

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

**FORM 8-K**

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

**Date of report (Date of earliest event reported): February 16, 2022**

**LYRA THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-39273**  
(Commission  
File Number)

**84-1700838**  
(I.R.S. Employer  
Identification No.)

**480 Arsenal Way**  
**Watertown, MA 02472**  
(Address of principal executive offices) (Zip Code)

**(617) 393-4600**  
(Registrant's telephone number, include area code)

**N/A**  
(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	LYRA	The Nasdaq Global Market

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

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.

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

On February 16, 2022, the Board of Directors of Lyra Therapeutics, Inc. (the “Company”) appointed Harlan Waksal, M.D. as a Class II director of the Company and Chairperson of the Board, and as the Executive Chair and an executive officer of the Company.

The Company entered into an employment agreement with Dr. Waksal for an unspecified term (the “Waksal Employment Agreement”). Under the terms of the Waksal Employment Agreement, Dr. Waksal will receive an annual base salary of \$200,000. In the event the Company consummates a change in control where the “market capitalization” (as such term is defined in the Waksal Employment Agreement) of the Company equals or exceeds minimum value of \$750 million, Dr. Waksal shall be entitled to a cash bonus in the amount of 1% of such market capitalization (“Waksal Transaction Bonus”).

If the Company terminates the employment of Dr. Waksal without “cause” or Dr. Waksal resigns for “good reason” (as each such terms are defined in the Waksal Employment Agreement), subject to Dr. Waksal’s timely execution of a release of claims and continued compliance with a separate restrictive covenant agreement (described below), Dr. Waksal is entitled to receive (i) base salary continuation for a period of 12 months; (ii) direct payment of or reimbursement for continued medical, dental and vision coverage pursuant to COBRA for up to 12 months, less the amount he would have had to pay to receive such coverage as an active employee based on the cost sharing levels in effect on Dr. Waksal’s termination date; and (iii) any options issued to Dr. Waksal under the Inducement Award Plan or other equity plans maintained by the Company may, to the extent vested and exercisable as of the date of Dr. Waksal’s termination of employment, be exercised until the earlier of twelve months from the date of termination or the expiration date set forth in the applicable option award agreement.

If the Company terminates Dr. Waksal without “cause” or Dr. Waksal resigns for “good reason,” in either case, on or within three months prior to or 12 months following a “change in control” (as defined in the Waksal Employment Agreement), then, in lieu of the severance benefits described above, subject to Dr. Waksal’s timely execution of a release of claims, Dr. Waksal is entitled to receive (i) base salary continuation for a period of 18 months; (ii) direct payment of or reimbursement for continued medical, dental and vision coverage pursuant to COBRA for up to 18 months, less the amount he would have had to pay to receive such coverage as an active employee based on the cost sharing levels in effect on Dr. Waksal’s termination date; (iii) accelerated vesting of all unvested equity or equity-based awards that vest solely based on the passage of time, with any such awards that vest based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement; and (iv) the Waksal Transaction Bonus to the extent the conditions for issuance under the Waksal Employment Agreement are otherwise satisfied. Dr. Waksal has agreed to refrain from competing with us while employed and following his termination of employment for any reason other than by the Company without “cause” for a period of one year and to refrain from soliciting our employees or customers while employed and following his termination of employment for any reason for a period of one year.

On February 16, 2022, the Board approved the adoption of the Lyra Therapeutics, Inc. 2022 Employment Inducement Award Plan (the “Inducement Award Plan”), which was adopted by the Board without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Stock Market LLC listing rules (“Rule 5635(c)(4)”). In accordance with Rule 5635(c)(4), awards made under the Inducement Award Plan may only be made to a newly hired employee who has not previously been a member of the Board, or any employee who is being rehired following a bona fide period of non-employment by the Company or a subsidiary, as a material inducement to the employee’s entering into employment with the Company or its subsidiary. An aggregate of 520,000 shares of the Company’s common stock have been reserved for issuance under the Inducement Award Plan.

In connection with his appointment as an executive officer, Dr. Waksal was granted an option to purchase 520,000 shares of the Company’s common stock under the Inducement Award Plan (the “Initial Option”). The Initial Option issued to Dr. Waksal has an exercise price per share of \$4.21, which was the closing price per share of the Company’s common stock on the date of grant of the option. The Initial Option vests as to one-third of the shares underlying the option, in each case, upon the achievement of three distinct market capitalization targets during the five-year performance period following the date of grant, provided that, except as provided below, no more than one-third of the option may vest prior to the first anniversary of the date of grant, no more than two-thirds of the option may vest prior to the second anniversary of the date of grant and the option may not become fully vested

prior to the third anniversary of the date of grant, subject to Dr. Waksal's continued service on each applicable vesting date. The option's final expiration date is February 15, 2032. The market capitalization of the Company will be periodically assessed to determine achievement of the market capitalization targets, based on the Company's 30-trading day VWAP and the average number of outstanding shares in such period; provided, however, in the event of a "change in control" (as defined in the Inducement Award Plan) prior to the end of the performance period, the achievement of the market capitalization targets shall be deemed satisfied upon the effective time of such change in control. If the change in control occurs prior to the satisfaction of any time-based vesting conditions, to the extent the Initial Option is assumed, substituted, or continued in such change in control it shall continue to be eligible to vest upon the satisfaction of the time-based vesting conditions and to the extent the Initial Option is not assumed, substituted or continued in such change in control, the Initial Option will become vested as of immediately prior to the change in control, provided, that, in the event that Dr. Waksal's service is terminated by the Company without "cause" or due to his resignation with "good reason," (as such terms are defined in the Waksal Employment Agreement), in either case within 3 months preceding or 12 months following the date of a change in control, such options shall vest immediately as of the later of the termination date and the change in control, subject to Dr. Waksal's execution of a release of claims against the Company. The Waksal Employment Agreement also provides for the Company to grant Dr. Waksal an anti-dilutive option in an amount equal to the difference between the shares subject to the Initial Option and four percent of the "capitalization" (as defined in the Waksal Employment Agreement) of the Company immediately following the first bona fide equity financing of the Company following the date of the Waksal Employment Agreement. Such anti-dilutive grant, if granted, will be subject to the same vesting terms as the Initial Option.

On February 16, 2022, the Company entered into an amendment to its employment agreement with its President and Chief Executive Officer, Maria Palasis, Ph.D. (the "Amendment"). Pursuant to the Amendment, if the Company terminates the employment of Dr. Palasis without "cause" or Dr. Palasis resigns for "good reason" (as each such term is defined in the employment agreement with Dr. Palasis), any options issued to Dr. Palasis under the equity plans maintained by the Company may, to the extent vested as of the date of Dr. Palasis' termination of employment, be exercised until the earlier of 15 months from such date or the expiration date set forth in the applicable option award agreement. The Amendment further provides that, in the event the Company consummates a change in control (as such term is defined in the employment agreement with Dr. Palasis) where the "market capitalization" (as such term is defined in the Amendment) of the Company equals or exceeds a minimum value of \$750 million, Dr. Palasis shall be entitled to a cash bonus in the amount of 1% of such market capitalization (the "Palasis Transaction Bonus"), and if the Company terminates Dr. Palasis without "cause" or Dr. Palasis resigns for "good reason," in either case, on or within three months prior to or 12 months following a "change in control," Dr. Palasis will be entitled to receive the Palasis Transaction Bonus upon such termination to the extent the conditions for issuance of the Palasis Transaction Bonus set forth in the Amendment are otherwise satisfied. Pursuant to the Amendment, Dr. Palasis has also agreed that the hiring of Dr. Waksal will not constitute "good reason" under the terms of her employment agreement with the Company.

In connection with the Amendment, Dr. Palasis was granted an option to purchase 175,000 shares of the Company's common stock on February 16, 2022, which option has identical terms to the Initial Option granted to Dr. Waksal.

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

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#"><u>First Amendment to the Employment Agreement, dated February 16, 2022, between Lyra Therapeutics, Inc. and Maria Palasis, Ph.D.</u></a>
10.2	<a href="#"><u>Employment Agreement, dated February 16, 2022, between Lyra Therapeutics, Inc. and Harlan Waksal, M.D.</u></a>
10.3	<a href="#"><u>Lyra Therapeutics, Inc. 2020 Incentive Award Plan Performance Stock Option Grant Notice and Performance Stock Option Agreement issued to Maria Palasis, Ph.D. on February 16, 2022</u></a>
10.4	<a href="#"><u>Lyra Therapeutics, Inc. 2022 Inducement Award Plan Performance Stock Option Grant Notice and Performance Stock Option Agreement issued to Harlan Waksal, M.D. on February 16, 2022</u></a>
10.5	<a href="#"><u>Lyra Therapeutics, Inc. 2022 Inducement Award Plan</u></a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

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

LYRA THERAPEUTICS, INC.

