
**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): August 31, 2018 (August 28, 2018)

CATALYST BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51173
(Commission
File Number)

56-2020050
(IRS Employer
Identification No.)

260 Littlefield Ave.
South San Francisco, California
(Address of principal executive offices)

94080
(Zip Code)

(650) 266-8674
Registrant's telephone number, including area code

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))

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.

Executive Officer Employment Agreements

Between August 28, 2018 and August 30, 2018, following approval by the Compensation Committee of the Board of Directors, Catalyst Biosciences, Inc., a Delaware corporation (the “Company”), entered into amended and restated employment agreements (each, an “Amended and Restated Employment Agreement” and, collectively, the “Amended and Restated Employment Agreements”) with Dr. Nassim Usman, Ph.D., the Company’s President and Chief Executive Officer, Dr. Howard Levy, M.B.B.Ch., Ph.D., M.M.M., the Company’s Chief Medical Officer, and Mr. Fletcher Payne, the Company’s Chief Financial Officer.

Copies of the Amended and Restated Employment Agreements are attached hereto as Exhibits 10.1, 10.2, and 10.3, and are incorporated herein by reference. The following description of the amendments made to the original employment agreements by way of the Amended and Restated Employment Agreements does not purport to be complete and is qualified in its entirety by reference to the Amended and Restated Employment Agreements.

Amended and Restated Employment Agreement with Dr. Usman

Dr. Usman’s Amended and Restated Employment Agreement provides that if the Company terminates Dr. Usman’s employment without “cause” or as a result of “constructive termination” (each as defined therein), in each case outside of the “Change in Control Protection Period” (as defined below), Dr. Usman would be eligible to receive, subject to certain conditions described in Dr. Usman’s Amended and Restated Employment Agreement, the following:

- continued base salary for twelve (12) months after the termination (the “Usman Severance Period”);
- accelerated vesting of options that would otherwise have vested during the Usman Severance Period; and
- payment by the Company of the same portion of his monthly premium under COBRA as it pays for active employees until the close of the Usman Severance Period.

In addition, Dr. Usman’s Amended and Restated Employment Agreement provides that if Dr. Usman’s employment is terminated without “cause” or as a result of “constructive termination,” in each case during the six (6) month period prior to or the eighteen (18) month period following a “change in control” (as defined in the Company’s 2018 Omnibus Incentive Plan, as amended from time to time, the “Change in Control Protection Period”), Dr. Usman would be eligible to receive, subject to certain conditions described in Dr. Usman’s Amended and Restated Employment Agreement, the following:

- severance payments, equal to the sum of (a) 150% of his annual base salary and (b) 150% of his maximum annual performance-based bonus, paid in equal installments for eighteen (18) months after the termination (the “Usman Post-COC Severance Period”);
- accelerated vesting of 100% percent of any unvested options; and
- payment by the Company of the same portion of his monthly premium under COBRA as it pays for active employees until the close of the Usman Severance Period.

Amended and Restated Employment Agreements with Dr. Levy and Mr. Payne

The Amended and Restated Employment Agreements with Dr. Levy and Mr. Payne provide that if the Company terminates the officer’s employment without “cause” or as a result of “constructive termination” (each as defined in the applicable Amended and Restated Employment Agreement), in each case outside of the Change in Control Protection Period, the officer would be eligible to receive, subject to certain conditions described in the applicable Amended and Restated Employment Agreement, the following:

- continued base salary for nine (9) months after the termination (the “Levy-Payne Severance Period”);
- accelerated vesting of options that would otherwise have vested during the Levy-Payne Severance Period; and

- payment by the Company of the same portion of the officer's monthly premium under COBRA as it pays for active employees until the close of the Levy-Payne Severance Period.

