Information includes: (i) inventions, ideas, samples, prototypes, devices, hardware, software, electronic components and materials, and procedures for producing any such items, as well as data, know-how, improvements, inventions, discoveries, developments, designs and techniques; (ii) information regarding plans for research, development, new products, marketing and selling activities, business models, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (iii) information regarding the skills and compensation of Consultants or consultants of the Company.

4.3 In addition, Consultant understands that the Parent and the Company have received and in the future will receive from third parties confidential or proprietary information ("**Third Party Information**") subject to a duty on the Parent's and/or the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of Consultant's association with the Parent and the Company and thereafter, Consultant will hold Third Party Information in the strictest confidence and will not disclose or use Third Party Information, except in connection with Consultant's performing requested Services for the Parent and the Company, or as expressly authorized in writing by the Board.

#### 5. **Intellectual Property Rights.**

5.1 Consultant shall promptly and fully disclose to the Parent and the Company any and all ideas, inventions, technologies, discoveries, improvements, know-how and techniques that Consultant conceives, reduces to practice or develops during the term of this Agreement, alone or in conjunction with others, and in any way related to or arising from (i) the Field (as defined in Section 6.1), (ii) the Services, or (iii) Proprietary Information (collectively, the "**Inventions**"). Consultant agrees to keep and maintain adequate and current records (in the form of notes, sketches, drawings or in any other form that may be required by the Parent and the

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Company) of all Services provided and results thereof and such records shall be available to and remain the sole property of the Company at all times. Consultant agrees that any and all Inventions, including any related patents, copyrights, trade secrets and trademark rights, shall be the sole and exclusive property of the Parent and the Company.

5.2 Consultant hereby assigns to the Parent and the Company his entire right, title and interest in and to all Inventions. Consultant hereby designates each of the Parent and the Company as his agent for, and grants to the Company a power of attorney, which power of attorney shall be deemed coupled with an interest, solely for the purpose of effecting the foregoing assignment from Consultant to the Parent and the Company. Consultant will perform other activities necessary to effect the intent of this Section 5.2.

5.3 Consultant further agrees to cooperate and provide reasonable assistance to the Parent and the Company to obtain and from time to time enforce United States and foreign patents, copyrights, and other rights and protections claiming, covering or relating to the Inventions in any and all countries.

5.4 Consultant agrees to submit to the Parent and the Company any proposed publication that contains any discussion relating to the Company, Proprietary Information, Inventions or work performed by Consultant for the Company hereunder. Consultant further agrees that no such publication shall be made without the prior written consent of the Parent and the Company, which consent shall not be unreasonably withheld.

**6. Noncompetition and Nonsolicitation of Consultants.**

6.1 During the term of this Agreement, Consultant will not, without the prior consent of the Board, engage in any commercial business activity that competes in any way with any business then being conducted or planned by the Parent and the Company relating to the research, discovery, development, manufacture or commercialization of transdermal drug delivery systems or patches for administering pharmaceutical compounds to humans (the “*Field*”).

6.2 During the term of this Agreement and for one (1) year after its termination, Consultant will not personally or through others recruit, solicit or induce any Consultant of the Parent and the Company to terminate his or her employment with the Parent and/or the Company.

6.3 If any restriction set forth in Sections 6.1 and 6.2 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

**7. No Conflicting Obligation.**

7.1 Consultant represents that Consultant’s performance of all of the terms of this Agreement and the performing of the Services for the Parent and the Company do not breach or conflict with any agreement with a third party, including an agreement to keep in confidence any proprietary information of another entity acquired by Consultant in confidence or in trust prior to the date of this Agreement.

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7.2 Consultant hereby agrees not to enter into any agreement that conflicts with this Agreement.

8. **No Improper Use of Materials.**

Consultant agrees not to bring to the Parent and the Company or to use in the performance of Services for the Parent and the Company any materials or documents of a present or former employer of Consultant, or any materials or documents obtained by Consultant from a third party under a binder of confidentiality, unless such materials or documents are generally available to the public or Consultant has authorization from such present or former employer or third party for the possession and unrestricted use of such materials. Consultant understands that Consultant is not to breach any obligation of confidentiality that Consultant has to present or former employers or clients, and agrees to fulfill all such obligations during the term of this Agreement.

9. **Term and Termination.**

9.1 The term of this Agreement (the “*Term*”) shall commence on the Start Date and shall continue until the Board has elected a permanent Chief Executive Officer of the Parent and the Company, unless earlier terminated as provided below in this Section 9.