Date: February 18, 2022

By: /s/ Jason Cavalier  
Jason Cavalier  
Chief Financial Officer

**FIRST AMENDMENT  
TO THE  
EMPLOYMENT AGREEMENT BETWEEN  
LYRA THERAPEUTICS, INC. AND MARIA PALASIS**

This Amendment (the "Amendment") to that certain Employment Agreement between Lyra Therapeutics, Inc., a Delaware corporation (together with any successor thereto, the "Company"), and Maria Palasis (the "Executive") dated as of April 27, 2020 (the "Employment Agreement") is made as of this 16th day of February, 2022 (the "Amendment Date"), by and among the Company and the Executive. Except as set forth in this Amendment, capitalized terms used but not defined herein shall have the meanings ascribed to them in the Employment Agreement.

**WITNESSETH**

WHEREAS, the Company anticipates entering into an employment agreement with Harlan Waksal (the "Executive Chair Agreement"), pursuant to which Mr. Waksal will serve as the Executive Chair of the Company; and

WHEREAS, subject to the execution of the Executive Chair Agreement (the "Agreement Execution"), the Company and the Executive desire to amend the terms of the Employment Agreement as set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Company (collectively the "Parties") hereby agree, subject to and effective upon the Agreement Execution, to the following:

1. Section 2 of the Employment Agreement is hereby amended to add a new subsection (g) as follows:

(g) Transaction Bonus. In connection with a Change in Control in which the Market Capitalization of the Company equals or exceeds \$750 million, Executive shall be entitled to a cash bonus in the amount of 1.0% of the Market Capitalization (the "Transaction Bonus"). The Transaction Bonus shall be payable within thirty (30) days after the completion of the Change in Control transaction, subject to Executive's continued employment with the Company through the completion of the Change in Control transaction and execution, within thirty (30) days after the completion of the Change in Control transaction, of a release of claims in favor of the Company materially consistent with the terms of the release attached as Exhibit B to this Agreement.

2. Section 4(b) of the Employment Agreement is hereby amended to add a new subclause (iv) as follows:

(iv) any vested and exercisable options held by Executive as of the Date of Termination, will remain outstanding and exercisable for fifteen (15) months from the Date of Termination (provided that (a) in no event will any such option remain outstanding past the final expiration date set forth in the applicable option award agreement (b) all such options will in all events remain subject to earlier termination in connection with a corporate transaction or event in accordance with the applicable option award agreement and the 2020 Incentive Award Plan, any equity plan subsequently adopted by the Company or any successor plan, as applicable).

3. Section 4(c) of the Employment Agreement is hereby amended to replace the lead-in language in its entirety as follows:

In lieu of the payments and benefits set forth in Section 4(b), in the event Executive's employment terminates without Cause pursuant to Section 3(a)(iv), or due to Executive's resignation with Good Reason pursuant to Section 3(a)(v), in either case, within three (3) months prior or twelve (12) months following the date of a Change in Control, subject to Executive signing on or before the twenty-first (21st) day following Executive's Separation from Service or in the event that such Separation from Service is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967, as amended) on or before the forty-fifth (45th) day following Executive's Separation from Service, and not revoking, the Release, and Executive's continued compliance with Section 5, Executive shall receive, in addition to the payments and benefits set forth in Section 3(c), the following:

4. Section 4(c) of the Employment Agreement is hereby amended to add a new subclauses (v) and (vi) as follows:

(v) the benefits set forth in Section 4(b)(iv).

(vi) The Transaction Bonus, provided that the conditions for issuance of the Transaction Bonus are otherwise satisfied in accordance with Section 2(g).

5. Section 7 of the Employment Agreement is hereby amended to add a new subsection (g) as follows:

(g) Market Capitalization. "Market Capitalization" shall mean an amount equal to the product of (i) the cash price per share of the Company's common stock (a "Share") paid by an acquiror in connection with a Change in Control, or, if the consideration in the Change in Control transaction is payable in a form other than a fixed amount of cash per Share, the closing price per Share on the last trading day preceding the closing date of the Change in Control, and (ii) the number of Shares outstanding as of immediately prior to the Change in Control.

6. Waiver of Good Reason. Executive expressly agrees and acknowledges that none of the Agreement Execution, the hiring of Mr. Waksal as the Executive Chair, the execution of this Amendment or any matters ancillary thereto or the implementation thereof shall constitute Good Reason for purposes of the Employment Agreement.

7. No Other Amendment. Except as expressly set forth in this Amendment, the Employment Agreement shall remain unchanged and shall continue in full force and effect according to its terms. In the event the Agreement Execution does not occur for any reason, this Amendment shall be null and void and of no force or effect.

8. Acknowledgement. The Executive acknowledges and agrees that he has carefully read this Amendment in its entirety, fully understands and agrees to its terms and provisions and intends and agrees that it be final and legally binding on the Executive and the Company.

9. Governing Law; Counterparts. This Amendment shall be construed in accordance with the laws of the State of Delaware without reference to principles of conflicts of law and may be executed in several counterparts by the Parties.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and the Company has caused this Amendment to be executed in its name on its behalf, all as of the Amendment Date.

**LYRA THERAPEUTICS, INC.**

By: /s/ C. Ann Merrifield  
Name: C. Ann Merrifield  
Title: Chair of the Compensation Committee of the Board of Directors

**EXECUTIVE**

/s/ Maria Palasis, Ph.D.  
Maria Palasis



## Employment Agreement

This Employment Agreement (this “Agreement”), dated as of February 16, 2022 (the “Effective Date”), is made by and between Lyra Therapeutics, Inc., a Delaware corporation (together with any successor thereto, the “Company”), and Harlan Waksal (“Executive”) (collectively referred to herein as the “Parties” or individually referred to as a “Party”).

### RECITALS

- A. It is the desire of the Company to assure itself of the services of Executive as of the Effective Date and thereafter by entering into this Agreement.
- B. Executive and the Company mutually desire that Executive provide services to the Company on the terms herein provided.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the Parties hereto agree as follows:

#### 1. Employment.

(a) General. Effective on the Effective Date, the Company shall employ Executive, and Executive shall be employed by the Company, for the period and in the positions set forth in this Section 1, and subject to the other terms and conditions herein provided.

(b) At-Will Employment. The Company and Executive acknowledge that Executive’s employment is and shall continue to be “at-will,” as defined under applicable law, and that Executive’s employment with the Company may be terminated by either Party at any time for any or no reason (subject to the notice requirements of Section 3(b)). This “at-will” nature of Executive’s employment shall remain unchanged during Executive’s tenure as an employee and may not be changed, except in an express writing signed by Executive and a duly authorized officer of the Company. If Executive’s employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, award or compensation other than as provided in this Agreement or otherwise agreed to in writing by the Company or as provided by applicable law. The term of this Agreement (the “Term”) shall commence on the Effective Date and end on the date this Agreement is terminated under Section 3.

(c) Positions and Duties. During the Term, Executive shall serve as Executive Chair of the Company, with such responsibilities, duties and authority normally associated with such position and as may from time to time be assigned to Executive by the Board of Directors of the Company or an authorized committee thereof (in either case, the “Board”). Executive shall devote substantially all of Executive’s working time and efforts to the business and affairs of the Company (which shall include service to its affiliates, if applicable) and shall not engage in outside business activities (including serving on outside boards or committees) without the consent of the Board (which consent shall not be unreasonably withheld), provided that Executive shall be permitted to (i) manage Executive’s personal, financial and legal affairs, (ii) participate in trade associations, and (iii) serve on the board of directors of not-for-profit or tax-exempt charitable organizations, in each case, subject to compliance with this Agreement and provided that such activities do not materially interfere with Executive’s performance of Executive’s duties and responsibilities hereunder. Executive agrees to observe and comply with the rules and policies of the Company as adopted by the Company from time to time, in each case, as amended from time to time, and as delivered or made available to Executive (collectively, the “Policies” and, each, a “Policy”).

(d) Location. The Executive shall be permitted to work from his home office in Florida, provided that Executive shall be present at the principal offices of the Company as reasonably required to perform his duties or as requested by the Board. In addition, from time to time the Executive may be required to travel to other locations in the proper conduct of his responsibilities under this Agreement.

## 2. Compensation and Related Matters.

(a) Annual Base Salary. During the Term, Executive shall receive a base salary at a rate of \$200,000 per annum, which shall be paid in accordance with the customary payroll practices of the Company and shall be pro-rated for partial years of employment. Such annual base salary shall be reviewed (and, may be increased and may not be decreased, except to the extent described in Section 7(f)(i), below) from time to time by the Board (such annual base salary, as it may be adjusted from time to time, the "Annual Base Salary").

(b) Bonus. Unless otherwise determined by the Board, Executive will not be eligible to participate in the Company's annual or other incentive bonus programs established by the Board.

(c) Equity Grants.

(i) Subject to the approval of the Board, as soon as reasonably practicable following the Effective Date, Executive will be granted an option to purchase 520,000 shares of the Company's common stock (the "Initial Option") subject to the terms of a stock option award agreement in the form of Performance Stock Option Grant Notice and Stock Option Agreement attached as Exhibit A attached hereto (the "Option Agreement").