In addition, the Amended and Restated Employment Agreements with Dr. Levy and Mr. Payne provide that if the officer's employment is terminated without "cause" or as a result of "constructive termination," in each case during the Change in Control Protection Period, the officer would be eligible to receive, subject to certain conditions described in the applicable Amended and Restated Employment Agreement, the following:

- severance payments, equal to the sum of (a) 100% of the officer's annual base salary and (b) 100% of the officer's maximum annual performance-based bonus, paid in equal installments for twelve (12) months after the termination (the "Levy-Payne Post-COC Severance Period");
- accelerated vesting of 100% percent of any unvested options; and
- payment by the Company of the same portion of the officer's monthly premium under COBRA as it pays for active employees until the close of the Levy-Payne Post-COC Severance Period.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1*	<u>Amended and Restated Employment Agreement, dated as of August 28, 2018, by and between the Company and Dr. Nassim Usman, Ph.D.</u>
10.2*	<u>Amended and Restated Employment Agreement, dated as of August 29, 2018, by and between the Company and Dr. Howard Levy, M.B.B.Ch., Ph.D., M.M.M.</u>
10.3*	<u>Amended and Restated Employment Agreement, dated as of August 30, 2018, by and between the Company and Mr. Fletcher Payne.</u>

*Denotes management contract, compensatory plan or arrangement.

SIGNATURES

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

Date: August 31, 2018

CATALYST BIOSCIENCES, INC.

/s/ Nassim Usman, Ph.D.

Nassim Usman, Ph.D.

President and Chief Executive Officer



CATALYST BIOSCIENCES, INC.
611 Gateway Blvd., Suite 710,
South San Francisco, CA 94080
P 650.871.0761
W catalystbiosciences.com
NASDAQ: CBIQ

**Augustine Lawlor
Chairman of the Board**

27 August 2018

Dr. Nassim Usman, Ph.D.

965 Elsinore Drive
Palo Alto, CA 94303

Dear Dr. Usman:

This letter hereby amends and restates the terms of your employment as President and Chief Executive Officer of Catalyst Biosciences, Inc. (the “**Company**”) and supersedes your previous employment letter dated 7 September 2017. In this role, you report directly to the Board of Directors of the Company.

While employed by the Company, you agree to perform your duties faithfully and to the best of your abilities and to devote your full business efforts and time to the Company. Except upon the prior written consent of the Board of Directors, you will not, during your employment with the Company, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with your duties and responsibilities as President and Chief Executive Officer or create a conflict of interest with the Company. This consent will not be unduly withheld.

Your base compensation will be \$40,066.67 per month (\$480,800, annualized), paid periodically in accordance with normal Company payroll practices and subject to the usual, required withholding. You will be eligible for a review of your salary in connection with the regular review of executive salaries in 2019. You will also have the opportunity to earn an annual performance-based bonus up to 50% of your annual salary. To receive your bonus, you must be employed by the Company at the time the bonus is paid.

During your employment with the Company, you will be eligible to participate in the Company's employee benefit plans including, but not limited to, Life, Disability, Medical, Dental and Vision Insurance, 401(k), Section 125 Flexible Spending Accounts. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

As a full-time employee, you will be eligible for paid-time-off benefits, for such things as sick leave, vacation time or time for personal needs, in accordance with our policies for similarly situated employees.

You will be eligible to receive stock options or other equity compensation as determined from time to time by the Compensation Committee of the Board of Directors.

In the event your employment with us is terminated for any reason other than death or Disability (as defined in the relevant equity award documentation), you will have three months following the termination of employment to exercise the vested portion of any option grant. In the event your employment with us is terminated due to your death or Disability, the vested portion of any option grant may be exercised within the one-year period following the termination of your employment. In no event may any option grant be exercised after the expiration of its ten-year term.

You should be aware that your employment with the Company is for no specified period and constitutes "at will" employment. As a result, you are free to terminate your employment at any time, for any reason or for no reason. Similarly, the Company is free to terminate your employment at any time, for any reason or for no reason. The at-will employment policy can only be changed by a written document approved by the Board and signed on behalf of the Board.