9.2 Each party may terminate this Agreement for any reason upon 30 days’ written notice to the other parties.

9.3 If Consultant breaches Section 6 or Section 1 of Exhibit A and does not cure such breach within 14 days after written notice from the Company describing such breach, then the Parent and the Company may terminate this Agreement promptly after such failure to cure.

9.4 The obligations set forth in Sections 4, 5, 6 and 9 through 16 will survive any termination or expiration of this Agreement. Upon termination of this Agreement, Consultant will cease work immediately after giving or receiving such notice of termination, unless otherwise advised by the Parent and the Company, and promptly deliver to the Parent and the Company all documents and other materials of any nature pertaining to the Services, together with all documents and other items containing or pertaining to any Proprietary Information.

10. **Assignment.**

The rights and liabilities of the Parties hereto shall bind and inure to the benefit of their respective successors, heirs, executors and administrators, as the case may be; *provided that*, as the Parent and the Company has specifically contracted for Consultant’s Services, Consultant may not assign or delegate Consultant’s obligations under this Agreement either in whole or in part without the prior written consent of the Parent and the Company. The Parent and the Company may assign of their rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Parent’s and the Company’s business. Any assignment not in accordance with this Section 10 shall be void.

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**11. Legal and Equitable Remedies.**

Because Consultant's Services are personal and unique and because Consultant may have access to and become acquainted with the Proprietary Information of the Parent and the Company, the Parent and the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies that the Parent and the Company may have for a breach of this Agreement.

**12. Compliance with Applicable Laws and Obligations.**

Consultant will perform the Services in compliance with all applicable laws.

**13. Governing Law; Severability.**

This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regards to conflicts of laws rules. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, that provision shall be severed and the remainder of this Agreement shall continue in full force and effect.

**14. Complete Understanding; Modification.**

This Agreement, including the Exhibits mentioned herein, constitutes the final, exclusive and complete understanding and agreement of the Parties hereto and supersede all prior understandings and agreements with respect to the subject matter hereof. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing and signed by the Parties hereto.

**15. Notices.**

Any notices required or permitted hereunder shall be given to the appropriate Party at the address listed on the first page of this Agreement, or such other address as the Party shall specify in writing pursuant to this notice provision. Such notice shall be deemed given upon personal delivery to the appropriate address or three days after the date of mailing if sent by certified or registered mail.

**16. Counterparts.**

This Agreement may be executed in one or more counterparts each of which will be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

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I N W ITNESS W HEREOF , the Parties hereto have executed this Consulting Agreement as of the date first written above.

**Z OSANO P HARMA C ORPORATION**

**C ONSULTANT**

By: /s/ Georgia Erbez

Name: Georgia Erbez

Title: Chief Business Officer

/s/ John Walker

John Walker

**ZP O PCO , I NC .**

By: /s/ Georgia Erbez

Name: Georgia Erbez

Title: Chief Business Officer

**E XHIBIT A**  
**S COPE AND C OMPENSATION**

1. **Time Commitment** : Consultant shall provide Services to the Company and Parent for approximately 20 hours per week. The Company and Parent acknowledge that Consultant may, subject to Sections 6 and 7 of this Agreement, provide management services to other clients during the term of this Agreement.

2. **Consideration:**

(a) Cash. The Company will pay Consultant a fee, in cash, at the rate of \$12,000.00 per month, payable in arrears, for all Services performed during the Term, payable according to the Company's normal payroll schedule.

(b) Stock. As soon as is practicable following the Start Date, the Compensation Committee of the Board of Directors of Parent (the "Compensation Committee") shall grant to Consultant 60,000 shares of the Parent's common stock, par value \$0.0001 per share (the "Restricted Shares") pursuant to Parent's Amended and Restated 2014 Equity and Incentive Plan. The Restricted Shares shall be subject to vesting such that 10,000 shares shall vest on May 31, 2017, and an additional 10,000 shares vest at the end of each month thereafter, subject to continued engagement hereunder, and any shares that are not vested at the time of the termination or expiration of this Agreement shall be forfeited. For the avoidance of doubt, the vesting of the Restricted Shares shall cease when this Agreement is terminated notwithstanding any continued service by Consultant as a director. In the event that the Consultant continues to provide Services after October 31, 2017, the Compensation Committee will grant more restricted shares to Consultant, so that he will continue to earn shares at the rate of 10,000 shares per month for so long as he is providing Services.