(ii) It is the intention of the Parties that the shares subject to the Initial Option represent approximately four percent (4%) of the Capitalization (as defined below) as of the Effective Date. In the event the shares subject to the Initial Option represent less than 4% of the Capitalization of the Company following the closing of a bona fide equity financing of the Company following the date hereof and prior to March 31, 2023 (the "Financing Closing"), subject to the approval of the Board, as soon as reasonably practicable following the Financing Closing, the Company shall grant to Executive an additional option ("Additional Option") to purchase common stock of the Company so that the shares subject to the Initial Option plus the shares subject to such Additional Option equal not less than 4% of the Capitalization as of immediately following such Financing Closing, as determined by the Board. The exercise price of the Additional Option will be equal to the fair market value per share of the common stock of the Company as of the date of grant (as determined in accordance with the terms of the equity plan under which the Additional Option is granted). The vesting and exercisability terms of the Additional Option shall be the same as those set forth in the Option Agreement, with such changes as may be reasonably necessary to account for the different dates of grant. For the purposes hereof, the "Capitalization" means, as of the Effective Date for purposes of the Initial Option and as of the Financing Closing for purposes of the Additional Option, the total number of shares of common stock of the Company outstanding (assuming the exercise or conversion of all outstanding preferred stock and all options, warrants, and other securities of the Company that are exercisable for or convertible into shares of common stock of the Company).

(iii) Except as otherwise determined by the Board, Executive will not be eligible to receive equity awards in 2022 and 2023 in connection with the Company's normal course annual equity award grant practice to executives and employees.

(d) Transaction Bonus. In connection with a Change in Control in which the Market Capitalization of the Company equals or exceeds \$750 million, Executive shall be entitled to a cash bonus in the amount of 1.0% of the Market Capitalization (the "Transaction Bonus"). The Transaction Bonus shall be payable within thirty (30) days after the completion of the Change in Control transaction, subject to Executive's continued employment with the Company through the completion of the Change in Control transaction and execution, within thirty (30) days after the completion of the Change in Control transaction, of a release of claims in favor of the Company in the form of the release attached as Exhibit B to this Agreement (subject to modifications for any specific dates or similar non-substantive amendments).

(e) Benefits. During the Term, Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company (including medical, dental and 401(k) plans), subject to the terms and eligibility requirements thereof and as such plans, programs and arrangements may be amended from time to time. In no event shall Executive be eligible to participate in any severance plan or program of the Company, except as set forth in Section 4 of this Agreement.

(f) Vacation. During the Term, Executive shall be entitled to paid personal leave in accordance with the Company's Policies. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive.

(g) Business Expenses. During the Term, the Company shall reimburse Executive for all reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement Policy.

(h) Key Person Insurance. At any time during the Term, the Company shall have the right (but not the obligation) to insure the life of Executive for the Company's sole benefit. The Company shall have the right to determine the amount of insurance and the type of policy. Executive shall reasonably cooperate with the Company in obtaining such insurance by submitting to physical examinations, by supplying all information reasonably required by any insurance carrier and by executing all necessary documents reasonably required by any insurance carrier, provided that any information provided to an insurance company or broker shall not be provided to the Company without the prior written authorization of Executive. Executive shall incur no financial obligation by executing any required document and shall have no interest in any such policy.

### **3. Termination.**

Both Executive's employment hereunder and the Term may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) *Death*. Executive's employment hereunder shall terminate upon Executive's death.

(ii) *Disability*. If Executive has incurred a Disability, as defined below, the Company may terminate Executive's employment.

(iii) *Termination for Cause*. The Company may terminate Executive's employment for Cause, as defined below.

(iv) *Termination without Cause*. The Company may terminate Executive's employment without Cause.

(v) *Resignation from the Company with Good Reason*. Executive may resign Executive's employment with the Company with Good Reason, as defined below.

(vi) *Resignation from the Company without Good Reason*. Executive may resign Executive's employment with the Company for any reason other than Good Reason or for no reason.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 3 (other than termination pursuant to Section 3(a)(i)) shall be communicated by a written notice to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, if applicable, and (iii) specifying a Date of Termination (as defined below) which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "Notice of Termination"); *provided, however*, that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of the Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination, but the termination will still be considered a resignation by Executive. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company. The failure by either Party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Good Reason shall not waive any right of the Party hereunder or preclude the Party from asserting such fact or circumstance in enforcing the Party's rights hereunder.

(c) Company Obligations upon Termination. Upon termination of Executive's employment pursuant to any of the circumstances listed in this Section 3, Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Annual Base Salary earned through the Date of Termination, but not yet paid to Executive; (ii) any expense reimbursements owed to Executive pursuant to Section 2(g); and (iii) any amount accrued and arising from Executive's participation in, or benefits accrued under any employee benefit plans, programs or arrangements (collectively, the "Company Arrangements"). Except as otherwise expressly required by law (e.g., the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA")) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder.

(d) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its subsidiaries.

#### 4. Severance Payments.

(a) Termination for Cause, or Termination Upon Death, Disability or Resignation from the Company Without Good Reason. If Executive's employment shall terminate as a result of Executive's death pursuant to Section 3(a)(i), as a result of Disability pursuant to Section 3(a)(ii), for Cause pursuant to Section 3(a)(iii) or for Executive's resignation from the Company without Good Reason pursuant to Section 3(a)(iv), then Executive shall not be entitled to any severance payments or benefits, except as provided in Section 3(c).

(b) Termination without Cause, or Resignation from the Company with Good Reason. If Executive's employment terminates without Cause pursuant to Section 3(a)(iv), or pursuant to Section 3(a)(v) due to Executive's resignation with Good Reason, then, subject to Executive signing a release agreement in the form of Exhibit B (the "Release") hereto on or before the twenty-first (21st) day following Executive's receipt of the Release from the Company following Executive's Separation from Service (as defined below), which shall be provided within ten (10) days of the date of the Separation from Service, or in the event that such Separation from Service is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967, as amended) on or before the forty-fifth (45th) day following Executive's receipt of the Release from the Company, as the case may be, and provided that Executive does not revoke, the Release, and Executive's continued compliance with Section 5, Executive shall receive, in addition to payments and benefits set forth in Section 3(c), the following:

(i) an amount in cash equal to one times the Annual Base Salary, payable in the form of salary continuation in regular installments over the 12-month period following the date of Executive's Separation from Service (the "Severance Period") in accordance with the Company's normal payroll practices;

(ii) if Executive timely elects to receive continued medical, dental or vision coverage under one or more of the Company's group medical, dental or vision plans pursuant to COBRA, then the Company shall directly pay, or reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents under such plans, less the amount Executive would have had to pay to receive such coverage as an active employee based on the cost sharing levels in effect on the Date of Termination, during the period commencing on Executive's Separation from Service and ending upon the earliest of (X) the last day of the Severance Period, (Y) the date that Executive and/or Executive's covered dependents become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive medical, dental or vision coverage, as applicable, from a subsequent employer (and Executive agrees to promptly notify the Company of such eligibility). Notwithstanding the foregoing, if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax, the Company shall in lieu thereof provide to Executive a taxable monthly payment in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's and Executive's covered dependents' group health coverage in effect on the Date of Termination (which amount shall be based on the premium for the first month of COBRA coverage), less the amount Executive would have had to pay to receive group health coverage as an active employee for Executive and his or her covered dependents based on the cost sharing levels in effect on the Date of Termination, which payments shall be made regardless of whether Executive elects COBRA continuation coverage and shall commence in the month following the month in which the Date of Termination occurs and shall end on the earliest of (X) the last day of the Severance Period, (Y) the date that Executive and/or Executive's covered dependents become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer (and Executive agrees to promptly notify the Company of such eligibility); and

(iii) any vested and exercisable options (or options that become vested and exercisable under any governing grant agreement or document following the Date of Termination, including without limitation the Initial Option and the Additional Option), under the equity plans maintained by the Company (any such plan, an “Equity Plan”) held by Executive as of the Date of Termination, will remain outstanding and exercisable for twelve (12) months from the Date of Termination (provided that (A) in no event will any such option remain outstanding past the final expiration date set forth in the applicable option award agreement, and (B) all such options will in all events remain subject to earlier termination in connection with a corporate transaction or event in accordance with the applicable option award agreement and Equity Plan).

(c) Change in Control. In lieu of the payments and benefits set forth in Section 4(b), in the event Executive’s employment terminates without Cause pursuant to Section 3(a)(iv), or due to Executive’s resignation with Good Reason pursuant to Section 3(a)(v), in either case, within three (3) months prior or twelve (12) months following the date of a Change in Control, subject to Executive signing on or before the twenty-first (21st) day following Executive’s receipt of a Release from the Company following such Separation from Service, which shall be provided within ten (10) days of the date of the Separation from Service, or in the event that such Separation from Service is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967, as amended) on or before the forty-fifth (45th) day following Executive’s receipt of a Release from the Company following such Separation from Service, and not revoking the Release, and Executive’s continued compliance with Section 5, Executive shall receive, in addition to the payments and benefits set forth in Section 3(c), the following:

(i) an amount in cash equal to 1.5 times the Annual Base Salary, payable in equal installments over the 18-month period following the date of Executive’s Separation from Service (the “CIC Severance Period”) in accordance with the Company’s normal payroll practices;

(ii) the benefits set forth in Section 4(b)(ii), provided that the “Severance Period” will mean the CIC Severance Period;

(iii) all unvested equity or equity-based awards held by Executive under any Company equity compensation plans that vest solely based on the passage of time shall immediately become 100% vested (for the avoidance of doubt, with any such awards that vest in whole or in part based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement);

(iv) the benefits set forth in Section 4(b)(iii); and

(v) The Transaction Bonus, provided that the conditions for issuance of the Transaction Bonus are otherwise satisfied in accordance with Section 2(d).