Should your employment with the Company be terminated without Cause or as a result of Constructive Termination (each as defined below), in each case outside of the Change in Control Protection Period (as defined below), you shall be eligible to receive (i) severance payments, equal to the rate of base salary which you were receiving at the time of such termination, during the period from the date of your termination until the date that is twelve (12) months after the effective date of the termination (the "**Severance Period**"), which payments shall be paid during the Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) accelerated vesting as of the time of such termination with respect to the unvested options held by you that would have vested during the Severance Period, and (iii) if you elect to continue your Company health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**") following such termination, payment by the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Should your employment with the Company be terminated without Cause or as a result of Constructive Termination, in each case during the six (6) month period prior to or the eighteen (18) month period following a Change in Control (as defined in the Company's 2018 Omnibus Incentive Plan, as amended from time to time) (the "**Change in Control Protection Period**"), you shall be eligible to receive (i) severance payments, equal to the sum of (a) 150% of your annual base salary determined at the rate at which you were receiving your base salary at the time of such termination and (b) 150% of your maximum annual performance-based bonus at the time of such termination, paid in equal installments during the period from the date of the termination until the date that is eighteen (18) months after the effective date of the termination (the "**Post-COC Severance Period**"), which payments shall be paid during the Post-COC Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) 100% percent of any unvested options held by you will vest as of the time of such termination, and (iii) if you elect to continue your Company health insurance coverage under COBRA following such termination, payment by the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Post-COC Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Any severance benefits under this Agreement are conditioned upon your execution of a release of claims in a form provided by the Company, and any severance payments shall commence on the 60th day following your separation, so long as you have signed a release that has become irrevocable during such period, with the initial payment including payments that otherwise would have been made during the sixty-day period.

Notwithstanding anything to the contrary in this offer letter, any cash severance payment due to you under this offer letter or otherwise will not be paid during the six (6) month period following your termination of employment unless the Company determines, in its good faith judgment, that paying such amounts at the time or times indicated above would not cause you to incur an additional tax under Section 409A of the Internal Revenue Code and any temporary or final treasury regulations and internal revenue service guidance thereunder ("**Section 409A**"). If the payment of any amounts are delayed as a result of the previous sentence, any cash severance payments due to you pursuant to this offer letter or otherwise during the first six (6)

months after your termination will accrue during such six-month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of your termination. Thereafter, payments will resume in accordance with the applicable schedule set forth in this offer letter. You agree to work in good faith with the Company to consider amendments to this offer letter which are necessary or appropriate to avoid imposition of any additional tax or income recognition under Section 409A prior to the actual payment to you of payments or benefits under this offer letter. Notwithstanding the foregoing, this offer letter will be deemed amended, without any consent required from you, to the extent necessary to avoid imposition of any additional tax or income recognition pursuant to Section 409A prior to actual payments to you under this offer letter. You and the Company agree to cooperate with each other and to take reasonably necessary steps in this regard.

This Agreement is intended to comply with the requirements of Section 409A, including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (i) such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred, (ii) no right to such reimbursement or in-kind benefits shall be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company, any Company affiliates, or their respective employees, officers, directors, agents and representatives (including, without limitation, legal counsel) be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

“Cause” shall mean (i) your failure to perform your assigned duties or responsibilities as an employee of the Company after notice thereof from the Company describing your failure to perform such duties or responsibilities, (ii) your engaging in any act of dishonesty, fraud or misrepresentation, (iii) your violation of any federal or state law or regulation applicable to the Company’s business, (iv) your breach of any confidentiality agreement or invention assignment agreement between you and the Company, or (v) your being convicted of or entering a plea of *nolo contendere* to, any crime or committing any act of moral turpitude.

“Constructive Termination” shall be deemed to occur if, without your written consent, within 90 days following any of the conditions below, you terminate your employment in accordance with this provision: (A) the Company’s material breach of this Agreement resulting from the failure of the Company to require any successor to the Company upon a Change in Control to assume the Company’s obligations under this offer letter, (B) a material reduction or other adverse change in your job duties, reporting relationships, responsibilities and requirements inconsistent with your position with the Company and prior duties, reporting relationships, responsibilities and requirements, provided that neither a mere change in title alone nor reassignment following a Change in Control to a position that is substantially similar to the position held prior to the Change in Control in terms of job duties, responsibilities or requirements shall constitute a material reduction in job responsibilities, or (C) the request by the Company or its successor to relocate the principal place for performance of your Company duties to a location more than thirty (30) miles from your then-current principal business location; provided that (i) you have provided written notice of your intent to terminate employment on the basis of a Constructive Termination within sixty (60) days after the Constructive Termination condition first occurs, and (ii) the Company fails to correct the Constructive Termination within thirty (30) days after receipt of your written notice.