3. **Expenses that will be reimbursed:** The Company shall reimburse Consultant for business expenses that are reasonable and necessary for Consultant to perform, and are incurred by Consultant in the course of the performance of Consultant's duties pursuant to this Agreement and in accordance with the Company's general policies. Such expenses shall be reimbursed upon Consultant's submission of vouchers and an expense report in such form as may be required by the Company consistent with the Company's policies in place from time-to-time.

## Z OSANO P HARMA C ORPORATION

## E MPLOYEE ' S R Estricted S TOck A GReement

1. **Restricted Stock Award** . Zosano Pharma Corporation (the “ **Company** ”) has granted to John Walker (the “ **Grantee** ”) a restricted stock award (the “ **Award** ”), pursuant to the Company’s Amended and Restated 2014 Equity and Incentive Plan (the “ **Plan** ”), of 60,000 shares (the “ **Shares** ”) of common stock, \$0.0001 par value (“ **Common Stock** ”), of the Company, subject to the terms and conditions of this Agreement and the Plan. Except where the context otherwise requires, the term “Company” shall include the parent and all present and future subsidiaries of the Company as defined in Sections 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended or replaced from time to time (the “ **Code** ”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. **Forfeitable Shares and Vested Shares** . All Shares shall be deemed to be “ **Forfeitable Shares** ” until the Company’s right of forfeiture, described in Section 4, below, has expired (and the Grantee’s right to retain such shares has accrued) in accordance with the vesting schedule set forth in Section 3. Forfeitable Shares shall be subject to forfeiture as described in Section 4, below. “ **Vested Shares** ” are Shares held by the Grantee as to which the Company’s right of forfeiture has expired (and the Grantee’s right to retain has accrued) based on the stock vesting schedule. All certificates or book entries representing Forfeitable Shares shall remain in the possession of the Company or the Company’s transfer agent until such shares become Vested Shares in accordance with the terms of this Agreement.

3. **Vested Shares; Vesting Schedule** . The Company’s right of Forfeiture shall expire and the Shares shall become Vested Shares in accordance with the following schedule:

(a) 10,000 shares shall vest on May 31, 2017, and an additional 10,000 shares shall vest at the end of each month thereafter, such that all of the Shares shall be Vested Shares on October 31, 2017 (the “ **Vesting Date** ”).

4. **Forfeiture of Shares** .

4.1 **Forfeiture** . If for any reason the Grantee ceases to be engaged by the Company pursuant to that certain Consulting Agreement, by and between the Company and the Grantee, dated as of May 8, 2017 (the “ **Consulting Agreement** ”), including, without limitation, by reason of the board of directors of the Company electing a permanent Chief Executive Officer of the Company, then all Shares which as of the date of such termination of the Consulting Agreement constitute Forfeitable Shares shall be forfeited to the Company without payment of any consideration by the Company. There shall be no further accruals under the vesting schedule, and no further Forfeitable Shares shall become Vested Shares, from and after the date of any such termination of the Consulting Agreement.

4.2 **Death or Disability** . The Committee shall have sole authority and discretion to determine whether, in the event of the death or Disability of the Grantee, the vesting of the Shares under the Vesting Schedule would be accelerated so that all Shares become Vested Shares, effective as of the date of death or Disability.

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**4.3 Forfeiture of Forfeitable Shares** . The Grantee's rights in all Forfeitable Shares shall terminate automatically on the date of the termination of the Grantee's engagement under the Consulting Agreement, and the Company may thereupon cancel the certificate, certificates, or book entry representing such Forfeitable Shares on its books. In the event that the certificates or book entry then being retained by the Company or its transfer agent under this Agreement also represent other shares of Common Stock not being forfeited to the Company, the Company shall issue to the Grantee replacement certificates or new book entries for such other shares.

**4.4 Nontransferability of Shares** . No Shares may be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) or otherwise disposed of prior to their becoming Vested Shares. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any Forfeitable Shares, or upon the levy of any attachment or similar process upon Forfeitable Shares, the Company shall have a right of Forfeiture with respect to such Forfeitable Shares. Notwithstanding the foregoing, the Grantee may transfer any Shares either during his or her lifetime or on death by will or intestacy to one or more members of his or her immediate family or to a trust the beneficiaries of which are exclusively the undersigned and/or a member or members of his or her immediate family; provided, however, that prior to any such transfer each transferee shall execute an agreement, satisfactory to the Company, pursuant to which each transferee shall agree to receive and hold such Shares subject to the provisions hereof (including, without limitation, the Company's right of forfeiture with respect to any Shares so transferred that constitute Forfeitable Shares), and there shall be no further transfer except in accordance with the provisions hereof. For the purposes of this paragraph, "immediate family" shall mean spouse, lineal descendent, father, mother, brother or sister of the transferor.