(d) Survival. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 5 through 9 will survive the termination of Executive’s employment and the termination of the Term.

**5. Restrictive Covenants.**

As a condition to the effectiveness of this Agreement, Executive will have executed and delivered to the Company no later than contemporaneously herewith the Employee Proprietary Information and Inventions Assignment Agreement, attached as Exhibit C (together, the "Restrictive Covenant Agreement"). Executive agrees to abide by the terms of the Restrictive Covenant Agreement, which are hereby incorporated by reference into this Agreement. Executive acknowledges that the provisions of the Restrictive Covenant Agreement will survive the termination of Executive's employment and the termination of the Term for the periods set forth in the Restrictive Covenant Agreement.

**6. Assignment and Successors.**

The Company may assign its rights and obligations under this Agreement to any of its affiliates or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

**7. Certain Definitions.**

(a) Cause. The Company shall have "Cause" to terminate Executive's employment hereunder upon:

(i) Executive's willful refusal to (A) substantially perform the material duties associated with Executive's position with the Company or (B) carry out the reasonable and lawful instructions of the Board concerning material duties or actions consistent with the Executive's position with the Company;

(ii) Executive's willful breach of a material provision of this Agreement;

(iii) Executive's conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;

(iv) Executive's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any of its affiliate's) premises or while performing Executive's duties and responsibilities under this Agreement; or

(v) Executive's commission of fraud, embezzlement, misappropriation, willful misconduct, or breach of fiduciary duty against the Company or any of its affiliates;

*provided, however*, no Cause will have occurred unless and until the Company has: (A) provided Executive, within sixty (60) days of the Company's knowledge of the occurrence of the facts and circumstances underlying the Cause event, written notice stating with specificity the applicable facts and circumstances underlying such finding of Cause; (B) that with respect to clause (i) or (ii) of this definition and to the extent reasonably susceptible to cure, provided Executive with an opportunity to cure the same within thirty (30) days after the receipt of such notice; and (C) Executive shall have failed to so cure within such period (if any).

(b) Change in Control. “Change in Control” shall have the meaning set forth in the Lyra Therapeutics, Inc. 2020 Incentive Award Plan.

(c) Code. “Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.

(d) Date of Termination. “Date of Termination” shall mean (i) if Executive’s employment is terminated by Executive’s death, the date of Executive’s death; or (ii) if Executive’s employment is terminated pursuant to Section 3(a)(ii)–(vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 3(b), whichever is earlier.

(e) Disability. “Disability” shall mean, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company’s employees, “disability” as defined in such long-term disability plan for the purpose of determining a participant’s eligibility for benefits, *provided, however*, if the long-term disability plan contains multiple definitions of disability, “Disability” shall refer to that definition of disability which, if Executive qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether Executive has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, “Disability” shall mean Executive’s inability to perform, with or without reasonable accommodation, the essential functions of Executive’s positions hereunder for a total of six months during any twelve-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to Executive or Executive’s legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed. Any refusal by Executive to submit to a medical examination for the purpose of determining Disability shall be deemed to constitute conclusive evidence of Executive’s Disability.

(f) Good Reason. For the sole purpose of determining Executive’s right to severance payments and benefits as described above, Executive’s resignation will be with “Good Reason” if Executive resigns within ninety (90) days after any of the following events, unless Executive consents in writing to the applicable event: (i) a reduction in Executive’s Annual Base Salary, other than a reduction of ten percent (10%) or less of Executive’s Annual Base Salary implemented as part of an across the board, proportionate reduction of base salaries for other members of the Company’s senior management team, (ii) a decrease in Executive’s authority or areas of responsibility as are commensurate with Executive’s title or position with the Company, (iii) the relocation of Executive’s primary office to a location more than fifty (50) miles from the Executive’s primary office as of the date of this Agreement; or (iv) the Company’s breach of a material provision of this Agreement, including the failure of the Board (or a committee thereof) to approve the Initial Option or the Additional Option, as the case may be, in accordance with the terms hereof. Notwithstanding the foregoing, no Good Reason will have occurred unless and until Executive has: (a) provided the Company, within sixty (60) days of Executive’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, written notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (b) provided the Company with an opportunity to cure the same within thirty (30) days after the receipt of such notice; and (c) the Company shall have failed to so cure within such period.



(g) **Market Capitalization.** “Market Capitalization” shall mean an amount equal to the product of (i) the cash price per share of the Company’s common stock (a “Share”) paid by an acquiror in connection with a Change in Control, or, if the consideration in the Change in Control transaction is payable in a form other than a fixed amount of cash per Share, the closing price per Share on the last trading day preceding the closing date of the Change in Control, and (ii) the number of Shares outstanding as of immediately prior to the Change in Control.

## **8. Parachute Payments.**

(a) Notwithstanding any other provisions of this Agreement or any Company equity plan or agreement, in the event that any payment or benefit by the Company or otherwise to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the “Total Payments”), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Total Payments shall be reduced (in the order provided in Section 8(b)) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments, but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of the Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments shall be reduced in the following order: (i) reduction on a pro-rata basis of any cash severance payments that are exempt from Section 409A of the Code (“Section 409A”), (ii) reduction on a pro-rata basis of any non-cash severance payments or benefits that are exempt from Section 409A, (iii) reduction on a pro-rata basis of any other payments or benefits that are exempt from Section 409A and (iv) reduction of any payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A; provided, in case of clauses (ii), (iii) and (iv), that reduction of any payments attributable to the acceleration of vesting of Company equity awards shall be first applied to Company equity awards that would otherwise vest last in time.

(c) All determinations regarding the application of this Section 8 shall be made by an accounting firm or consulting group with experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax selected by the Company and reasonably acceptable to the Executive (the “Independent Advisors”). For purposes of determinations, no portion of the Total Payments shall be taken into account which, in the opinion of the Independent Advisors, (i) does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) or (ii) constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company.

(d) In the event it is later determined that a greater reduction in the Total Payments should have been made to implement the objective and intent of this Section 8, the excess amount shall be returned promptly by Executive to the Company. In the event it is later determined that a lesser reduction in the Total Payments should have been made to implement the objective and intent of this Section 8, the underpayment amount shall be paid promptly by the Company to the Executive.

**9. Miscellaneous Provisions.**

(a) Governing Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the Commonwealth of Massachusetts without reference to the principles of conflicts of law of the Commonwealth of Massachusetts or any other jurisdiction that would result in the application of the laws of a jurisdiction other than the Commonwealth of Massachusetts, and where applicable, the laws of the United States.

(b) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(c) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

- (i) If to the Company, to the Chief Financial Officer of the Company at the Company's headquarters,
- (ii) If to Executive, to the last address that the Company has in its personnel records for Executive, or
- (iii) At any other address as any Party shall have specified by notice in writing to the other Party.

(d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile or PDF shall be deemed effective for all purposes.

(e) Entire Agreement. The terms of this Agreement, and the Restrictive Covenant Agreement incorporated herein by reference as set forth in Section 5, are intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof and supersede all prior understandings and agreements, whether written or oral, including any prior employment offer letter or employment agreement between Executive and the Company. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative or other legal proceeding to vary the terms of this Agreement.

(f) Amendments; Waivers. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided, however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy or power hereunder will preclude any other or further exercise of any other right, remedy or power provided herein or by law or in equity.

(g) **Construction.** This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) “and” and “or” are each used both conjunctively and disjunctively; (iii) “any,” “all,” “each,” or “every” means “any and all” and “each and every”; (iv) “includes” and “including” are each “without limitation”; (v) “herein,” “hereof,” “hereunder” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(h) **Arbitration.** Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by a binding arbitration process administered by JAMS/Endispute in Boston, Massachusetts. Such arbitration shall be conducted in accordance with the then-existing JAMS/Endispute Employment Rules of Practice and Procedure, with the following exceptions if in conflict one arbitrator who is a retired judge shall be chosen by JAMS/Endispute. Each Party shall bear its own attorney’s fees and expenses; provided that the arbitrator may assess the prevailing Party’s fees and costs against the non-prevailing Party as part of the arbitrator’s award. The Parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided, however, that nothing in this subsection shall be construed as precluding the bringing of an action for injunctive relief or specific performance as provided in this Agreement or the Restrictive Covenant Agreement. This dispute resolution process and any arbitration hereunder shall be confidential and neither any Party nor the neutral arbitrator shall disclose the existence, contents or results of such process without the prior written consent of all Parties, except where necessary or compelled in a court to enforce this arbitration provision or an award from such arbitration or otherwise in a legal proceeding. If JAMS/Endispute no longer exists or is otherwise unavailable, the Parties agree that the American Arbitration Association (“AAA”) shall administer the arbitration in accordance with its then-existing rules as modified by this subsection. In such event, all references herein to JAMS/Endispute shall mean AAA. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute over intellectual property rights by court action instead of arbitration.

(i) **Enforcement.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the Term, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(j) **Withholding.** The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on the advice of counsel if any questions as to the amount or requirement of withholding shall arise.