In the event that the severance and other payments or benefits provided for in this offer letter or otherwise payable to you (i) constitute “parachute payments” within the meaning, of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then your benefits under this offer letter shall be either

- A. delivered in full, or
- B. delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by you on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction is required and no parachute payments constitute nonqualified deferred compensation under Section 409A, you shall be able to select which payments and/or benefits are reduced and the order of reduction. If a reduction is required and any parachute payments constitute nonqualified deferred compensation under Section 409A, the reduction shall occur in the following order: (i) options whose exercise price exceeds the fair market value of the optioned equity, (ii) Full Credit Payments (as defined below) that are payable in cash, (iii) non-cash Full Credit Payments that are taxable, (iv) non-cash Full Credit Payments that are not taxable (v) Partial Credit Payments (as defined below) and (vi) non-cash employee welfare benefits. In each case, reductions shall be made in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment or benefit to be reduced (with reductions made pro-rata in the event payments or benefits are owed at the same time). The term "Full Credit Payment" means a payment or benefit that if reduced in value by one dollar reduces the amount of the parachute payment (as defined in Section 280G of the Code) by one dollar. "Partial Credit Payment" means any payment or benefit that is not a Full Credit Payment.

You understand and agree that by accepting this offer of employment, you represent to the Company that your performance will not breach any other agreement to which you are a party and that you have not and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this letter or the Company's policies. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer.

This offer letter and the confidential information and/or inventions assignment agreement between you and the Company represent the entire agreement and understanding between you and the Company concerning your employment relationship with the Company and supersede in their entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral. Except as specifically provided in this offer letter, this offer letter can only be amended in a writing approved by the Board and signed by you and a duly authorized officer of the Company. Any waiver of a right under this offer letter must be in writing. The Company will require any successor to all or substantially all of its assets or businesses to assume this Agreement and perform the Company's obligations hereunder. This offer letter will be governed by California law.

For purposes of federal immigration laws, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided within three (3) business days of the effective date of your employment, or your employment relationship with the Company may be terminated.

I look forward to your participation in the Company's future success.

[Signature Page Follows]

Sincerely,

/s/ Augustine Lawlor

Augustine Lawlor, Chairman
On behalf of the Board of Directors of
Catalyst Biosciences, Inc.

Accepted and agreed to this

28th day of August, 2018

/s/ Nassim Usman
Nassim Usman, Ph.D.



CATALYST BIOSCIENCES, INC.

611 Gateway Blvd., Suite 710,
South San Francisco, CA 94080

P 650.871.0761

W catalystbiosciences.com

NASDAQ: CBIQ

Nassim Usman, Ph.D.
President & CEO

27 August 2018

Howard Levy, M.D., Ph.D., M.M.M.

65 Van Dyke Road
Hopewell, New Jersey 08525

Dear Dr. Levy:

This letter hereby amends and restates the terms of your employment with Catalyst Biosciences, Inc. (the “**Company**”) as Chief Medical Officer and supersedes your previous employment letter dated 14 April 2016. In this role, you will report directly to Nassim Usman Ph.D., President and Chief Executive Officer.

While employed by the Company, you agree to perform your duties faithfully and to the best of your abilities and to devote your full business efforts and time to the Company. Except upon the prior written consent of the Board of Directors, you will not, during your employment with the Company, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with your duties and responsibilities as Chief Medical Officer or create a conflict of interest with the Company. This consent will not be unduly withheld. Notwithstanding the foregoing, the Company acknowledges and approves of the continuation of your current advisory activities to Hillhurst Biopharmaceuticals and ZZ Biotech, so long as such activities do not interfere with your duties and responsibilities to the Company.

Your initial base compensation will be \$33,153.17 per month (\$397,838, annualized), paid periodically in accordance with normal Company payroll practices and subject to the usual, required withholding. You will also have the opportunity to earn an annual performance-based bonus up to 35% of your annual salary. Any annual bonus that is earned will be paid no later than March 15th of the year following the year to which the bonus relates.

It is anticipated that you will work primarily from your home in Hopewell, NJ, with occasional travel to the Company’s offices and for other business meetings as required.

During your employment with the Company, you will be eligible to participate in the Company's employee benefit plans including, but not limited to, Life, Disability, Medical, Dental and Vision Insurance, 401(k), Section 125 Flexible Spending Accounts. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

As a full-time employee, you will be eligible for paid time off benefits, which include sick leave and vacation time, in accordance with the Company's policies for similarly situated employees.

You will be eligible to receive stock options or other equity compensation as determined from time to time by the Compensation Committee of the Board of Directors.