**5. No Special Engagement Rights** . Nothing contained in the Plan or this Agreement shall confer upon the Grantee any right with respect to the continuation of his or her engagement by the Company pursuant to the Consulting Agreement or interfere in any way with the right of the Company at any time to terminate such employment or to increase or decrease the Grantee's compensation.

**6. Rights as a Shareholder** . The Grantee shall have the rights of a shareholder with respect to all of the Forfeitable Shares and the Vested Shares held by the Grantee (including, without limitation, any rights to vote and to receive dividends or non-cash distributions with respect to such shares) unless and until the Company exercises its right of Forfeiture as to any or all of the Forfeitable Shares in accordance with Section 4.

**7. Availability of Tax Election: Withholding** .

(a) Grantee acknowledges that the Company has advised the Grantee of the possibility of making an election under Section 83(b) of the Code with respect to the Award of the Shares and has recommended that the Grantee consult a qualified tax advisor regarding the desirability of making such an election in light of the Grantee's individual circumstances.

(b) Grantee shall, no later than the date as of which the value of any Shares first becomes includable in the gross income of the Grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of any Federal, state, local and/or payroll taxes of any kind required by law to be withheld with respect to such income. The Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant.

(c) Grantee may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from the Vested Shares a number of shares with an aggregate Fair Market Value (as defined in the Plan, and determined of the date the withholding is effected) not greater than that which would satisfy the minimum statutory withholding amount due with respect to such Award, or (ii) delivering to the Company a number of Shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the statutory minimum withholding amount due. In the event that the amount of any such tax that is due with respect to such Award exceeds the statutory minimum amount, the Grantee shall be responsible for, and make provision for the timely payment of, any such excess amount.

#### **8. Miscellaneous .**

8.1 By accepting this Award, Grantee agrees that, if so requested by the Company or by the underwriters managing any underwritten offering of the Company's securities, the recipient will not, without the prior written consent of the Company or such underwriters, as the case may be, sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any shares subject to any such Award during the Lock-up Period, as defined below. The "Lock-Up Period" shall mean a period of time not exceeding 180 days or, if greater, such number of days as shall have been agreed to by each director and executive officer of the Company in a substantially similar lock-up agreement by which each such director and executive officer is bound. If requested by the Company or such underwriters, the Grantee will enter into an agreement with such underwriters consistent with the foregoing.

8.2 Any certificate or book entry representing Shares shall be subject to a legend in substantially the following form:

"THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THAT CERTAIN RESTRICTED STOCK AGREEMENT DATED MAY 18, 2017. ANY ATTEMPTED TRANSFER OF THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE IN VIOLATION OF SUCH AGREEMENT SHALL BE NULL AND VOID AND WITHOUT EFFECT. A COPY OF THE AGREEMENT MAY BE OBTAINED FREE OF CHARGE FROM THE SECRETARY OF THE COMPANY."

8.3 Grantee hereby agrees to execute and deliver to the Secretary of the Company a stock power (endorsed in blank) hereto covering this Award and authorizes the Secretary to deliver to the Company for cancellation any and all Shares that are forfeited or withheld under the provisions of this Agreement.

8.4 Except as provided herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Grantee.

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8.5 All notices under this Agreement shall be mailed or delivered by hand to the parties at their respective addresses set forth beneath their names below or at such other address as may be designated in writing by either of the parties to one another.

8.6 This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflicts of laws.

8.7 This Agreement is and shall be subject in every respect to the provisions of the Plan, as amended from time to time, which is incorporated herein by reference and made a part hereof.

8.8 This Agreement is executed in two (2) counterpart originals, one (1) to be retained by the Grantee and one (1) to be retained by the Company.

Date of Grant:

May 18, 2017

**Z OSANO P HARMA C ORPORATION**

By: /s/ Georgia Erbez

Name: Georgia Erbez

Title: Chief Business Officer and Chief Financial Officer

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**GRANTEE'S ACCEPTANCE**

The undersigned hereby accepts the grant of the Restricted Stock Award described in this Agreement and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's Amended and Restated 2014 Equity and Incentive Plan.

**GRANTEE**

/s/ John Walker

Name: John Walker