(k) Section 409A.

(i) *General.* The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. The Company and the Executive agree that they will execute any and all amendments to this Agreement permitted under applicable law as they mutually agree in good faith may be necessary to ensure compliance with the distribution provisions of Section 409A of the Code or as otherwise needed to ensure that this Agreement complies with Section 409A of the Code.

(ii) *Separation from Service.* Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is designated under this Agreement as payable upon Executive's termination of employment shall be payable only upon Executive's "separation from service" with the Company within the meaning of Section 409A (a "Separation from Service") and, except as provided below, any such compensation or benefits described in Section 4 shall not be paid, or, in the case of installments, shall not commence payment, until the sixtieth (60th) day following Executive's Separation from Service (the "First Payment Date"). Any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's Separation from Service but for the preceding sentence shall be paid to Executive on the First Payment Date and the remaining payments shall be made as provided in this Agreement.

(iii) *Specified Employee.* Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the earlier of expiration of the applicable six-month delay period or the date of Executive's death, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(iv) *Expense Reimbursements.* To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Executive shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred. The Executive will submit Executive's reimbursement request promptly following the date the expense is incurred, and the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code. Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) *Installments.* Executive's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

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**10. Executive Acknowledgement.**

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

**LYRA THERAPEUTICS, INC.**

By: /s/ Maria Palasis, Ph.D.

Name: Maria Palasis, Ph.D.

Title: President and Chief Executive Officer

**EXECUTIVE**

/s/ Harlan Waksal, M.D.

Harlan Waksal, M.D.

*[Signature Page to Employment Agreement]*

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**EXHIBIT A**

**Option Agreement**

[See Exhibit 10.4]

**Exhibit B**

**Separation Agreement and Release**

This Separation Agreement and Release (this "Release") is made by and between Harlan Waksal ("Executive") and Lyra Therapeutics, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party"). Capitalized terms used but not defined in this Release shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Employment Agreement, dated as of February 16, 2022 (the "Employment Agreement") and that certain Employee Proprietary Information and Inventions Assignment Agreement, dated as of February 16, 2022 (the "Restrictive Covenant Agreement"); and

WHEREAS, in connection with Executive's termination of employment with the Company or a subsidiary or affiliate of the Company effective \_\_\_\_\_, 20\_\_, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive's ownership of vested equity securities of the Company, vested benefits or Executive's right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the "Retained Claims").

NOW, THEREFORE, in consideration of the severance payments and benefits described in Section 4 of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive's execution and non-revocation of this Release, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments and Benefits; Salary and Benefits. The Company agrees to provide Executive with the severance payments and benefits described in Section [4(b)][4(c)] of the Employment Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or provide to Executive all other payments or benefits described in Section 3(c) of the Employment Agreement, subject to and in accordance with the terms thereof. The severance payments and benefits described in Section [4(b)][4(c)] of the Employment Agreement shall be provided in lieu of any Garden Leave payment (as such term is used in the Restrictive Covenants Agreement) and Executive will not be eligible to receive any Garden Leave payment.

2. Release of Claims. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company, any of its direct or indirect subsidiaries and affiliates and any of its or their current and former officers, directors, equityholders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, subsidiaries, predecessor and successor corporations and assigns (collectively, the "Releasees"). Executive, on Executive's own behalf and on behalf of any of Executive's affiliated companies or entities and any of their respective heirs, family members, executors, agents and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute or pursue, any claim, complaint, charge, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts or damages that have occurred up until and including the date Executive signs this Release, including, without limitation:



(a) any and all claims relating to or arising from Executive's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of any shares of stock or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state law and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Massachusetts Fair Employment Practices Act, M.G.L. c. 151B, § 1 et seq.; the Massachusetts Civil Rights Act, M.G.L. c. 12, §§ IIIH and 111; the Massachusetts Equal Rights Act, M.G.L. c. 93, § 102 and M.G.L. c. 214, § IC; the Massachusetts Labor and Industries Act, M.G.L. c. 149, § 1 et seq.; the Massachusetts Privacy Act, M.G.L. c. 214, § 1B; and the Massachusetts Maternity Leave Act, M.G.L. c. 49, § 105D;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Release;

(h) any and all claims arising out of the wage and hour and wage payments laws and regulations of the state or states in which Executive has provided service to the Company or any of its affiliates (including without limitation the Massachusetts Payment of Wages Law); and

(i) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This Release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation and any right to receive an award for information provided thereunder, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company for discrimination (with the understanding that Executive's release of claims herein bars Executive from recovering such monetary relief from the Company or any Releasee for any alleged discriminatory treatment), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, claims to any benefit entitlements vested as the date of separation of Executive's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates, any claims that Executive may have by virtue of Executive's status as a shareholder in the Company, and Executive's right under applicable law and any Retained Claims. This Release further does not release claims for breach of Section 3(c) or Section 4 of the Employment Agreement.

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Executive signs this Release. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Release; (b) Executive has [twenty-one (21)][forty-five (45)] days within which to consider this Release following Executive's receipt of this Release from the Company, and the Parties agree that such time period to review this Release shall not be extended upon any material or immaterial changes to this Release; (c) Executive has seven (7) business days following Executive's execution of this Release to revoke this Release pursuant to written notice to the General Counsel of the Company; (d) this Release shall not be effective until after the revocation period has expired; and (e) nothing in this Release prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Release and returns it to the Company in less than the [twenty-one (21)][forty-five (45)] day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Release.

4. Restrictive Covenants.

(a) Executive acknowledges and agrees that the restrictive covenants and other post-termination obligations set forth in the Restrictive Covenant Agreement, including without limitation Executive's obligations relating to non-use and non-disclosure of confidential information, non-competition and non-solicitation, are hereby incorporated by reference and shall remain in full force and effect pursuant to their terms to the maximum extent permitted by applicable law, except that the Parties expressly agree to modify the Restrictive Covenant Agreement by removing the words "if I am terminated by the Company for Cause or if I resign for any reason" from Section 6.1(a) and removing Section 6.1(c) of the Restrictive Covenant Agreement, which deleted provisions shall be of no further force or effect upon the Effective Date (as defined below).

(b) Executive's continued compliance with the terms of Section 9 of the Employment Agreement (as modified in Section 4(a) above) (collectively, the "Restrictive Covenants") is a material condition to receipt of the severance payments and benefits set forth in Section 1 of this Agreement. In the event Executive breaches any part of such Restrictive Covenants, then, in addition to any remedies and enforcement mechanisms set forth in the Employment Agreement and this Agreement, and any other remedies available to the Company (including equitable and injunctive remedies), Executive shall forfeit any additional consideration owing and shall be obligated to promptly return to the Company (within fifteen (15) business days of any breach) the full gross amount of all severance payments and benefits provided.

5. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable or void, this Release shall continue in full force and effect without said provision or portion of provision.

6. No Oral Modification. This Release may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

7. Governing Law; Dispute Resolution. This Release shall be subject to the provisions of Sections 9(a), 9(c) and 9(h) of the Employment Agreement.

8. Effective Date. Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the day following the seventh (7th) business day from the date upon which Executive signs this Release, so long as Executive has not revoked it within the time period and in the manner specified in Section 3 above. Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release becomes effective pursuant to its terms.

9. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Release voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive acknowledges that: (a) Executive has read this Release; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Release; (c) Executive has been represented in the preparation, negotiation and execution of this Release by legal counsel of Executive's own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Release and of the releases it contains; and (e) Executive is fully aware of the legal and binding effect of this Release.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Release on the respective dates set forth below.

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXECUTIVE**

\_\_\_\_\_  
Harlan Waksal

**LYRA THERAPEUTICS, INC.**

By: \_\_\_\_\_  
Name: Maria Palasis, Ph.D.  
Title: President and Chief Executive Officer

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**EXHIBIT C**

**Restrictive Covenant Agreement**

[attached]

[intentionally omitted]

<b>LYRA THERAPEUTICS, INC. 2020 INCENTIVE AWARD PLAN</b>
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**PERFORMANCE STOCK OPTION GRANT NOTICE**

Capitalized terms not specifically defined in this Performance Stock Option Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2020 Incentive Award Plan (as amended from time to time, the “**Plan**”) of Lyra Therapeutics, Inc. (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the stock option described in this Grant Notice (the “**Option**”), subject to the terms and conditions of the Plan and the Performance Stock Option Agreement attached as **Exhibit A** (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference.

<b>Participant:</b>	Maria Palasis
<b>Grant Date:</b>	February 16, 2022
<b>Exercise Price per Share:</b>	\$4.21
<b>Shares Subject to the Option:</b>	175,000
<b>Final Expiration Date:</b>	February 15, 2032
<b>Vesting Conditions:</b>	The Option will vest based on the achievement of both Performance Vesting Conditions and Service Vesting Conditions, in each case, as set forth in <b>Exhibit A</b> and <b>Schedule I</b> to this Grant Notice.
<b>Type of Option</b>	Incentive Stock Option

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

**LYRA THERAPEUTICS, INC.**

**PARTICIPANT**

By:           /s/ C. Ann Merrifield          

          /s/ Maria Palasis, Ph.D.          