In the event your employment with us is terminated for any reason other than death or Disability (as defined in the relevant equity award documentation), you will have three months following the termination of employment to exercise the vested portion of any option grant. In the event your employment with us is terminated due to your death or Disability, the vested portion of any option grant may be exercised within the one-year period following the termination of your employment. In no event may any option grant be exercised after the expiration of its ten-year term.

You should be aware that your employment with the Company is for no specified period and constitutes "at will" employment. As a result, you are free to terminate your employment at any time, for any reason or for no reason. Similarly, the Company is free to terminate your employment at any time, for any reason or for no reason. The at-will employment policy can only be changed by a written document approved by the Board and signed on behalf of the Board.

Should your employment with the Company be terminated without Cause or as a result of Constructive Termination (each as defined below), in each case outside of the Change in Control Protection Period (as defined below), you shall be eligible to receive (i) severance payments, equal to the rate of base salary which you were receiving at the time of such termination, during the period from the date of your termination until the date that is nine (9) months after the effective date of the termination (the "**Severance Period**"), which payments shall be paid during the Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) accelerated vesting as of the time of such termination with respect to the unvested options held by you that would have vested during the Severance Period, and (iii) if you elect to continue your Company health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**") following such termination, payment by the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Should your employment with the Company be terminated without Cause or as a result of Constructive Termination, in each case during the six (6) month period prior to or the eighteen (18) month period following a Change in Control (as defined in the Company's 2018 Omnibus Incentive Plan, as amended from time to time) (the "**Change in Control Protection Period**"), you shall be eligible to receive (i) severance payments, equal to the sum of (a) 100% of your annual base salary determined at the rate at which you were receiving your base salary at the time of such termination and (b) 100% of your maximum annual performance-based bonus at the time of such termination, paid in equal installments during the period from the date of the termination until the date that is twelve (12) months after the effective date of the termination (the "**Post-COC Severance Period**"), which payments shall be paid during the Post-COC Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) 100% percent of any unvested options held by you will vest as of the time of such termination, and (iii) if you elect to continue your Company health insurance coverage under COBRA following such termination, payment by the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Post-COC Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Any severance benefits under this Agreement are conditioned upon your execution of a release of claims in a form provided by the Company, and any severance payments shall commence on the 60th day following your separation, so long as you have signed a release that has become irrevocable during such period, with the initial payment including payments that otherwise would have been made during the sixty day period.

Notwithstanding anything to the contrary in this offer letter, any cash severance payment due to you under this offer letter or otherwise will not be paid during the six (6) month period following your termination of employment unless the Company determines, in its good faith judgment, that paying such amounts at the time or times indicated above would not cause you to incur an additional tax under Section 409A of the Internal Revenue Code and any temporary or final treasury regulations and internal revenue service guidance thereunder ("**Section 409A**"). If the payment of any amounts are delayed as a result of the previous sentence, any cash severance payments due to you pursuant to this offer letter or otherwise during the first six (6)

months after your termination will accrue during such six month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of your termination. Thereafter, payments will resume in accordance with the applicable schedule set forth in this offer letter. You agree to work in good faith with the Company to consider amendments to this offer letter which are necessary or appropriate to avoid imposition of any additional tax or income recognition under Section 409A prior to the actual payment to you of payments or benefits under this offer letter. Notwithstanding the foregoing, this offer letter will be deemed amended, without any consent required from you, to the extent necessary to avoid imposition of any additional tax or income recognition pursuant to Section 409A prior to actual payments to you under this offer letter. You and the Company agree to cooperate with each other and to take reasonably necessary steps in this regard.

This Agreement is intended to comply with the requirements of Section 409A, including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (i) such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred, (ii) no right to such reimbursement or in-kind benefits shall be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company, any Company affiliates, or their respective employees, officers, directors, agents and representatives (including, without limitation, legal counsel) be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

“Cause” shall mean (i) your failure to perform your assigned duties or responsibilities as an employee of the Company after notice thereof from the Company describing your failure to perform such duties or responsibilities, (ii) your engaging in any act of dishonesty, fraud or misrepresentation, (iii) your violation of any federal or state law or regulation applicable to the Company’s business, (iv) your breach of any confidentiality agreement or invention assignment agreement between you and the Company, or (v) your being convicted of or entering a plea of *nolo contendere* to, any crime or committing any act of moral turpitude.