Name:           C. Ann Merrifield          

Title:           Chair of the Compensation Committee of the Board of Directors

## PERFORMANCE STOCK OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.  
GENERAL

1.1 Grant of Option. The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the “**Grant Date**”).

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Defined Terms. As used in this Agreement:

(a) “**Employment Agreement**” means the employment agreement entered into by and between the Company and Participant, dated April 27, 2020, as it may be amended from time to time.

(b) “**Good Reason**” shall have the meaning set forth in the Employment Agreement.

(c) “**Market Capitalization**” means, on a particular trading day for purposes of each Market Capitalization Goal, an amount equal to the product of (i) the Thirty-Day VWAP, and (ii) the average of the total number of outstanding Shares during such Thirty-Day VWAP period, as determined by the Company.

(d) “**Market Capitalization Goal**” means, for each applicable Tranche, the Market Capitalization goal set forth next to such Tranche as shown on the attached Schedule I.

(e) “**Performance Period**” means the period beginning on the Grant Date and ending on the fifth (5<sup>th</sup>) anniversary of the Grant Date.

(f) “**Performance Vesting Conditions**” means the achievement of each Market Capitalization Goal.

(g) “**Service Vesting Conditions**” means the service-based vesting conditions set forth in Section 2.1(b).

(h) “**Thirty-Day VWAP**” means the volume weighted average trading price per Share measured over any rolling thirty trading day period within the Performance Period.

(i) “**trading day**” means a day on which the primary stock exchange or national market system on which the Shares trade is open for trading.

ARTICLE II.  
PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability. The Option shall be divided into three (3) tranches (each a “**Tranche**”), as shown on the attached Schedule I, and, subject to Section 2.2 and Section 2.3, the Option will vest and become exercisable with respect to each Tranche upon satisfaction of both (i) the applicable Performance Vesting Condition and (ii) the applicable Service Vesting Condition, as follows:

(a) Each Tranche shall satisfy the Performance Vesting Condition if and when during the Performance Period the Company's Market Capitalization equals or exceeds the applicable Market Capitalization Goal, subject to Participant's remaining a Service Provider with the Company through such time, and subject further to the Administrator's determination, approval and certification that the applicable Market Capitalization Goal for such Tranche has been satisfied (a "**Certification**"). During the Performance Period, the Administrator shall periodically assess whether the Performance Vesting Conditions have been satisfied. The Administrator shall also engage in such assessment reasonably promptly upon the reasonable request of Participant.

(b) Tranche 1 in the attached Schedule I will satisfy the Service Vesting Condition if Participant remains a Service Provider through the first anniversary of the Grant Date. Tranche 2 in the attached Schedule I will satisfy the Service Vesting Condition if Participant remains a Service Provider through the second anniversary of the Grant Date. Tranche 3 in the attached Schedule I will satisfy the Service Vesting Condition if Participant remains a Service Provider through the third anniversary of the Grant Date.

(c) In no event may the Option become vested and exercisable with respect to more than the number of Shares subject to the Option shown on the Grant Notice.

2.2 Change in Control. Notwithstanding anything to the contrary in this Agreement, if a Change in Control occurs during the Performance Period, then, subject to Participant remaining a Service Provider through the date of the Change in Control, except as provided in Section 2.3(a), (i) if not earlier satisfied, the Market Capitalization Goal for each Tranche will be deemed satisfied upon the effective time of the Change in Control and (ii) any Tranche that has satisfied or is deemed to satisfy the Performance Vesting Condition as of the date of the Change in Control, pursuant to this Section 2.2, but has not yet satisfied the Service Vesting Conditions as of the date of the Change in Control shall, to the extent the Option is assumed, substituted or continued in such Change in Control, continue to be eligible to vest upon satisfaction of the Service Vesting Conditions, subject to Section 2.3, or to the extent the Option is not assumed, substituted or continued in such Change in Control become vested as of the immediately prior to such Change in Control.

### 2.3 Termination.

(a) In the event of Participant's Termination of Service by the Company without Cause or due to Participant's resignation with Good Reason, in either case, within three (3) months preceding or twelve (12) months following the date of a Change in Control, any Tranches that have satisfied the Performance Vesting Condition as of the date of such Termination of Service or that are deemed to satisfy the Performance Vesting Condition upon the Change in Control pursuant to Section 2.2, shall vest immediately as of the effective time of the Change in Control or, if later, upon such Termination of Service (and for the avoidance of doubt, in the event of such a Termination of Service within three (3) months prior to a Change in Control, Tranches that have not satisfied the Performance Vesting Condition as of such Termination of Service will remain eligible to vest upon the occurrence of a Change in Control within three (3) months after such Termination of Service and will thereafter be forfeited to the extent not vested). Unless otherwise determined by the Administrator, the vesting set forth in this Section 2.3(a) shall be subject to Participant's execution (and non-revocation) of a general release of claims in substantially the form attached to the Employment Agreement within the time limits prescribed therein.

(b) In the event of Participant's Termination of Service other than as set forth in Section 2.3(a), all then-unvested Tranches will immediately and automatically be cancelled and forfeited without consideration therefor, except as otherwise determined by the Administrator.



(c) The Administrator shall make a final assessment reasonably promptly following the last day of the Performance Period as to whether any Tranche satisfied the applicable Performance Vesting Condition as of the last day of the Performance Period. Any Tranche that has not become vested on or prior to the last day of the Performance Period will immediately and automatically be cancelled and forfeited without consideration therefor.

2.4 Duration of Exercisability. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.5 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

(a) The final expiration date in the Grant Notice;

(b) Except as the Administrator may otherwise approve or as provided in the Employment Agreement, the expiration of three (3) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;

(c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or Disability; and

(d) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause.

### **ARTICLE III. EXERCISE OF OPTION**

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

**ARTICLE IV.  
OTHER PROVISIONS**

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.12 Incentive Stock Options. If the Option is designated as an Incentive Stock Option:

(a) Participant acknowledges that to the extent the aggregate fair market value of shares (determined as of the time the option with respect to the shares is granted) with respect to which stock options intended to qualify as "incentive stock options" under Section 422 of the Code, including the Option, are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such stock options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such stock options (including the Option) will be treated as non-qualified stock options. Participant further acknowledges that the rule set forth in the preceding sentence will be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code. Participant acknowledges that amendments or modifications made to the Option pursuant to the Plan that would cause the Option to become a Non-Qualified Stock Option will not materially or adversely affect Participant's rights under the Option, and that any such amendment or modification shall not require Participant's consent. Participant also acknowledges that if the Option is exercised more than three (3) months after Participant's Termination of Service as an Employee, other than by reason of death or disability, the Option will be taxed as a Non-Qualified Stock Option.

Participant will give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or other transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

\* \* \* \* \*

Schedule I

<u>Tranche</u>	<u>Market Capitalization Goals</u> <u>(Millions)</u>		<u>Number</u> <u>of Shares</u>
1	\$	250	58,333
2	\$	350	58,333
3	\$	500	58,334
<b>Total:</b>			<b><u>175,000</u></b>

**LYRA THERAPEUTICS, INC.**  
**2022 INDUCEMENT INCENTIVE AWARD PLAN**

**PERFORMANCE STOCK OPTION GRANT NOTICE**

Capitalized terms not specifically defined in this Performance Stock Option Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2022 Inducement Incentive Award Plan (as amended from time to time, the “**Plan**”) of Lyra Therapeutics, Inc. (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the stock option described in this Grant Notice (the “**Option**”), subject to the terms and conditions of the Plan and the Performance Stock Option Agreement attached as **Exhibit A** (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference.

<b>Participant:</b>	Harlan Waksal
<b>Grant Date:</b>	February 16, 2022
<b>Exercise Price per Share:</b>	
<b>Shares Subject to the Option:</b>	520,000
<b>Final Expiration Date:</b>	February 15, 2032
<b>Vesting Conditions:</b>	The Option will vest based on the achievement of both Performance Vesting Conditions and Service Vesting Conditions, in each case, as set forth in <b>Exhibit A</b> and <b>Schedule I</b> to this Grant Notice.
<b>Type of Option</b>	Non-Qualified Stock Option

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

**LYRA THERAPEUTICS, INC.**

**PARTICIPANT**

By: /s/ Maria Palasis, Ph.D.

Harlan Waksal, M.D.

Name: Maria Palasis, Ph.D.

Title: President and Chief Executive Officer

## PERFORMANCE STOCK OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.  
GENERAL

1.1 Grant of Option. The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the “**Grant Date**”).

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Defined Terms. As used in this Agreement:

(a) “**Employment Agreement**” means the employment agreement entered into by and between the Company and Participant, dated February 16, 2022, as it may be amended from time to time.

(b) “**Good Reason**” shall have the meaning set forth in the Employment Agreement.

(c) “**Market Capitalization**” means, on a particular trading day for purposes of each Market Capitalization Goal, an amount equal to the product of (i) the Thirty-Day VWAP, and (ii) the average of the total number of outstanding Shares during such Thirty-Day VWAP period, as determined by the Company.

(d) “**Market Capitalization Goal**” means, for each applicable Tranche, the Market Capitalization goal set forth next to such Tranche as shown on the attached Schedule I.

(e) “**Performance Period**” means the period beginning on the Grant Date and ending on the fifth (5<sup>th</sup>) anniversary of the Grant Date.

(f) “**Performance Vesting Conditions**” means the achievement of each Market Capitalization Goal.

(g) “**Service Vesting Conditions**” means the service-based vesting conditions set forth in Section 2.1(b).

(h) “**Thirty-Day VWAP**” means the volume weighted average trading price per Share measured over any rolling thirty trading day period within the Performance Period.

(i) “**trading day**” means a day on which the primary stock exchange or national market system on which the Shares trade is open for trading.

ARTICLE II.  
PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability. The Option shall be divided into three (3) tranches (each a “**Tranche**”), as shown on the attached Schedule I, and, subject to Section 2.2 and Section 2.3, the Option will vest and become exercisable with respect to each Tranche upon satisfaction of both (i) the applicable Performance Vesting Condition and (ii) the applicable Service Vesting Condition, as follows:

(a) Each Tranche shall satisfy the Performance Vesting Condition if and when during the Performance Period the Company's Market Capitalization equals or exceeds the applicable Market Capitalization Goal, subject to Participant remaining a Service Provider with the Company through such time, and subject further to the Administrator's determination, approval and certification that the applicable Market Capitalization Goal for such Tranche has been satisfied (a "**Certification**"). During the Performance Period, the Administrator shall periodically assess whether the Performance Vesting Conditions have been satisfied. The Administrator shall also engage in such assessment reasonably promptly upon the reasonable request of Participant.

(b) Tranche 1 in the attached Schedule I will satisfy the Service Vesting Condition if Participant remains a Service Provider through the first anniversary of the Grant Date. Tranche 2 in the attached Schedule I will satisfy the Service Vesting Condition if Participant remains a Service Provider through the second anniversary of the Grant Date. Tranche 3 in the attached Schedule I will satisfy the Service Vesting Condition if Participant remains a Service Provider through the third anniversary of the Grant Date.

(c) In no event may the Option become vested and exercisable with respect to more than the number of Shares subject to the Option shown on the Grant Notice.

2.2 Change in Control. Notwithstanding anything to the contrary in this Agreement, if a Change in Control occurs during the Performance Period, then, subject to Participant remaining a Service Provider through the date of the Change in Control, except as provided in Section 2.3(a), (i) if not earlier satisfied, the Market Capitalization Goal for each Tranche will be deemed satisfied upon the effective time of the Change in Control and (ii) any Tranche that has satisfied or is deemed to satisfy the Performance Vesting Condition as of the date of the Change in Control, pursuant to this Section 2.2, but has not yet satisfied the Service Vesting Conditions as of the date of the Change in Control shall, to the extent the Option is assumed, substituted or continued in such Change in Control, continue to be eligible to vest upon satisfaction of the Service Vesting Conditions, subject to Section 2.3, or to the extent the Option is not assumed, substituted or continued in such Change in Control become vested as of the immediately prior to such Change in Control.

### 2.3 Termination.

(a) In the event of Participant's Termination of Service by the Company without Cause or due to Participant's resignation with Good Reason, in either case, within three (3) months preceding or twelve (12) months following the date of a Change in Control, any Tranches that have satisfied the Performance Vesting Condition as of the date of such Termination of Service or that are deemed to satisfy the Performance Vesting Condition upon the Change in Control pursuant to Section 2.2, shall vest immediately as of the effective time of the Change in Control or, if later, upon such Termination of Service (and for the avoidance of doubt, in the event of such a Termination of Service within three (3) months prior to a Change in Control, Tranches that have not satisfied the Performance Vesting Condition as of such Termination of Service will remain eligible to vest upon the occurrence of a Change in Control within three (3) months after such Termination of Service and will thereafter be forfeited to the extent not vested). Unless otherwise determined by the Administrator, the vesting set forth in this Section 2.3(a) shall be subject to Participant's execution (and non-revocation) of a general release of claims in substantially the form attached to the Employment Agreement within the time limits prescribed therein.

(b) In the event of Participant's Termination of Service other than as set forth in Section 2.3(a), all then-unvested Tranches will immediately and automatically be cancelled and forfeited without consideration therefor, except as otherwise determined by the Administrator.

(c) The Administrator shall make a final assessment reasonably promptly following the last day of the Performance Period as to whether any Tranche satisfied the applicable Performance Vesting Condition as of the last day of the Performance Period. Any Tranche that has not become vested on or prior to the last day of the Performance Period will immediately and automatically be cancelled and forfeited without consideration therefor.

2.4 Duration of Exercisability. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.5 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

(a) The final expiration date in the Grant Notice;

(b) Except as the Administrator may otherwise approve or as provided in the Employment Agreement, the expiration of six (6) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;

(c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or Disability; and

(d) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause.

### ARTICLE III.

#### EXERCISE OF OPTION

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.



**ARTICLE IV.  
OTHER PROVISIONS**

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

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Schedule I

<u>Tranche</u>	<u>Market Capitalization Goals</u> <u>(Millions)</u>		<u>Number of Shares</u>
1	\$	250	173,333
2	\$	350	173,333
3	\$	500	173,334
<b>Total:</b>			<b>520,000</b>

<b>LYRA THERAPEUTICS, INC.</b> <b>2022 EMPLOYMENT INDUCEMENT AWARD PLAN</b>
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**ARTICLE I.**  
**PURPOSE**

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company by providing these individuals with equity ownership opportunities. Capitalized terms used in the Plan are defined in Article XI.

**ARTICLE II.**  
**ELIGIBILITY**

Eligible Individuals are eligible to be granted Awards under the Plan, subject to the limitations described herein.

**ARTICLE III.**  
**ADMINISTRATION AND DELEGATION**

3.1 Administration. The Plan is administered by the Administrator. The Administrator has authority to determine which Eligible Individuals receive Awards, grant Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator may adopt procedures from time to time that are intended to ensure that an individual is an Eligible Individual prior to the granting of any Awards to such individual (including without limitation a requirement that each such individual certify to the Company prior to the receipt of an Award that he or she is not currently employed by the Company or a Subsidiary and, if previously so employed, has had a bona fide period of interruption of employment, and that the grant of Awards is an inducement material to his or her agreement to enter into employment with the Company or a Subsidiary). The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

3.2 Appointment of Committees. To the extent Applicable Laws permit, the Board may delegate any or all of its powers under the Plan to one or more Committees. The Board may abolish any Committee or re-vest in itself any previously delegated authority at any time.

**ARTICLE IV.**  
**STOCK AVAILABLE FOR AWARDS**

4.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, Awards may be made under the Plan covering up to the Overall Share Limit. Shares issued under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

4.2 Share Recycling. If all or any part of an Award expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award, the unused Shares covered by the Award will again be available for Award grants under the Plan. Further, Shares delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including Shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) will again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit.

## **ARTICLE V. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS**

5.1 General. The Administrator may grant Non-Qualified Options or Stock Appreciation Rights to Eligible Individuals subject to the conditions and limitations in the Plan. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right, the exercise price of each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement.

5.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. The exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option or Stock Appreciation Right.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Stock Appreciation Right (i) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (ii) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right shall be extended until the date that is thirty (30) days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided, however, in no event shall the extension last beyond the ten year term of the applicable Option or Stock Appreciation Right. Notwithstanding the foregoing, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines. In addition, if, prior to the end of the term of an Option or Stock Appreciation Right, the Participant is given notice by the Company or any of its Subsidiaries of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause, and the effective date of such Termination of Service is subsequent to the date of the delivery of such notice, the right of the Participant and the Participant's transferees to exercise any

Option or Stock Appreciation Right issued to the Participant shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's service as a Service Provider will not be terminated for Cause as provided in such notice or (ii) the effective date of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause (in which case the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant will terminate immediately upon the effective date of such Termination of Service).

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (ii) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.9, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(a) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(b) if there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(c) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their Fair Market Value;

(d) to the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their Fair Market Value on the exercise date;

(e) to the extent permitted by the Administrator, delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(f) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

## **ARTICLE VI. RESTRICTED STOCK; RESTRICTED STOCK UNITS**

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Eligible Individual, subject to the Company's right to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the

applicable restriction period or periods that the Administrator establishes for such Award and subject to the conditions and limitations in the Plan. In addition, subject to the conditions and limitations in the Plan, the Administrator may grant to Eligible Individuals Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Administrator will determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan.

#### 6.2 Restricted Stock.

(a) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid.

(b) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of shares of Restricted Stock, together with a stock power endorsed in blank.

#### 6.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

(c) Dividend Equivalents. If the Administrator provides, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement.

### **ARTICLE VII. OTHER STOCK OR CASH BASED AWARDS**

Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines. Subject to the provisions of the Plan, the Administrator will determine the terms and conditions of each Other Stock or Cash Based Award, including any purchase price, performance goal (which may be based on the Performance Criteria), transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement.