“Constructive Termination” shall be deemed to occur if, without your written consent, within 90 days following any of the conditions below, you terminate your employment in accordance with this provision: (A) the Company’s material breach of this Agreement resulting from the failure of the Company to require any successor to the Company upon a Change in Control to assume the Company’s obligations under this offer letter, (B) a material reduction or other adverse change in your job duties, reporting relationships, responsibilities and requirements inconsistent with your position with the Company and prior duties, reporting relationships, responsibilities and requirements, provided that neither a mere change in title alone nor reassignment following a Change in Control to a position that is substantially similar to the position held prior to the Change in Control in terms of job duties, responsibilities or requirements shall constitute a material reduction in job responsibilities, or (C) the request by the Company or its successor to relocate the principal place for performance of your Company duties to a location more than thirty (30) miles from your then-current principal business location; provided that (i) you have provided written notice of your intent to terminate employment on the basis of a Constructive Termination within sixty (60) days after the Constructive Termination condition first occurs, and (ii) the Company fails to correct the Constructive Termination within thirty (30) days after receipt of your written notice.

In the event that the severance and other payments or benefits provided for in this offer letter or otherwise payable to you (i) constitute “parachute payments” within the meaning, of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then your benefits under this offer letter shall be either

- A. delivered in full, or
- B. delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by you on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction is required and no parachute payments constitute nonqualified deferred compensation under Section 409A, you shall be able to select which payments and/or benefits are reduced and the order of reduction. If a reduction is required and any parachute payments constitute nonqualified deferred compensation under Section 409A, the reduction shall occur in the following order: (i) options whose exercise price exceeds the fair market value of the optioned equity, (ii) Full Credit Payments (as defined below) that are payable in cash, (iii) non-cash Full Credit Payments that are taxable, (iv) non-cash Full Credit Payments that are not taxable (v) Partial Credit Payments (as defined below) and (vi) non-cash employee welfare benefits. In each case, reductions shall be made in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment or benefit to be reduced (with reductions made pro-rata in the event payments or benefits are owed at the same time). The term "Full Credit Payment" means a payment or benefit that if reduced in value by one dollar reduces the amount of the parachute payment (as defined in Section 280G of the Code) by one dollar. "Partial Credit Payment" means any payment or benefit that is not a Full Credit Payment.

You understand and agree that by accepting this offer of employment, you represent to the Company that your performance will not breach any other agreement to which you are a party and that you have not, and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this letter or the Company's policies. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer.

This offer letter and the confidential information and/or inventions assignment agreement between you and the Company represent the entire agreement and understanding between you and the Company concerning your employment relationship with the Company and supersede in their entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral. Except as specifically provided in this offer letter, this offer letter can only be amended in a writing approved by the Board and signed by you and a duly authorized officer of the Company. Any waiver of a right under this offer letter must be in writing. The Company will require any successor to all or substantially all of its assets or businesses to assume this Agreement and perform the Company's obligations hereunder. This offer letter will be governed by California law.

For purposes of federal immigration laws, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided within three (3) business days of the effective date of your employment, or your employment relationship with the Company may be terminated.

I look forward to your participation in the Company's future success.

Sincerely,

/s/ Nassim Usman

Nassim Usman, Ph.D.
President & Chief Executive Officer

Accepted and agreed to this

29th day of August, 2018

/s/ Howard Levy _____
Howard Levy, M.D., Ph.D., M.M.M.



CATALYST BIOSCIENCES, INC.

611 Gateway Blvd., Suite 710,
South San Francisco, CA 94080

P 650.871.0761

W catalystbiosciences.com

NASDAQ: CBIQ

Nassim Usman, Ph.D.
President & CEO

27 August 2018

Charles Fletcher Payne

3639 Scott Street
San Francisco, CA 94123

Dear Mr. Payne:

This letter hereby amends and restates the terms of your employment as Chief Financial Officer of Catalyst Biosciences, Inc. (the “**Company**”) and supersedes your previous employment letter dated 7 September 2017. In this role, you report directly to Nassim Usman Ph.D., President and Chief Executive Officer.

While employed by the Company, you agree to perform your duties faithfully and to the best of your abilities and to devote your full business efforts and time to the Company. Except upon the prior written consent of the Board of Directors, you will not, during your employment with the Company, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with your duties and responsibilities as Chief Financial Officer or create a conflict of interest with the Company. This consent will not be unduly withheld.

Your base compensation will be \$28,775.08 per month (\$345,301, annualized), paid periodically in accordance with normal Company payroll practices and subject to the usual, required withholding. You will be eligible for a review of your salary in connection with the regular review of executive salaries in 2019. You will also have the opportunity to earn an annual performance-based bonus up to 35% of your annual salary. To receive your bonus, you must be employed by the Company at the time the bonus is paid.

During your employment with the Company, you will be eligible to participate in the Company's employee benefit plans including, but not limited to, Life, Disability, Medical, Dental and Vision Insurance, 401(k), Section 125 Flexible Spending Accounts. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

As a full-time employee, you will be eligible for paid-time-off benefits, for such things as sick leave, vacation time or time for personal needs, in accordance with our policies for similarly situated employees.

You will be eligible to receive stock options or other equity compensation as determined from time to time by the Compensation Committee of the Board of Directors.

In the event your employment with us is terminated for any reason other than death or Disability (as defined in the relevant equity award documentation), you will have three months following the termination of employment to exercise the vested portion of any option grant. In the event your employment with us is terminated due to your death or Disability, the vested portion of any option grant may be exercised within the one-year period following the termination of your employment. In no event may any option grant be exercised after the expiration of its ten-year term.

You should be aware that your employment with the Company is for no specified period and constitutes "at will" employment. As a result, you are free to terminate your employment at any time, for any reason or for no reason. Similarly, the Company is free to terminate your employment at any time, for any reason or for no reason. The at-will employment policy can only be changed by a written document approved by the Board and signed on behalf of the Board.

Should your employment with the Company be terminated without Cause or as a result of Constructive Termination (each as defined below), in each case outside of the Change in Control Protection Period (as defined below), you shall be eligible to receive (i) severance payments, equal to the rate of base salary which you were receiving at the time of such termination, during the period from the date of your termination until the date that is nine (9) months after the effective date of the termination (the "**Severance Period**"), which payments shall be paid during the Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) accelerated vesting as of the time of such termination with respect to the unvested options held by you that would have vested during the Severance Period, and (iii) if you elect to continue your Company health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**") following such termination, payment by the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Should your employment with the Company be terminated without Cause or as a result of Constructive Termination, in each case during the six (6) month period prior to or the eighteen (18) month period following a Change in Control (as defined in the Company's 2018 Omnibus Incentive Plan, as amended from time to time) (the "**Change in Control Protection Period**"), you shall be eligible to receive (i) severance payments, equal to the sum of (a) 100% of your annual base salary determined at the rate at which you were receiving your base salary at the time of such termination and (b) 100% of your maximum annual performance-based bonus at the time of such termination, paid in equal installments during the period from the date of the termination until the date that is twelve (12) months after the effective date of the termination (the "**Post-COC Severance Period**"), which payments shall be paid during the Post-COC Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) 100% percent of any unvested options held by you will vest as of the time of such termination, and (iii) if you elect to continue your Company health insurance coverage under COBRA following such termination, payment by the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Post-COC Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Any severance benefits under this Agreement are conditioned upon your execution of a release of claims in a form provided by the Company, and any severance payments shall commence on the 60th day following your separation, so long as you have signed a release that has become irrevocable during such period, with the initial payment including payments that otherwise would have been made during the sixty day period.

Notwithstanding anything to the contrary in this offer letter, any cash severance payment due to you under this offer letter or otherwise will not be paid during the six (6) month period following your termination of employment unless the Company determines, in its good faith judgment, that paying such amounts at the time or times indicated above would not cause you to incur an additional tax under Section 409A of the Internal Revenue Code and any temporary or final treasury regulations and internal revenue service guidance thereunder ("**Section 409A**"). If the payment of any amounts are delayed as a result of the previous sentence, any cash severance payments due to you pursuant to this offer letter or otherwise during the first six (6)

months after your termination will accrue during such six month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of your termination. Thereafter, payments will resume in accordance with the applicable schedule set forth in this offer letter. You agree to work in good faith with the Company to consider amendments to this offer letter which are necessary or appropriate to avoid imposition of any additional tax or income recognition under Section 409A prior to the actual payment to you of payments or benefits under this offer letter. Notwithstanding the foregoing, this offer letter will be deemed amended, without any consent required from you, to the extent necessary to avoid imposition of any additional tax or income recognition pursuant to Section 409A prior to actual payments to you under this offer letter. You and the Company agree to cooperate with each other and to take reasonably necessary steps in this regard.