**ARTICLE VIII.  
ADJUSTMENTS FOR CHANGES IN COMMON STOCK  
AND CERTAIN OTHER EVENTS**

8.1 Equity Restructuring(a). In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants (subject to Section 10.4), and making a cash payment to Participants. The adjustments provided under this Section 8.1 will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 Corporate Transactions. In the event of any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event, other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change) and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) to provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment;

(b) to provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) to provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;



(d) to make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV hereof on the maximum number and kind of shares which may be issued) and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards;

(e) to replace such Award with other rights or property selected by the Administrator; and/or

(f) to provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

8.3 Administrative Stand Still. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Stock, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to sixty days before or after such transaction.

8.4 General. Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 above or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

## **ARTICLE IX. GENERAL PROVISIONS APPLICABLE TO AWARDS**

9.1 Transferability. Except as the Administrator may determine or provide in an Award Agreement or otherwise, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Termination of Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rates (or such other rate as may be determined by the Company after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. Subject to Section 10.9 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations (i) in cash, by wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of the foregoing payment forms if one or more of the payment forms below is permitted, (ii) to the extent permitted by the Administrator, in whole or in part by delivery of Shares, including Shares retained from the Award creating the tax obligation, valued at their Fair Market Value, (iii) if there is a public market for Shares at the time the tax obligations are satisfied, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding, provided that such amount is paid to the Company at such time as may be required by the Administrator, or (iv) to the extent permitted by the Company, any combination of the foregoing payment forms approved by the Administrator. If any tax withholding obligation will be satisfied under clause (ii) of the immediately preceding sentence by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type or changing the exercise or settlement date. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article VIII or pursuant to Section 10.7. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may, without the approval of the stockholders of the Company, reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights.

9.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

9.9 Action Required Upon Grant of Award. Promptly following the grant of an Award, the Company shall, in accordance with NASDAQ Rule 5635(c), (a) issue a press release disclosing the material terms of the Award, including the recipient(s) of the Award and the number of Shares involved and (b) provide written notice to the NASDAQ of the grant.

## ARTICLE X. MISCELLANEOUS

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. Unless earlier terminated by the Board, the Plan will become effective on the date it is approved by the Board and will remain in effect until the tenth anniversary of such date, but Awards previously granted may extend beyond that date in accordance with the Plan.

10.4 Stockholder Approval Not Required. It is expressly intended that approval of the Company's stockholders not be required as a condition of the effectiveness of the Plan, and the Plan's provisions shall be interpreted in a manner consistent with such intent for all purposes. Specifically, NASDAQ Rule 5635(c) generally requires stockholder approval for equity compensation plans adopted by companies whose securities are listed on the NASDAQ Stock Market that provide for the delivery of equity securities to any employees, directors or other service providers of such companies as compensation for services. NASDAQ Rule 5635(c)(4) provides an exemption in certain circumstances for employment inducement awards. Notwithstanding anything to the contrary herein, in accordance with NASDAQ Rule 5635(c)(4), Awards may only be granted as material inducements to Eligible Individuals being hired or

rehired as Employees, as applicable, and must be approved by (a) the Board, acting through a majority of the Company's Independent Directors or (b) the independent Compensation Committee of the Board. Accordingly, pursuant to NASDAQ Rule 5635(c)(4), the issuance of Awards and the Shares issuable upon exercise or vesting of such Awards pursuant to the Plan is not subject to the approval of the Company's stockholders.

10.5 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after Plan termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.6 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

#### 10.7 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.7 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period

immediately following such “separation from service” (or, if earlier, until the specified employee’s death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of “nonqualified deferred compensation” under such Award payable more than six months following the Participant’s “separation from service” will be paid at the time or times the payments are otherwise scheduled to be made.

10.8 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan’s administration or interpretation, against any cost or expense (including attorneys’ fees) or liability (including any sum paid in settlement of a claim with the Administrator’s approval) arising from any act or omission concerning this Plan unless arising from such person’s own fraud or bad faith.

10.9 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to one hundred eighty days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

10.10 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant’s participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant’s name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the “**Data**”). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant’s participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant’s country, or elsewhere, and the Participant’s country may have different data privacy laws and protections than the recipients’ country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant’s participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant’s participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.10 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant’s ability to participate in the Plan and, in the Administrator’s discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 10.10. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.11 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.12 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan will not apply.

10.13 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.14 Claw-back Provisions. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any Company claw-back policy, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the Award Agreement.

10.15 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.16 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.17 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

10.18 Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (a) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other Participants in the Plan in which all participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will pay such excess in cash to the applicable Participant as soon as reasonably practicable; (e) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

**ARTICLE XI.  
DEFINITIONS**

As used in the Plan, the following words and phrases will have the following meanings:

11.1 “**Administrator**” means the Board or a Committee to the extent that the Board’s powers or authority under the Plan have been delegated to such Committee.

11.2 “**Applicable Laws**” means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.3 “**Award**” means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Other Stock or Cash Based Awards.

11.4 “**Award Agreement**” means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.5 “**Board**” means the Board of Directors of the Company.

11.6 “**Cause**” means (i) if a Participant is a party to a written employment or consulting agreement with the Company or any of its Subsidiaries or an Award Agreement in which the term “cause” is defined (a “**Relevant Agreement**”), “Cause” as defined in the Relevant Agreement, and (ii) if no Relevant Agreement exists, (A) the Administrator’s determination that the Participant failed to substantially perform the Participant’s duties (other than a failure resulting from the Participant’s Disability); (B) the Administrator’s determination that the Participant failed to carry out, or comply with any lawful and reasonable directive of the Board or the Participant’s immediate supervisor; (C) the occurrence of any act or omission by the Participant that could reasonably be expected to result in (or has resulted in) the Participant’s conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or indictable offense or crime involving moral turpitude; (D) the Participant’s unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its Subsidiaries or while performing the Participant’s duties and responsibilities for the Company or any of its Subsidiaries; or (E) the Participant’s commission of an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company or any of its Subsidiaries.

11.7 “**Change in Control**” means and includes each of the following:

(a) a transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.



11.8 “**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 “**Committee**” means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a “non-employee director” within the meaning of Rule 16b-3; however, a Committee member’s failure to qualify as a “non-employee director” within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.10 “**Common Stock**” means the common stock of the Company.

11.11 “**Company**” means Lyra Therapeutics, Inc., a Delaware corporation, or any successor.

11.12 “**Consultant**” means any person, including any adviser, engaged by the Company or its parent or Subsidiary to render services to such entity if the consultant or adviser: (i) renders bona fide services to the Company; (ii) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company’s securities; and (iii) is a natural person.

11.13 “**Designated Beneficiary**” means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant’s rights if the Participant dies or becomes incapacitated. Without a Participant’s effective designation, “Designated Beneficiary” will mean the Participant’s estate.

11.14 “**Director**” means a Board member.

11.15 “**Disability**” means a permanent and total disability under Section 22(e)(3) of the Code, as amended.

11.16 “**Dividend Equivalents**” means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.17 “**Eligible Individual**” means any individual who was not previously an Employee or Director hired as a new Employee or rehired as an Employee following a bona fide period of interruption of employment if such person is granted an Award as a material inducement to his or her entering into employment with the Company or a Subsidiary (within the meaning of the NASDAQ Rule 5635(c)(4)).

11.18 “**Employee**” means any employee of the Company or its Subsidiaries.

11.19 “**Equity Restructuring**” means a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other Company securities) or the share price of Common Stock (or other Company securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.20 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

11.21 “**Fair Market Value**” means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; or (iii) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion.

11.22 “**Incentive Stock Option**” means an Option intended to qualify as an “incentive stock option” as defined in Section 422 of the Code.

11.23 “**Independent Director**” means a Director who qualifies as “independent” within the meaning of NASDAQ Rule 5635(c)(4), or any successor rule, as such rule may be amended from time to time.

11.24 “**NASDAQ Rule 5635(c)(4)**” means NASDAQ Rule 5635(c)(4), or any successor rule, and all guidance and other interpretative authority thereunder, as such rule, guidance and other authority may be amended from time to time.

11.25 “**Non-Qualified Stock Option**” means an Option not intended to qualify as an Incentive Stock Option.

11.26 “**Option**” means an option to purchase Shares.

11.27 “**Other Stock or Cash Based Awards**” means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property.

11.28 “**Overall Share Limit**” means 520,000 Shares.

11.29 “**Participant**” means an Eligible Individual who has been granted an Award.

11.30 “Performance Criteria” mean the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders’ equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand;

acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. The Committee may provide for exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of the Company, (f) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in the fiscal year of the Company, (i) the refinancing or repurchase of bank loans or debt securities, (j) unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of convertible securities to Common Stock, (m) any business interruption event, (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results.

11.31 "**Plan**" means this 2022 Employment Inducement Award Plan.

11.32 "**Restricted Stock**" means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.33 "**Restricted Stock Unit**" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions.

11.34 "**Rule 16b-3**" means Rule 16b-3 promulgated under the Exchange Act.

11.35 "**Section 409A**" means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.36 "**Securities Act**" means the Securities Act of 1933, as amended.

11.37 "**Service Provider**" means an Employee, Consultant or Director.

11.38 "**Shares**" means shares of Common Stock.

11.39 "**Stock Appreciation Right**" means a stock appreciation right granted under Article V.

11.40 "**Subsidiary**" means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.41 "**Termination of Service**" means the date the Participant ceases to be a Service Provider.

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