This Agreement is intended to comply with the requirements of Section 409A, including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (i) such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred, (ii) no right to such reimbursement or in-kind benefits shall be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company, any Company affiliates, or their respective employees, officers, directors, agents and representatives (including, without limitation, legal counsel) be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

“Cause” shall mean (i) your failure to perform your assigned duties or responsibilities as an employee of the Company after notice thereof from the Company describing your failure to perform such duties or responsibilities, (ii) your engaging in any act of dishonesty, fraud or misrepresentation, (iii) your violation of any federal or state law or regulation applicable to the Company’s business, (iv) your breach of any confidentiality agreement or invention assignment agreement between you and the Company, or (v) your being convicted of or entering a plea of *nolo contendere* to, any crime or committing any act of moral turpitude.

“Constructive Termination” shall be deemed to occur if, without your written consent, within 90 days following any of the conditions below, you terminate your employment in accordance with this provision: (A) the Company’s material breach of this Agreement resulting from the failure of the Company to require any successor to the Company upon a Change in Control to assume the Company’s obligations under this offer letter, (B) a material reduction or other adverse change in your job duties, reporting relationships, responsibilities and requirements inconsistent with your position with the Company and prior duties, reporting relationships, responsibilities and requirements, provided that neither a mere change in title alone nor reassignment following a Change in Control to a position that is substantially similar to the position held prior to the Change in Control in terms of job duties, responsibilities or requirements shall constitute a material reduction in job responsibilities, or (C) the request by the Company or its successor to relocate the principal place for performance of your Company duties to a location more than thirty (30) miles from your then-current principal business location; provided that (i) you have provided written notice of your intent to terminate employment on the basis of a Constructive Termination within sixty (60) days after the Constructive Termination condition first occurs, and (ii) the Company fails to correct the Constructive Termination within thirty (30) days after receipt of your written notice.

In the event that the severance and other payments or benefits provided for in this offer letter or otherwise payable to you (i) constitute “parachute payments” within the meaning, of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then your benefits under this offer letter shall be either

- A. delivered in full, or
- B. delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by you on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction is required and no parachute payments constitute nonqualified deferred compensation under Section 409A, you shall be able to select which payments and/or benefits are reduced and the order of reduction. If a reduction is required and any parachute payments constitute nonqualified deferred compensation under Section 409A, the reduction shall occur in the following order: (i) options whose exercise price exceeds the fair market value of the optioned equity, (ii) Full Credit Payments (as defined below) that are payable in cash, (iii) non-cash Full Credit Payments that are taxable, (iv) non-cash Full Credit Payments that are not taxable (v) Partial Credit Payments (as defined below) and (vi) non-cash employee welfare benefits. In each case, reductions shall be made in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment or benefit to be reduced (with reductions made pro-rata in the event payments or benefits are owed at the same time). The term "Full Credit Payment" means a payment or benefit that if reduced in value by one dollar reduces the amount of the parachute payment (as defined in Section 280G of the Code) by one dollar. "Partial Credit Payment" means any payment or benefit that is not a Full Credit Payment.

You understand and agree that by accepting this offer of employment, you represent to the Company that your performance will not breach any other agreement to which you are a party and that you have not, and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this letter or the Company's policies. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer.

This offer letter and the confidential information and/or inventions assignment agreement between you and the Company represent the entire agreement and understanding between you and the Company concerning your employment relationship with the Company and supersede in their entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral. Except as specifically provided in this offer letter, this offer letter can only be amended in a writing approved by the Board and signed by you and a duly authorized officer of the Company. Any waiver of a right under this offer letter must be in writing. The Company will require any successor to all or substantially all of its assets or businesses to assume this Agreement and perform the Company's obligations hereunder. This offer letter will be governed by California law.

For purposes of federal immigration laws, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided within three (3) business days of the effective date of your employment, or your employment relationship with the Company may be terminated.

I look forward to your participation in the Company's future success.

[Signature Page Follows]

Sincerely,

/s/ Nassim Usman

Nassim Usman, Ph.D.
President & Chief Executive Officer

Accepted and agreed to this

30th day of August, 2018

/s/ Fletcher Payne
Fletcher Payne